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

(Incorporated in the Cayman Islands with limited liability)

Stock code : 1855

2026
INTERIM REPORT

Contents

This Interim Report ("**Report**") in both English and Chinese version, is available on the Company's website of www.zonqing.net (the "**Company Website**") and the website of the Hong Kong Exchanges and Clearing Limited at www.hkexnews.hk.

Corporate Information

BOARD OF DIRECTORS

Executive Directors

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

Non-executive Directors

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

Independent Non-executive Directors

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

COMPANY SECRETARY

Mr. Tsui Hin Chi

AUTHORISED REPRESENTATIVES

Mr. Liu Haitao
Mr. Tsui Hin Chi

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

Mr. Gao Xiangnong *(Chairman)*
Mr. Lee Kwok Tung Louis
Mr. Yin Jun
Ms. Lyu Hongyan

AUDITOR

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

LEGAL ADVISER

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

PRINCIPAL BANKS

(In Alphabetical order)

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

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

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

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

Corporate Information

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

REGISTERED OFFICE

Suite 210, 2nd Floor,
Windward III, Regatta Office Park
Grand Cayman KY1-1106
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Global Services (Cayman) Limited
Suite 210, 2nd Floor,
Windward III, Regatta Office Park
Grand Cayman KY1-1106
Cayman Islands

HONG KONG SHARE REGISTRAR

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

STOCK CODE

1855

COMPANY WEBSITE

www.zonqing.net

Management Discussion and Analysis

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

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

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

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

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

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

During 1H2026, the Group's subsidiaries also achieved multiple industry honours and technical accomplishments. Jinghe Design Group Limited* (境和設計集團有限公司) ("**Jinghe Design Group**") was awarded First-Class Achievement in Landscape Architecture in the 2026 Jilin Province Outstanding Survey and Design Project Evaluation (二零二六年度吉林省優秀勘察設計項目評定) for its main contracting (Section 1) of tourism infrastructure renovation and upgrade works under Phase I construction project for cultural tourism industry integration upgrade in Beihu, Changchun New Area. Zonbong Ecology Environmental Construction Limited* (中邦生態環境有限公司) ("**Zonbong Ecology**") was awarded the national "Credit Star Certificate (9-Star)" (信用星級證書(9星)), granted jointly by China Association of Construction Enterprise Management and Credit Evaluation Engineering Committee. It was also awarded and honoured as a "2026 Outstanding Construction Enterprise in Jilin Province" (吉林省優秀施工企業) by the Jilin Provincial Construction Association. Changchun Chengjianweihu Group Co., Ltd.* (長春市城建維護集團股份有限公司) ("**Changchun Chengjianweihu**") was awarded the "2025 Outstanding Construction Enterprise in Jilin Province" by the Jilin Provincial Construction Association. In terms of technological innovation, the Group obtained 12 new utility model patents and 3 software copyrights in the first half of the year.

RISK MANAGEMENT

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

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

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

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

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

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

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

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

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

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

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

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

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

PROSPECTS

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

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

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

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

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

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

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

FINANCIAL REVIEW

Revenue

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

City renewal services

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

Management Discussion and Analysis

City operation and maintenance services

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

Town planning design services

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

Cultural tourism

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

Gross profit and gross profit margin

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

Other net income

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

Selling expenses

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

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

Administrative expenses

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

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

Impairment losses under the expected credit loss ("ECL") model

The impairment losses on trade and other receivables and contract assets under the ECL model for 1H2026 was approximately RMB18.9 million (1H2025: approximately RMB28.8 million). The decrease was mainly due to the fact that the credit risk of major partner clients did not deteriorate further, and the optimisation of the Group's accounts receivable collection management mechanism and requirement for higher proportion of contract prepayments, which lowered the credit risk faced by the Group.

Finance costs

The Group's finance costs mainly represented interest expenses on bank and other loans, and decreased by approximately 27.1% or approximately RMB8.6 million from approximately RMB31.7 million for 1H2025 to approximately RMB23.1 million for 1H2026, which was mainly due to the decreased interest rate of bank borrowings.

Share of losses of associates

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

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

Management Discussion and Analysis

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

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

Share of (losses)/profits of a joint venture

The Group's share of profits of a joint venture represents profits shared from a jointly controlled project company, namely Ulanhot Tianjiao Tianjun Tourism Development Limited (烏蘭浩特市天驕天駿旅遊開發有限公司) ("**Tianjun Tourism**"), which was registered in Inner Mongolia, the PRC, as a project company responsible for financing, developing, operating and maintaining a PPP project, the Shenjunshan Ecological Restoration and Landscaping Project (神駿山生態修復及景觀項目) ("**Shenjunshan Project**"), which commenced in 2017. The Group has been holding 75.0% equity interest in Tianjun Tourism since its incorporation and it was accounted as a joint venture of the Group given that the power to control its financial and operating policies was jointly held by the Group and another shareholder.

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

Income tax

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

Net current assets

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

Liquidity and financial resources

As at 30 June 2026, the cash and cash equivalents of the Group amounted to approximately RMB231.7 million (31 December 2025: approximately RMB278.1 million). As at 30 June 2026, the Group had borrowings of approximately RMB763.4 million (31 December 2025: approximately RMB759.8 million), which are denominated in Renminbi. Based on the scheduled repayment terms set out in the loan agreements, approximately RMB763.4 million (31 December 2025: approximately RMB759.8 million) of the borrowings are payable within one year. Some of the borrowings were secured and guaranteed by controlling shareholders, trade receivables and contract assets and bank deposits of the Group, related parties or third-party guarantee companies.

As at 30 June 2026, there had been no breach of loan covenants relating to bank and other loans of the Group.

