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China Boqi Environmental (Holding) Co., Ltd.
中國博奇環保(控股)有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2377)

ANNOUNCEMENT OF THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2021

ANNUAL RESULTS HIGHLIGHTS

For the year ended 31 December 2021, the revenue of the Group amounted to RMB2,092 million, representing an increase of 27.1% as compared with last year.

For the year ended 31 December 2021, the gross profit of the Group amounted to RMB388 million and the gross profit margin of the Group was 18.5%, representing an increase of 14.1% and a decrease of 2.2 percentage points as compared with last year, respectively.

For the year ended 31 December 2021, the net profit of the Group amounted to RMB348 million with a net profit margin of 16.6%. Excluding gains on fair value changes in financial asset at fair value through profit or loss, the Group's net profit was RMB242 million, representing an increase of 16.9% as compared with last year.

The Board has recommended the payment of HK$7.40 cents per ordinary share as final dividend for the year ended 31 December 2021 (31 December 2020: HK$7.40 cents).

The board (the "**Board**") of directors (the "**Directors**") of China Boqi Environmental (Holding) Co., Ltd. (the "**Company**", together with its subsidiaries collectively referred to as the "**Group**") is pleased to announce the consolidated annual results of the Group for the year ended 31 December 2021 (the "**2021 financial year**" or the "**Reporting Period**"), together with comparative figures for the corresponding period of 2020 (the "**2020 financial year**").

In this announcement, "we", "us" and "our" refer to the Company and where the context otherwise requires, the Group.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 RMB'000	2020 RMB'000
Revenue	*4*	**2,092,172**	1,646,131
Cost of sales and services		**(1,704,613)**	(1,306,053)
Gross profit		**387,559**	340,078
Other income and gains	*5*	**151,137**	44,500
Other expense and losses		**(14,574)**	(10,968)
Selling and distribution expenses		**(30,189)**	(22,352)
Administrative expenses		**(89,546)**	(79,540)
Research and development expenses		**(40,040)**	(33,810)
Impairment losses on financial and contract assets		**892**	(11,633)
Share of profits of associates		**30,601**	19,337
Finance costs		**(9,786)**	(9,910)
PROFIT BEFORE TAX	*6*	**386,054**	235,702
Income tax expenses	*7*	**(37,652)**	(28,309)
PROFIT FOR THE YEAR		**348,402**	207,393
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**348,402**	207,393

	Notes	**2021**	2020
		RMB'000	*RMB'000*
Profit attributable to:			
Owners of the parent	*9*	**348,239**	207,608
Non-controlling interests		**163**	(215)
		348,402	207,393
Total comprehensive income attributable to:			
Owners of the parent		**348,239**	207,608
Non-controlling interests		**163**	(215)
		348,402	207,393
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic (RMB)		**0.35**	0.21
– Diluted (RMB)		**0.35**	0.21

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December 2021

	Notes	**2021** **RMB'000**	2020 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**590,267**	401,486
Investment properties		**10,271**	11,079
Goodwill		**147,957**	–
Other intangible assets		**650,714**	697,656
Receivables under service concession arrangement	*10*	**316,691**	340,038
Investments in associates		**80,101**	69,952
Long term receivable		**45,548**	42,620
Contract assets		**202,027**	21,459
Amounts due from related parties		**138,852**	139,296
Deferred tax assets		**33,158**	34,591
Other non-current assets		**98,606**	42,604
Total non-current assets		**2,314,192**	1,800,781
CURRENT ASSETS			
Receivables under service concession arrangement	*10*	**24,865**	27,376
Debt instruments at fair value through other comprehensive income		**284,168**	199,501
Inventories		**29,549**	27,685
Equity instrument at fair value through profit or loss		**178,771**	45,599
Contract assets		**240,308**	126,091
Trade receivables	*11*	**885,420**	675,852
Prepayments, deposits and other receivables		**157,426**	217,944
Amounts due from related parties		**177,547**	132,251
Pledged time deposits and bank balances		**142,009**	92,904
Cash and cash equivalents		**342,958**	519,128
Total current assets		**2,463,021**	2,064,331

