



**RUICHANG INTERNATIONAL HOLDINGS LIMITED**

**瑞昌國際控股有限公司**

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1334

**2025**

INTERIM REPORT



# Contents

<b>2</b>	Definitions
<b>4</b>	Corporate Information
<b>6</b>	Key Financial Highlights
<b>7</b>	Management Discussion and Analysis
<b>16</b>	Corporate Governance and Other Information
<b>24</b>	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
<b>25</b>	Condensed Consolidated Statement of Financial Position
<b>27</b>	Condensed Consolidated Statement of Changes in Equity
<b>28</b>	Condensed Consolidated Statement of Cash Flows
<b>29</b>	Notes to the Condensed Consolidated Financial Statements



# DEFINITIONS

"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of our Company
"CG Code"	the Corporate Governance Code as set out in Appendix CI to the Listing Rules, as amended or supplemented from time to time
"Chief Executive Officer"	the chief executive officer of our Company
"China" or "PRC"	the People's Republic of China, but for the purpose of this interim report and for geographical reference only and except where the context requires otherwise, references in this interim report to "China" and the "PRC" do not apply to Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"Company" or "our Company"	RUICHANG INTERNATIONAL HOLDINGS LIMITED (瑞昌國際控股有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability on 6 February 2020
"Director(s)" or "our Director(s)"	the director(s) of our Company
"Global Offering"	the Hong Kong Public Offering and the International Placing
"Group", "our Group", "we", "us" or "our"	our Company and its subsidiaries or, where the context otherwise requires, in respect of the period before our Company become the holding company of our present subsidiaries, the present subsidiaries of our Company and the businesses carried on by them or their predecessors (as the case may be)
"HK\$" or "HKD"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	10 July 2024
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules, as amended or supplemented from time to time
"Nomination Committee"	the nomination committee of the Board
"Post-IPO Share Option Scheme"	the share option scheme adopted by our Company on 24 June 2024, as amended from time to time
"Prospectus"	the prospectus of the Company dated 28 June 2024



## DEFINITIONS

"Reporting Period"	the six months ended 30 June 2025
"Remuneration Committee"	the remuneration committee of the Board
"RMB"	Renminbi, the lawful currency of China
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US\$0.00001 each
"Shareholder(s)"	holder(s) of Shares
"Share Option(s)"	the share option(s) granted or to be granted pursuant to the terms and conditions of the Post-IPO Share Option Scheme
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US\$" or "USD"	United States dollars, the lawful currency of the United States
"%"	per cent

# CORPORATE INFORMATION

## COMPANY NAME

RUICHANG INTERNATIONAL HOLDINGS LIMITED  
(瑞昌國際控股有限公司)

## DIRECTORS

### Executive Directors

Mr. LU Bo (陸波) (*Chairman and Chief Executive Officer*)  
Ms. LU Xiaojing (陸曉靜)  
Ms. BAI Wei (白薇)  
Mr. SHAO Song (邵松)  
Ms. WU Rui (吳瑞)

### Independent Non-executive Directors

Mr. BAU Siu Fung (鮑小豐)  
Mr. SHEN Cheng (沈誠)  
Mr. JIANG Li (蔣勵) (*Appointed on 19 May 2025*)  
Mr. TU Shenwei (塗申偉) (*Resigned on 19 May 2025*)

## AUDIT COMMITTEE

Mr. JIANG Li (蔣勵) (*Chairman*) (*Appointed on 19 May 2025*)  
Mr. BAU Siu Fung (鮑小豐)  
Mr. SHEN Cheng (沈誠)  
Mr. TU Shenwei (塗申偉) (*Resigned on 19 May 2025*)

## REMUNERATION COMMITTEE

Mr. JIANG Li (蔣勵) (*Chairman*) (*Appointed on 19 May 2025*)  
Mr. BAU Siu Fung (鮑小豐)  
Mr. SHEN Cheng (沈誠)  
Mr. TU Shenwei (塗申偉) (*Resigned on 19 May 2025*)

## NOMINATION COMMITTEE

Mr. SHEN Cheng (沈誠) (*Chairman*)  
(*Appointed on 30 June 2025*)  
Mr. JIANG Li (蔣勵) (*Appointed on 19 May 2025*)  
Ms. LU Xiaojing (陸曉靜) (*Appointed on 30 June 2025*)  
Mr. LU Bo (陸波) (*Resigned on 30 June 2025*)  
Mr. TU Shenwei (塗申偉) (*Resigned on 19 May 2025*)

## COMPANY SECRETARY

Mr. LEE Chung Shing (李忠成)  
Mr. FU Cong (付聰) (*Resigned on 31 July 2025*)

## AUDITOR

### ZHONGHUI ANDA CPA Limited

*Certified Public Accountants*  
*Registered Public Interest Entity Auditor*  
23/F Tower 2  
Enterprise Square Five  
38 Wang Chiu Road  
Kowloon Bay  
Kowloon, Hong Kong

## LEGAL ADVISER

### O'Melveny & Myers

31/F, AIA Central  
1 Connaught Road Central  
Hong Kong

## COMPLIANCE ADVISER

### First Shanghai Capital Limited

19/F, Wing On House  
71 Des Voeux Road Central, Central  
Hong Kong

## REGISTERED OFFICE

PO Box 309, Ugland House  
Grand Cayman, KY1-1104  
Cayman Islands

## HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

20/F.  
Area A, Kaike International Building  
No. 1801, Hongmei Road  
Xuhui District  
Shanghai, PRC

## CORPORATE INFORMATION

### AUTHORIZED REPRESENTATIVES

Mr. LU Bo (陸波)

Mr. LEE Chung Shing (李忠成)

### SANCTIONS OVERSIGHT COMMITTEE

Mr. SHEN Cheng (沈誠) (*Chairman*)

Ms. WU Rui (吳瑞)

Mr. FU Cong (付聰) (*Resigned on 31 July 2025*)

### PRINCIPAL PLACE OF BUSINESS IN HONG KONG

46/F, Hopewell Centre

183 Queen's Road East

Wan Chai, Hong Kong

### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

#### Maples Fund Services (Cayman) Limited

PO Box 1093, Boundary Hall

Cricket Square

Grand Cayman, KY1-1 102

Cayman Islands

### HONG KONG SHARE REGISTRAR

#### Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wan Chai

Hong Kong

### PRINCIPAL BANKS

#### China Construction Bank Corporation

Luoyang Free Trade Zone Branch

11 Heluo Road

Jianxi District

Luoyang City, Henan Province

PRC

#### China CITIC Bank

Luoyang Gucheng Branch

No. 101, Building 11, Shuangxi Buluo III

53 Binhe South Road

Luolong District

Luoyang City, Henan Province

PRC

#### Bank of China

Shanghai Xinzhuang Branch

18 Guangtong Road, Minhang District

Shanghai

PRC

#### Bank of Communications

Shanghai Caohejing Branch

900 Yishan Road

Xuhui District, Shanghai

PRC

### STOCK CODE

1334

### COMPANY WEBSITE

[www.ruichang.com.cn](http://www.ruichang.com.cn)

## KEY FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue	<b>151,799</b>	224,894
Gross profit	<b>39,910</b>	75,254
Gross profit margin	<b>26.3%</b>	33.5%
Net (loss)/profit	<b>(38,060)</b>	11,525
Basic and diluted (loss)/earnings per share (RMB cents)	<b>(7.59)</b>	3.07

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

### I. Economic Environment and Industrial Landscape

The global economic growth projections for the first half of 2025 were characterized by a divergent trend. According to forecast by the International Monetary Fund (IMF), global GDP growth would slow down to 3.3% in 2025, a slight decline from 2024, with varying growth rates among major economies. The U.S. GDP was projected to grow at 2.00%, China's GDP growth was estimated to grow at 5.3%, while the Eurozone as a whole would only see a 1% growth rate. Such growth divergence constrained downstream demand in the petrochemical industry and impacted the demand for petrochemical products.

International crude oil prices generally exhibited a volatile and weakening trend. Frequent geopolitical events, particularly the Iran-Israel conflict and OPEC+'s production increase policy, significantly impacted market sentiment. In June 2025, Israel launched a military strike against Iran, intensifying market concerns over oil supply security in the Middle East and driving global spot crude prices to temporarily rise to USD75.29 per barrel. However, as geopolitical tensions eased, market sentiment returned to rationality, and oil prices retreated. Taking WTI crude as an example, the spot price on 30 June 2025 was USD65.11 per barrel, reflecting a decline compared to the beginning of the year. The settlement price of INE crude oil futures on 30 June 2025 was RMB496.10 per barrel, also a notable correction from high at the beginning of the year. The first half of the year saw sharp short-term fluctuations in oil prices, and the downward trend in crude prices in the second half of the year may provide some relief to refining and petrochemical companies in terms of cost pressures.

In China, the government is promoting an "anti-involution" policy and encouraging the phasing out of outdated production capacities. In the first half of 2025, policies continued to drive capacity consolidation in the refining industry and elimination of obsolete facilities. According to the Refining Industry Energy Conservation and Carbon Reduction Action Plan (《煉油行業節能降碳專項行動計劃》), by the end of 2025, the country's primary crude oil processing capacity will be capped within 1 billion tons, more than 30% of the capacity must meet the energy efficiency benchmark level, and capacity below the baseline energy efficiency standard will be phased out or upgraded. China's petrochemical industry is currently in a phase of structure optimization.

