



RUICHANG INTERNATIONAL HOLDINGS LIMITED

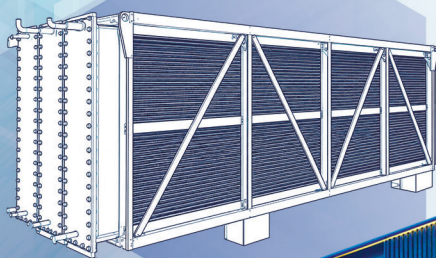
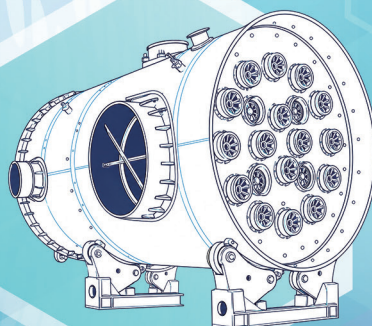
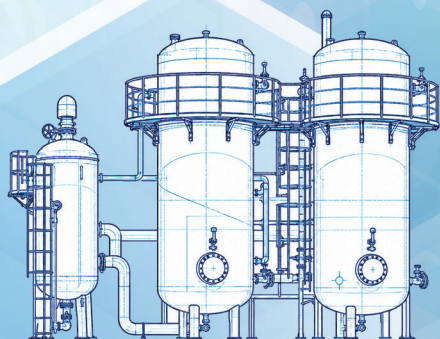
瑞昌國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1334

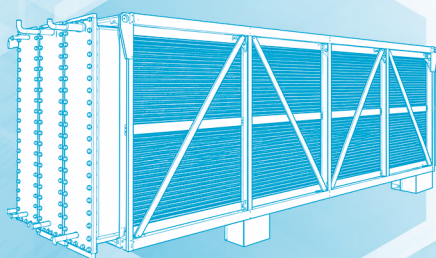
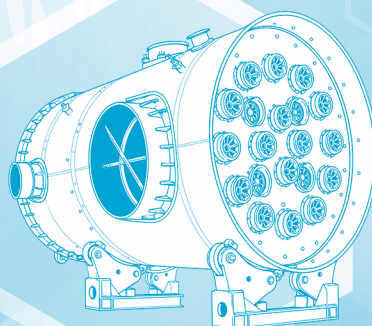
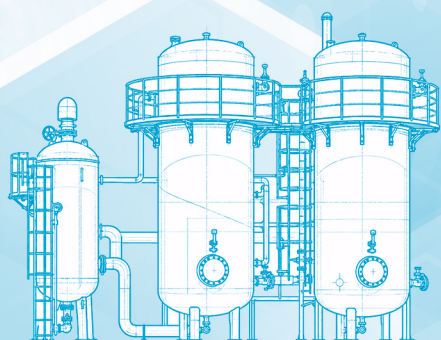
2026

INTERIM REPORT



Contents

2	Definitions
4	Corporate Information
6	Key Financial Highlights
7	Management Discussion and Analysis
18	Corporate Governance and Other Information
28	Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
29	Condensed Consolidated Statement of Financial Position
31	Condensed Consolidated Statement of Changes in Equity
32	Condensed Consolidated Statement of Cash Flows
33	Notes to the Condensed Consolidated Financial Statements



DEFINITIONS

In this interim report, unless the context otherwise requires, the following expressions shall have the following respective meanings:

"Audit Committee"	the audit committee of the Board
"Board"	the board of directors of our Company
"CG Code"	the Corporate Governance Code as set out in Appendix C1 to the Listing Rules, as amended or supplemented from time to time
"Chief Executive Officer"	the chief executive officer of our Company
"China" or "PRC"	the People's Republic of China, but for the purpose of this report and for geographical reference only and except where the context requires otherwise, references in this report to "China" and the "PRC" do not apply to Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"Company" or "our Company"	RUICHANG INTERNATIONAL HOLDINGS LIMITED (瑞昌國際控股有限公司), an exempted company incorporated under the laws of the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange (Stock Code: 1334)
"Director(s)" or "our Director(s)"	the director(s) of our Company
"Global Offering"	the Hong Kong Public Offering and the International Placing
"Group", "our Group", "we", "us" or "our"	our Company and its subsidiaries or, where the context otherwise requires, in respect of the period before our Company became the holding company of our present subsidiaries, the present subsidiaries of our Company and the businesses carried on by them or their predecessors (as the case may be)
"HK\$" or "HKD"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the People's Republic of China
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Date"	10 July 2024
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules, as amended or supplemented from time to time
"Nomination Committee"	the nomination committee of the Board

DEFINITIONS

"Post-IPO Share Option Scheme"	the share option scheme adopted by our Company on 24 June 2024, as amended from time to time
"Prospectus"	the prospectus of the Company dated 28 June 2024
"Reporting Period"	the six months ended 30 June 2026
"Remuneration Committee"	the remuneration committee of the Board
"RMB"	Renminbi, the lawful currency of China
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company with a par value of US\$0.00001 each
"Shareholder(s)"	holder(s) of Shares
"Share Option(s)"	the share option(s) granted or to be granted pursuant to the terms and conditions of the Post-IPO Share Option Scheme
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"US\$" or "USD"	United States dollars, the lawful currency of the United States
"2026 Share Award Scheme"	the share award scheme adopted by our Company on 24 August 2026, as amended from time to time
"%"	per cent

CORPORATE INFORMATION

COMPANY NAME

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

DIRECTORS

Executive Directors

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

Independent Non-executive Directors

Mr. BAU Siu Fung (鮑小豐)
Mr. SHEN Cheng (沈誠)
Mr. JIANG Li (蔣勵)

AUDIT COMMITTEE

Mr. JIANG Li (蔣勵) (*Chairman*)
Mr. BAU Siu Fung (鮑小豐)
Mr. SHEN Cheng (沈誠)

REMUNERATION COMMITTEE

Mr. JIANG Li (蔣勵) (*Chairman*)
Mr. BAU Siu Fung (鮑小豐)
Mr. SHEN Cheng (沈誠)

NOMINATION COMMITTEE

Mr. SHEN Cheng (沈誠) (*Chairman*)
Mr. JIANG Li (蔣勵)
Ms. LU Xiaojing (陸曉靜)

COMPANY SECRETARY

Ms. GUO Haiyang (郭海洋)
Ms. KWOK Yan Ting Jennis (郭恩廷)

AUDITOR

ZHONGHUI ANDA CPA Limited

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

LEGAL ADVISER

As to Hong Kong law:

O'Melveny & Myers

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

As to PRC law:

Duan and Duan Law Firm

11th Floor, Shanghai World Finance Center
100 Century Avenue
Pudong District
Shanghai, PRC

COMPLIANCE ADVISER

First Shanghai Capital Limited

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

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

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

CORPORATE INFORMATION

AUTHORIZED REPRESENTATIVES

Mr. LU Bo (陸波)

Ms. KWOK Yan Ting Jennis (郭恩廷)

SANCTIONS OVERSIGHT COMMITTEE

Mr. SHEN Cheng (沈誠) (*Chairman*)

Ms. WU Rui (吳瑞)

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 3711, 37/F, Hopewell Centre

No. 183 Queen's Road East

Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited

PO Box 1093, Boundary Hall

Cricket Square

Grand Cayman, KY1-1102

Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712-1716, 17th Floor

Hopewell Centre

183 Queen's Road East

Wan Chai

Hong Kong

PRINCIPAL BANKS

China Construction Bank Corporation

Luoyang Free Trade Zone Branch

11 Heluo Road

Jianxi District

Luoyang City, Henan Province

PRC

China CITIC Bank

Luoyang Gucheng Branch

No. 101, Building 11, Shuangxi Buluo III

53 Binhe South Road

Luolong District

Luoyang City, Henan Province

PRC

Bank of China

Shanghai Xinzhuang Branch

18 Guangtong Road, Minhang District

Shanghai

PRC

Bank of Communications

Shanghai Caohejing Branch

900 Yishan Road

Xuhui District, Shanghai

PRC

STOCK CODE

1334

COMPANY WEBSITE

www.ruichang.com.cn

KEY FINANCIAL HIGHLIGHTS

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue	190,488	151,799
Gross profit	52,839	39,910
Gross profit margin	27.7%	26.3%
Net loss	(24,675)	(38,060)
Basic and diluted loss per share (RMB cents)	(4.87)	(7.59)

MANAGEMENT DISCUSSION AND ANALYSIS

I. BUSINESS REVIEW

In the first half of 2026, a complexity which significantly exceeded our expectations was seen in the global political and economic environment. The outbreak of U.S.-Iran conflict in full scale in late February and the effective blockade of the Strait of Hormuz by Iran caused the plummet in traffic there by over 80% and a sharp drop in global daily oil supply by nearly 10 million barrels. As a result, Brent crude oil prices had once surged to around USD120/barrel, hitting a record high since October 2008. However, following the entering into of a memorandum of understanding between the U.S. and Iran and the reopening of the Strait to traffic, the geopolitical risk premium receded swiftly and the oil price fell back to around USD70/barrel by the end of June. During the first half of the year, Brent averaged at approximately USD87–90/barrel, representing a significant increase as compared to the full-year average of USD68.2 in 2025.