Gearing ratio

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

MATERIAL ACQUISITIONS AND DISPOSALS

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

SIGNIFICANT INVESTMENTS HELD

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

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

CONTINGENT LIABILITIES

As at 30 June 2026, the Group has issued a guarantee in respect of a bank loan of Tianjun Tourism, a joint venture of the Group. In May 2019, Tianjun Tourism signed a long-term bank loan contract with the principal amounting to RMB410,000,000, among which RMB310,000,000 (including principal and interest) is to be guaranteed by the Group. As at 30 June 2026, the balance of the bank loan is RMB251,000,000 (31 December 2025: RMB253,000,000). The fair value of the financial guarantee provided by the Group was initially estimated as RMB28,015,000 and was recognised as "accrued expenses and other payables — financial guarantees issued". While no consideration was received for the financial guarantee granted, the fair value of the guarantee granted was accounted for as contributions to the investment in a joint venture and recognised as part of the cost of investment in a joint venture during the year ended 31 December 2019. As at 30 June 2026, the unamortised balance of financial guarantee issued by the Group included in "accrued expenses and other payables" amounted to RMB14,968,000 (31 December 2025: RMB15,087,000).

As at 30 June 2026, the Group has issued a guarantee in respect of a bank loan of Changchun Xianbang, an associate of the Group. In November 2019, Changchun Xianbang signed a long-term bank loan contract with the principal amounting to RMB300,000,000, among which RMB330,000,000 (including principal and interest) is to be guaranteed by the Group. As at 30 June 2026, the balance of the bank loan is RMB62,000,000 (31 December 2025: RMB91,500,000). The fair value of the financial guarantee provided by the Group was initially estimated to be RMB12,685,000 and RMB2,692,000 was recognised as "accrued expenses and other payables — financial guarantees issued". While no consideration was received for the financial guarantee granted, the fair value of the guarantee granted was accounted for as contributions to the investment in an associate and recognised as part of the cost of investment in an associate during the years ended 31 December 2019 and 2020. As at 30 June 2026, the unamortised balance of financial guarantee issued by the Group included in "accrued expenses and other payables" amounted to RMB2,933,000 (31 December 2025: RMB4,699,000).

Management Discussion and Analysis

FINANCIAL GUARANTEES ISSUED

The Group's financial guarantees issued amounted to approximately RMB17.9 million and approximately RMB19.8 million as at 30 June 2026 and 31 December 2025, respectively. The financial guarantees issued as at 30 June 2026 represented the guarantees provided by the Group for the borrowings of Changchun Xianbang and Tianjun Tourism, for the purpose of supporting the financing for their projects, and were initially recognised with reference to fees charged in an arm's length transaction for similar services and are amortised in profit or loss over the term of the guarantees subsequent to initial recognition. Such financial guarantees issued by the Group are expected to be released upon the maturity and full repayment of the bank loans borrowed by Changchun Xianbang and Tianjun Tourism in 2026 and 2033, respectively.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

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

OTHER INFORMATION

Dividend

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

Employees and remuneration policies

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

Purchase, sale and redemption of listed securities

During 1H2026, there are no treasury shares held by the Company.

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during 1H2026.

Securities transactions by the Directors

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

Management Discussion and Analysis

Events after 1H2026

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

Corporate governance practices

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

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

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

Review by audit committee

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

CHANGES IN DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

There was no change in the composition of the Board or the chief executive of the Company during the Reporting Period. Save as disclosed in this interim report, there was no other change in the information of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Other Information

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

As at 30 June 2026, the interests or short positions of the Directors or chief executive of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**") which will be required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they are taken or deemed to have under such provisions of the SFO), or (b) to be entered into the register required to be kept by the Company pursuant to section 352 of the SFO, or (c) as otherwise to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") contained in Appendix C3 to the Listing Rules, are set out as follows:

(i) Long positions in our shares

Name of Director	Nature of interest	Relevant company	Number of shares held/interested	Approximate percentage of issued share capital
Mr. Sun Juqing	Interest of spouse	Zonqing International Investment Limited ("**Zonqing International**")	543,606,498	65.89
Mr. Liu Haitao	Interest in a controlled corporation	Zonbong International Investment Limited ("**Zonbong International**")	42,162,312	5.11

Notes:

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

2. Given that Mr. Liu Haitao is the beneficial owner of 60.11% shareholding in Zonbong International, Mr. Liu is deemed to be interested in the Shares held by Zonbong International for the purposes of the SFO.

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

Name of Director	Name of associated corporations	Capacity	Nature of interests	Approximate percentage of shareholding
Mr. Sun Juqing(1) (2)	Zonqing International	Beneficial owner	Long position	62.00%
Mr. Sun Juqing	Zonbong International	Beneficial owner	Long position	22.41%
Mr. Liu Haitao	Zonqing International	Beneficial owner	Long position	5.00%
Mr. Liu Haitao(3)	Zonbong International	Beneficial owner	Long position	60.11%
Mr. Shao Zhanguang	Zonqing International	Beneficial owner	Long position	5.00%
Mr. Shao Zhanguang	Zonbong International	Beneficial owner	Long position	7.04%
Ms. Lyu Hongyan	Zonbong International	Beneficial owner	Long position	1.92%
Ms. Wang Yan	Zonbong International	Beneficial owner	Long position	1.02%

Notes:

(1) Mr. Sun Juqing and Ms. Zhao Hongyu are the beneficial owners of 27.00% and 35.00% shareholding in Zonqing International, respectively, during the Reporting Period. As Mr. Sun Juqing and Ms. Zhao Hongyu are the spouse of each other, they are deemed to be interested in the same number of shares that the other person is interested in for the purpose of the SFO.

(2) During the Reporting Period, Mr. Sun Juqing is the sole director of Zonqing International.

(3) During the Reporting Period, Mr. Liu Haitao is the sole director of Zonbong International.

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

DIRECTORS' RIGHT TO ACQUIRE SHARES

Save as disclosed, at no time during 1H2026 was the Company, or any of its holding companies, its subsidiaries or its fellow subsidiaries a party to any arrangement to enable the Directors and chief executives of the Company (including their spouses and minor children) to hold any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations.