In recent years, new investments in the petrochemical industry have shown a clear trend of structural adjustment and industrial upgrading. Throughout last year, the capital expenditure of central and state-owned petrochemical enterprises reached RMB248.5 billion, a level similar to that of 2019, indicating that capital expenditure intensity is being moderated, and the industry is entering a phase of reversal and adjustment in its investment cycle.

New investments are predominantly focused on three key areas: high-end chemical new materials, green and low-carbon transition, and integrated refining and chemical production, in response to industry transformations. Investment in high-end chemical new materials is growing rapidly (with an 18% year-on-year increase in the first half of 2025), emphasizing advanced materials such as POE (Polyolefin Elastomer), nylon 66 (Polyhexamethylene adipamide), and EPDM (Ethylene — Propylene — Diene Monomer) rubber, which are widely used in high-growth sectors like aerospace, healthcare, and new energy vehicles. In green and low-carbon transition initiatives, companies are accelerating energy saving technological upgrades (e.g., the energy efficiency improvement project of Fushun Petroethylene's ethylene facility) and adopting clean energy sources such as hydrogen and bio-jet fuel. It is worth noting that the profitability of the chemical segment of major domestic clients declined significantly (with industry profits reducing by 12% year-on-year in the first half of the year), directly driving high overall capital expenditure and prompting the industry to focus more on green cost reduction and efficiency gains to enhance competitiveness. In integrated refining and chemical production, enterprises are advancing the



## MANAGEMENT DISCUSSION AND ANALYSIS

strategic shift of “fuel-focused to chemical-material-focused” operations by building new ethylene and aromatic units (related projects now account for over 35% of total investment), aiming to increase value-added in the industrial chain. However, due to profitability pressures in the chemical sector, some capital expenditure is being redirected toward short-cycle technological upgrade projects to optimize cash flow. Such measures underscore the industry’s determination to accelerate structural adjustments amid challenges and tap into new growth areas such as new materials and green technologies.

Under these circumstances, the Company has been proactively addressing numerous industry challenges with strong determination and innovative approaches to drive its sustainable development.

### II. Work Priorities for the First Half of 2025

#### 1. ***Aligning with the “Dual Carbon” strategy and promoting green and low- carbon development***

The Company closely aligned with the national “Dual Carbon” strategic goals, accurately monitored development trends in key energy-consuming industries, and established energy conservation, emission reduction, and sustainable development as its core strategic directions. In R&D, we consistently increased investments. On one hand, we focused on upgrading and optimizing traditional energy-saving products such as incinerators, burners, and heat exchangers; on the other hand, the Company actively advanced the development of green energy technologies like biomass gasifiers in response to the energy transition trend. We had established interdisciplinary R&D teams to enhance the stability and efficiency of biomass gasifiers while reducing production costs. Experiments have already verified the feasibility of applying biomass energy across a broader range of fields. As of 30 June 2025, a newly-built intelligent factory in Luoyang was under construction, part of the production facilities was put into operation in July 2025.

The commencement of operation will boost the core production capacity for a variety of the Group’s products. Our directors believe that the intelligent factory will provide strong support for the Group’s market expansion in core business segments such as clean combustion systems, industrial waste heat utilization, and comprehensive flue gas treatment, helping it further enhance its influence in the industry market. The modern factory which integrates “intelligent manufacturing + clean production” has become a physical model for the Group to fulfill its “dual carbon” commitment.

#### 2. ***Deepening collaboration with customers and expanding the scope and depth of services***

In the first half of the year, Ruichang International was commissioned by Callidus, a subsidiary of Honeywell UOP, to fully take over the after-sales service business of the Callidus brand in the Chinese market. This cooperation not only covers a wide range of after-sales services, including equipment maintenance, technical support, spare parts supply, and customer training, but also brings significant strategic advantages to Ruichang International. Furthermore, Ruichang International has been granted an exclusive cooperation license for the Chinese market, further consolidating its market position in the relevant field. That not only reflects Ruichang International’s professional capability and market recognition in the after-sales service sector but also marks a further deepening of the Company’s strategic layout in this area.

## MANAGEMENT DISCUSSION AND ANALYSIS

### **3. Expanding presence in regional markets and accelerating the pace of overseas expansion**

Over the past six months, we have actively expanded into the Middle East market by establishing a subsidiary in Dubai and successfully built a business platform that covers the Middle East and North Africa. In response to the demands of the oil, gas, and chemical industries in the Middle East and North Africa, we initiated project negotiations in Middle Eastern countries such as the United Arab Emirates, Oman, and Kuwait, formed in-depth partnerships with multiple owner-operated engineering, procurement and construction (EPC) companies, and successfully secured Ruichang's inclusion in the supplier list of the Abu Dhabi National Oil Company (ADNOC), laying a critical foundation for our local presence. While ensuring the high-quality delivery of existing orders, we rapidly expanded our sales and technical support teams in the Middle East, strengthened engineering R&D capabilities, optimized our product portfolio and service models, and significantly improved our local responsiveness. Through project execution and professional services, we have not only solidified our brand presence in the Middle East but also injected strong momentum into the Company's global expansion. At the same time, we continued to advance diversified growth in Southeast Asian and Eastern European markets, driving sustainable growth of our overseas business.

### **4. Pioneering the circular economy and establishing a green benchmark**

The Company was actively advancing its presence in the circular economy sector and accelerating the development of the "Phosphorus Waste Recovery" project. Construction of the project commenced in full scale in June 2025. The treatment of phosphorus waste has long been a major challenge for sustainable agricultural development, as traditional treatment methods are not only inefficient but also prone to causing environmental pollution. The Company's "Phosphorus Waste Recovery" project introduces an innovative technological approach, offering a new strategy and methodology to address such issue. By extending incineration equipment technology and improving treatment processes, the project enables efficient extraction and recovery of phosphorus resources from phosphorus waste. That not only facilitates the recycling and reuse of phosphorus but also enhances resource utilization efficiency, providing strong support for sustainable agricultural development and creating a new growth driver for the Company. The Company is closely coordinating and proactively advancing all related tasks to ensure the smooth implementation of the project and the Company has funded its contribution to the project through its internal resources.

### **5. Analysis of operating results in the first half of the year**

In the first half of 2025, against the backdrop of a challenging global economic recovery and profound adjustments in the energy industry, the Group proactively drove business structure optimization and strategic transformation. During the Reporting Period, the Group achieved revenue of approximately RMB151.8 million, representing a decrease compared to the same period in 2024; gross profit of approximately RMB39.9 million, and the loss attributable to owners of the parent amounted to approximately RMB38.1 million, primarily due to strategic investments in green technology R&D, expansion into the Middle East market, and circular economy initiatives. We firmly believe that these forward-looking investments are building competitive advantages that will position the Company for long-term growth.

## MANAGEMENT DISCUSSION AND ANALYSIS

### THE COMPANY'S DEVELOPMENT STRATEGY

#### 1. Further enhancing design and R&D capabilities

We are fully aware that independent innovation is the core engine for securing a competitive edge in the market. To this end, the Company is committing greater resources to R&D, strategically focusing on deepening and achieving breakthroughs in our core business areas. We consistently leverage cutting-edge technological innovation to enhance the competitiveness of our products and services, striving to deliver exceptional value to our customers. Accelerating the improvement of design and R&D capabilities will not only significantly optimize our product quality, operational efficiency, and market leadership but also strongly promote the commercialization and value realization of our R&D outcomes, thereby building a solid competitive moat.

#### 2. Leveraging customer needs and expanding service depth

Capitalizing on the commissioning of Callidus' after-sales business in the first half of this year, we strategically focus on enhancing operational efficiency and optimizing costs within domestic operations to drive transformation towards a lean operation. During the critical transition phase of market restructuring in China, we intensify resource integration and process reengineering to provide high-quality after-sales services to existing customers while deeply addressing their core needs in areas such as energy conservation and consumption reduction. These efforts will improve our operational effectiveness, reduce our internal costs, enhance customer satisfaction and loyalty, solidify long-term partnerships, and inject strong momentum into the Company's sustainable development.

#### 3. Accelerating R&D and market expansion in green and low-carbon transition initiatives

As a company committed to becoming a "respected energy-saving and environmental technology expert", we will continue to provide the market with more environmentally friendly and efficient energy solutions to meet the growing societal demand for green and low-carbon products. On one hand, we will delve deeper into the energy conservation and consumption reduction needs of existing clients; on the other hand, we will strengthen the market-oriented promotion of green energy technologies such as biomass gasifiers. Throughout the process of enhancing product performance and improving energy utilization efficiency, we will also unlock broader market opportunities for the Company.

#### 4. Striving to go global while focusing on regional markets

The overseas market holds significant potential, and the Company will concentrate on key regional markets. In the second half of 2025, depending on the development stages of different regions, we will focus on regions where we have already established a presence and gained project experience, flexibly adapting our business strategies to meet local needs. Additionally, a dedicated team will be formed to conduct systematic research on the policy environment, industry demands, and competitive landscape in the Middle East and North Africa regions. Leveraging our core products such as natural gas pretreatment and flare gas recovery systems, we will develop tailored market strategies. Through this region-specific approach, we aim to drive business growth in overseas markets.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 5. Investing in phosphorus resource recovery project

We are sparing no efforts to establish the Huangshan Phosphorus Waste Recovery Project as an industry benchmark. The first phase of project is expected to be completed and trial operations to be commenced in December 2025. Through meticulous management, the project aims to achieve a dual win of significant social benefits and economic returns. Building on such successful model, we plan to strategically invest in similar projects in other key regions, setting a new standard for high- quality development in the circular economy and leading the industry toward a greener and more sustainable future.