Under the influence of rising oil prices, improving supply-demand dynamics and the “anti-involution” policy guidance, China’s petrochemical industry exhibited a characteristic of “stable volumes with rising prices and a substantial recovery in profitability”. According to the Report on World Energy Investment 2026 by International Energy Agency (IEA), energy security had become a core variable reshaping global investment patterns: new investments in refinery continued to contract, while capital expenditure for exploration and development remained stable.

2026 marks the first year of the “15th Five-Year Plan” period. During the year, the industry is characterised by four major trends, namely “peaking of total output, optimisation of stock, green transformation, and high-end upgrading”. For the upstream sector, the core theme is “increasing reserves and boosting production + energy security”. The Energy Law has, for the first time, established in statutory form the commitment to intensify oil and gas exploration and development, and explicitly supported the use of unconventional resources such as shale oil and gas, emphasising “placing equal emphasis on both onshore and offshore operations”.

Under the dual guidance of the “dual carbon” (carbon peaking and carbon neutrality) strategy and energy security, the “15th Five-Year” Plan for Oil and Gas Development has set out two major tasks, namely ensuring energy security and promoting green and low-carbon development, focusing on four key areas including deep earth, deep sea, unconventional resources and mature oil and gas fields and aiming to “stabilise oil output while increasing gas production”, with unconventional resources, deep-sea exploration, and deep-earth development becoming the core directions for new investment. New high-energy-consumption projects are required to implement carbon emission equivalent or reduction substitution, while the scope of the carbon market has been expanded; the Plan also calls for strengthened carbon reduction throughout the production process, promoting the substitution with green electricity and clean low-carbon hydrogen, and accelerating the deployment of technologies such as CCUS (Carbon Capture, Utilization and Storage) and hydrogen storage and transportation. Upgrading featuring whole-chain energy-saving and carbon-reduction has become the normality, and environment friendliness and energy conservation have evolved from “soft constraints” to “hard targets”.

The refining and petrochemical segment features a dual-track pattern of “strict control over new construction and strong promotion of upgrading”. The primary crude oil processing capacity is capped at the red line of 1 billion tons/year, and new atmospheric and vacuum distillation units must have a capacity of no less than 10 million tons/year. The “15th Five-Year” Plan for Oil and Gas Development adheres to a policy of “capacity substitution with reduction” for refining capacity, continuously advancing the transition of oil-to-chemicals, oil-to-specialty products, and oil-to-materials, while guiding the consolidation and restructuring of refineries in key regions. Under such strict controls, existing projects are being brought into operation in a concentrated manner, and the integrated refining-petrochemical sector is entering a “wave of commissioning”. In 2026, the procurement and maintenance, repair and overhaul demand associated with mega-scale integrated projects with capacities of 10 million tons or more is intensively released, constituting the most definitive source of incremental demand in the domestic equipment market.

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2026, the complexity of the international political and economic environment significantly exceeded initial expectations made early in the year, and geopolitical conflicts escalated from “risk disturbances” to “supply shocks”, which had profoundly reshaped the operational logic of the global oil market. Following the U.S.-Iran conflict, countries in the Middle East and North Africa sought to diversify their sources of oil and gas equipment supply. According to the estimates by Rystad Energy, the cost of repairing and restoring affected oil and gas facilities in the Middle East amounted to approximately USD46 billion, representing considerable rebuilding resilience. However, the pace of restoration is constrained more by equipment supply and labour availability than by financing — an area where China’s equipment manufacturing capacity and delivery efficiency offer distinct advantages. At the same time, rising logistics costs, extended lead times, and raw material price volatility have also posed challenges to the project delivery for Chinese enterprises.

Looking ahead to the second half of the year and beyond, under the dual pressures posed by high oil price volatility and rigid capacity constraints, coupled with the continued loosening of the OPEC+ alliance, investment will steadily flow towards high-end, green and global projects, leaving no room for fuel-based refining capacity expansion. On the domestic front, the industry’s main themes will be upstream’s reserve augmentation and production enhancement, pipeline network infrastructure, integrated refining-petrochemical commissioning support, new coal chemical technologies, and advanced new materials. Meanwhile, the reconstruction in the Middle East presents opportunities to export equipment and undertake EPC projects overseas for companies with technological expertise and overseas delivery capabilities.

II. WORK PRIORITIES FOR THE FIRST HALF OF 2026

1. Deepening technologies for core business, seizing policy opportunities, and accelerating project implementation and expansion.

The Company continued to focus its efforts on the development strategy for its core business, persistently cultivating the petroleum refining and petrochemical equipment sectors, while reinforcing its competitiveness in its core business through technological consolidation and iterative innovation. The petrochemical industry standard, Burner Standard for Fired Heaters in Refining Units (SH/T 3602-2025), which was revised under the guidance of the Ministry of Industry and Information Technology was promulgated and the Company had been deeply involved in and contributed to the issuance and implementation of such standard. Since 2009, the Company had continuously participated in standards’ setting, building foundation with standards that transcended market cycles and continuously reinforcing the self-reliance and controllability of China’s high end petrochemical equipment technology.

In the first half of the year, domestic upstream oil and gas exploration and production were driven by the core themes of “increasing reserves and boosting production + energy security”, with capital expenditure becoming more rigid. The Company capitalised on this policy and market window to accelerate the restart, execution and revenue conversion of existing orders. Higher oil prices had improved the economic viability of coal-to-chemicals, facilitating the Company’s growth in coal-to-chemicals-related businesses (SRU/TO/MTO equipment). During the Reporting Period, revenue from sulphur recovery units and volatile organic compounds (VOCs) incineration equipment grew significantly period-on-period, already exceeding half of the total revenue for the full year of last year. Against the strategic backdrop of “placing equal emphasis on both onshore and offshore operations” in upstream oil and gas extraction, the Company continued to strengthen market development in key regions such as Xinjiang and the Northwest, focusing on enhancing its full industry-chain EPC capabilities in oil and gas field surface engineering, long distance pipeline storage and transportation, and refining and petrochemical engineering. In the first half of 2026, the contract backlog of the Company reached a record high, representing an increase of RMB242 million as compared to the corresponding period of last year.

MANAGEMENT DISCUSSION AND ANALYSIS

2. Our overseas business achieved a milestone breakthrough, and our internationalisation strategy entered a new phase

In the first half of 2026, the Company made significant progress in its overseas business, with its internationalisation strategy further entering a new stage of scaled project implementation and regionalised operations. During the first half of the year, the Company successfully secured a major overseas project with a single contract value of approximately USD50 million, marking an important milestone in the development of the Company's overseas business. This project not only significantly expanded the scale of the Company's overseas order book, but also further demonstrated its comprehensive capabilities in international large-scale energy projects, ranging from technical solutions and project bidding to commercial competition and contract acquisition, laying a foundation for its subsequent participation in larger-scale and more technologically demanding international projects.

In terms of regional markets, the Company continued to treat the GCC and the Middle East market as the core foundation of its overseas business, deepening cooperation with key regional owners as well as international and local EPC contractors in its advantageous business lines, including sulphur recovery and tail gas treatment (SRU/TGTU), burners, flares, incineration systems, hydrogen production, and related process equipment. With the gradual improvement of our regional platform in Dubai and our capabilities in localised operation, the overseas business of the Company was transitioning from a project-by-project development approach to a model of sustained engagement with key clients, rolling development of a project pipeline, and long-term deep cultivation of regional markets. During the first half of the year, we expanded our overseas business further into Southeast Asia (Indonesia, Thailand) and Central Asia (Uzbekistan, etc.), while actively participating in exhibitions and project tenders, to accelerate our regional penetration and enhance our brand influence.

