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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the "**Board**") of directors (the "**Directors**") of RUICHANG INTERNATIONAL HOLDINGS LIMITED (the "**Company**" or "**Ruichang International**") is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2025 (the "**Reporting Period**"), together with comparative figures for the same period of 2024, which has been reviewed by the audit committee of the Company (the "**Audit Committee**") and was authorised for issue on 29 August 2025.

FINANCIAL HIGHLIGHTS

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

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2025

		Six months ended 30 June	
		2025	2024
	Notes	***RMB'000***	*RMB'000*
		(unaudited)	(unaudited)
Revenue	*4*	**151,799**	224,894
Cost of sales		**(111,889)**	(149,640)
Gross profit		**39,910**	75,254
Other income and gains, net	*6*	**1,548**	3,191
Selling expenses		**(14,948)**	(14,427)
Administrative expenses		**(35,408)**	(21,448)
Research and development expenses		**(22,473)**	(14,723)
Listing expenses		**–**	(7,916)
Impairment losses of financial assets and contract assets		**(3,993)**	(1,969)
Fair value changes of financial assets at fair value through profit or loss		**(88)**	–
Share of results of an associate		**63**	389
Finance costs	*7*	**(2,472)**	(2,836)
(Loss)/profit before tax		**(37,861)**	15,515
Income tax expenses	*8*	**(199)**	(3,990)
(Loss)/profit for the period		**(38,060)**	11,525
Other comprehensive (loss)/income:			
Items that will not be reclassified to profit or loss:			
Fair value changes of financial assets at fair value through other comprehensive income ("**FVTOCI**")		**(38)**	(161)
Items that may be reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**44**	(126)
Share of other comprehensive income from an associate		**–**	(59)
Total comprehensive (loss)/income for the period		**(38,054)**	11,179

	Notes	Six months ended 30 June **2025** *RMB'000* **(unaudited)**	2024 *RMB'000* (unaudited)
(Loss)/profit for the period attributable to:			
Owners of the Company		**(37,967)**	11,525
Non-controlling interests		**(93)**	–
		(38,060)	11,525
Total comprehensive (loss)/income for the period attributable to:			
Owners of the Company		**(37,961)**	11,179
Non-controlling interests		**(93)**	–
		(38,054)	11,179
(Loss)/earnings per share attributable to owners of the Company			
Basic and diluted *(RMB cents)*	*9*	**(7.59)**	3.07

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2025

	Notes	**30 June 2025 RMB'000 (unaudited)**	31 December 2024 RMB'000 (audited)
NON-CURRENT ASSETS			
Property, plant and equipment		**74,481**	58,674
Investment property		**–**	10,639
Right-of-use assets		**64,803**	44,820
Intangible assets		**4,285**	4,446
Investment in an associate		**856**	793
Financial assets at fair value through other comprehensive income		**18,594**	18,632
Deferred tax assets		**3,276**	3,276
		166,295	141,280
CURRENT ASSETS			
Inventories		**61,388**	52,040
Trade and notes receivables	*11*	**265,601**	252,606
Prepayments, other receivables and other assets		**128,403**	80,958
Financial assets at fair value through profit or loss		**9,262**	9,350
Contract assets		**32,525**	41,177
Pledged deposits		**22,139**	19,629
Cash and bank balances		**92,732**	129,910
		612,050	585,670

	Notes	30 June 2025 RMB'000 (unaudited)	31 December 2024 RMB'000 (audited)
CURRENT LIABILITIES			
Trade and notes payables	*12*	**128,909**	154,430
Contract liabilities		**58,338**	31,564
Accruals and other payables		**34,167**	34,837
Bank and other borrowings		**109,700**	105,158
Lease liabilities		**1,821**	1,575
Dividend payable		**10,275**	–
Tax payable		**517**	3,636
		343,727	331,200
NET CURRENT ASSETS		**268,323**	254,470
TOTAL ASSETS LESS CURRENT LIABILITIES		**434,618**	395,750
NON-CURRENT LIABILITIES			
Bank and other borrowings		**80,000**	–
Lease liabilities		**6,696**	7,404
		86,696	7,404
NET ASSETS		**347,922**	388,346
CAPITAL AND RESERVES			
Share capital and paid-up capital	*13*	**36**	36
Reserves		**330,049**	388,010
Equity attributable to owners of the Company		**330,085**	388,046
Non-controlling interests		**17,837**	300
TOTAL EQUITY		**347,922**	388,346

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

1. GENERAL INFORMATION

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

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

2. BASIS OF PREPARATION

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

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

3. ADOPTION OF NEW AND REVISED HKFRS ACCOUNTING STANDARDS

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

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

4. REVENUE

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

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

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

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

Performance obligations

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

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

5. 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.