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

As at 30 June 2026, the register of substantial Shareholders maintained by the Company pursuant to section 336 of the SFO shows that, other than the interests of the Directors and the chief executives of the Company, the following Shareholders had notified the Company of relevant interests or short position in shares and underlying shares of Company as follows:

Name of Shareholders	Nature of interest	Long position/ Short position	Number of shares	Approximate percentage of issued share capital
Zonqing International	Beneficial owner	Long position	543,606,498	65.89%
Ms. Zhao Hongyu	Interest in a controlled corporation	Long position	543,606,498	65.89%
Mr. Sun Juqing	Interest of spouse	Long position	543,606,498	65.89%
Zonbong International	Beneficial owner	Long position	42,162,312	5.11%
Mr. Liu Haitao	Interest in a controlled corporation	Long position	42,162,312	5.11%
Ms. Wang Tiannv	Interest of spouse	Long position	42,162,312	5.11%

Other Information

Notes:

1. Ms. Zhao Hongyu is the beneficial owner of 35% shareholding in Zonqing International and is therefore deemed to be interested in the Shares held by Zonqing International for the purposes of the SFO.

2. Mr. Sun Juqing is the spouse of Ms. Zhao Hongyu. Accordingly, Mr. Sun Juqing is deemed to be interested in the Shares in which Ms. Zhao Hongyu is interested for the purpose of the SFO.

3. Given that Mr. Liu Haitao is the beneficial owner of 60.11% shareholding in Zonbong International, Mr. Liu Haitao is deemed to be interested in the Shares held by Zonbong International for the purposes of the SFO.

4. Ms. Wang Tiannv is the spouse of Mr. Liu Haitao. Accordingly, Ms. Wang Tiannv is deemed to be interested in the Shares in which Mr. Liu Haitao is interested for the purposes of the SFO.

Saved as disclosed above, as at 30 June 2026, the Directors and the chief executive of the Company were not aware of any other person (other than the Directors or chief executive of the Company) who had an interest or short position in the Shares, underlying shares or debentures of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information publicly available to the Company and to the best of the Directors' knowledge, information and belief, the Company has maintained sufficient public float as required under the Listing Rules during 1H2026 and up to the date of this interim report.

COMPETING BUSINESS

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

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

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

Save as disclosed in this Report, none of the Directors held any interests in any business that compete directly against the Company or any of its jointly controlled entities and subsidiaries during 1H2026.

SHAREHOLDERS' RIGHTS

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

Convening an Extraordinary General Meeting

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

Nomination of Directors for Election

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

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

Contact Details

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

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

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

Other Information

SHARE OPTION SCHEME

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

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

Other than the Share Option Scheme, the Group has no share schemes under Chapter 17 of the Listing Rules. No share option has been granted by the Company under the Share Option Scheme since Listing and up to 30 June 2026, hence there are no share option vested, exercised, expired, cancelled or lapsed under the Share Option Scheme since Listing, nor any outstanding share option as at 30 June 2026. There were 27,500,000 share options available for grant as at both 1 January 2026 and 30 June 2026, as no share options had been granted in the six months ended 30 June 2026.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During 1H2026, there are no treasury Shares held by the Company.

Neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities (including sale of treasury shares) during 1H2026.

RELATED PARTIES TRANSACTIONS

The material related party transactions entered into by the Group during 1H2026 are set out in Note 20, including transactions that constitute connected/continuing connected transactions for which the disclosure requirements under Chapter 14A of the Listing Rules have been complied with.

Save for the contracts described in Notes 9, 10, 12, 13 and 14 in this Report, (a) no transactions, arrangements and contracts of significance in relation to the Group's business to which the Company or any of its holding company or subsidiaries or fellow subsidiaries was a party and in which a Director and his/her connected party had a material interest, whether directly or indirectly, subsisted at the end of 1H2026 or at any time during 1H2026; and (b) there is no contract of significance (i) between the Company or its subsidiaries and Company's Controlling Shareholders or its subsidiaries; and (ii) for the provision of services to the Company or any of its subsidiaries by Company's Controlling Shareholders or its subsidiaries.

SECURITIES TRANSACTIONS BY THE DIRECTORS

The Company has adopted a code of conduct regarding securities transactions by the Directors on terms in accordance with the required standard of dealings as set out in the Model Code. The Company, having made specific enquiry of all the Directors, is not aware of any non-compliance with the required standard of dealings and its code of conduct regarding securities transactions by the Directors since the Listing Date (as defined in the Prospectus).

EVENTS AFTER 1H2026

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

Other Information

CORPORATE GOVERNANCE PRACTICES

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

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

REVIEW OF INTERIM FINANCIAL INFORMATION

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

On behalf of the Board

Mr. Sun Juqing
Chairman

Hong Kong, 21 August 2026

Consolidated Statement of Profit or Loss

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

		Six months ended 30 June	
		2026	2025
	Note	***RMB'000***	*RMB'000*
Revenue	*4*	**520,251**	761,932
Cost of sales		**(440,707)**	(610,937)
Gross profit		**79,544**	150,995
Other net income		**1,893**	3,751
Selling expenses		**(13,554)**	(14,651)
Administrative expenses		**(29,791)**	(37,433)
Impairment losses on trade and other receivables, contract assets and financial guarantees issued		**(18,896)**	(28,773)
Profit from operations		**19,196**	73,889
Finance costs	*5(a)*	**(23,100)**	(31,688)
Share of losses of associates		**(1,284)**	(1,817)
Share of (losses)/profits of a joint venture		**(4,702)**	99
(Loss)/profit before taxation	*5*	**(9,890)**	40,483
Income tax	*6*	**(1,495)**	(4,151)
(Loss)/profit for the period		**(11,385)**	36,332
Attributable to:			
Equity shareholders of the Company		**(15,364)**	29,333
Non-controlling interests		**3,979**	6,999
(Loss)/profit for the period		**(11,385)**	36,332
(Loss)/earnings per share (RMB cents)			
Basic and diluted	*7*	**(2)**	4

The notes on pages 28 to 51 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in Note 16(b).

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 30 June 2026 — unaudited

(Expressed in RMB)

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
(Loss)/profit for the period	**(11,385)**	36,332
Other comprehensive income for the period		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve	**(51)**	(33)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas companies of the Group	**(1,500)**	(707)
Other comprehensive income for the period	**(1,551)**	(740)
Total comprehensive income for the period	**(12,936)**	35,592
Attributable to:		
Equity shareholders of the Company	**(16,915)**	28,593
Non-controlling interests	**3,979**	6,999
Total comprehensive income for the period	**(12,936)**	35,592

The notes on pages 28 to 51 form part of this interim financial report.