In the first half of the year, our Hong Kong office was officially inaugurated, representing another key initiative in the Group's strategy to deepen its global footprint and accelerate the building of a global business platform. Leveraging Hong Kong's advantages as an international financial and trade hub, our Hong Kong office was positioned to undertake the Group's strategic mission of global development.

3. Leveraging ESG-aligned products to embrace the industry's green transition and building a competitive edge in low-carbon equipment

Driven by the dual imperatives of "dual carbon" strategy and energy security, environment friendliness and energy conservation had evolved from "soft constraints" to "hard targets" for corporate survival, significantly reinforcing the certainty of demand for energy-saving equipment. The Company continued to integrate ESG concepts throughout the entire value chain, from R&D, business expansion to operations, forging a core competitive advantage in low carbon equipment.

In the area of energy-saving equipment, the Company's specialised offerings, including low-NOx burners, high-efficiency heat exchangers and waste heat recovery systems, had established a complete pathway of "standard leadership + product implementation + scenario validation". The glass tube heat exchanger successfully contributed to energy saving and emission reduction at Qingdao Hainengda Heat, marking an important step in extending the product line from the petrochemical industry to broader industrial scenarios such as public utilities and thermal energy.

MANAGEMENT DISCUSSION AND ANALYSIS

In the field of resource circularity, the Company's phosphorus recovery technology had been featured in the Yum's exhibition area in China, jointly presenting a closed-loop sustainable agricultural supply chain at the China International Supply Chain Expo (CISCE). The phosphorus fertiliser products derived from our Huangshan demonstration project had been incorporated into the sustainable supply chain system of a global leading catering enterprise, forming a complete cycle that "utilises waste biomass from stores and supply chains to produce novel green circular compound fertilisers and mulching films, which are then applied to ecological agricultural cultivation and soil improvement", effectively extending the Company's customer base from traditional industrial end-users to the consumer and agricultural industry chains. Capitalising on this momentum, the Company was accelerating the development of the application market for bio-based phosphorus products in agriculture, providing market access and brand endorsement for the nationwide replication and scaling of the project, as well as for the refinement and conversion of bio-based phosphorus products.

4. **Strengthening the management foundation, building organisational capability, and supporting high-quality development with refined management**

Against the backdrop of business expansion and deepening globalisation, the Company was simultaneously advancing management system upgrades and organisational capacity building to provide a solid foundation for its sustainable growth.

Firstly, we were promoting the integration of business and finance to enhance our operational decision-making efficiency. In the first half of the year, we officially launched the management reporting system and the business finance integration project, which bridged business and financial data streams, shifting operational analysis from experience-based judgment to data-driven decision-making, thereby improving resource allocation efficiency and decision accuracy. Secondly, we were deepening cost reduction and efficiency enhancement, optimising operational control capabilities. We continued to refine our internal processes around full-lifecycle cost management, strengthen the budgetary discipline and operational efficiency, and drive management granularity towards greater refinement, thus enhancing our profitability resilience and anti-cyclical capabilities. Thirdly, we were reinforcing our organisational development and building the capabilities of our management team. We had conducted specialised strategic financial literacy training to systematically improve the business acumen and financial competence of core management. Simultaneously, we were fostering consensus through action-oriented leadership, aligning management's cognitive and capability improvements to meet the demands of accelerated business growth.

In the first half of the year, the Company responded to the challenges posed by the scale with management transformation, and matched strategic ambitions with organisational evolution, continuously converting our soft power in management into solid support for development, laying a robust governance foundation and organisational confidence for our journey towards becoming a world-class energy equipment enterprise.

5. **Analysis of operating results for the first half of 2026**

During the Reporting Period, the Group achieved revenue of RMB190.5 million (2025: RMB151.8 million), representing a period-on-period increase of approximately 25.5%, mainly attributable to the increase in revenue driven by business expansion and the continuous optimisation of the order backlog structure. In terms of profitability, the Group achieved gross profit of RMB52.8 million (2025: RMB39.9 million), with the gross profit margin increasing from 26.3% to 27.7%; the net loss for the period amounted to RMB24.7 million (2025: RMB38.1 million), representing a period-on-period narrowing of approximately 35.2%. The narrowing of the net loss was primarily attributable to the improvement in gross profit driven by revenue scale expansion and the optimisation of the order backlog structure.

MANAGEMENT DISCUSSION AND ANALYSIS

III. DEVELOPMENT STRATEGY FOR THE SECOND HALF OF THE YEAR

1. To break out the core business comfort zone, and consolidate the core moats through R&D iteration

The Company will adopt a technology-upgrading strategy to proactively push beyond the boundaries of its established strengths in the core business, driving its core products to evolve from “meeting existing demand” to “defining next generation demand”. Across mature product lines such as low-NOx burners, high-efficiency heat exchangers, and sulphur recovery units, the Company will continue to increase its R&D investment, accelerate technological iteration and performance optimisation, and strengthen the synergy between standard leadership and product implementation. In the field of sulphur recovery, the RCSR series core technologies will be upgraded to new heights, covering the full range of process routes under conventional operating conditions. In parallel, the Company has independently developed a proprietary hydrocarbon removal and acid-gas enrichment pre-treatment process, which effectively lowers the feed-gas entry threshold and CAPEX requirements for sulphur recovery units, while ensuring stable and reliable sulphur product quality, thereby providing solid technical support for the efficient and stable recovery of high-value sulphur resources. In addition to the coal-to-syn gas sector, this process technology is also applicable to scenarios such as natural gas purification, further enriching the Company's proprietary technology matrix for the full-chain resourceful recovery of acid gases, helping the Company break out of its traditional business comfort zone and continuously reinforce the core technological moat of its sulphur recovery business. Furthermore, the Company will continue to drive its transformation from a pure equipment supplier to a system solutions provider, extending service value chains, enhancing customer stickiness, and increasing per-project value. Through the dual-pronged approach of deepening technological capabilities and expanding application scenarios, the Company will further solidify its technological moats and market competitiveness in the petrochemical equipment sector.

2. To focus on the quality delivery of overseas projects and build a medium- to long-term growth engine

In the second half of the year, the Company will focus on the delivery and execution of major overseas projects, ensuring high-quality implementation of technical solutions while closely monitoring raw material price fluctuations and logistics dynamics, strengthening supply chain resilience, enhancing cost control capabilities, and advancing the execution of key projects such as those in Oman. On this basis, the Company will leverage the continued successful execution of major overseas projects to drive the transformation of its overseas business from a “single-project-driven” model to one of “deep-rooted regional operations”. In the second half of the year, the Company plans to establish a subsidiary in Abu Dhabi to deepen its presence in the Middle East market and expand its regional market share; at the same time, it aims to achieve new breakthroughs in the Southeast Asian and Central Asian markets, thereby building sustainable and high-quality growth momentum for the Company. At the operational level, while maintaining focus on order scale, the Company will place greater emphasis on project profitability, quality of execution, and cash collection efficiency, continuously enhancing the contribution of overseas operations to the Group's revenue and profit, and gradually positioning the overseas market as a core growth engine for the Company's medium- and long-term development.

MANAGEMENT DISCUSSION AND ANALYSIS

3. To advance the phosphorus recovery project through critical validation, and extend the bio-based phosphate rock technology chain

The phosphorus resource recovery project in Huangshan has entered the critical trial operation phase. The core tasks for the second half of the year are to achieve a smooth transition from project construction to operational validation, refine product performance, and facilitate the acceptance of the first-round market validation of the project's outcomes, thereby building customer trust and closing the business loop through actual operating data. On this basis, the Company will accelerate the R&D and process optimisation of bio-based phosphate fertiliser products, fully leveraging the technological advantages of phosphorus recovery, enhancing the practical effects of the products in soil improvement and crop nutrition, providing high-quality inputs for green and sustainable agricultural development, and expanding the application value of phosphorus resources in the agricultural sector. In parallel, the Company will accelerate the R&D efforts on extended bio-based phosphate rock technologies, driving the upgrading of phosphorus recovery from an environmental engineering equipment offering to high-value-added refined phosphorus products, establishing a complete "waste-to-resource-to-product" value chain, and providing technological reserves for the scalable replication of the project and the optimisation of its profit model.