	Notes	**2021** *RMB'000*	2020 *RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	*12*	**1,136,336**	947,781
Other payables, deposits received and accrued expenses		**392,200**	227,655
Contract liabilities		**116,197**	71,873
Income tax payable		**26,222**	25,224
Interest-bearing bank and other borrowings		**82,566**	15,335
Lease liabilities		**3,264**	3,879
Amounts due to related parties		**15,701**	7,606
Total current liabilities		**1,772,486**	1,299,353
NET CURRENT ASSETS		**690,535**	764,978
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,004,727**	2,565,759
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**83,399**	63,956
Lease liabilities		**35,020**	33,871
Deferred tax liabilities		**28,942**	17,114
Contingent consideration		**10,060**	–
Long term payable		**99,420**	–
Total non-current liabilities		**256,841**	114,941
Net assets		**2,747,886**	2,450,818
EQUITY			
Equity attributable to owners of the parent			
Share capital		**67**	67
Treasury shares		**(1)**	(1)
Other reserves		**2,741,045**	2,451,841
		2,741,111	2,451,907
Non-controlling interests		**6,775**	(1,089)
TOTAL EQUITY		**2,747,886**	2,450,818

1. CORPORATE AND GROUP INFORMATION

China Boqi Environmental (Holding) Co., Ltd. was incorporated as an exempted company with limited liability in the Cayman Islands on 30 January 2015 and its shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 16 March 2018. The addresses of the registered office of the Company and principal place of business of the Company and its subsidiaries are disclosed in the section headed "Corporate Information" in the annual report.

The Company is an investment holding company. During the year, the Group was involved in the following principal activities:

- Flue gas treatment business
- Water treatment business
- Hazardous and solid waste treatment/disposal service
- Energy saving and environmental protection business

In the opinion of the directors of the Company, there is no single entity could be considered as the ultimate holding company.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
CBEE Holdings Co., Ltd. ("CBEE")*	BVI	–	100%	–	Investment holding
Beijing Shengyi Tiancheng Environmental SCI-TECH Co., Ltd. ("Beijing Shengyi")*	PRC/ Mainland China	RMB521,500,000	100%	–	Investment holding
Beijing Bosheng Environmental SCI-TECH Co., Ltd. ("Beijing Bosheng")	PRC/ Mainland China	RMB10,000,000	–	100%	Investment holding
Beijing Boqi Electric Power SCI-TECH Co., Ltd. ("Beijing Boqi")	PRC/ Mainland China	RMB550,000,000	–	100%	Environmental protection facilities engineering, operation and maintenance services
Jiangxi Jinggangshan Boqi Environmental Technology Co., Ltd.	PRC/ Mainland China	RMB81,000,000	–	100%	Concession operation services

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Shanxi Puzhou Boqi Environmental Technology Co., Ltd.	PRC/ Mainland China	RMB55,000,000	–	100%	Concession operation services
Shanxi Hejin Boqi Environmental Technology Co., Ltd.	PRC/ Mainland China	RMB25,000,000	–	100%	Concession operation services
Anhui Nengda Fuel Co., Ltd.	PRC/ Mainland China	RMB20,000,000	–	100%	Sale of coal and chemicals
Shanxi Bo Yuan Qi Cheng Environmental Equipment Service Co., Ltd.	PRC/ Mainland China	RMB10,000,000	–	100%	Operation and maintenance services
Changjizhou Boqi Environmental Technology Co., Ltd.	PRC/ Mainland China	RMB140,000,000	–	100%	Environmental protection facility engineering, operation and maintenance services, concession operation services
Beijing Boqi Environmental Remediation Tech Co., Ltd.	PRC/ Mainland China	RMB3,000,000	–	60%	Technology services, engineering and exploration services
Huainan Boqi Environmental Technology Co., Ltd.	PRC/ Mainland China	RMB50,000,000	–	100%	Environmental protection facility engineering, operation and maintenance services
Laibin Boqi Environmental Technology Co., Ltd.	PRC/ Mainland China	RMB80,000,000	–	100%	Environmental protection facility engineering, operation and maintenance services
Changzhi Boqi Environmental Technology Co., Ltd.	PRC/ Mainland China	RMB128,000,000	–	100%	Water Treatment Business
Tangshan Boqi Environmental Technology Co., Ltd.	PRC/ Mainland China	RMB30,000,000	–	100%	Hazardous and solid waste treatment/disposal service
Handan Boqi Environmental Technology Co., Ltd.	PRC/ Mainland China	RMB75,000,000	–	72%	Energy saving and environmental protection service
Qinghai Boqi Ecological Environmental Technology Co., Ltd. ("Qinghai Boqi")	PRC/ Mainland China	RMB30,000,000	–	95%	Hazardous and solid waste treatment/disposal service

* Except for CBEE and Beijing Shengyi, all of the above subsidiaries are indirectly held by the Company.