Looking ahead, amid the complexities and uncertainties in the market environment, the Company will confront challenges with a more proactive approach. Continuous innovation will remain the core driver of its strategy as the Company deepens collaboration with customers, accelerates its green transition, expands its global market presence, and actively explores practical pathways for circular economy projects. Such initiatives are designed not only to deliver greater value to society and our clients but also to contribute more efficient and sustainable solutions to the industry — laying a solid foundation for the Company's continued growth.

At the same time, we place high priority on the optimization and upgrading of our internal management systems. By enhancing operational efficiency, refining resource allocation mechanisms, and implementing more precise and systematic cost-control measures, we ensure that corporate resources are utilized to their fullest potential. These efforts will further solidify the Company's leading position in the industry and provide strong, sustainable momentum for its future growth.

## FINANCIAL OVERVIEW

### Revenue

The Group's revenue decreased by 32.5% from RMB224.9 million for the six months ended 30 June 2024 to RMB151.8 million during the Reporting Period. The Group generates revenue primarily through the manufacturing and sale of the equipment as detailed below.

	Six months ended 30 June			
	2025 RMB'000 (unaudited)	%	2024 RMB'000 (unaudited)	%
<b>Manufacturing and sale of equipment</b>				
SRU and VOCs incineration equipment	39,621	26.1	73,112	32.5
Catalytic cracking equipment	53,079	35.0	132,673	59.0
Process burners	37,580	24.7	16,552	7.4
Heat exchangers	21,519	14.2	2,557	1.1
<b>Total</b>	<b>151,799</b>	<b>100.0</b>	224,894	100.0

## MANAGEMENT DISCUSSION AND ANALYSIS

### **SRU and VOCs incineration equipment**

The Group's revenue from sales of SRU and VOCs incineration equipment decreased by 45.8% from RMB73.1 million in the first half of 2024 to RMB39.6 million for the corresponding period in 2025, which was primarily attributable to the delayed orders of SRU and VOCs incineration equipment.

### **Catalytic cracking equipment**

The Group's revenue from sales of catalytic cracking equipment decreased by 60.0% from RMB132.7 million in the first half of 2024 to RMB53.1 million for the corresponding period in 2025, primarily due to temporary delays and postponement of certain sale orders at the customers' instructions, taking into account the current industry situation.

### **Process burners**

The Group's revenue from sales of process burners increased by 126.5% from RMB16.6 million in the first half of 2024 to RMB37.6 million for the corresponding period in 2025, which was primarily attributable to the increased sales orders of process burners.

### **Heat exchangers**

The Group's revenue from sales of heat exchangers increased by 726.9% from RMB2.6 million in the first half of 2024 to RMB21.5 million for the corresponding period in 2025, primarily due to increased sales orders and completion of significant sales orders in the first half of 2025.

### **Cost of sales**

The cost of sales of the Group primarily consists of (i) material and components used, (ii) outsourcing service fees, (iii) direct labour costs, (iv) taxes and levies and (v) manufacturing overhead. The following table sets out a breakdown of our cost of sales.

	Six months ended 30 June			
	2025 RMB'000 (unaudited)	%	2024 RMB'000 (unaudited)	%
Materials and components used	92,875	83.0	133,556	89.3
Outsourcing service fees	2,889	2.6	3,151	2.1
Direct labour costs	4,916	4.4	5,291	3.5
Taxes and levies	1,239	1.1	1,430	1.0
Manufacturing overhead	9,970	8.9	6,212	4.1
<b>Total</b>	<b>111,889</b>	<b>100.0</b>	149,640	100.0

Cost of sales decreased from RMB149.6 million for the six months ended 30 June 2024 to RMB111.9 million for the six months ended 30 June 2025, mainly due to the decrease of materials and components used.

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

The gross profit of the Group decreased by 47.0% from RMB75.3 million for the six months ended 30 June 2024 to RMB39.9 million for the six months ended 30 June 2025.

The gross profit margin decreased from 33.5% for the six months ended 30 June 2024 to approximately 26.3% for the six months ended 30 June 2025. The decrease in gross profit margin was attributable to growing market competition and the Group obtains sales orders at a relatively lower price.



## MANAGEMENT DISCUSSION AND ANALYSIS

### Other income and gains, net

During the Reporting Period, the income and gains consist primarily of government grants, interest income, and others.

Other income and gains decreased from RMB3.2 million in the first half of 2024 to RMB1.5 million for the corresponding period of 2025, primarily due to the decrease of government grants from tax credit for input VAT for advanced manufacturing companies.

### Selling expenses

During the Reporting Period, the selling expenses mainly consisted of staff costs, entertainment expenses, travelling and related expenses, promotional expenses and office expenses.

The selling expenses of the Group increased from RMB14.4 million in the first half of 2024 to RMB14.9 million for the corresponding period of 2025, primarily due to the increase of headcount of sales staff and general increase of salary level of our sales team during the Reporting Period.

### Administrative expenses

During the Reporting Period, the administrative expenses mainly consist of salaries, bonus and welfare for our management and administrative staff, professional and consulting fee, depreciation and amortisation, office expenses, recruitment expenses, entertainment expenses, travelling and related expenses, patent expenses, training expenses, rental expenses and others.

The administrative expenses increased from RMB21.4 million in the first half of 2024 to RMB35.4 million for the corresponding period of 2025, primarily due to (i) the increase of headcount of managerial and administrative staff, which led to the increase in salary and benefit expenses, (ii) higher consulting fees due to due diligence activities for potential investment projects, and (iii) increased amortization of right-of-use assets from leasing new office premises.

### Research and development expenses

During the Reporting Period, the research and development expenses mainly consist of salaries and welfare for our research and development personnel, materials consumed for our research and development activities, depreciation and amortisation of our research facilities and testing fee.

The research and development expenses increased from RMB14.7 million in the first half of 2024 to RMB22.5 million for the corresponding period of 2025, primarily due to the transfer of some engineers to design and execution posts for overseas sale contracts which has not been completed by the end of Reporting Period.

### Finance costs

The finance costs mainly consist of interest on bank and other borrowings and interest on lease liabilities. The finance costs decreased from RMB2.8 million in the first half of 2024 to RMB2.5 million for the corresponding period of 2025, primarily due to the decrease in bank and other borrowings of the Group in the first half of 2025.

### Income tax expenses

The taxation comprised of (i) profit tax expenses of EIT; (ii) withholding tax and (iii) deferred tax expenses. The income tax expenses decreased from RMB4.0 million in the first half of 2024 to RMB0.2 million for the corresponding period of 2025, primarily due to the decrease in taxable income of our PRC subsidiaries.

### Loss for the period

As a result of the above, the net profit decreased from approximately RMB11.5 million in the first half of 2024 to net loss of RMB38.1 million for the corresponding period of 2025, primarily due to the decrease of revenue and gross profit and increase in selling, administrative and research and development expenses in the first half of 2025.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Funding and Exchange Rate Policy

The Group has minimal exposure to foreign currency risk as most of its transactions, assets and liabilities are principally denominated in the functional currency of the entity to which they are related. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

### Liquidity and Financial Resources

The Group's principal use of cash was to fund our operations, capital expenditures and payments of principal and interest due on our bank borrowings. The main source of the Group's liquidity was generated from cash flows from operations. Going forward, the Group believes that its liquidity requirements will be satisfied by a combination of cash flows generated from operating activities, bank facilities and net proceeds from the Listing. As of 30 June 2025, the Group had cash and cash equivalents of RMB92.7 million (31 December 2024: RMB129.9 million). A significant portion of the Group's cash and cash equivalents and term deposits are held in RMB.

### Bank and other borrowings

The Group's total bank and other borrowings increased from RMB105.2 million as of 31 December 2024 to RMB189.7 million as of 30 June 2025, mainly due to (i) additional bank borrowings of RMB130.0 million, and (ii) repayment of bank borrowings RMB45.5 million.

All borrowings were fixed-rate borrowings as of 30 June 2025, and were denominated in RMB.

### Gearing ratio

The gearing ratio is calculated by dividing the total debts (including bank and other borrowings and lease liabilities) by total equity as at the end of the reporting period. As of 30 June 2025, the gearing ratio of the Group was 57.0% (31 December 2024: 29.4%). Such increase is mainly attributable to new bank and other borrowings obtained during the Reporting Period.

### Charges on the Group's assets

As of 30 June 2025, the carrying amount of property, plant and equipment pledged as security for the Company's bank borrowings amounted to RMB8.0 million (31 December 2024: Nil). As of 30 June 2025, the carrying amount of right-of-use assets pledged as security for the Company's bank borrowings amounted to RMB32.5 million (31 December 2024: Nil).