4. To deepen refined operational management and build organisational capabilities that match the scale of business

As business scale expands and global complexity increases, in the second half of the year, we will focus on upgrading our management from "supporting operations" to "driving efficiency". The Company will deepen the outcomes of its business-finance integration project, leveraging AI tools to enhance its real time data analysis and predictive application capabilities, bridging business and financial data streams, and strengthening data-driven decision support and full lifecycle cost management with refined control. On the project management front, the Company will explore AI-assisted risk identification, schedule early warning, and resource allocation optimisation to improve project execution and delivery efficiency. In parallel, it will systematically consolidate its engineering experience and knowledge assets, accelerating the accumulation and reuse of technical solutions and project management expertise through intelligent means. In terms of team development, the Company will continue to promote leadership practices, build consensus among management, accelerate the alignment between organisational capabilities and business complexity, ensuring that its management capabilities advance in step with strategic expansion, thereby providing a solid foundation for its profitability improvement and high-quality development.

MANAGEMENT DISCUSSION AND ANALYSIS

5. To stay committed to the ESG approach and advance the circular economy and new energy initiatives in a coordinated manner

In the second half of the year, the Company will continue to embed ESG concepts into every aspect of its technology R&D and business deployment, remaining steadfast and consistent in this commitment. In the circular economy domain, the Company will accelerate the commercial validation and market expansion of its phosphorus recovery business, leveraging bio-based phosphate fertiliser products as a key lever to establish a value chain for green agricultural inputs. In the new energy arena, while continuing to advance the technological iteration and scenario adaptation of calcium-based thermochemical energy storage, the Company has already signed contracts for engineering design services and engineering application projects related to new technologies in frontier areas such as SAF (Sustainable Aviation Fuel) and green hydrogen production. In the second half of the year, the Company will continue to deepen its technical service capabilities, keeping pace with the industrialisation rhythm of new technologies and emerging markets, seizing development opportunities in clean energy sectors like SAF, and further refining its new energy business portfolio. Concurrently, the Company will strengthen its modular engineering design capabilities, enhancing the execution efficiency and cost competitiveness of its overseas projects through standardised and modularised delivery models. Through the parallel advancement of circular economy and new energy initiatives with multi-pronged efforts, the Company will continue to build a diversified growth landscape and contribute to the industry's green transformation.

FINANCIAL OVERVIEW

Revenue

The Group's revenue increased by 25.5% from RMB151.8 million for the six months ended 30 June 2025 to RMB190.5 million during the Reporting Period. The Group generates revenue primarily through the manufacturing and sale of the equipment as detailed below.

	Six months ended 30 June			
	2026 RMB'000 (unaudited)	%	2025 RMB'000 (unaudited)	%
Manufacturing and sale of equipment				
SRU and VOCs incineration equipment	91,798	48.3	39,621	26.1
Catalytic cracking equipment	39,310	20.6	53,079	35.0
Process burners	50,731	26.6	37,580	24.7
Heat exchangers	8,649	4.5	21,519	14.2
Total	190,488	100.0	151,799	100.0

MANAGEMENT DISCUSSION AND ANALYSIS

SRU and VOCs incineration equipment

The Group's revenue from sales of SRU and VOCs incineration equipment increased by 131.7% from RMB39.6 million in the first half of 2025 to RMB91.8 million for the corresponding period in 2026, which was primarily attributable to the increase in number of orders of SRU and VOCs incineration equipment.

Catalytic cracking equipment

The Group's revenue from sales of catalytic cracking equipment decreased by 25.9% from RMB53.1 million in the first half of 2025 to RMB39.3 million for the corresponding period in 2026, primarily due to temporary delays and postponement of certain sale orders at the customers' instructions, taking into account the current industry situation.

Process burners

The Group's revenue from sales of process burners increased by 35.0% from RMB37.6 million in the first half of 2025 to RMB50.7 million for the corresponding period in 2026, which was primarily attributable to the increased sales orders of process burners.

Heat exchangers

The Group's revenue from sales of heat exchangers decreased by 59.8% from RMB21.5 million in the first half of 2025 to RMB8.6 million for the corresponding period in 2026, primarily due to decreased sales orders in the first half of 2026.

Cost of sales

The cost of sales of the Group primarily consists of (i) material, components and other procurement costs; (ii) direct labour costs; (iii) taxes and levies; and (iv) manufacturing overhead.

The following table sets out a breakdown of our cost of sales.

	Six months ended 30 June			
	2026 RMB'000 (unaudited)	%	2025 RMB'000 (unaudited)	%
Material, components and other procurement costs	115,077	83.7	95,764	85.6
Direct labour costs	9,012	6.5	4,916	4.4
Taxes and levies	1,962	1.4	1,239	1.1
Manufacturing overhead	11,598	8.4	9,970	8.9
Total	137,649	100.0	111,889	100.0

Cost of sales increased from RMB111.9 million for the six months ended 30 June 2025 to RMB137.6 million for the six months ended 30 June 2026, mainly due to the increase in cost of sales resulting from increased revenue.

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

The gross profit of the Group increased by 32.4% from RMB39.9 million for the six months ended 30 June 2025 to RMB52.8 million for the six months ended 30 June 2026.

The gross profit margin increased from 26.3% for the six months ended 30 June 2025 to approximately 27.7% for the six months ended 30 June 2026. The slight increase in gross profit margin was primarily attributable to the higher gross profit margin of orders that were completed in the first half of the year.

Other income and gains, net

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

Other income and gains decreased from RMB1.5 million in the first half of 2025 to RMB1.3 million for the corresponding period of 2026, primarily due to the decrease in property rental income and additional VAT credit.

Selling expenses

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

The selling expenses of the Group increased from RMB14.9 million in the first half of 2025 to RMB19.4 million for the corresponding period of 2026, primarily due to the increase of headcount of sales staff resulting in higher staff remuneration and increased expenses for overseas market expansion during the Reporting Period.

Administrative expenses

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

The administrative expenses increased from RMB35.4 million in the first half of 2025 to RMB37.7 million for the corresponding period of 2026, primarily due to an increase in office expenses such as software, as well as higher guarantee fees paid for overseas contracts and bank handling charges.

Research and development expenses

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

The research and development expenses decreased from RMB22.5 million in the first half of 2025 to RMB19.8 million for the corresponding period of 2026, primarily due to adjustments in research and development projects, resulting in reduced investment in certain projects.

Finance costs

The finance costs mainly consist of interest on bank and other borrowings and interest on lease liabilities. The finance costs increased from RMB2.5 million in the first half of 2025 to RMB3.2 million for the corresponding period of 2026, primarily due to the increase in interest expenses arising from higher borrowings resulting from the new projects of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Income tax expenses

The taxation comprised of (i) profit tax expenses of EIT; (ii) withholding tax; and (iii) deferred tax expenses. The income tax expenses decreased from RMB0.2 million in the first half of 2025 to RMB0.053 million for the corresponding period of 2026, primarily due to the decrease in taxable income of our PRC subsidiaries.

Loss for the period

As a result of the above, the net loss narrowed from approximately RMB38.1 million in the first half of 2025 to net loss of RMB24.7 million for the corresponding period of 2026, primarily due to the increase in revenue and gross profit in the first half of 2026.

Funding and Exchange Rate Policy

The Group has minimal exposure to foreign currency risk as most of its transactions, assets and liabilities are principally denominated in the functional currency of the entity to which they are related. In respect of foreign currency transactions, assets and liabilities, the Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

Liquidity and Financial Resources

The Group's principal use of cash was to fund our operations, capital expenditures and payments of principal and interest due on our bank borrowings. The main source of the Group's liquidity was generated from cash flows from operations. Going forward, the Group believes that its liquidity requirements will be satisfied by a combination of cash flows generated from operating activities, bank facilities and net proceeds from the Listing. As of 30 June 2026, the Group had cash and cash equivalents of RMB143.1 million (31 December 2025: RMB116.8 million). A significant portion of the Group's cash and cash equivalents and term deposits are held in RMB.

Bank and other borrowings

The Group's total bank and other borrowings increased from RMB194.2 million as of 31 December 2025 to RMB245.7 million as of 30 June 2026, mainly due to (i) additional bank borrowings of RMB96.2 million, as partially offset by (ii) repayment of bank borrowings RMB44.7 million.

All borrowings were fixed-rate borrowings as of 30 June 2026, and were denominated in RMB.