Consolidated Statement of Financial Position

At 30 June 2026 — unaudited

(Expressed in RMB)

	Note	**At 30 June 2026 RMB'000**	At 31 December 2025 RMB'000
Non-current assets			
Property, plant and equipment		**43,797**	38,726
Intangible assets		**10,280**	12,163
Right-of-use assets		**5,650**	7,827
Interest in associates		**65,288**	66,572
Interest in a joint venture		**119,151**	123,853
Other equity investments		**70,392**	70,452
Deferred tax assets	*15(b)*	**97,944**	98,069
Non-current portion of trade receivables	*10*	**556**	556
Non-current portion of other receivables		**66,376**	66,376
		479,434	484,594
Current assets			
Inventories and other contract costs	*8*	**203,002**	181,255
Contract assets	*9(a)*	**1,122,978**	1,202,743
Trade and bills receivables	*10*	**1,612,994**	1,651,294
Prepayments, deposits and other receivables		**501,759**	543,696
Restricted bank deposits	*11*	**6,340**	13,008
Cash and cash equivalents	*11*	**231,704**	278,105
		3,678,777	3,870,101
Current liabilities			
Trade and bills payables	*12*	**1,120,412**	1,383,221
Accrued expenses and other payables	*13*	**252,091**	263,879
Contract liabilities	*9(b)*	**1,200,345**	1,096,657
Bank and other loans	*14*	**763,370**	759,782
Lease liabilities		**1,929**	2,642
Income tax payable		**13,753**	28,405
		3,351,900	3,534,586
Net current assets		**326,877**	335,515
Total assets less current liabilities		**806,311**	820,109

Consolidated Statement of Financial Position

At 30 June 2026 — unaudited

(Expressed in RMB)

	Note	At 30 June 2026 RMB'000	At 31 December 2025 RMB'000
Non-current liabilities			
Lease liabilities		**1,156**	1,495
Deferred tax liabilities	*15(b)*	**4,217**	4,740
		5,373	6,235
NET ASSETS		**800,938**	813,874
CAPITAL AND RESERVES	*16*		
Share capital		**230**	230
Reserves		**678,571**	695,486
Total equity attributable to equity shareholders of the Company		**678,801**	695,716
Non-controlling interests		**122,137**	118,158
TOTAL EQUITY		**800,938**	813,874

Approved and authorised for issue by the board of directors on 21 August 2026.

Liu Haitao
Director

Wang Yan
Director

The notes on pages 28 to 51 form part of this interim financial report.

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026 — unaudited

(Expressed in RMB)

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

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026 — unaudited

(Expressed in RMB)

	Attributable to equity shareholders of the Company										
	Share capital *RMB'000*	Share premium *RMB'000*	Other reserve *RMB'000*	Statutory reserve *RMB'000*	Fair value reserve *RMB'000*	Exchange reserve *RMB'000*	Special reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 30 June 2025	230	70,316	275,274	86,852	900	5,669	17,439	244,052	700,732	120,148	820,880
Changes in equity for the six months ended 31 December 2025:											
Loss for the period	—	—	—	—	—	—	—	(7,378)	(7,378)	(1,740)	(9,118)
Other comprehensive income	—	—	—	—	2,070	292	—	—	2,362	(250)	2,112
Total comprehensive income	—	—	—	—	2,070	292	—	(7,378)	(5,016)	(1,990)	(7,006)
Appropriation to reserves	—	—	—	15,399	—	—	—	(15,399)	—	—	—
At 31 December 2025	230	70,316	275,274	102,251	2,970	5,961	17,439	221,275	695,716	118,158	813,874

Consolidated Statement of Changes in Equity

For the six months ended 30 June 2026 — unaudited

(Expressed in RMB)

	Attributable to equity shareholders of the Company										
	Share capital *RMB'000*	Share premium *RMB'000*	Other reserve *RMB'000*	Statutory reserve *RMB'000*	Fair value reserve *RMB'000*	Exchange reserve *RMB'000*	Special reserve *RMB'000*	Retained profits *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2026	**230**	**70,316**	**275,274**	**102,251**	**2,970**	**5,961**	**17,439**	**221,275**	**695,716**	**118,158**	**813,874**
Changes in equity for the six months ended 30 June 2026:											
Loss for the period	–	–	–	–	–	–	–	(15,364)	(15,364)	3,979	(11,385)
Other comprehensive income	–	–	–	–	(51)	(1,500)	–	–	(1,551)	–	(1,551)
Total comprehensive income	–	–	–	–	(51)	(1,500)	–	(15,364)	(16,915)	3,979	(12,936)
At 30 June 2026	**230**	**70,316**	**275,274**	**102,251**	**2,919**	**4,461**	**17,439**	**205,911**	**678,801**	**122,137**	**800,938**

The notes on pages 28 to 51 form part of this interim financial report.

Condensed Consolidated Cash Flow Statement

For the six months ended 30 June 2026 — unaudited

(Expressed in RMB)

	Note	Six months ended 30 June 2026 RMB'000	2025 RMB'000
Operating activities			
Cash (used in)/generated from operations		**(2,596)**	38,961
Income tax paid		**(16,536)**	(20,239)
Net cash (used in)/generated from operating activities		**(19,132)**	18,722
Cash flows from investing activities			
Payments for purchase of non-current assets		**(9,950)**	(8,571)
Payments for acquisition of non-controlling interests		**—**	(9,904)
Net proceeds from disposal of non-current assets		**—**	50
Payments for advances to third parties		**(3,559)**	(65,110)
Payments for loans granted to a joint venture		**(8,361)**	(23,058)
Payments for loans granted to an associate		**(12,830)**	(5,520)
Net proceeds from/(payments for) advances granted to related parties		**80,500**	(127)
Proceeds from repayment of advances granted to third parties		**—**	72,732
Interest received		**736**	911
Net cash generated from/(used in) investing activities		**46,536**	(38,597)
Cash flows from financing activities			
Proceeds from bank and other loans		**408,813**	982,610
Proceeds from advances from related parties		**262,957**	443,841
Repayment of bank and other loans		**(468,525)**	(977,791)
Repayment of advances from related parties		**(256,316)**	(445,966)
Repayment of advances from third parties		**—**	(13,000)
Capital element of lease rentals paid		**(1,209)**	(2,034)
Interest element of lease rentals paid		**(157)**	(110)
Decrease/(increase) in restricted deposits		**6,668**	(6,900)
Decrease/(increase) in deposits paid to secure guarantees granted by third parties		**549**	(4,397)
Interest paid		**(26,626)**	(31,985)
Net cash used in financing activities		**(73,846)**	(55,732)
Net decrease in cash and cash equivalents		**(46,442)**	(75,607)
Cash and cash equivalents at 1 January	*11*	**278,105**	122,779
Effect of foreign exchange rate changes		**41**	(13)
Cash and cash equivalents at 30 June	*11*	**231,704**	47,159