The above table lists the subsidiaries of the Company which, in the opinion of the Directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") (which include all IFRSs, International Accounting Standards ("IASs") and Interpretations) issued by the International Accounting Standards Board ("IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for debt investments,contingent consideration and equity investments which have been measured at fair value. These consolidated financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2021. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	*Interest Rate Benchmark Reform – Phase 2*
Amendment to IFRS 16	*Covid-19-Related Rent Concessions beyond 30 June 2021* (early adopted)

The nature and the impact of the revised IFRSs are described below:

(a) Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 address issues not dealt with in the previous amendments which affect financial reporting when an existing interest rate benchmark is replaced with an alternative risk-free rate ("RFR"). The amendments provide a practical expedient to allow the effective interest rate to be updated without adjusting the carrying amount of financial assets and liabilities when accounting for changes in the basis for determining the contractual cash flows of financial assets and liabilities, if the change is a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis immediately preceding the change. In addition, the amendments permit changes required by the interest rate benchmark reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued. Any gains or losses that could arise on transition are dealt with through the normal requirements of IFRS 9 to measure and recognise hedge ineffectiveness. The amendments also provide a temporary relief to entities from having to meet the separately identifiable requirement when an RFR is designated as a risk component. The relief allows an entity, upon designation of the hedge, to assume that the separately identifiable requirement is met, provided the entity reasonably expects the RFR risk component to become separately identifiable within the next 24 months. Furthermore, the amendments require an entity to disclose additional information to enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy.

The Group's interest-bearing bank borrowings were denominated in Renminbi as at 31 December 2021. Since the interest rates of these borrowings were not replaced by RFRs during the year ended 31 December 2021, the amendments did not have any impact on the financial position and performance of the Group.

(b) Amendment to IFRS 16 issued in March 2021 extends the availability of the practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the covid-19 pandemic by 12 months. Accordingly, the practical expedient applies to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met. The amendment is effective retrospectively for annual periods beginning on or after 1 April 2021 with any cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of retained profits at the beginning of the current accounting period. Earlier application is permitted.

The Group has early adopted the amendment on 1 January 2021. However, the Group has not received covid-19-related rent concessions and plans to apply the practical expedient when it becomes applicable within the allowed period of application.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has four reportable operating segments as follows:

(a) Flue gas treatment business

EPC	project design, procurement of equipment and materials, project construction and equipment installment and commissioning services
O&M	operation service and regular maintenance service for desulfurisation and denitrification facilities and dust removal facilities
Concession operation	construction of infrastructure or acquisition of existing infrastructure from grantor, operation and maintenance of flue gas treatment project for a pre-defined period according to the concession contract and transferring the ownership of the infrastructure to the grantor at the end of the period
Others	sales of by-products and others

(b) Water treatment business mainly involves the sewage treatment for industrial parks in coal chemical, coking and steel sectors

(c) Hazardous and solid waste treatment/disposal business mainly involved in the detoxification, reduction and resource treatment and disposal of bulk solid waste and industrial hazardous waste

(d) Energy saving and environmental protection business mainly involves project engineering and design, procurement of equipment and materials, project construction, equipment installation and commissioning services

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the year ended 31 December 2021 (2020: nil).

	Segment revenue ***(Note 4)***		**Segment profit**	
	2021	2020	**2021**	2020
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Flue gas treatment business				
EPC	**715,703**	530,214	**50,976**	5,227
O&M	**394,927**	384,210	**91,757**	78,652
Concession operation	**582,157**	587,975	**138,071**	183,816
Others	**58,802**	28,055	**58,584**	27,834
Water treatment business	**100,286**	90,695	**36,815**	43,940
Hazardous and solid waste treatment/disposal business	**20,062**	–	**4,386**	–
Energy saving and environmental protection business	**220,235**	24,982	**6,970**	609
Total	**2,092,172**	1,646,131	**387,559**	340,078
Unallocated other income and gains			**151,137**	44,500
Unallocated other expense and losses			**(14,574)**	(10,968)
Unallocated selling and distribution expenses			**(30,189)**	(22,352)
Unallocated administrative expenses			**(89,546)**	(79,540)
Unallocated research and development expenses			**(40,040)**	(33,810)
Unallocated impairment losses on financial and contract assets			**892**	(11,633)
Unallocated share of profits of associates			**30,601**	19,337
Unallocated finance costs			**(9,786)**	(9,910)
Profit before tax			**386,054**	235,702