### Employees and Remuneration Policies

As of 30 June 2025, the Group had a total of 491 full-time employees and the total staff costs (including directors' emoluments) for the Reporting Period were RMB34.0 million. Remuneration of our employees is determined with reference to market conditions and individual employees' performance, qualification and experience. In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain employees, including salaries, allowance and benefits and retirement benefit scheme contribution. During the Reporting Period, the relationship between the Group and our employees has been stable. We provide training programmes to employees, including new hire orientation and continuous on-the-job training, in order to accelerate the learning progress and improve the knowledge and skill levels of our employees.

### Contingent Liabilities

As of 30 June 2025, we did not have any material contingent liabilities (31 December 2024: Nil).

### Significant Investments

During the Reporting Period, the Group did not hold any significant investments in assets with a value of more than 5% of the Group's total assets as of 30 June 2025.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Material Acquisitions and Disposals

On 4 March 2025, the Group set up a new subsidiary, Huangshan Sinophos Technology Co., Ltd (“Huangshan Sinophos”), which is principally engaged in deployment of phosphorus pollution control, phosphorus-containing waste treatment technologies and recycling of relevant waste products for the production of nutrient concentrate solutions. The registered capital of Huangshan Sinophos is RMB45 million, and the Company holds 80% shares indirectly. Additional details of the project is available in the Company’s announcement dated 9 December 2024 and 5 February 2025, and the circular dated 9 January 2025.

Save as disclosed in this interim report and in the section headed “Future Plans and Use of Proceeds” of the Company’s listing prospectus dated 28 June 2024, the Group has no other future plans for any other material investment and capital assets.

### Advance to entity provided by the Company

During the Reporting Period, the Company had not provided any advance to an entity which is subject to disclosure requirement under Rule 13.20 of the Listing Rules.

### Pledge of Shares

There are no pledging of shares by our controlling Shareholders required to be disclosed under Rule 13.21 of the Listing Rules.

### Financial Assistance and Guarantees to Affiliated Companies by the Company

During the Reporting Period, the Company had not provided any financial assistance and guarantees to affiliated companies of the Company which is subject to disclosure requirements under Rule 13.22 of the Listing Rules.

### Breach of Loan Agreement

During the Reporting Period, the Company had not breached any terms of its loan agreements for loans that are significant to its operations.

### Loan Agreements of the Company

The Company did not enter into any loan agreement with covenants relating to specific performance of its controlling Shareholder nor breach the terms of any loan agreements that are significant to its operations during the Reporting Period.

### Continuing Disclosure Obligations pursuant to the Listing Rules

Save as disclosed in this interim report, the Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules.

# CORPORATE GOVERNANCE AND OTHER INFORMATION

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OR ITS ASSOCIATED CORPORATIONS

As far as the Company is aware, as of 30 June 2025, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

### INTERESTS IN THE SHARES OF THE COMPANY

Name of Director/Chief Executive	Capacity/Nature of interest <sup>(1)</sup>	Number of Shares held	Approximately percentage of shareholding <sup>(1)</sup>
Mr. Lu Bo <sup>(2)</sup>	Beneficiary of a trust	164,171,263	32.83%
	Interest of controlled corporation	5,598,240	1.12%
Ms. Lu Xiaojing <sup>(3)</sup>	Beneficiary of a trust	164,171,263	32.83%
	Interest of controlled corporation	5,598,240	1.12%
Ms. Bai Wei <sup>(4)</sup>	Spousal interest	169,769,503	33.95%
Mr. Shao Song <sup>(5)</sup>	Spousal interest	169,769,503	33.95%

Notes:

- (1) The calculation is based on the total number of 500,000,000 Shares in issue as at 30 June 2025. All interests stated are long position.
- (2) Mr. Lu Bo's interest is held through One Ideal Limited, a company which is held as to 99.00% by The LB Personal Trust, being a family trust to which Mr. Lu Bo is a beneficiary. Riches Development is wholly-owned by Mr. Lu Bo.
- (3) Ms. Lu Xiaojing's interest is held through Lady Jing Limited, a company which is held as to 99.00% by The LXJ Personal Trust, being a family trust to which Ms. Lu Xiaojing is a beneficiary. Richen Development is wholly-owned by Ms. Lu Xiaojing.
- (4) Ms. Bai Wei is the spouse of Mr. Lu Bo.
- (5) Mr. Shao Song is the spouse of Ms. Lu Xiaojing.

Save as disclosed above, as of the date of this interim report, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required 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 they are taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As of 30 June 2025, to the best of the knowledge of the Company and the Directors or the chief executive of our Company, the followings are the persons, other than the Directors or chief executive of the Company, who had interests or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

Name of Shareholder	Capacity/Nature of Interest <sup>(1)</sup>	Number of Shares held	Approximate percentage of shareholding in the Company <sup>(1)</sup>
One Ideal Limited <sup>(2)</sup>	Beneficial interest	164,171,263	32.83%
Now Wealth Limited <sup>(2)</sup>	Beneficial interest	164,171,263	32.83%
Mr. Lu Bo <sup>(2)</sup>	Beneficiary of a trust	164,171,263	32.83%
	Interest of controlled corporation	5,598,240	1.12%
Lady Jing Limited <sup>(3)</sup>	Beneficial interest	164,171,263	32.83%
LXJ Limited <sup>(3)</sup>	Beneficial interest	164,171,263	32.83%
Ms. Lu Xiaojing <sup>(3)</sup>	Beneficiary of a trust	164,171,263	32.83%
	Interest of controlled corporation	5,598,240	1.12%
Ms. Bai Wei <sup>(4)</sup>	Spousal interest	169,769,503	33.95%
Mr. Shao Song <sup>(5)</sup>	Spousal interest	169,769,503	33.95%
TCT (BVI) Limited <sup>(6)</sup>	Beneficial interest	328,342,526	65.66%
THE CORE TRUST COMPANY LIMITED <sup>(6)</sup>	Trustee	328,342,526	65.66%
Huangshan Construction Investment Private Equity Fund Management Co., Ltd. <sup>(7)</sup>	Beneficial interest	28,570,000	5.71%

Notes:

- (1) The calculation is based on the total number of 500,000,000 Shares in issue as at 30 June 2025. All interests stated are long position.
- (2) One Ideal Limited is held as to 99.00% by Now Wealth Limited, which is in turn wholly-owned by The LB Personal Trust, being a family trust to which Mr. Lu Bo is a beneficiary. Riches Development is wholly-owned by Mr. Lu Bo.
- (3) Lady Jing Limited is held as to 99.00% by LXJ Limited, which is in turn wholly-owned by The LXJ Personal Trust, being a family trust to which Ms. Lu Xiaojing is a beneficiary. Richen Development is wholly-owned by Ms. Lu Xiaojing.
- (4) Ms. Bai Wei is the spouse of Mr. Lu Bo.
- (5) Mr. Shao Song is the spouse of Ms. Lu Xiaojing.
- (6) THE CORE TRUST COMPANY LIMITED is the trustee of The LB Personal Trust and The LXJ Personal Trust which established by Mr. Lu Bo and Ms. Lu Xiaojing respectively. TCT (BVI) Limited, which is wholly-owned by the trustee, through direct interest in each of Now Wealth Limited and LXJ Limited holds 164,171,263 Shares and 164,171,263 Shares respectively.
- (7) Huangshan Construction Investment Private Equity Fund Management Co., Ltd. is a wholly-owned subsidiary of Huangshan Construction Investment Group Co., Ltd., which is in turn wholly owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Huangshan City.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above and to the best knowledge of our Directors, as at 30 June 2025, no other person had or was deemed to have any interests or short positions in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company or the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this interim report and as at the date of this interim report, none of the Company or any of its subsidiaries were a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

### SHARE INCENTIVE PLANS

#### Post-IPO Share Option Scheme

We adopted the Post-IPO Share Option Scheme on 24 June 2024, which was immediately prior to the Listing. The scheme constitutes a share scheme governed by Chapter 17 of the Listing Rules.

As the Post-IPO Share Option Scheme was not effective until the Listing Date, the numbers of Share Options available for grant under the Post-IPO Share Option Scheme are 50,000,000 as at the Listing Date, as at 1 January 2025 and 30 June 2025, being 10% of the Shares in issue as at 30 June 2025 and at the date of this interim report.

#### 1. **Summary of Terms**

##### (a) *Purpose*

The purpose of the Post-IPO Share Option Scheme is to provide Eligible Participants (as defined below) with the opportunity to acquire proprietary interests in the Company and to encourage Eligible Participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole.

##### (b) *Eligible Participants*

The Board of Directors may subject to and in accordance with the provisions of the Post-IPO Share Option Scheme and the Listing Rules, at its discretion grant options to any directors (including executive directors, non-executive directors and independent non-executive directors) and employees of any member of the Group and any persons who provide services to the Group on a continuing or recurring basis in its ordinary and usual course of business who, in the absolute discretion of the Board, has contributed or will contribute to the long term growth of our Group.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

(c) *Maximum Number of Shares available for subscription*

Scheme mandate limit and service provider sublimit

The Shares which may be issued (or treasury Shares which may be transferred) upon exercise of all options granted under the Post-IPO Share Option Scheme and any other share option and share awards schemes of our Company shall not in aggregate exceed 10% of the total number of Shares in issue as at the date dealings in Shares on the Stock Exchange commence (excluding any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or may be granted under the Post-IPO Share Option Scheme) (the “**Scheme Mandate Limit**”) being 50,000,000 Shares, as at the date of this interim report. For the purposes of calculating the Scheme Mandate Limit, options which have lapsed in accordance with the terms of the relevant Scheme shall not be counted.