The notes on pages 28 to 51 form part of this interim financial report.

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

1 CORPORATE INFORMATION

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

2 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("**IAS**") 34, *Interim financial reporting*, issued by the International Accounting Standards Board (the "**IASB**"). It was authorised for issue on 21 August 2026.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2025 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2026 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

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

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

The financial information relating to the financial year ended 31 December 2025 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2025 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 31 March 2026.

3 CHANGES IN ACCOUNTING POLICIES

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

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

4 REVENUE AND SEGMENT REPORTING

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

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

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

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

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

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers within the scope of IFRS 15 by major products or service lines is as follows:

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Disaggregated by major products or service lines		
– Revenue from city renewal services	**335,139**	580,505
– Revenue from city operation and maintenance services	**138,497**	121,635
– Revenue from town planning design services	**34,085**	42,841
– Revenue from cultural tourism	**12,530**	16,951
	520,251	761,932

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

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting

(i) Segment results

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

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

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

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

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

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(i) Segment results (Continued)

	Six months ended 30 June 2025				
	City renewal services *RMB'000*	City operation and maintenance services *RMB'000*	Town planning design services *RMB'000*	Cultural tourism *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition					
Point in time	—	—	2,806	16,951	19,757
Over time	580,505	121,635	40,035	—	742,175
Revenue from external customers and reportable segment revenue	580,505	121,635	42,841	16,951	761,932
Reportable segment gross profit	117,940	21,476	6,217	5,362	150,995

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

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

4 REVENUE AND SEGMENT REPORTING (CONTINUED)

(b) Segment reporting (Continued)

(iii) Geographic information

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

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

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

(b) Other items

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

6 INCOME TAX

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Current tax		
Provision for the period	**1,884**	9,575
Deferred tax *(Note 15(a))*		
Origination and reversal of temporary differences	**(389)**	(5,424)
	1,495	4,151

The Company and subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax rate of 16.5% for the six months ended 30 June 2026 (six months ended 30 June 2025: 16.5%). No provision for Hong Kong Profits Tax has been made as these subsidiaries did not have assessable profits subject to Hong Kong Profits Tax for the six months ended 30 June 2026 (six months ended 30 June 2025: RMB Nil).

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Company and the subsidiaries of the Group incorporated in the Cayman Islands and the British Virgin Islands, are not subject to any income tax.

The subsidiaries of the Group established in the PRC (excluding Hong Kong) are subject to PRC Corporate Income Tax rate at 25% for the six months ended 30 June 2026 (six months ended 30 June 2025: 25%).

Four subsidiaries of the Group established in the PRC have obtained approval from the tax bureau to be taxed as enterprises with advanced and new technologies, and therefore enjoy a preferential PRC Corporate Income Tax rate of 15% for the six months ended 30 June 2026 (six months ended 30 June 2025: PRC Corporate Income Tax rate of 15%). In addition to the preferential PRC Corporate Income Tax rate, these subsidiaries entitle additional tax deductible allowance amounted to 100% of qualified research and development costs for the six months ended 30 June 2026 (six months ended 30 June 2025: 100%).

7 (LOSS)/EARNINGS PER SHARE

(a) Basic (loss)/earnings per share

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

(b) Diluted (loss)/earnings per share

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

8 INVENTORIES AND OTHER CONTRACT COSTS

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Inventories – construction materials	**28,689**	24,416
Other contract costs *(Note)*	**174,313**	156,839
	203,002	181,255

Note:

Capitalised contract costs relate to costs incurred to fulfil a contract if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, and are expected to be recovered. Contract costs are recognised as part of "cost of sales" in the consolidated statement of profit or loss in the period in which revenue from the related sales is recognised.

As at 30 June 2026, included in the capitalised contract costs is of RMB174,313,000 (31 December 2025: RMB156,839,000), related to the construction costs incurred for the project of Tianpuqiao South Basin (天普橋以南流域工程), a landscape construction project located in Changchun, Jilin province. As at the date of the consolidated financial statements, the Group has not yet entered into contract with the counterparty for this project. Based on legal advice and assessment from the directors of the Company, the directors of the Company believe that they are in agreement with the counterparty that the costs incurred to fulfil the contract can be compensated and are expected to be recovered.

9 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Contract assets		
– due from ZIHG and its subsidiaries, joint ventures and associates *(Note 20(c))*	**44,904**	46,078
– due from a joint venture *(Note 20(c))*	**42,402**	42,402
– due from an associate *(Note 20(c))*	**46,500**	44,304
– due from a company managed by a key management personnel of ZIHG *(Note 20(c))*	**44**	44
– due from third parties	**1,151,759**	1,225,795
	1,285,609	1,358,623
Less: loss allowance	**(162,631)**	(155,880)
	1,122,978	1,202,743
Trade receivables from contracts with customers within the scope of IFRS 15, which are included in "Trade receivables" *(Note 10)*	**1,594,859**	1,633,159

The Group's construction, maintenance and design contracts include payment schedules which require stage payments over the design, maintenance and construction period once milestones are reached. These payment schedules prevent the build-up of significant contract assets. The contract assets that could be billed and settled within one year according to terms of the contracts with customers are classified as current assets. Otherwise, the contract assets are classified as non-current assets.