Other segment information

	Total depreciation and amortisation	
	2021	2020
	RMB'000	*RMB'000*
Depreciations and amortisations presented in cost of sales and services		
Flue gas treatment business		
EPC	**52**	1,025
O&M	**8,195**	7,069
Concession operation	**57,867**	71,809
Water treatment business	**15,601**	16,061
Hazardous and solid waste treatment/disposal business	**2,182**	–
Sub-total	**83,897**	95,964
Unallocated depreciations and amortisations		
Other than those presented in cost of sales and services	**16,214**	6,531
Total	**100,111**	102,495

Geographical information

The Group primarily operates in PRC. Substantially all non-current assets and revenue of the Group are located in and generated from PRC.

Information about a major customer

There is no customer contributing over 10% to the total revenue of the Group in 2021 and 2020.

4. REVENUE

An analysis of revenue is as follows:

	2021	2020
	RMB'000	*RMB'000*
Revenue from contracts with customers	**2,068,258**	1,620,964
Revenue from other sources		
Interest income generated from service concession arrangement	**23,914**	25,167
	2,092,172	1,646,131

Revenue from contracts with customers

(a) Disaggregation of revenue

For the year ended 31 December 2021

	Flue gas treatment business				Water treatment business	Hazardous and solid waste treatment/ disposal business	Energy saving and environmental protection business	Total
	EPC	O&M	Concession operation	Others				
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods and services								
Rendering of services	715,703	394,927	558,243	–	100,286	20,062	220,235	2,009,456
Sales of goods	–	–	–	58,802	–	–	–	58,802
Total revenue from contracts with customers	715,703	394,927	558,243	58,802	100,286	20,062	220,235	2,068,258
Geographical market								
Mainland China	715,703	394,927	558,243	58,802	100,286	20,062	220,235	2,068,258
Total revenue from contracts with customers	715,703	394,927	558,243	58,802	100,286	20,062	220,235	2,068,258
Timing of revenue recognition								
Services transferred over time	715,703	394,927	558,243	–	100,286	20,062	220,235	2,009,456
Goods transferred at a point in time	–	–	–	58,802	–	–	–	58,802
Total revenue from contracts with customers	715,703	394,927	558,243	58,802	100,286	20,062	220,235	2,068,258

For the year ended 31 December 2020

	Flue gas treatment business				Water treatment business	Energy saving and environmental protection business	Total
	EPC	O&M	Concession operation	Others			
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods and services							
Rendering of services	530,214	384,210	562,808	–	90,695	24,982	1,592,909
Sales of goods	–	–	–	28,055	–	–	28,055
Total revenue from contracts with customers	530,214	384,210	562,808	28,055	90,695	24,982	1,620,964
Geographical market							
Mainland China	530,214	384,210	562,808	28,055	90,695	24,982	1,620,964
Total revenue from contracts with customers	530,214	384,210	562,808	28,055	90,695	24,982	1,620,964
Timing of revenue recognition							
Services transferred over time	530,214	384,210	562,808	–	90,695	24,982	1,592,909
Goods transferred at a point in time	–	–	–	28,055	–	–	28,055
Total revenue from contracts with customers	530,214	384,210	562,808	28,055	90,695	24,982	1,620,964

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	2021	2020
	RMB'000	*RMB'000*
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Rendering of services	**60,952**	51,276

5. OTHER INCOME AND GAINS

	2021	2020
	RMB'000	*RMB'000*
Gains on fair value changes of financial asset at fair value through profit or loss	**106,362**	–
Interest income	**15,660**	14,666
Gains on disposal of equity investments at fair value through profit or loss	**4,586**	–
Dividend income from equity investments at fair value through profit or loss	**4,423**	1,238
Government grants	**3,446**	15,294
– Taxes refunded	**2,581**	14,171
– Compensation for expenses incurred	**865**	1,123
Other operating income and expense, net	**1,557**	3,267
Gains on disposal of an investment in an associate	**1,101**	–
Gains on disposal of non-current assets	**153**	44
Others	**13,849**	9,991
Total	**151,137**	44,500