Where the participants of the scheme are service providers, the service providers will be subject to a sublimit not exceeding 1% of the total number of Shares in issue as at the Listing Date (the “**Service Provider Sublimit**”), being 5,000,000 Shares, as at the Listing Date.

The above limits may be refreshed by Shareholders at general meeting in accordance with Rule 17.03C of Chapter 17 of the Listing Rules.

(d) *Maximum Entitlement of a Participant*

Unless approved by our Shareholders in general meeting, the Board shall not grant options to any Eligible Participant if the acceptance of those options or awards would result in the total number of shares issued and to be issued (or to be transferred out of treasury Shares) to that Grantee on exercise of his option or awards during any 12-months period up to the offer date in aggregate exceeding 1% of the total Shares then in issue.

(e) *Exercise Period*

An option may be exercised in whole or in part by the Grantee giving notice in writing to the Company in such form as the Board may from time to time determine stating that the Option is thereby exercised and the number of Shares in respect of which it is exercised. Each such notice must be accompanied by a remittance for the aggregate amount of the Subscription Price multiplied by the number of Shares in respect of which the notice is given. Within 15 business days after receipt of the notice and the remittance and, where appropriate, receipt of the certificate issued by the auditors or the independent financial adviser of the Company, the Company shall allot, and shall instruct the share registrar to issue, the relevant Shares to the Grantee (or his personal representative(s)) credited as fully paid and issue to the Grantee (or his estate in the event of an exercise by his personal representative(s) as aforesaid) a share certificate in respect of the Shares so allotted and issued (or transferred out of treasury Shares).

(f) *Vesting Period*

The vesting period for the Options shall generally not be less than 12 months. However, the Board and the Remuneration Committee are of the view that in certain circumstances a strict 12 month vesting requirement would be unfair to the Grantee, including in the grant (i) of “make-whole” options to new joiner to replace share options they forfeited from their previous employer; (ii) to employees whose employment is terminated due to death, disability or other event beyond their control; (iii) of options which are made in batches for administrative or regulatory compliance reasons, which effectively delayed the grant to a particular Grantee for administrative or regulatory compliance reasons (in which case the vesting period may be shortened to adjust for the delay); (iv) of options with performance based vesting conditions in lieu of the time-based vesting requirement. The Board and the Remuneration Committee are therefore of the view that the arrangement are appropriate and aligns the interest of the Grantee and the Company.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

(g) *Duration and Remaining Life*

The Post-IPO Share Option Scheme shall be valid and effective for a period of ten years from the Listing Date, after which time no further option shall be offered or granted but the provisions of the Post-IPO Share Option Scheme shall remain in full force and effect in all other respects to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Post-IPO Share Option Scheme. As at the date of this interim report, the remaining life of the Post-IPO Share Option Scheme was approximately eight years and ten months.

(h) *Subscription Price*

The price per Share at which a Grantee may subscribe for Shares upon exercise of an option (the “**Subscription Price**”) shall be a price determined by the Board in its sole discretion and notified to the Grantee and shall be no less than the highest of: (i) the closing price of the Shares as stated in the Stock Exchange’s daily quotations sheets on the date on which the Board resolves to make the offer of the option (the “**Date of Grant**”), which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange’s daily quotation sheets for the five business days immediately preceding the Date of Grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the final issue price of the Shares for the Global Offering shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange); and (iii) the nominal value of a Share on the Date of Grant.

(i) *Amount Payable on Application or Acceptance of the Option*

An option shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate offer document comprising acceptance of the option Eligible Participant (the “**Grantee**”) duly signed by the Grantee together with a remittance in favour of our Company of HK\$ 1.00 by way of consideration for the grant of the option shall have been received by our Company. The Grantee shall accept the offer and make the remittance in accordance with the requirements set out in the offer document, which should in any event be within 10 business days from the date on which the offer document is delivered to the Grantee. The remittance shall not be refundable in any circumstances.

For further details of the Post-IPO Share Option Scheme, please refer to the section headed “Statutory and General Information Post-IPO Share Option Scheme” in Appendix V to the Prospectus.

During the year ended 31 December 2024, no share option was granted and no new share were issued for the grant of options and awards.

During the Reporting Period and up to the date of this interim report, no share option is granted and no new share is issued for the grant of options and awards. The number of Shares that may be issued in respect of options and awards granted under the Post-IPO Share Option Scheme divided by the weighted average number of Shares in issue is not applicable.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognizes the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the Shareholders as a whole.

The Company has adopted the principles and code provisions of the CG Code as the basis of the Company’s corporate governance practices.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

The Directors are of the view that during the Reporting Period and up to the date of this interim report, the Company has complied with all applicable code provisions of the CG Code save and except for the following deviation from code provision C.2.1 of the CG Code.

Under code provision C.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. LU Bo ("**Mr. Lu**") has been serving as the chairman of the Board and chief executive officer of our Company ("**Chief Executive Officer**"). He is primarily responsible for the overall strategic planning, business direction and operational management of our Group. Mr. Lu has been with our Group since January 1994. Mr. Lu has extensive experience in the business operations and management of our Group. Our Board believes that, in view of his experience, personal profile and his roles in our Company, Mr. Lu is the Director best suited to identify strategic opportunities and focus of the Board due to his extensive understanding of our business as our Chief Executive Officer. Our Board also believes that the combined role of chairman and chief executive officer can promote the effective execution of strategic initiatives and facilitate the flow of information between management and the Board. Our Directors consider that the balance of power and authority will not be impaired due to this arrangement. In addition, all major decisions are made in consultation with members of the Board, including the relevant Board committees, and three independent non-executive Directors.

The Board will continue to review the effectiveness of the corporate governance structure of the Group in order to assess whether separation of the roles of chairman of the Board and the Chief Executive Officer is necessary.

### COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code of conduct regarding dealings in the securities of the Company by the Directors and the Company's senior management who, because of his/her office or employment, is likely to possess inside information in relation to the Company or its securities.

Upon specific enquiry, all Directors confirmed that they have complied with the Model Code during the Reporting Period and up to the date of this interim report. In addition, the Company is not aware of any non-compliance of the Model Code by the employees of the Company who are likely to be in possession of inside information of the Company during the Reporting Period and up to the date of this interim report.

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES OR SALE OF TREASURY SHARES

During the Reporting Period and up to the date of this interim report, none of the Company or any of its subsidiaries has made any purchase, sale or redemption of the listed securities of the Company (including sales of treasury shares (as defined under the Listing Rules)). As at 30 June 2025, the Company did not hold any treasury shares (as defined under the Listing Rules).

### AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Audit Committee, comprising three independent non-executive Directors, Mr. JIANG Li (chairman), Mr. BAU Siu Fung and Mr. SHEN Cheng, has discussed with the management and reviewed the unaudited condensed consolidated financial information of the Group for the Reporting Period. The Audit Committee considered that the interim results are in compliance with the applicable accounting standards, laws and regulations, and the Company has made appropriate disclosures thereof. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and internal control with senior management of the Company. The interim results has not been reviewed by the independent auditor of the Company.

## CORPORATE GOVERNANCE AND OTHER INFORMATION

### EVENTS AFTER THE REPORTING PERIOD

The Board has announced in the announcement dated 31 July 2025 that Mr. FU Cong has tendered his resignation as the financial director of the Company and as the joint company secretary of the Company with effect from 31 July 2025.

Save as disclosed in this interim report and as at the date of this interim report, there were no material subsequent events after the Reporting Period.

### INTERIM DIVIDEND

The Board does not declare the payment of an interim dividend to the Shareholders for the Reporting Period.

### USE OF NET PROCEEDS

The Company were listed on the Main Board of the Stock Exchange on 10 July 2024 (the “**Listing Date**”) and 125,000,000 new Shares were issued at an offer price of HK\$1.05 per Share. After deducting the underwriting fees and expenses payable by the Company in connection with the Global Offering as recognised in the audited financial statements, the net proceeds from the Listing amounted to approximately HK\$60.6 million (equivalent to approximately RMB55.6 million).

During the Reporting Period, the Company has utilized the net proceeds raised from the Global Offering. The net proceeds from the Global Offering will be used in the manner as previously disclosed in the section headed “Future Plans and Use of Proceeds” in the Prospectus. The Company has no plans to deviate from the use of proceeds and the business strategies disclosed in the Prospectus. Details of the use of proceeds are set forth as below:

Intended use of net proceeds	Net proceeds (RMB million)	Approximate % of net proceeds	Unutilized net proceeds as at 1 January 2025 (RMB million)	Utilized net proceeds for the Reporting Period (RMB million)	Unutilized net proceeds as at 30 June 2025 (RMB million)	Expected timeline of fully utilization of the unutilized net proceeds <sup>(1)</sup>
Increasing our production capacity and capabilities in the New Production Facility to expand our scale of operation	40.6	73.0%	34.4	8.5	25.9	On or before 30 June 2026
Further strengthening our design and research and development capabilities	9.7	17.5%	6.7	3.0	3.7	On or before 31 December 2025
General working capital	5.3	9.5%	3.5	1.7	1.8	On or before 30 June 2026
<b>Total</b>	<b>55.6</b>	<b>100.0%</b>	<b>44.6</b>	<b>13.2</b>	<b>31.4</b>	

Notes:

- (1) The expected timeline is based on the best estimation made by the Group on future market condition and may change with the current market condition and future development.
- (2) We will deposit the net proceeds from the Global Offering into short-term interest-bearing accounts at licenced commercial banks and/or other authorised financial institutions as defined under the Securities and Futures Ordinance or applicable laws and regulations in other jurisdictions.