Notwithstanding the terms of the contracts with customers, the directors consider that all of the amounts are expected to be billed within one year as of the end of the Reporting Period, except for the amounts of RMB541,078,000 (31 December 2025: RMB571,808,000), which are expected to be billed after more than one year.

9 CONTRACT ASSETS AND CONTRACT LIABILITIES (CONTINUED)

(b) Contract liabilities

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Contract liabilities		
– due to ZIHG and its subsidiaries, joint ventures and associates *(Note 20(c))*	**3,397**	5,139
– due to a joint venture *(Note 20(c))*	**13,838**	13,838
– due to a company managed by a key management personnel of ZIHG *(Note 20(c))*	**1,863**	1,863
– due to third parties	**1,181,247**	1,075,817
	1,200,345	1,096,657

When the Group receives a deposit before the production activity commences this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the project exceeds the amount of the deposit.

All of the contract liabilities are expected to be recognised as revenue within three years, according to the contract terms and working progress estimation.

10 TRADE AND BILLS RECEIVABLES

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Trade receivables		
– due from ZIHG and its subsidiaries, joint ventures and associates *(Note 20(c))*	**109,255**	101,183
– due from a joint venture *(Note 20(c))*	**23,166**	23,166
– due from an associate *(Note 20(c))*	**31,101**	35,901
– due from a company managed by a key management personnel of ZIHG *(Note 20(c))*	**7,247**	8
– due from third parties	**1,886,748**	1,913,329
	2,057,517	2,073,587
Bills receivable	**109**	14,209
	2,057,626	2,087,796
Less: loss allowance	**(444,076)**	(435,946)
	1,613,550	1,651,850
Reconciliation to the consolidated statement of financial position:		
Non-current	**556**	556
Current	**1,612,994**	1,651,294
	1,613,550	1,651,850

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

10 TRADE AND BILLS RECEIVABLES (CONTINUED)

Ageing analysis

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

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

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

11 CASH AND CASH EQUIVALENTS

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Cash at bank and on hand	**238,044**	291,113
Less: restricted bank deposits	**(6,340)**	(13,008)
Cash and cash equivalents in the consolidated statement of financial position and condensed consolidated cash flow statement	**231,704**	278,105

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

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

12 TRADE AND BILLS PAYABLES

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Trade payables		
– due to ZIHG and its subsidiaries, joint ventures and associates *(Note 20(c))*	**21,456**	48,892
– due to companies managed by key management personnel of ZIHG *(Note 20(c))*	**29,776**	29,032
– due to third parties	**1,030,913**	1,300,297
Bills payables	**38,267**	5,000
	1,120,412	1,383,221

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

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

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

13 ACCRUED EXPENSES AND OTHER PAYABLES

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Amounts due to ZIHG and its subsidiaries, joint ventures and associates *(Note 20(c))*	**30,399**	23,625
Amount due to companies managed by key management personnel of ZIHG *(Note 20(c))*	**1,217**	1,193
Amounts due to third parties *(Note (i))*	**28,473**	28,473
Payables for staff related costs	**45,701**	58,053
Dividends payable	**15,005**	15,592
Interest payable	**938**	4,621
Payables for purchase of property, plant and equipment	**6,081**	6,211
Others	**34,436**	27,435
Financial liabilities measured at amortised cost	**162,250**	165,203
Financial guarantees issued *(Note 19)*	**17,901**	19,786
Payables for miscellaneous taxes	**71,940**	78,890
	252,091	263,879

Notes:

(i) The amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

(ii) All of the other accrued expenses and other payables are expected to be settled within one year or are repayable on demand.

14 BANK AND OTHER LOANS

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

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Bank loans:		
Guaranteed by related parties	**30,000**	30,000
Guaranteed by third parties *(Note 14(d))*	**9,341**	9,332
Guaranteed by related parties and third parties *(Note 14(d))*	**39,539**	108,232
Guaranteed by related parties and third parties and secured by trade receivables and contract assets of the Group *(Notes 14(c) and 14(d))*	**583,833**	514,850
Secured by trade and bills receivables of the Group *(Note 14(c))*	**12,973**	12,972
Unguaranteed and unsecured	**80,900**	77,509
	756,586	752,895
Other loans:		
Unguaranteed and unsecured loans from third parties	**5,050**	5,050
Unguaranteed and unsecured loans from ZONBONG International Investment Limited ("**Zonbong International**") *(Note 20(c))*	**1,734**	1,837
	763,370	759,782

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

As of the end of the Reporting Period, the bank and other loans were repayable as follows:

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Within 1 year or on demand	**763,370**	759,782

Notes to the Unaudited Interim Financial Report

(Expressed in RMB unless otherwise indicated)

14 BANK AND OTHER LOANS (CONTINUED)

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

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Trade receivables and contract assets	**36,877**	41,403

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

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Counter-guarantee by related parties	**204,000**	347,000
Trade and bills receivables and contract assets	**231,978**	262,746
Guarantee deposits	**14,548**	13,999

(e) All of the Group's banking facilities were utilised as of 30 June 2026 and 31 December 2025.

(f) Certain of the Group's bank loans are subject to the fulfilment of covenants commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the loans would become repayable on demand. The Group regularly monitors its compliance with these covenants.

15 DEFERRED TAX ASSETS AND LIABILITIES

(a) Deferred tax assets and liabilities recognised

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

Deferred tax arising from:	Accrued payables	Credit loss allowance	Fair value adjustments in connection with the acquisition of subsidiaries	Equity method investment income	Credit loss allowance on financial guarantees issued	Unused tax losses	Depreciation allowances in excess of the related depreciation	Fair value adjustments in connection with other equity investments	Unrealised gains and losses	Withholding tax on distributable profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2025	12,053	90,225	(80)	(5,341)	1,639	6,817	(786)	534	23	(1,800)	103,284
Credited/(charged) to profit or loss	1,268	(8,448)	80	5,341	(934)	(4,796)	(2,154)	–	2	–	(9,641)
Charged to reserve	–	–	–	–	–	–	–	(314)	–	–	(314)
At 31 December 2025 and 1 January 2026	13,321	81,777	–	–	705	2,021	(2,940)	220	25	(1,800)	93,329
(Charged)/credited to profit or loss	–	(112)	–	–	–	(160)	523	–	138	–	389
Credited to reserve	–	–	–	–	–	–	–	9	–	–	9
At 30 June 2026	13,321	81,665	–	–	705	1,861	(2,417)	229	163	(1,800)	93,727