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2021	2020
	RMB'000	*RMB'000*
Cost of inventories recognised as expenses (included in cost of sales and services)	**763,923**	494,255
Depreciation of property, plant and equipment	**35,620**	39,843
Depreciation of investment properties	**808**	635
Amortisation of intangible assets*	**57,169**	60,726
Amortisation of other non-current assets	**6,514**	1,291
	100,111	102,495
Auditor's remuneration	**2,706**	2,528
Employee benefit expense (excluding directors' and chief executive's remuneration:		
Wages, salaries and other benefits	**207,420**	187,645
Contributions to retirement benefit scheme	**17,017**	8,784
(Reversal of)/share-based payment expenses	**4,524**	(1,728)
	228,961	194,701
Impairment of financial and contract assets:		
(Reversal of)/impairment of trade receivables	**(5,382)**	15,694
Impairment/(reversal of impairment) of other receivables	**859**	(409)
Impairment of long term receivable	**1,072**	1,128
Impairment/(reversal of impairment) of contract assets	**1,915**	(2,743)
Reversal of amounts due from related parties	**(1,735)**	(2,279)
Impairment of receivables under service concession arrangement	**2,379**	242
	(892)	11,633
Provisions for inventory	**160**	979
Impairment of other non-current assets	**3,513**	7,027
Impairment of property, plant and equipment	**479**	–
Gross rental income from investment properties	**(582)**	(747)
Less: Direct operating expense (including depreciation) incurred for investment properties that generated rental income during the year (included in other operating income and expense, net)	**808**	634
	226	(113)
Share of profits of associates	**(30,601)**	(19,337)

* The amortisation of intangible assets for the year are included in "Cost of sales and services" in profit or loss.

7. INCOME TAX EXPENSE

PRC income tax has been provided at the rate of 25% (2020: 25%) on the estimated assessable profits arising in PRC during the year.

	2021	2020
	RMB'000	*RMB'000*
Current income tax	**29,519**	23,598
Deferred income tax	**8,133**	4,711
Tax charge for the year	**37,652**	28,309

8. DIVIDENDS

	2021	2020
	RMB'000	*RMB'000*
Proposed Final – HK7.40 cents (2020: HK7.40 cents) per ordinary share	**60,347**	62,073

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculations of basic and diluted earnings per share are based on:

	2021	2020
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic/diluted earnings per share calculation	**348,239**	207,608

	Number of shares	
	2021	2020
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**995,113,089**	993,228,799
Effect of dilution – weighted average number of ordinary shares		
Award Share Scheme	**5,584,290**	4,106,358
Share Option Scheme	**169,196**	–
	1,000,866,575	997,335,157

10. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENT

	2021	2020
	RMB'000	*RMB'000*
Current portion	**24,865**	27,376
Non-current portion	**316,691**	340,038
	341,556	367,414
Expected collection schedule is analysed as follows:		
Within one year	**24,865**	27,376
More than one year, but not more than two years	**24,079**	22,879
More than two years but not more than five years	**81,839**	77,757
More than five years	**210,773**	239,402
	341,556	367,414

11. TRADE RECEIVABLES

	2021	2020
	RMB'000	*RMB'000*
Trade receivables	**921,266**	711,491
Less: Allowance for credit losses	**(35,846)**	(35,639)
	885,420	675,852

The Group generally grants credit periods of 30 to 90 days which are agreed with each of its trade customers. The extension of credit periods to the customers may be granted on a discretionary basis by considering customer type, the current creditworthiness and the customer's financial condition and payment history with the Group.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2021	2020
	RMB'000	*RMB'000*
1 – 90 days	**497,717**	450,943
91 – 180 days	**107,758**	80,692
181 – 365 days	**140,689**	28,909
1 – 2 years	**96,172**	85,051
2 – 3 years	**23,470**	16,489
Over 3 years	**19,614**	13,768
	885,420	675,852

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

	2021	2020
	RMB'000	*RMB'000*
At beginning of year	**35,639**	19,945
Allowance for trade receivables	**–**	15,694
Acquisition of a subsidiary	**7,273**	–
Reversal of impairment losses	**(5,382)**	–
Write-off as uncollectible	**(1,684)**	–
At end of year	**35,846**	35,639

12. TRADE AND BILLS PAYABLES

	2021	2020
	RMB'000	*RMB'000*
Bills payables	**303,862**	232,302
Trade payables	**832,474**	715,479
Total	**1,136,336**	947,781

