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ZONQING Environmental Limited

中庆环境股份有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1855)

POSITIVE PROFIT ALERT

This announcement is made by the board of directors (the “**Board**”) of ZONQING Environmental Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company (the “**Shareholders**”) and potential investors that based on a preliminary review of the unaudited consolidated management accounts of the Group for the six months ended 30 June 2023 (the “**Reporting Period**”) and other information currently available to the Company, the Group expects to record a profit after taxation ranging from approximately RMB35.0 million to RMB45.0 million for the Reporting Period as compared to a loss after taxation of approximately RMB41.5 million for the corresponding period in 2022 as disclosed in the Company’s 2022 interim report. Such turnaround was primarily due to the increase in revenue attributable from construction services as a result of the acquisition of Jilin Modern Zhongqing City Construction Co. Ltd.* (吉林現代中慶城市建設有限公司) (“**Jilin Modern Zhongqing**”) and its subsidiaries (the “**Acquisition**”), which was completed in June 2023. For more details of the Acquisition, please refer to the circular of the Company dated 9 June 2023.

The Group prepares its consolidated financial information using the principle of merger accounting in relation to the Acquisition. The comparative consolidated financial information of the Group for the six months ended 30 June 2022 has been restated as if the Acquisition had been completed at the beginning of the comparative period. As such, the Group expects to record a turnaround from restated loss after taxation for the six months ended 30 June 2022 to profit after taxation for the Reporting Period. Such turnaround was mainly attributable to the significant increase in revenue attributable from construction services and design consultancy services as compared to the corresponding period in 2022, mainly due to (i) the Group’s revenue (including the revenue generated by Jilin Modern Zhongqing and its subsidiaries) being adversely affected during the corresponding period in 2022 due to the implementation of control and lockdown measures to combat the Covid-19 outbreak in Changchun city in March 2022, which only started to lift in around mid of May 2022; and (ii) an increase in newly awarded contracts in the Reporting Period.

As at the date of this announcement, the Group is still in the process of finalising its interim results for the Reporting Period. The information above is only based on a preliminary assessment by the Board and other information currently available to the Company, which has not been reviewed by the auditors of the Company or the audit committee of the Company and may be subject to adjustments. Shareholders and potential investors are advised to read the interim results announcement of the Company for the Reporting Period, which is expected to be published in August 2023 pursuant to the requirements of the Listing Rules.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

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

Hong Kong, 22 August 2023

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

* *For identification purpose only*