Charges on the Group's assets

As of 30 June 2026, the carrying amount of property, plant and equipment pledged as security for the Company's bank borrowings amounted to RMB32.2 million (31 December 2025: RMB17.5 million). As of 30 June 2026, the carrying amount of right-of-use assets pledged as security for the Company's bank borrowings amounted to RMB14.3 million (31 December 2025: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Employees and Remuneration Policies

As of 30 June 2026, the Group had a total of 494 full-time employees and the total staff costs (including directors' emoluments) for the Reporting Period were RMB56.7 million. Remuneration of our employees is determined with reference to market conditions and individual employees' performance, qualification and experience. In line with the performance of the Group and individual employees, a competitive remuneration package is offered to retain employees, including salaries, allowance and benefits and retirement benefit scheme contribution. During the Reporting Period, the relationship between the Group and our employees has been stable. We provide training programmes to employees, including new hire orientation and continuous on-the-job training, in order to accelerate the learning progress and improve the knowledge and skill levels of our employees. On 24 August 2026, the Board approved the 2026 Share Award Scheme, further details of which are set forth in the Company's announcement on 24 August 2026. The scheme is a share award scheme funded solely by existing Shares and does not involve the issue of any new Shares or transfer of treasury Shares.

Contingent Liabilities

As of 30 June 2026, we did not have any material contingent liabilities (31 December 2025: Nil).

Significant Investments

The Group did not hold any significant investments in assets with a value of more than 5% of the Group's total assets as of 30 June 2026.

Material Acquisitions and Disposals

As of 30 June 2026, the Group had no plans for material acquisition and disposals.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As far as the Company is aware, as of 30 June 2026, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

INTERESTS IN THE SHARES OF THE COMPANY

Name of Director/Chief Executive	Capacity/Nature of interest ⁽¹⁾	Number of Shares held	Approximate percentage of shareholding ⁽¹⁾
Mr. Lu Bo ⁽²⁾	Beneficiary of a trust	165,541,263	33.11%
	Interest of controlled corporation	5,598,240	1.12%
Ms. Lu Xiaojing ⁽³⁾	Beneficiary of a trust	164,171,263	32.83%
	Interest of controlled corporation	5,598,240	1.12%
Ms. Bai Wei ⁽⁴⁾	Spousal interest	171,139,503	34.23%
Mr. Shao Song ⁽⁵⁾	Spousal interest	169,769,503	33.95%

Notes:

- (1) The calculation is based on the total number of 500,000,000 Shares in issue as at 30 June 2026. All interests stated are long position.
- (2) Mr. Lu Bo's interest is held through One Ideal Limited, a company which is held as to 99.00% by The LB Personal Trust, being a family trust to which Mr. Lu Bo is a beneficiary. Riches Development is wholly-owned by Mr. Lu Bo.
- (3) Ms. Lu Xiaojing's interest is held through Lady Jing Limited, a company which is held as to 99.00% by The LXJ Personal Trust, being a family trust to which Ms. Lu Xiaojing is a beneficiary. Richen Development is wholly-owned by Ms. Lu Xiaojing.
- (4) Ms. Bai Wei is the spouse of Mr. Lu Bo.
- (5) Mr. Shao Song is the spouse of Ms. Lu Xiaojing.

Save as disclosed above, as of the date of this interim report, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions they are taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

As of 30 June 2026, to the best of the knowledge of the Company and the Directors or the chief executive of our Company, the followings are the persons, other than the Directors or chief executive of the Company, who had interests or short positions in the Shares and underlying Shares of the Company which were required to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were required to be entered in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

Name of Shareholder	Capacity/Nature of Interest ⁽¹⁾	Number of Shares held	Approximate percentage of shareholding in the Company ⁽¹⁾
One Ideal Limited ⁽²⁾	Beneficial interest	165,246,263	33.05%
Now Wealth Limited ⁽²⁾	Beneficial interest	165,246,263	33.05%
Mr. Lu Bo ⁽²⁾	Beneficiary of a trust	165,541,263	33.11%
	Interest of controlled corporation	5,598,240	1.12%
Lady Jing Limited ⁽³⁾	Beneficial interest	164,171,263	32.83%
LXJ Limited ⁽³⁾	Beneficial interest	164,171,263	32.83%
Ms. Lu Xiaojing ⁽³⁾	Beneficiary of a trust	164,171,263	32.83%
	Interest of controlled corporation	5,598,240	1.12%
Ms. Bai Wei ⁽⁴⁾	Spousal interest	171,139,503	34.23%
Mr. Shao Song ⁽⁵⁾	Spousal interest	169,769,503	33.95%
TCT (BVI) Limited ⁽⁶⁾	Beneficial interest	329,417,526	65.88%
THE CORE TRUST COMPANY LIMITED ⁽⁶⁾	Trustee	329,417,526	65.88%
Huangshan Construction Investment Private Equity Fund Management Co., Ltd. ⁽⁷⁾	Beneficial interest	28,570,000	5.71%

Notes:

- (1) The calculation is based on the total number of 500,000,000 Shares in issue as at 30 June 2026. All interests stated are long position.
- (2) One Ideal Limited is held as to 99.00% by Now Wealth Limited, which is in turn wholly-owned by The LB Personal Trust, being a family trust to which Mr. Lu Bo is a beneficiary. Riches Development is wholly-owned by Mr. Lu Bo.
- (3) Lady Jing Limited is held as to 99.00% by LXJ Limited, which is in turn wholly-owned by The LXJ Personal Trust, being a family trust to which Ms. Lu Xiaojing is a beneficiary. Richen Development is wholly-owned by Ms. Lu Xiaojing.
- (4) Ms. Bai Wei is the spouse of Mr. Lu Bo.
- (5) Mr. Shao Song is the spouse of Ms. Lu Xiaojing.
- (6) THE CORE TRUST COMPANY LIMITED is the trustee of The LB Personal Trust and The LXJ Personal Trust which established by Mr. Lu Bo and Ms. Lu Xiaojing respectively. TCT (BVI) Limited, which is wholly-owned by the trustee, through direct interest in each of Now Wealth Limited and LXJ Limited holds 165,246,263 Shares and 164,171,263 Shares respectively.
- (7) Huangshan Construction Investment Private Equity Fund Management Co., Ltd. is a wholly-owned subsidiary of Huangshan Construction Investment Group Co., Ltd., which is in turn wholly owned by the State-owned Assets Supervision and Administration Commission of the People's Government of Huangshan City.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Save as disclosed above and to the best knowledge of our Directors, as at 30 June 2026, no other person had or was deemed to have any interests or short positions in the shares, underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company or the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or which were required to be entered in the register required to be kept by the Company pursuant to Section 336 of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

SHARE INCENTIVE PLANS

Post-IPO Share Option Scheme

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

As the Post-IPO Share Option Scheme was not effective until the Listing Date, the numbers of Share Options available for grant under the Post-IPO Share Option Scheme are 50,000,000 as at the Listing Date.

1. *Summary of Terms*

(a) *Purpose*

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

(b) *Eligible Participants*

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

(c) *Scheme Limit*

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

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

The above limits may be refreshed by Shareholders at general meeting in accordance with Rule 17.03C of Chapter 17 of the Listing Rules. As of the date of this report, the total number of Shares available for issue under the Post-IPO Share Option Scheme is 50,000,000, representing 10% of the issued shares of the Company (excluding treasury shares).

(d) *Maximum Entitlement of a Participant*

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

(e) *Grant and Acceptance of Options*

An offer shall be made to an Eligible Participant by a letter in duplicate (the “**Offer Document**”) in such form as the Board may from time to time determine which requires the Eligible Participant to undertake to hold the option on the terms on which it is to be granted.

Each offer shall remain open for acceptance for a period of not more than 10 business days from the date on which the Offer Document is delivered to the Eligible Participant provided that no such offer shall be open for acceptance after the expiry or termination of the Post-IPO Share Option Scheme. An option shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate Offer Document comprising acceptance of the option Eligible Participant (the “**Grantee**”) duly signed by the Grantee together with a remittance in favour of our Company of HK\$1.00 by way of consideration for the grant of the option shall have been received by our Company on or before the last day for acceptance. The remittance shall not be refundable in any circumstances.

(f) *Exercise Period*

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

(g) *Vesting Period*

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

(h) *Duration and Remaining Life*

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

(i) *Subscription Price*

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

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

As of the date of this interim report, no grant has been made and no new Shares have been issued for the grant of options under the Post-IPO Share Option Scheme. The number of options cancelled or lapsed, and the number of Shares that may be issued in respect of options granted under the Post-IPO Share Option Scheme divided by the weighted average number of Shares in issue is not applicable. The number of options available for grant under the Scheme Mandate and the Service Provider Sublimit at the Listing Date and the six months ended 30 June 2026 are 50,000,000 and 5,000,000 respectively.

CORPORATE GOVERNANCE AND OTHER INFORMATION

2026 SHARE AWARD SCHEME

We adopted the 2026 Share Award Scheme on August 24, 2026. The following is a summary of the principal terms of the 2026 Share Award Scheme.