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

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Net deferred tax assets	**97,944**	98,069
Net deferred tax liabilities	**(4,217)**	(4,740)
	93,727	93,329

16 CAPITAL, RESERVES AND DIVIDENDS

(a) Share capital

	At 30 June 2026 and 31 December 2025	
	Number of shares	*HKD'000*
Authorised:		
Ordinary shares of HKD0.0003 each	**30,000,000,000**	**10,000**
Issued and fully paid ordinary shares:		
At 31 December 2025 and at 30 June 2026	**825,000,000**	**230**

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the interim period

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

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

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

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Fair value measurement

(i) Fair value hierarchy

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

— Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

— Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

— Level 3 valuations: Fair value measured using significant unobservable inputs.

	Fair value measurements categorised into Level 3	
	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Recurring fair value measurements		
Assets:		
Other equity investments	**70,392**	70,452

During the six months ended 30 June 2026 there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2025: None). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the Reporting Period in which they occur.

Information about Level 3 fair value measurements

	Valuation techniques	**Significant unobservable inputs**
Other equity investments	Market comparable companies	0.86x~1.35x (2025: 0.86x~1.35x)

The fair value of the non-listed shares is determined by using enterprise value per book value or value per earnings before interest, taxes, depreciation and amortisation of comparable companies. As at 30 June 2026 it is estimated that with all other variables held constant, a decrease/increase in enterprise value per book value ratio by 1% would have decreased/increased the Group's other comprehensive income by RMB597,000 (2025: RMB598,000).

17 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Fair value measurement (Continued)

(i) Fair value hierarchy (Continued)

Information about Level 3 fair value measurements (Continued)

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Unlisted equity securities:		
At 1 January	**70,452**	68,351
Net unrealised losses recognised in other comprehensive income during the period	**(60)**	(39)
At 30 June	**70,392**	68,312

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost were not materially different from their fair values as at 30 June 2026 and 31 December 2025.

18 COMMITMENTS

Capital commitments outstanding at 30 June 2026 and 31 December 2025 not provided for in the interim financial report were as follows:

	At 30 June	At 31 December
	2026	2025
	RMB'000	*RMB'000*
Authorised but not contracted for	**2,199**	2,574

19 CONTINGENT LIABILITIES

As at 30 June 2026, the Group has issued a guarantee in respect of a bank loan of Ulanhot Tianjiao Tianjun Tourism Development Limited ("**Tianjun Tourism**"), a joint venture of the Group. In May 2019, Tianjun Tourism signed a long-term bank loan contract with the principal amounting to RMB410,000,000, among which RMB310,000,000 (including principal and interest) is to be guaranteed by the Group. As at 30 June 2026, the balance of the bank loan is RMB251,000,000 (31 December 2025: RMB253,000,000). The fair value of the financial guarantee provided by the Group was initially estimated as RMB28,015,000 and was recognised as "accrued expenses and other payables — financial guarantees issued". While no consideration was received for the financial guarantee granted, the fair value of the guarantee granted was accounted for as contributions to the investment in a joint venture and recognised as part of the cost of investment in a joint venture during the year ended 31 December 2019. As at 30 June 2026, the unamortised balance of financial guarantee issued by the Group included in "accrued expenses and other payables" amounted to RMB14,968,000 (31 December 2025: RMB15,087,000).

As at 30 June 2026, the Group has issued a guarantee in respect of a bank loan of Changchun Xianbang Municipal and Landscape Limited ("**Changchun Xianbang**"), an associate of the Group. In November 2019, Changchun Xianbang signed a long-term bank loan contract with the principal amounting to RMB300,000,000, among which RMB330,000,000 (including principal and interest) is to be guaranteed by the Group. As at 30 June 2026, the balance of the bank loan is RMB62,000,000 (31 December 2025: RMB91,500,000). The fair value of the financial guarantee provided by the Group was initially estimated RMB12,685,000 and RMB2,692,000 was recognised as "accrued expenses and other payables — financial guarantees issued". While no consideration was received for the financial guarantee granted, the fair value of the guarantee granted was accounted for as contributions to the investment in an associate and recognised as part of the cost of investment in an associate during the year ended 31 December 2019 and 2020. As at 30 June 2026, the unamortised balance of financial guarantee issued by the Group included in "accrued expenses and other payables" amounted to RMB2,933,000 (31 December 2025: RMB4,699,000).

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

20 MATERIAL RELATED PARTY TRANSACTIONS

(a) Key management personnel remuneration

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Salaries and other emoluments	**5,771**	5,854
Contributions to defined contribution retirement schemes	**578**	591
	6,349	6,445

20 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Other transactions with related parties

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Rendering of construction, survey, design, technical consultancy and other services	**7,646**	11,198
Receiving services	**15,402**	51,317
Purchase of goods	**5,371**	3,729
Interest income on loan granted to a related party	**342**	—
Lease charges relating to short-term leases and leases of low-value assets	**1,273**	1,255
Amounts received from related parties	**344,072**	1,037,220
Amounts paid to related parties	**256,316**	985,963

(ii) Transactions with a joint venture

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Loans granted to a related party	**8,361**	23,058

(iii) Transactions with an associate

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Rendering of construction services	**2,857**	11,678
Loans granted to a related party	**12,830**	5,520

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
Rendering of other services	**—**	848
Services received	**1,508**	3,129
Purchase of goods	**659**	—
Repayment of advances from related parties	**—**	4,099

20 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties as at the end of the Reporting Period