### MATERIAL LITIGATION

As of 30 June 2025, our Company was not involved in any litigation, arbitration, administrative proceedings of material importance which could have a material adverse effect on its financial condition or results of operations, and, so far as our Company is aware, no litigation, arbitration, administrative proceedings of material importance is pending or threatened against our Company.



## CORPORATE GOVERNANCE AND OTHER INFORMATION

### CHANGES IN THE BOARD AND THE DIRECTORS' INFORMATION

#### Change of Independent Non-Executive Directors

The Board has announced in the announcement dated 19 May 2025 that Mr. Tu Shenwei ("**Mr. Tu**") has tendered his resignation as an independent non-executive Director of the Company with effect from 19 May 2025, in order to devote more time to pursue his other personal and business engagements. Upon his resignation, Mr. Tu ceased to be the chairman of each of the Audit Committee and Remuneration Committee, and a member of Nomination Committee of the Board.

Following Mr. Tu's resignation, the Board appointed Mr. Jiang Li as an independent non-executive Director of the Company, the chairman of the Audit Committee, the chairman of the Remuneration Committee and a member of the Nomination Committee with effect from 19 May 2025.

#### Change in composition of the Nomination Committee

The Board has announced in the announcement dated 30 June 2025 that Mr. Lu ceased to be the chairman of the Nomination Committee. Mr. Shen Cheng was appointed as the chairman of the Nomination Committee and Ms. Lu Xiaojing was appointed as a member of the Nomination Committee, all with effect from 30 June 2025.

Saved as disclosed above, there were no further changes in the Board and the information of Directors which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

### OTHER INFORMATION

#### Property Interests

Reference is made to the Company's annual report published on 24 April 2025. The Company has valued the property interest of the Group and included such valuation in the Prospectus of the Company and that property interest is not stated at valuation (or at subsequent valuation) in the financial statement in the annual report for the year ended 31 December 2024. The valuation of the property interest of the Group as at 30 April 2024 was RMB15,790,000 as included in the Prospectus of the Company. Had the property interest been stated at such valuation, the depreciation that would be reduced and charged against the consolidated statement of profit or loss and other comprehensive income during the year ended 31 December 2024 would be approximately RMB158,000.

#### Potential Conflict of Interests between the Group and its Controlling Shareholders

As part of our corporate governance policy, the Company will disclose decisions on potential conflict of interests deliberated by the independent non-executive directors in our reports or by way of announcement as required by the Listing Rules. For the year ended 31 December 2024 and the six months ended 30 June 2025, no such matters have been deliberated by the independent non-executive Directors.

### CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

The Company does not have any other disclosure obligations under Rules 13.20, 13.21 and 13.22 of the Listing Rules. All references above to other sections, reports or notes form part of this interim report.

By order of the Board

**RUICHANG INTERNATIONAL HOLDINGS LIMITED**

**Mr. LU Bo**

*Chairman of the Board, Chief Executive Officer and executive Director*

Hong Kong, 29 August 2025

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

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Notes	Six months ended 30 June	
		2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
<b>Revenue</b>	5	<b>151,799</b>	224,894
Cost of sales		<b>(111,889)</b>	(149,640)
<b>Gross profit</b>		<b>39,910</b>	75,254
Other income and gains, net	7	<b>1,548</b>	3,191
Selling expenses		<b>(14,948)</b>	(14,427)
Administrative expenses		<b>(35,408)</b>	(21,448)
Research and development expenses		<b>(22,473)</b>	(14,723)
Listing expenses		<b>–</b>	(7,916)
Impairment losses of financial assets and contract assets		<b>(3,993)</b>	(1,969)
Fair value changes of financial assets at fair value through profit or loss		<b>(88)</b>	–
Share of results of an associate		<b>63</b>	389
Finance costs	8	<b>(2,472)</b>	(2,836)
<b>(Loss)/profit before tax</b>		<b>(37,861)</b>	15,515
Income tax expenses	9	<b>(199)</b>	(3,990)
<b>(Loss)/profit for the period</b>	10	<b>(38,060)</b>	11,525
<b>Other comprehensive (loss)/income:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value changes of financial assets at fair value through other comprehensive income ("FVTOCI")		<b>(38)</b>	(161)
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		<b>44</b>	(126)
Share of other comprehensive income from an associate		<b>–</b>	(59)
<b>Total comprehensive (loss)/income for the period</b>		<b>(38,054)</b>	11,179
<b>(Loss)/profit for the period attributable to:</b>			
Owners of the Company		<b>(37,967)</b>	11,525
Non-controlling interests		<b>(93)</b>	–
		<b>(38,060)</b>	11,525
<b>Total comprehensive (loss)/income for the period attributable to:</b>			
Owners of the Company		<b>(37,961)</b>	11,179
Non-controlling interests		<b>(93)</b>	–
		<b>(38,054)</b>	11,179
<b>(Loss)/earnings per share attributable to owners of the Company</b>			
Basic and diluted (RMB cents)	11	<b>(7.59)</b>	3.07

# CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

	Notes	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	13	74,481	58,674
Investment property	14	–	10,639
Right-of-use assets		64,803	44,820
Intangible assets		4,285	4,446
Investment in an associate		856	793
Financial assets at fair value through other comprehensive income	4	18,594	18,632
Deferred tax assets		3,276	3,276
		<b>166,295</b>	141,280
<b>CURRENT ASSETS</b>			
Inventories		61,388	52,040
Trade and notes receivables	15	265,601	252,606
Prepayments, other receivables and other assets		128,403	80,958
Financial assets at fair value through profit or loss		9,262	9,350
Contract assets		32,525	41,177
Pledged deposits		22,139	19,629
Cash and bank balances		92,732	129,910
		<b>612,050</b>	585,670
<b>CURRENT LIABILITIES</b>			
Trade and notes payables	16	128,909	154,430
Contract liabilities		58,338	31,564
Accruals and other payables		34,167	34,837
Bank and other borrowings	17	109,700	105,158
Lease liabilities		1,821	1,575
Dividend payable		10,275	–
Tax payable		517	3,636
		<b>343,727</b>	331,200
<b>NET CURRENT ASSETS</b>		<b>268,323</b>	254,470
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>434,618</b>	395,750

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2025

	Notes	<b>30 June 2025 RMB'000 (unaudited)</b>	31 December 2024 RMB'000 (audited)
<b>NON-CURRENT LIABILITIES</b>			
Bank and other borrowings	17	<b>80,000</b>	–
Lease liabilities		<b>6,696</b>	7,404
		<b>86,696</b>	7,404
<b>NET ASSETS</b>		<b>347,922</b>	388,346
<b>CAPITAL AND RESERVES</b>			
Share capital and paid-up capital	18	<b>36</b>	36
Reserves		<b>330,049</b>	388,010
Equity attributable to owners of the Company		<b>330,085</b>	388,046
Non-controlling interests		<b>17,837</b>	300
<b>TOTAL EQUITY</b>		<b>347,922</b>	388,346

# CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	(Unaudited)									
	Attributable to owners of the Company									
	Share capital	Share premium	Capital reserve	Investment revaluation reserve	Foreign currency translation reserve	Statutory reserve	Retained profits	Sub-Total	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2024 (audited)	–	–	33,578	(2,645)	7,617	27,023	229,582	295,155	–	295,155
Profit for the period	–	–	–	–	–	–	11,525	11,525	–	11,525
Other comprehensive loss for the period:										
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	–	–	–	(161)	–	–	–	(161)	–	(161)
Exchange differences arising on translation of foreign operations	–	–	–	–	(126)	–	–	(126)	–	(126)
Share of other comprehensive income from an associate	–	–	–	–	(59)	–	–	(59)	–	(59)
Total comprehensive (loss)/income for the period	–	–	–	(161)	(185)	–	11,525	11,179	–	11,179
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	300	300
Dividend (note 12)	–	–	–	–	–	–	(20,000)	(20,000)	–	(20,000)
At 30 June 2024 (unaudited)	–	–	33,578	(2,806)	7,432	27,023	221,107	286,334	300	286,634
At 1 January 2025 (audited)	<b>36</b>	<b>99,837</b>	<b>33,578</b>	<b>(78)</b>	<b>7,739</b>	<b>30,942</b>	<b>215,992</b>	<b>388,046</b>	<b>300</b>	<b>388,346</b>
Loss for the period	–	–	–	–	–	–	(37,967)	(37,967)	(93)	(38,060)
Other comprehensive (loss)/income for the period:										
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	–	–	–	(38)	–	–	–	(38)	–	(38)
Exchange differences arising on translation of foreign operations	–	–	–	–	44	–	–	44	–	44
Total comprehensive (loss)/income for the period	–	–	–	(38)	44	–	(37,967)	(37,961)	(93)	(38,054)
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	17,630	17,630
Dividend declared and paid (note 12)	–	–	–	–	–	–	(20,000)	(20,000)	–	(20,000)
At 30 June 2025 (unaudited)	<b>36</b>	<b>99,837</b>	<b>33,578</b>	<b>(116)</b>	<b>7,783</b>	<b>30,942</b>	<b>158,025</b>	<b>330,085</b>	<b>17,837</b>	<b>347,922</b>



# CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<b>Cash flows from operating activities</b>		
Cash used in operations	(93,426)	(3,804)
Income tax paid	(3,259)	(7,453)
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<b>(96,685)</b>	<b>(11,257)</b>
<b>Cash flows from investing activities</b>		
Interest received	668	132
Proceeds from disposal of property, plant and equipment	15	35
Purchases of property, plant and equipment	(15,243)	(2,830)
Purchases of intangible assets	(239)	(311)
Additions to land use rights	(1,941)	–
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(16,740)</b>	<b>(2,974)</b>
<b>Cash flows from financing activities</b>		
Repayment of bank and other borrowings	(45,458)	(72,086)
Repayment of lease liabilities	(462)	(1,746)
Capital contribution from non-controlling shareholders	4,500	300
Dividends paid	(9,725)	(9,307)
Interest paid	(2,472)	(2,836)
Deferred issue cost	–	(1,480)
Addition of bank and other borrowings	130,000	77,403
<b>NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES</b>	<b>76,383</b>	<b>(9,752)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(37,042)</b>	<b>(23,983)</b>
Effect of changes in foreign exchange rate	(136)	(17)
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD</b>	<b>129,910</b>	<b>45,670</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>		
Cash and bank balances	92,732	21,670

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

## 1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The registered office of the Company is located at P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) were involved in the following principal activities: manufacture and sale of petroleum refinery and petrochemical equipment. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 10 July 2024 (the “Listing”).

## 2. BASIS OF PREPARATION

These unaudited condensed consolidated financial statements have been prepared in accordance with Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”) and the applicable disclosures requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These unaudited condensed consolidated financial statements should be read in conjunction with the 2024 annual financial statements. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2024.

## 3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

In the current interim period, the Group has adopted all the new and revised HKFRS Accounting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2025. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards did not result in significant changes to the Group’s accounting policies of the Group’s consolidated financial statements and amounts reported for the current period and prior periods.

The Group has not applied the new HKFRS Accounting Standards that have been issued but are not yet effective. The application of these new HKFRS Accounting Standards will not have material impact on the unaudited condensed consolidated financial statements of the Group.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

### 4. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

#### Disclosures of level in fair value hierarchy at 30 June 2025:

Description	Fair value measurements using:			Total RMB'000 (unaudited)
	Level 1 RMB'000 (unaudited)	Level 2 RMB'000 (unaudited)	Level 3 RMB'000 (unaudited)	
<b>Recurring fair value measurements:</b>				
Financial assets at fair value through profit or loss				
— Fund	—	9,262	—	9,262
Financial assets at fair value through other comprehensive income				
— Unlisted equity investments	—	—	18,594	18,594

#### Disclosures of level in fair value hierarchy at 31 December 2024:

Description	Fair value measurements using:			Total RMB'000 (audited)
	Level 1 RMB'000 (audited)	Level 2 RMB'000 (audited)	Level 3 RMB'000 (audited)	
<b>Recurring fair value measurements:</b>				
Financial assets at fair value through profit or loss				
— Fund	—	9,350	—	9,350
Financial assets at fair value through other comprehensive income				
— Unlisted equity investments	—	—	18,632	18,632

During the current interim period, there was no transfer between Level 1 and 2, or transfers into or out of Level 3. 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 (year ended 31 December 2024: nil).

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

## 4. FAIR VALUE MEASUREMENTS (continued)

### Reconciliation of assets measured at fair value based on level 3:

Description	Financial assets at fair value through other comprehensive income Unlisted equity investment RMB'000 (unaudited)
At 1 January 2025	18,632
Total gains or losses recognised in other comprehensive income	(38)
At 30 June 2025	18,594

Description	Financial assets at fair value through other comprehensive income Unlisted equity investment RMB'000 (audited)
At 1 January 2024	14,355
Addition	1,710
Total gains or losses recognised in other comprehensive income	2,567
At 31 December 2024	18,632

### Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's chief financial officer is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes, including level 3 fair value measurements. The chief financial officer reports directly to the Board of Directors for these fair value measurements. Discussions of valuation processes and results are held between the chief financial officer and the Board of Directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

## 4. FAIR VALUE MEASUREMENTS (continued)

### Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Fair value as at 30 June 2025 RMB'000 (unaudited)
Financial assets at fair value through other comprehensive income — Unlisted equity investments	Share of net assets	(Note)	(Note)	18,594
Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Fair value as at 31 December 2024 RMB'000 (audited)
Financial assets at fair value through other comprehensive income — Unlisted equity investments	Share of net assets	(Note)	(Note)	18,632

During the current interim period, there were no changes in the valuation techniques used (year ended 31 December 2024: nil).

Note: The Group's investment in unlisted equity investment funds which were classified as financial assets at fair value through other comprehensive income ("FVTOCI"). The significant unobservable input is the net assets value of the underlying investments made by the funds. The higher the net assets value of the underlying investment, the higher the fair value of the financial assets at FVTOCI will be. A 5% increase/decrease in the net assets value of the underlying investments, holding all other variable constant, would increase/decrease the carrying amounts of these investments by RMB930,000 and RMB932,000 as at 30 June 2025 and 31 December 2024, respectively.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

### 5. REVENUE

The Group's revenue for the both interim periods are as follows:

	<b>Six months ended 30 June</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
<i>Revenue from contracts with customers</i>		
Manufacturing and sale of equipment		
SRU and VOCs incineration equipment	<b>39,621</b>	73,112
Catalytic cracking equipment	<b>53,079</b>	132,673
Process burners	<b>37,580</b>	16,552
Heat exchangers	<b>21,519</b>	2,557
	<b>151,799</b>	224,894

The following table shows the amounts of revenue recognised in the interim periods that were included in the contract liabilities at the beginning of the interim periods:

	<b>Six months ended 30 June</b>	
	<b>2025</b>	2024
	<b>RMB'000</b>	RMB'000
	<b>(unaudited)</b>	(unaudited)
Sales of products	<b>7,990</b>	59,191

#### Performance obligations

##### **Sale of SRU and VOCs incineration equipment, catalytic cracking equipment, process burners and heat exchangers**

The performance obligation is satisfied upon customers' acceptance of relevant products and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return which give rise to variable consideration subject to constraint.



# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

## 6. SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of petroleum refinery and petrochemical equipment to customers in Mainland China.

HKFRS 8 Operating Segments requires operating segments to be identified on the basis of internal reporting about components of the Group that are regularly reviewed by the chief operating decision-maker in order to allocate resources to segments and to assess their performance. The information reported to the directors of the Company, who are the chief operating decision makers, for the purpose of resource allocation and assessment of performance does not contain discrete operating segment financial information and the directors reviewed the financial results of the Group as a whole. Therefore, no further information about the operating segment is presented.

### Geographical information

During both interim periods, the Group operated within one geographical area because the majority of the Group's revenue was generated in Mainland China and all of its non-current assets/capital expenditure were located/incurred in Mainland China. Therefore, no geographical information is presented.

The non-current asset information above is based on the locations of the assets and excludes financial instruments, prepayments and deferred tax assets.

## 7. OTHER INCOME AND GAINS, NET

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Government grant <sup>(1)</sup>	445	2,716
Interest income	668	132
Rental income, net	–	47
Others <sup>(2)</sup>	435	296
	<b>1,548</b>	3,191

(1) Government grants for the interim periods were received from the government mainly for the subsidies of high-tech enterprises.

(2) Others mainly include net foreign exchange gain/loss, sale of scrap materials and provision of design and testing services.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

### 8. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank and other borrowings	2,297	2,748
Interest on lease liabilities	175	88
	2,472	2,836

### 9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current income tax — Mainland China:		
Charge for the period	199	3,497
Withholding tax	—	1,000
Deferred income tax	—	(507)
	199	3,990

Pursuant to the rules and regulations of the Cayman Islands, the Group is not subject to any income tax in the Cayman Islands.

Pursuant to the rules and regulations of the BVI, the Group is not subject to any income tax in the BVI.

No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits arising in Hong Kong during both periods.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

### 9. INCOME TAX EXPENSES (continued)

Under the PRC Corporate Income Tax Law (the "CIT Law"), which became effective on January 1, 2008, the Group's PRC entities are subject to enterprise income tax at a rate of 25%, unless otherwise specified. The Group's subsidiaries registered in the PRC that have operations only in Mainland China are subject to PRC enterprise income tax ("EIT") at a rate of 25% on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws for both periods except for two subsidiaries, Luoyang Ruichang Environmental Engineering Co., Ltd ("Luoyang Ruichang") and Ruiqieer Petro-chemical Engineering (Shanghai) Co., Ltd ("Shanghai Ruiqieer"). Luoyang Ruichang is qualified for a high and new technology enterprise ("HNTe") in September 2017 and became eligible for 15% preferential tax rate. Luoyang Ruichang renews its HNTe certification in November 2023 and is eligible for 15% preferential tax rate for three consecutive years ended 31 December 2023, 2024 and 2025. Shanghai Ruiqieer is also qualified for a HNTe in December 2021 and became eligible for 15% preferential tax rate. Shanghai Ruiqieer renews its HNTe certification in December 2024 and is eligible for 15% preferential tax rate for three consecutive years ended 31 December 2024, 2025 and 2026.