(a) Purpose

The purpose of the 2026 Share Award Scheme is to recognise the contributions by certain Participants and to provide them with incentives in order to retain them for the continual operation and development of the Group; and to attract suitable personnel for further development of the Group.

(b) Participants

Persons eligible to participate in the 2026 Share Award Scheme ("**Participants**") include (a) any employee (including any executive director) of any member of the Group; and (b) any non-executive director or proposed non-executive director (including independent non-executive director) of any member of the Group or any entities to which the Group holds equity interest in at any time during the term of the 2026 Share Award Scheme.

(c) Scheme Limit and Maximum Entitlement of a Selected Participant

The Board shall not make any further award of Awarded Shares which will result in the nominal value of the Shares awarded under the 2026 Share Award Scheme exceeding 10% of the issued share capital of the Company as at the adoption date.

The maximum number of Shares which may be awarded to a Selected Participant under the 2026 Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time. The Shares in the share pool under the 2026 Share Award Scheme will be existing shares purchased from the secondary market.

(d) Grant and Acceptance of Awards

The Board may, from time to time, at its absolute discretion select any Participant (other than any Excluded Participant) for participation in the 2026 Share Award Scheme as a Selected Participant, and grant such number of Shares ("**Awarded Shares**") to any Selected Participant at no consideration (or such consideration as specified by the Board) and on such terms and conditions as it may in its absolute discretion determine (each, an "**Award**"). After the Board has decided to make a grant of Awarded Shares, the Board shall send a grant notice (the "**Grant Notice**") to such Selected Participant within 5 Business Days after the grant was made, setting out the number of Awarded Shares so granted and the conditions (if any).

Each Selected Participant shall confirm acceptance of the Awarded Shares being granted by signing and returning to the Board the acceptance form attached to the Grant Notice within such period as specified in the Grant Notice (the "**Acceptance Period**"). To the extent that an Award is not accepted within the Acceptance Period, it shall lapse forthwith and the Awarded Shares shall remain as part of the Trust Fund.

(e) Vesting

Save as determined by the Board and provided in the Grant Notice, there is no performance target stipulated under the Scheme Rules which a Selected Participant is required to achieve before any Awarded Shares can be vested. However, the Board is entitled to impose any conditions and performance target (including a period of continued service within the Group after the Award) as it deems appropriate in its absolute discretion with respect to the vesting of the Awarded Shares, and shall inform the trustee and such Selected Participant of the relevant conditions. The Board shall be at liberty to waive any such vesting conditions.

Subject to the terms and conditions of the Scheme and the fulfilment of all vesting conditions, the respective Awarded Shares held by the trustee shall vest in such Selected Participant in accordance with the applicable vesting schedule. The Board shall send a vesting notice to the Selected Participant together with such prescribed transfer documents which require the Selected Participant to execute to effect the vesting and transfer of the Awarded Shares.

CORPORATE GOVERNANCE AND OTHER INFORMATION

(f) Restriction on Grant of Awards

No Award shall be made by the Board and no instructions to acquire any Shares shall be given to the trustee under the 2026 Share Award Scheme where dealings in the Shares are prohibited under any code or requirement of the Listing Rules or where such instruction or grant would breach any applicable laws. Without limiting the foregoing, no such instruction is to be given and no such grant is to be made: (a) after an event involving inside information in relation to affairs or securities of the Company has occurred until such inside information has been publicly announced in accordance with the applicable laws and the Listing Rules; (b) during the period of sixty (60) days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; (c) during the period of thirty (30) days immediately preceding the publication date of the interim results or, if shorter, the period from the end of the relevant half-year period up to the publication date of the results; or (d) in any circumstance which is prohibited under the Listing Rules, the SFO or any other law or regulation or where any requisite approval from any governmental or regulatory authority has not been granted.

In the course of administering the 2026 Share Award Scheme, the Company shall comply with all applicable laws and disclosure regulations including without limitation those imposed by the Listing Rules from time to time. The Board may, at any time after it has instructed the trustee to purchase any Shares, instruct the trustee in writing to cease purchasing Shares or to suspend purchasing Shares until further notice. The trustee shall not deal in Shares at any time if the trustee is aware that any such dealing would cause the Company or any Subsidiary or any director, officer or employee of the Company or any Subsidiary to be in breach of any provisions of the Listing Rules or any other applicable law, rules or regulations. The trustee shall abstain from voting on all matters that require shareholders' approval under the Listing Rules in respect of any Shares held under the Trust.

(g) Duration and Remaining Life

The 2026 Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date, and shall terminate on the earlier of (i) the tenth anniversary of the adoption date (i.e. 23 August, 2036); or (ii) such date of early termination as determined by the Board, provided that such termination shall not affect any subsisting rights of any Selected Participant. No further Awards may be made after such termination but all Awarded Shares granted during the life of the 2026 Share Award Scheme and which remain unvested immediately prior to termination shall continue to be held by the trustee and become vested in the Selected Participants according to the conditions of the Award.

As at the date of this interim report, the remaining life of the 2026 Share Award Scheme was approximately nine years and eleven months.

As of the date of this interim report, no grant has been made pursuant to the 2026 Share Award Scheme and the total number of Shares available to be awarded under the 2026 Share Award Scheme is 50,000,000 Shares (representing approximately 10% of the issued Shares).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

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

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

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

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

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

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

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

During the Reporting Period and up to the date of this interim report, none of the Company or any of its subsidiaries has made any purchase, sale or redemption of the listed securities of the Company (including sales of treasury shares (as defined under the Listing Rules)). As at 30 June 2026, the Company did not hold any treasury shares (as defined under the Listing Rules).

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

EVENTS AFTER THE REPORTING PERIOD

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

INTERIM DIVIDEND

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

USE OF NET PROCEEDS

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

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

Intended use of net proceeds	Net proceeds (RMB million)	Approximate % of net proceeds	Unutilized net proceeds as at 1 January 2026 (RMB million)	Utilized net proceeds for the Reporting Period (RMB million)	Unutilized net proceeds as at 30 June 2026 (RMB million)	Expected timeline of fully utilization of the unutilized net proceeds ⁽¹⁾
Increasing our production capacity and capabilities in the New Production Facility to expand our scale of operation	40.6	73.0%	11.5	1.2	10.3	By 31 December 2026
Further strengthening our design and research and development capabilities	9.7	17.5%	–	–	–	–
General working capital	5.3	9.5%	1.8	1.8	–	–
Total	55.6	100.0%	13.3	3.0	10.3	

Notes:

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

CORPORATE GOVERNANCE AND OTHER INFORMATION

MATERIAL LITIGATION

As of 30 June 2026, our Company was not involved in any litigation, arbitration, administrative proceedings of material importance which could have a material adverse effect on its financial condition or results of operations, and, so far as our Company is aware, no litigation, arbitration, administrative proceedings of material importance is pending or threatened against our Company.

CHANGES TO DIRECTORS' INFORMATION

Pursuant to Rule 13.51B(1) of the Listing Rules, save as disclosed in this interim report, there are no changes in information of the Directors subsequent to the date of the 2025 Annual Report of the Company and up to the date of this interim report were required to be disclosed.

OTHER INFORMATION

Potential Conflict of Interests between the Group and its Controlling Shareholders

As part of our corporate governance policy, the Company will disclose decisions on potential conflict of interests deliberated by the independent non-executive directors in our reports or by way of announcement as required by the Listing Rules. For the six months ended 30 June 2026, no such matters have been deliberated by the independent non-executive Directors.