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

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Trade in nature:		
Contract assets *(Note 9(a))*	**44,904**	46,078
Trade and bills receivables *(Note 10)*	**109,255**	101,183
Trade and bills payables *(Note 12)*	**21,456**	48,892
Contract liabilities *(Note 9(b))*	**3,397**	5,139
Accrued expenses and other payables *(Note 13)*	**8,708**	8,575
Non-trade in nature:		
Prepayments, deposits and other receivables	**8,009**	89,124
Accrued expenses and other payables *(Note 13)*		
– Advances from related parties	**21,691**	15,050
– Dividend payable to a related party	**13,640**	14,184
Guarantees provided by related parties for the bank loans at the end of the Reporting Period	**653,372**	653,082

(ii) Due from or due to a joint venture

	At 30 June 2026 *RMB'000*	At 31 December 2025 *RMB'000*
Trade in nature:		
Contract assets *(Note 9(a))*	**42,402**	42,402
Trade and bills receivables *(Note 10)*	**23,166**	23,166
Contract liabilities *(Note 9(b))*	**13,838**	13,838
Non-trade in nature:		
Prepayments, deposits and other receivables	**125,030**	116,669
Guarantee provided by the Group for the joint venture's bank loan outstanding at the end of the Reporting Period *(Note 19)*	**251,000**	253,000

20 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with related parties as at the end of the Reporting Period (Continued)

(iii) Due from or due to an associate

	At 30 June 2026 **RMB'000**	At 31 December 2025 *RMB'000*
Trade in nature:		
Contract assets *(Note 9(a))*	**46,500**	44,304
Trade and bills receivables *(Note 10)*	**31,101**	35,901
Non-trade in nature:		
Prepayments, deposits and other receivables	**97,789**	84,959
Guarantee provided by the Group for the associate's bank loan outstanding at the end of the Reporting Period *(Note 19)*	**62,000**	91,500

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

	At 30 June 2026 **RMB'000**	At 31 December 2025 *RMB'000*
Trade in nature:		
Contract assets *(Note 9(a))*	**44**	44
Trade and bills receivables *(Note 10)*	**7,247**	8
Contract liabilities *(Note 9(b))*	**1,863**	1,863
Trade and bills payables *(Note 12)*	**29,776**	29,032
Accrued expenses and other payables *(Note 13)*	**1,217**	1,193

(v) Due to Zonbong International

	At 30 June 2026 **RMB'000**	At 31 December 2025 *RMB'000*
Non-trade in nature:		
Bank and other loans *(Note 14(a))*	**1,734**	1,837
Accrued expenses and other payables – Dividend payable	**1,058**	1,100

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

21 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS, AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE SIX MONTHS ENDED 30 JUNE 2026

A number of amendments and new standards are not yet mandatory for annual periods beginning 1 January 2026. Earlier application is permitted; however, the Group has not early adopted any new or amended standards in preparing this interim financial report.

The following updates the information provided in the last annual financial statements about the possible impacts of IFRS 18 which may have a significant impact on the Group's consolidated financial statements when adopted.

IFRS 18, *Presentation and disclosure in financial statements*

IFRS 18 will replace IAS 1, *Presentation of financial statements*, and is first effective for annual Reporting Periods beginning on or after 1 January 2027.

IFRS 18 introduces new requirements for presentation and disclosure in financial statements, including new categories and defined subtotals in the statement of profit or loss, enhanced requirements for aggregation and disaggregation of information, and specific disclosures about management-defined performance measures. The Group is assessing the expected impact that the initial application of IFRS 18 will have on its consolidated financial statements.

The Group expects that the adoption of IFRS 18 will not change the Group's net assets or net profit. However, it is expected to affect the presentation of the Group's consolidated statement of profit or loss and related note disclosures.

The actual impact of applying IFRS 18 may change as the Group continues to assess the new requirements and finalises any changes to its reporting processes, controls and accounting policies before the date of initial application.

Definitions and Glossary of Technical Terms

"1H2025"	the six months ended 30 June 2025
"1H2026" or "Reporting Period"	the six months ended 30 June 2026
"Articles of Association" or "Articles"	the second amended and restated memorandum and articles of association of the Company adopted on 17 November 2022 and effective on 18 November 2022
"Audit Committee"	the audit committee of the Board
"Board" or "Board of Directors"	the board of directors of the Company
"CG Code"	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules
"Chief Executive Officer"	the chief executive office of the Company
"China", "Mainland China" or "the PRC"	the People's Republic of China, excluding, for the purpose of this Interim Report, Hong Kong, Macau Special Administration Region and Taiwan
"Company", "the Company" or "We"	ZONQING Environmental Limited (中庆环境股份有限公司) (formerly known as ZONBONG LANDSCAPE Environmental Limited (中邦园林环境股份有限公司)), an exempted company incorporated in the Cayman Islands with limited liability on 8 March 2019
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and, in the context of this Report, means the controlling shareholders of the Company, being Zonqing International, Ms. Zhao Hongyu, Mr. Sun Juqing, Ms. Li Ping, Mr. Hou Baoshan, Mr. Liu Haitao, Mr. Shao Zhanguang, Mr. Sun Juzhi, Mr. Shan Dejiang, Mr. Li Peng, Mr. Liu Changli, Mr. Wei Xiaoguang and Mr. Weng Hongzhao
"Director(s)"	the director(s) of the Company
"Executive Director(s)"	the executive director(s) of the Company
"Group" or "the Group"	the Company and its subsidiaries

Definitions and Glossary of Technical Terms

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

Definitions and Glossary of Technical Terms

"Ultimate Controlling Shareholder(s)"	refers to Ms. Zhao Hongyu, Mr. Sun Juqing, Ms. Li Ping, Mr. Hou Baoshan, Mr. Liu Haitao, Mr. Shao Zhanguang, Mr. Sun Juzhi, Mr. Shan Dejiang, Mr. Li Peng, Mr. Liu Changli, Mr. Wei Xiaoguang and Mr. Weng Hongzhao
"ZIHG"	Zhongqing Investment Holding Group Limited Liability Company* (中慶投資控股(集團)有限責任公司), formerly known as Changchun Mingju Commerce Limited* (長春市銘聚商貿有限責任公司), a company established under the laws of the PRC on 16 May 2014, the indirect non-wholly owned subsidiary of the Group, and a connected person of the Company
"ZIHG Group"	ZIHG together with its subsidiaries and associates as defined under the Listing Rules

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

* *For identification purpose only*