6. OTHER INCOME AND GAINS, NET

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

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

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

7. FINANCE COSTS

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

8. INCOME TAX EXPENSES

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

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

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

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

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

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

9. (LOSS)/EARNINGS PER SHARE

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

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

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

10. DIVIDENDS

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

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

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

11. TRADE AND NOTES RECEIVABLES

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

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

Notes receivables

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

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

12. TRADE AND NOTES PAYABLES

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

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

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

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

13. SHARE CAPITAL

	As at 30 June 2025 USD	As at 31 December 2024 USD
Authorised:		
5,000,000,000 ordinary shares of US$0.00001 each	**50,000**	50,000

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

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

14. CAPITAL COMMITMENT

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

I. Economic Environment and Industrial Landscape

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

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

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

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

New investments are predominantly focused on three key areas: high-end chemical new materials, green and low-carbon transition, and integrated refining and chemical production, in response to industry transformations. Investment in high-end chemical new materials is growing rapidly (with an 18% year-on-year increase in the first half of 2025), emphasizing advanced materials such as emphasizing advanced materials such as POE (Polyolefin Elastomer), nylon 66 (Polyhexamethylene adipamide), and EPDM (Ethylene - Propylene - Diene Monomer) rubber, which are widely used in high-growth sectors like aerospace, healthcare, and new energy vehicles. In green and low-carbon transition initiatives, companies are accelerating energy-saving technological upgrades (e.g., the energy efficiency improvement project of Fushun Petroethylene's ethylene facility) and adopting clean energy sources such as hydrogen and bio-jet fuel. It is worth noting that the profitability of the chemical segment of major domestic clients declined significantly (with industry profits reducing by 12% year-on-year in the first half of the year), directly driving high overall capital expenditure and prompting the industry to focus more on green cost reduction and efficiency gains to enhance competitiveness. In integrated refining and chemical production, enterprises are advancing the strategic shift of "fuel-focused to chemical-material-focused" operations by building new ethylene and aromatic units (related projects now account for over 35% of total investment), aiming to increase value-added in the industrial chain. However, due to profitability pressures in the chemical sector, some capital expenditure is being redirected toward short-cycle technological upgrade projects to optimize cash flow. Such measures underscore the industry's determination to accelerate structural adjustments amid challenges and tap into new growth areas such as new materials and green technologies.

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

II. Work Priorities for the First Half of 2025

1. Aligning with the "Dual Carbon" strategy and promoting green and low-carbon development

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

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

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

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

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

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

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

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

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

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

THE COMPANY'S DEVELOPMENT STRATEGY

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

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

2. ***Leveraging customer needs and expand service depth***

Capitalizing on the commissioning of Callidus' after-sales business in the first half of this year, we strategically focus on enhancing operational efficiency and optimizing costs within domestic operations to drive transformation towards a lean operation. During the critical transition phase of market restructuring in China, we intensify resource integration and process reengineering to provide high-quality after-sales services to existing customers while deeply addressing their core needs in areas such as energy conservation and consumption reduction. These efforts will improve our operational effectiveness, reduce our internal costs, not only enhancing customer satisfaction and loyalty but also solidifying long-term partnerships, injecting strong momentum into the Company's sustainable development.

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

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

4. Striving to go global while focusing on regional markets

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

5. Investing in phosphorus resource recovery project

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

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

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

FINANCIAL OVERVIEW

Revenue

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

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

SRU and VOCs incineration equipment

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

Catalytic cracking equipment

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

Process burners

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

Heat exchangers

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

Cost of sales

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

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

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

Gross profit and gross profit margin

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

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

Other income and gains, net

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

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

Selling expenses

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

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

Administrative expenses

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

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

Research and development expenses

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

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

Finance costs

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

Income tax expenses

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

Loss for the period

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

Funding and Exchange Rate Policy

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

Liquidity and Financial Resources

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

Bank and other borrowings

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

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

Gearing ratio

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

Charges on the Group's assets

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

Employees and Remuneration Policies

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

Contingent Liabilities

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

Significant Investments

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

Material Acquisitions and Disposals

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

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

CORPORATE GOVERNANCE RELATED INFORMATION

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 Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange (the "**Listing Rules**") as the basis of the Company's corporate governance practices.

The Directors are of the view that during the Reporting Period and up to the date of this announcement, 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 for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules (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 announcement. 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 announcement.

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

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

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

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

EVENTS AFTER THE REPORTING PERIOD

Mr. FU Cong has tendered his resignation as the financial director of the Company and as the joint company secretary of the Company with effect from 31 July 2025. For details, please refer to the Company's announcement dated 31 July 2025.

Save as disclosed in this announcement and as at the date of this announcement, 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.

PUBLICATION OF RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ruichang.com.cn). The interim report for the six months ended 30 June 2025 containing all the information required by the Listing Rules will be dispatched to the Shareholders (if requested) and made available on the above websites in due course.

By order of the Board
RUICHANG INTERNATIONAL HOLDINGS LIMITED
Mr. LU Bo
Chairman of the Board, Chief Executive Officer
and executive Director

Hong Kong, 29 August 2025

As at the date of this announcement, the Board comprises Mr. LU Bo, Ms. LU Xiaojing, Ms. BAI Wei, Mr. SHAO Song and Ms. WU Rui as executive Directors; and Mr. BAU Siu Fung, Mr. SHEN Cheng and Mr. JIANG Li as independent non-executive Directors.