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

By order of the Board

RUICHANG INTERNATIONAL HOLDINGS LIMITED

Mr. LU Bo

Chairman of the Board, Chief Executive Officer and executive Director

Hong Kong, 28 August 2026

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Notes	Six months ended 30 June	
		2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Revenue	5	190,488	151,799
Cost of sales		(137,649)	(111,889)
Gross profit		52,839	39,910
Other income and gains, net	7	1,296	1,548
Selling expenses		(19,392)	(14,948)
Administrative expenses		(37,717)	(35,408)
Research and development expenses		(19,777)	(22,473)
Reversal of/(losses from) impairment of financial assets and contract assets		6,037	(3,993)
Fair value changes of financial assets at fair value through profit or loss		(4,699)	(88)
Share of results of an associate		(10)	63
Finance costs	8	(3,199)	(2,472)
Loss before tax		(24,622)	(37,861)
Income tax expenses	9	(53)	(199)
Loss for the period	10	(24,675)	(38,060)
Other comprehensive income/(loss):			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value changes of financial assets at fair value through other comprehensive income ("FVTOCI")		353	(38)
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		129	44
Total comprehensive loss for the period		(24,193)	(38,054)
Loss for the period attributable to:			
Owners of the Company		(24,337)	(37,967)
Non-controlling interests		(338)	(93)
		(24,675)	(38,060)
Total comprehensive loss for the period attributable to:			
Owners of the Company		(23,855)	(37,961)
Non-controlling interests		(338)	(93)
		(24,193)	(38,054)
Loss per share attributable to owners of the Company			
Basic and diluted (RMB cents)	11	(4.87)	(7.59)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2026

	Notes	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment	13	105,367	79,990
Right-of-use assets		61,498	63,145
Intangible assets		4,388	4,128
Investment in an associate		894	904
Financial assets at fair value through other comprehensive income		26,064	23,304
Deferred tax assets		3,771	3,771
		201,982	175,242
CURRENT ASSETS			
Inventories		67,939	64,712
Trade and notes receivables	14	324,669	353,755
Prepayments, other receivables and other assets		92,717	104,339
Financial assets at fair value through profit or loss		14,515	19,214
Contract assets		41,254	35,580
Pledged deposits		20,234	14,793
Cash and bank balances		143,090	116,831
		704,418	709,224
CURRENT LIABILITIES			
Trade and notes payables	15	195,875	240,278
Contract liabilities		38,331	17,118
Accruals and other payables		50,622	32,566
Bank and other borrowings	16	138,100	90,000
Lease liabilities		1,894	1,857
Dividend payable		20,570	–
Tax payable		1,917	1,951
		447,309	383,770
NET CURRENT ASSETS		257,109	325,454
TOTAL ASSETS LESS CURRENT LIABILITIES		459,091	500,696

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2026

	Notes	30 June 2026 RMB'000 (unaudited)	31 December 2025 RMB'000 (audited)
NON-CURRENT LIABILITIES			
Bank and other borrowings	16	107,610	104,200
Lease liabilities		4,803	5,759
		112,413	109,959
NET ASSETS		346,678	390,737
CAPITAL AND RESERVES			
Share capital and paid-up capital	17	36	36
Reserves		329,485	373,164
Equity attributable to owners of the Company		329,521	373,200
Non-controlling interests		17,157	17,537
TOTAL EQUITY		346,678	390,737

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	(Unaudited) Attributable to owners of the Company									
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Investment revaluation reserve RMB'000	Foreign currency translation reserve RMB'000	Statutory reserve RMB'000	Retained profits RMB'000	Sub-Total RMB'000	Non-controlling interests RMB'000	Total RMB'000
At 1 January 2025 (audited)	36	99,837	33,578	(78)	7,739	30,942	215,992	388,046	300	388,346
Loss for the period	-	-	-	-	-	-	(37,967)	(37,967)	(93)	(38,060)
Other comprehensive (loss)/income for the period:										
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	(38)	-	-	-	(38)	-	(38)
Exchange differences arising on translation of foreign operations	-	-	-	-	44	-	-	44	-	44
Total comprehensive (loss)/income for the period	-	-	-	(38)	44	-	(37,967)	(37,961)	(93)	(38,054)
Capital contribution from non-controlling shareholders	-	-	-	-	-	-	-	-	17,630	17,630
Dividend declared and paid (note 12)	-	-	-	-	-	-	(20,000)	(20,000)	-	(20,000)
At 30 June 2025 (unaudited)	36	99,837	33,578	(116)	7,783	30,942	158,025	330,085	17,837	347,922
At 1 January 2026 (audited)	36	99,837	33,578	(406)	8,205	30,942	201,008	373,200	17,537	390,737
Loss for the period	-	-	-	-	-	-	(24,337)	(24,337)	(338)	(24,675)
Other comprehensive income for the period:										
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	353	-	-	-	353	-	353
Exchange differences arising on translation of foreign operations	-	-	-	-	129	-	-	129	-	129
Total comprehensive income/(loss) for the period	-	-	-	353	129	-	(24,337)	(23,855)	(338)	(24,193)
Purchase of non-controlling interests	-	-	176	-	-	-	-	176	(42)	134
Dividend declared and paid (note 12)	-	-	-	-	-	-	(20,000)	(20,000)	-	(20,000)
At 30 June 2026 (unaudited)	36	99,837	33,754	(53)	8,334	30,942	156,671	329,521	17,157	346,678

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cash flows from operating activities		
Cash used in operations	(7,576)	(93,426)
Income tax paid	(80)	(3,259)
NET CASH USED IN OPERATING ACTIVITIES	(7,656)	(96,685)
Cash flows from investing activities		
Interest received	620	668
Proceeds from disposal of property, plant and equipment	–	15
Purchases of property, plant and equipment	(13,398)	(15,243)
Purchases of intangible assets	(941)	(239)
Additions to land use rights	–	(1,941)
NET CASH USED IN INVESTING ACTIVITIES	(13,719)	(16,740)
Cash flows from financing activities		
Repayment of bank and other borrowings	(44,690)	(45,458)
Repayment of lease liabilities	(919)	(462)
Capital contribution from non-controlling shareholders	–	4,500
Dividends paid	–	(9,725)
Interest paid	(3,199)	(2,472)
Addition of bank and other borrowings	96,200	130,000
NET CASH GENERATED FROM FINANCING ACTIVITIES	47,392	76,383
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	26,017	(37,042)
Effect of changes in foreign exchange rate	242	(136)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	116,831	129,910
CASH AND CASH EQUIVALENTS AT END OF PERIOD		
Cash and bank balances	143,090	92,732

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION

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

These unaudited condensed consolidated financial statements should be read in conjunction with the 2025 annual financial statements. The accounting policies and methods of computation used in the preparation of these unaudited condensed consolidated financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2025.

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

In the current interim period, the Group has adopted all the new and revised HKFRS Accounting Standards issued by the HKICPA that are relevant to its operations and effective for its accounting period beginning on 1 January 2026. HKFRS Accounting Standards comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRS Accounting Standards did not result in significant changes to the Group’s accounting policies of the Group’s consolidated financial statements and amounts reported for the current period and prior periods.

The Group has not applied the new HKFRS Accounting Standards that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new HKFRS Accounting Standards but is not yet in a position to state whether these new HKFRS Accounting Standards would have a material impact on its results of operations and financial position.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

4. FAIR VALUE MEASUREMENTS

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

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

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

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

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

Disclosures of level in fair value hierarchy at 30 June 2026:

Description	Fair value measurements using:			Total RMB'000 (unaudited)
	Level 1 RMB'000 (unaudited)	Level 2 RMB'000 (unaudited)	Level 3 RMB'000 (unaudited)	
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
— Fund	—	9,461	—	9,461
— Listed equity investments	5,054	—	—	5,054
Financial assets at fair value through other comprehensive income				
— Unlisted equity investments	—	—	26,064	26,064

Disclosures of level in fair value hierarchy at 31 December 2025:

Description	Fair value measurements using:			Total RMB'000 (audited)
	Level 1 RMB'000 (audited)	Level 2 RMB'000 (audited)	Level 3 RMB'000 (audited)	
Recurring fair value measurements:				
Financial assets at fair value through profit or loss				
— Fund	—	8,635	—	8,635
— Listed equity investments	10,579	—	—	10,579
Financial assets at fair value through other comprehensive income				
— Unlisted equity investments	—	—	23,304	23,304

During the current interim period, there was no transfer between Level 1 and 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur (year ended 31 December 2025: nil).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

4. FAIR VALUE MEASUREMENTS (continued)

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

Description	Financial assets at fair value through other comprehensive income Unlisted equity investment RMB'000 (unaudited)
At 1 January 2026	23,304
Addition	2,407
Total gains or losses recognised in other comprehensive income	353
At 30 June 2026	26,064

Description	Financial assets at fair value through other comprehensive income Unlisted equity investment RMB'000 (audited)
At 1 January 2025	18,632
Addition	5,000
Total gains or losses recognised in other comprehensive income	(328)
At 31 December 2025	23,304

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

4. FAIR VALUE MEASUREMENTS (continued)

Level 3 fair value measurements

Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Fair value as at 30 June 2026 RMB'000 (unaudited)
Financial assets at fair value through other comprehensive income				
— Unlisted equity investments	Share of net assets	(Note)	(Note)	26,064
Description	Valuation technique	Unobservable inputs	Effect on fair value for increase of inputs	Fair value as at 31 December 2025 RMB'000 (audited)
Financial assets at fair value through other comprehensive income				
— Unlisted equity investments	Share of net assets	(Note)	(Note)	23,304

During the current interim period, there were no changes in the valuation techniques used (year ended 31 December 2025: nil).