According to the applicable PRC tax regulations, dividends distributed by a company established in the PRC to a foreign investor with respect to profits derived after 1 January 2008 are generally subject to a 10% withholding tax.

The reconciliation between the income tax expense and the (loss)/profit before tax is as follows:

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(unaudited)	(unaudited)
(Loss)/profit before tax	(37,861)	15,515
Tax at domestic income tax rate	(9,465)	3,879
Lower tax rate enacted by local authority	(306)	(1,293)
Tax effect of expenses not deductible and income not taxable for tax purpose	998	274
Tax incentives on eligible expenditures	(764)	(2,203)
Tax losses not recognised	9,736	2,333
Withholding tax	–	1,000
Income tax expenses	199	3,990

During the current interim period, the Group has accumulated tax losses in PRC of RMB120,188,000 (six months ended 30 June 2024: RMB88,007,000), available for offset against future profits, which will expire in five years. No deferred tax asset has been recognised in respect of the tax losses and the deductible temporary differences due to unpredictability of future profit streams.

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

## 10. (LOSS)/PROFIT FOR THE PERIOD

The Group's (loss)/profit for the period is stated after charging/(crediting) the following:

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Cost of inventories sold	103,721	146,668
Depreciation of property, plant and equipment	3,529	3,154
Depreciation of investment property	97	240
Depreciation of right-of-use assets	1,532	2,158
Amortisation of intangible assets	400	208
Research and development costs	22,473	14,723
Auditor's remuneration	250	250
Gain on disposal of property, plant and equipment	(10)	(1)
Short term leases exempt from capitalisation under HKFRS 16	106	139
Interest income	(668)	(132)
Listing expenses	–	7,916
Impairment losses/(reversal of impairment losses) recognised on:		
— trade receivables	3,063	2,402
— financial assets included in prepayments, other receivables and other assets	1,069	190
— contract assets	(139)	(623)
	3,993	1,969
Staff costs including directors' emoluments		
— salaries, allowances and other benefits	34,033	26,228
— retirement benefit scheme contributions	4,872	4,890
Total staff costs, including directors' remunerations	38,905	31,118

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

### 11. (LOSS)/EARNINGS PER SHARE

The calculation of basic (loss)/earnings per share attributable to owners of the Company is based on the following data:

	Six months ended 30 June	
	2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
(Loss)/earnings:		
(Loss)/profit for the period attributable to owners of the Company for the purpose of basic (loss)/earnings per share	<b>(37,967)</b>	11,525
Number of shares:		
Number of ordinary shares for the purpose of basic (loss)/earnings per share	<b>500,000,000</b>	375,000,000

No diluted (loss)/earnings per share is presented for the six months ended 30 June 2025 and 2024 as there was no potential ordinary share in issue.

### 12. DIVIDENDS

During current interim period, a final dividend of RMB0.04 per share in respect of the year ended 31 December 2024 was declared to the owners of the Company. The aggregate amount of the final dividend declared in current interim period amounted to RMB20,000,000.

The directors of the Company did not propose the distribution of any interim dividend during the Reporting Period (30 June 2024: Nil).

On 29 May 2024, the Company distributed a dividend amounting to RMB20,000,000. As at 30 June 2024, RMB9,307,000 was paid in cash and RMB9,898,000 was settled by offsetting with Group's receivables due from controlling shareholders. The remaining dividend payable was paid in July 2024.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

### 13. MOVEMENTS IN PROPERTY AND EQUIPMENT

During the current interim period, the Group acquired property and equipment of RMB15,243,000 (six months ended 30 June 2024: RMB2,719,000), and property and equipment amounted to RMB4,098,000 was transferred from investment properties.

### 14. INVESTMENT PROPERTY

The market value of the investment property as at 30 April 2024 was RMB15,790,000. Please refer to the Appendix IV to the Prospectus for details. The additional depreciation of RMB158,000 would be charged against the statement of profit or loss and other comprehensive income for the year ended 31 December 2024 had those assets been stated at such valuation.

### 15. TRADE AND NOTES RECEIVABLES

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Trade receivables	279,109	253,817
Provision for impairment	(19,971)	(16,908)
	259,138	236,909
Notes receivables	6,463	15,697
	265,601	252,606

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances.

#### Notes receivables

The Group's notes receivables are all aged within twelve months, for which there was no recent history of default and past due amounts. At the end of each of the reporting period, the loss allowance was assessed to be minimal.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

### 15. TRADE AND NOTES RECEIVABLES (continued)

#### Trade receivables

The amount receivable from a contract that does not contain a financing component or a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less and then the transaction price is not adjusted for the effects of a significant financing component using the practical expedient in HKFRS 15 is accounted for in "Trade receivables". Trade receivables are non-interest-bearing.

An ageing analysis of the Group's trade receivables, based on the date when the Group obtains unconditional rights for payment and net of loss allowance, as at the end of the reporting period is as follows:

	<b>As at 30 June 2025 RMB'000 (unaudited)</b>	As at 31 December 2024 RMB'000 (audited)
Within 90 days	<b>91,518</b>	88,150
91 to 180 days	<b>6,115</b>	12,290
181 to 365 days	<b>123,725</b>	93,571
Over 1 year but within 2 years	<b>25,019</b>	33,244
Over 2 years but within 3 years	<b>10,799</b>	6,017
Over 3 years but within 4 years	<b>1,962</b>	3,637
	<b>259,138</b>	236,909

The movements in the loss allowance for impairment of trade receivables are as follows:

	<b>As at 30 June 2025 RMB'000 (unaudited)</b>	As at 31 December 2024 RMB'000 (audited)
Opening balance	<b>16,908</b>	9,193
Impairment losses	<b>3,063</b>	7,715
Closing balance	<b>19,971</b>	16,908

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

### 16. TRADE AND NOTES PAYABLES

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Trade payables	104,355	134,786
Notes payables	24,554	19,644
	128,909	154,430

An ageing analysis of the trade and notes payables, as at the end of each reporting period, based on the invoice date, is as follows:

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Within 90 days	60,196	100,887
91 to 180 days	37,374	17,005
181 to 365 days	17,508	14,974
Over 1 year	13,831	21,564
	128,909	154,430

The trade payables are non-interest-bearing and are normally settled on 60-day terms in general.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

### 17. BANK AND OTHER BORROWINGS

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Secured loans	119,700	99,800
Unsecured loans	70,000	5,358
	189,700 (109,700)	105,158 (105,158)
Current portion		
Non-current portion	80,000	—

The effective interest rate of bank and other borrowings are as follows:

	Effective interest rate (%)	Maturity	30 June 2025 RMB'000 (unaudited)
<b>Current</b>			
Bank loans — secured	2.85%–3.80%	2025	59,700
Bank loans — unsecured	2.75%	2025	50,000
			109,700
<b>Non-current</b>			
Bank loans — secured	2.50%	2027	60,000
Bank loans — unsecured	2.60%	2028	20,000
			80,000
			189,700

	Effective interest rate (%)	Maturity	31 December 2024 RMB'000 (audited)
<b>Current</b>			
Bank loans — secured	2.85%–3.80%	2025	99,800
Bank loans — unsecured	3.50%	2025	5,358
			105,158

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

## 17. BANK AND OTHER BORROWINGS (continued)

Maturity profile of bank and other borrowings as at the end of each reporting period is as follows:

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Within one year or on demand	109,700	105,158
In the second year	—	—
In the third to fifth years, inclusive	80,000	—
	189,700	105,158

## 18. SHARE CAPITAL

	As at 30 June 2025 USD	As at 31 December 2024 USD
<b>Authorised:</b>		
5,000,000,000 ordinary shares of US\$0.00001 each	50,000	50,000

	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
<b>Issued and fully paid:</b>		
Ordinary shares of US\$0.00001 each	36	36

	Number of shares	Paid-up capital RMB
<b>Issued:</b>		
At 1 January 2024 (audited) and 30 June 2024 (unaudited)	114,210	8
— Capitalisation Issue	374,885,790	26,745
— Issue of ordinary shares pursuant to Global Offering	125,000,000	8,918
At 31 December 2024 (audited), 1 January 2025 (audited) and 30 June 2025 (unaudited)	500,000,000	35,671

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2025

## 19. CAPITAL COMMITMENT

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
Property and equipment		
— Contracted but not provided for	372	11,194

## 20. RELATED PARTY TRANSACTIONS

(a) The Group had the following material transactions with related parties during the reporting period:

Name of related parties	Relationship with the Company
Mr. Lu Bo	The ultimate controlling shareholder
Ms. Lu Xiaojing	The ultimate controlling shareholder

(b) Related party balances

	As at 30 June 2025 RMB'000 (unaudited)	As at 31 December 2024 RMB'000 (audited)
<b>Non-Trade nature</b>		
Amount due from controlling shareholders	179	—

(c) Related party transactions

During the reporting period, the Group entered into the following transaction with its related parties.

	Six months ended 30 June 2025 RMB'000 (unaudited)	2024 RMB'000 (unaudited)
Lease payment	83	57