Note: The Group's investment in unlisted equity investment funds which were classified as financial assets at fair value through other comprehensive income ("FVTOCI"). The significant unobservable input is the net assets value of the underlying investments made by the funds. The higher the net assets value of the underlying investment, the higher the fair value of the financial assets at FVTOCI will be. A 5% increase/decrease in the net assets value of the underlying investments, holding all other variable constant, would increase/decrease the carrying amounts of these investments by RMB1,303,000 and RMB1,165,000 as at 30 June 2026 and 31 December 2025, respectively.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

5. REVENUE

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

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
<i>Revenue from contracts with customers</i>		
Manufacturing and sale of equipment		
SRU and VOCs incineration equipment	91,798	39,621
Catalytic cracking equipment	39,310	53,079
Process burners	50,731	37,580
Heat exchangers	8,649	21,519
	190,488	151,799

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

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Sales of products	598	7,990

Performance obligations

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

6. SEGMENT INFORMATION

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

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

Geographical information

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

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

7. OTHER INCOME AND GAINS, NET

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Government grant ⁽¹⁾	304	445
Interest income	620	668
Others ⁽²⁾	372	435
	1,296	1,548

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

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

8. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest on bank and other borrowings	3,058	2,297
Interest on lease liabilities	141	175
	3,199	2,472

9. INCOME TAX EXPENSES

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Current income tax — Mainland China:		
Charge for the period	53	199

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

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

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

Under the PRC Corporate Income Tax Law (the "CIT Law"), which became effective on January 1, 2008, the Group's PRC entities are subject to enterprise income tax at a rate of 25%, unless otherwise specified. The Group's subsidiaries registered in the PRC that have operations only in Mainland China are subject to PRC enterprise income tax ("EIT") at a rate of 25% on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws for both periods except for two subsidiaries, Luoyang Ruichang Environmental Engineering Co., Ltd ("Luoyang Ruichang") and Ruiqieer Petro-chemical Engineering (Shanghai) Co., Ltd ("Shanghai Ruiqieer"). Pursuant to which Luoyang Ruichang was entitled to a preferential tax rate of 15% from September 2017 to September 2020 and could be re-applied every three years, the current active HNTe certificate is effective until November 2026. Pursuant to which Shanghai Ruiqieer was entitled to a preferential tax rate of 15% from December 2021 to December 2024 and could be re-applied every three years: the current active HNTe certificate is effective until December 2027.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

9. INCOME TAX EXPENSES (continued)

The reconciliation between the income tax expense and the loss before tax is as follows:

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Loss before tax	(24,622)	(37,861)
Tax at domestic income tax rate	(6,156)	(9,465)
Lower tax rate enacted by local authority	(233)	(306)
Tax effect of expenses not deductible and income not taxable for tax purpose	(1,509)	998
Tax incentives on eligible expenditures	(584)	(764)
Tax losses not recognised	8,535	9,736
Income tax expenses	53	199

During the current interim period, the Group has accumulated tax losses in PRC of RMB142,037,000 (six months ended 30 June 2025: RMB120,188,000), available for offset against future profits, which will expire in five years. No deferred tax asset has been recognised in respect of the tax losses and the deductible temporary differences due to unpredictability of future profit streams.

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

10. LOSS FOR THE PERIOD

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

	Six months ended 30 June	
	2026	2025
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Cost of inventories sold	134,340	103,721
Depreciation of property, plant and equipment	3,909	3,529
Depreciation of investment property	–	97
Depreciation of right-of-use assets	1,647	1,532
Amortisation of intangible assets	681	400
Research and development costs	19,777	22,473
Auditor's remuneration	80	250
Gain on disposal of property, plant and equipment	–	(10)
Short term leases exempt from capitalisation under HKFRS 16	818	106
Interest income	(620)	(668)
(Reversal of)/losses from impairment recognised on:		
— trade receivables	(7,362)	3,063
— financial assets included in prepayments, other receivables and other assets	953	1,069
— contract assets	372	(139)
	(6,037)	3,993
Staff costs including directors' emoluments		
— salaries, allowances and other benefits	49,582	34,033
— retirement benefit scheme contributions	7,091	4,872
Total staff costs, including directors' remunerations	56,673	38,905

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

11. LOSS PER SHARE

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

	Six months ended 30 June	
	2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Loss:		
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	(24,337)	(37,967)
Number of shares:		
Number of ordinary shares for the purpose of basic loss per share	500,000,000	500,000,000

The diluted loss per share is the same as basic loss per share for the six months ended 30 June 2026 and 2025 as there was no potential ordinary share in issue.

12. DIVIDENDS

During current interim period, a final dividend of RMB0.04 per share in respect of the year ended 31 December 2025 was declared to the owners of the Company. The aggregate amount of the final dividend declared in current interim period amounted to RMB20,000,000.

The directors of the Company did not propose the distribution of any interim dividend during the Reporting Period (six months ended 30 June 2025: Nil).

13. MOVEMENTS IN PROPERTY AND EQUIPMENT

During the current interim period, the Group acquired property and equipment of RMB30,685,000 (six months ended 30 June 2025: RMB15,243,000).

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

14. TRADE AND NOTES RECEIVABLES

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Trade receivables	309,211	349,922
Provision for impairment	(13,885)	(21,247)
	295,326	328,675
Notes receivables	29,343	25,080
	324,669	353,755

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

Notes receivables

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

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

14. TRADE AND NOTES RECEIVABLES (continued)

Trade receivables

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

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

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Within 90 days	122,976	101,864
91 to 180 days	47,475	63,424
181 to 365 days	108,512	117,979
Over 1 year but within 2 years	15,282	40,166
Over 2 years but within 3 years	1,081	4,410
Over 3 years but within 4 years	–	832
	295,326	328,675

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

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Opening balance	21,247	16,908
(Reversal)/provision of impairment losses	(7,362)	4,339
Closing balance	13,885	21,247

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

15. TRADE AND NOTES PAYABLES

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Trade payables	172,346	220,677
Notes payables	23,529	19,601
	195,875	240,278

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

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Within 90 days	103,722	132,697
91 to 180 days	23,076	39,855
181 to 365 days	62,045	17,217
Over 1 year	7,032	50,509
	195,875	240,278

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

16. BANK AND OTHER BORROWINGS

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Secured loans	133,710	104,200
Unsecured loans	112,000	90,000
	245,710	194,200
Current portion	(138,100)	(90,000)
Non-current portion	107,610	104,200

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

16. BANK AND OTHER BORROWINGS (continued)

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

30 June 2026			
	Effective interest rate (%)	Maturity	RMB'000 (unaudited)
Current			
Bank loans — secured	2.5%–2.6%	2027	38,100
Bank loans — unsecured	2.75%–2.85%	2026	100,000
			138,100
Non-current			
Bank loans — secured	2.50%	2027–2035	95,610
Bank loans — unsecured	2.60%	2029	12,000
			107,610

31 December 2025			
	Effective interest rate (%)	Maturity	RMB'000 (audited)
Current			
Bank loans — unsecured	2.75%–2.85%	2026	90,000
Non-current			
Bank loans — secured	2.50%	2027–2028	104,200

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

16. BANK AND OTHER BORROWINGS (continued)

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

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Within one year or on demand	138,100	90,000
In the second year	73,950	40,400
In the third to fifth years, inclusive	33,660	63,800
	245,710	194,200

17. SHARE CAPITAL

	As at 30 June 2026 USD (unaudited)	As at 31 December 2025 USD (audited)
Authorised:		
5,000,000,000 ordinary shares of US\$0.00001 each	50,000	50,000

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Issued and fully paid:		
Ordinary shares of US\$0.00001 each	36	36

	Number of shares	Paid-up capital RMB
Issued and fully paid:		
At 1 January 2025 (audited), 30 June 2025 (unaudited), 1 January 2026 (audited) and 30 June 2026 (unaudited)	500,000,000	35,671

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

18. CAPITAL COMMITMENT

	As at 30 June 2026 RMB'000 (unaudited)	As at 31 December 2025 RMB'000 (audited)
Property and equipment		
— Contracted but not provided for	43,540	41,738

19. RELATED PARTY TRANSACTIONS

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

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

(b) Related party transactions

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

	Six months ended 30 June 2026 RMB'000 (unaudited)	2025 RMB'000 (unaudited)
Lease payment	—	83