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

	2021	2020
	RMB'000	*RMB'000*
1 – 90 days	**466,320**	377,659
91 – 180 days	**277,646**	217,288
181 – 365 days	**113,611**	65,344
1 – 2 years	**107,132**	119,547
2 – 3 years	**71,447**	54,710
Over 3 years	**100,180**	113,233
	1,136,336	947,781

The trade payables are non-interest-bearing and are normally settled on 30-90 day terms.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a green ecological governance enterprise that provides comprehensive services for flue gas treatment, industrial wastewater treatment, hazardous and solid waste treatment/disposal and energy saving and environmental protection to industrial enterprises and cities. We are customer-oriented, with the goal of achieving carbon neutrality and meeting customer needs as our mission. The Group has been striving to grasp the development trends of the national environmental protection industry with a vision of "letting everyone live under the blue sky and white clouds", and strives to develop into a world-class environmental industry group, making positive contributions to the environmental protection and the construction of ecological civilization in China and the world.

1. Industry Overview

The year of 2021 marks the beginning of the 14th Five-Year Plan, it is also the sailing year of embarking on a new journey toward fully building a modern socialist China. In the aftermath of the pandemic, the prevention and control on the pandemic has resulted in a stabilized and improved situation. As such, social production has gradually got back to the right track and investment, consumption and exports have all shown a good recovery trend. Under the new development paradigm, policies on environmental protection industry have been introduced intensively. With the in-depth implementation of the sustainable development strategy in the country, fulfilling the requirements for consolidating the results of the efforts for the protection of blue sky, clear water and pure land will bring huge opportunities to the environmental protection industry.

On 4 January 2021, the National Development and Reform Commission and other departments issued the "Guiding Opinion on Promoting Resources Utilization of Sewage", proposing to systematically carry out resources utilization of sewage in urban, industrial, agricultural and rural areas. Focusing on water-deficient areas and water environment sensitive areas, the authorities have made breakthrough in resources utilization of urban domestic sewage, which are mainly utilized in various industries and ecological water supplement. Besides, the authorities have made great efforts on top-level design, enhancing overall coordination, improving policies and measures, strengthening supervision and management and carrying out pilot demonstrations, in order to promote high-quality development of resources utilization of sewage in the country.

On 18 March 2021, the National Development and Reform Commission and nine other departments issued the "Guiding Opinion on the 14th Five-Year Plan for Comprehensive Utilization of Bulk Solid Waste". Bulk solid waste is the core area of comprehensive utilization of resources due to its large volume and wide area, prominent environmental impact and broad utilization prospects. Promoting the comprehensive utilization of bulk solid waste is of great significance to enhancing resources utilization efficiency, improving environmental quality, and promoting the comprehensive green transformation of the economic and social development.

On 1 July 2021, the National Development and Reform Commission issued the "14th Five-Year Plan for the Development of the Circular Economy", proposing that it will vigorously develop the circular economy, promote the economical and intensive utilization of resources, and build a resource recycling industrial system and a circular utilization system of waste materials. By 2025, a resource recycling industrial system and a circular utilization system of waste materials covering the whole society will be basically established in the country, thus the resources utilization efficiency will be greatly enhanced and the replacement ratio of renewable resources to primary resources will be further increased. With the acceleration of the development of the renewable resources industry, the market space is rapidly opening up and related enterprises will also usher in a period of rapid growth.

On 24 October 2021, the State Council issued the "Opinion on Completely, Accurately and Fully Implementing the New Development Concept and Effectively Carrying Out Carbon Peaking and Carbon Neutralization Efforts", formulating a systematic planning and overall deployment for the important work of carbon peaking and carbon neutrality. According to the opinion, by 2030, remarkable achievements will be made in the comprehensive green transformation of the economic and social development, and the energy utilization efficiency of key energy-consuming industries will reach the international advanced level. By 2060, it is expected that a green and low-carbon economic system and a clean, low-carbon, safe and efficient energy system will be fully established, thereby the energy utilization efficiency will reach the international advanced level, with the proportion of non-fossil energy consumption reaching over 80%.

On 2 November 2021, the State Council issued the "Opinion on Intensifying the Efforts of Pollution Prevention and Control", focusing on key industries and fields that have clearly benefited from the synergistic effect of pollution abatement and carbon reduction, and clarifying the key tasks for promoting green and low-carbon development. The opinion proposes to promote the clean and low-carbon transformation of energy, as well as to accelerate the pace of coal and carbon reduction and implement renewable energy alternative measures on the premise of ensuring energy security.

2. Business Review

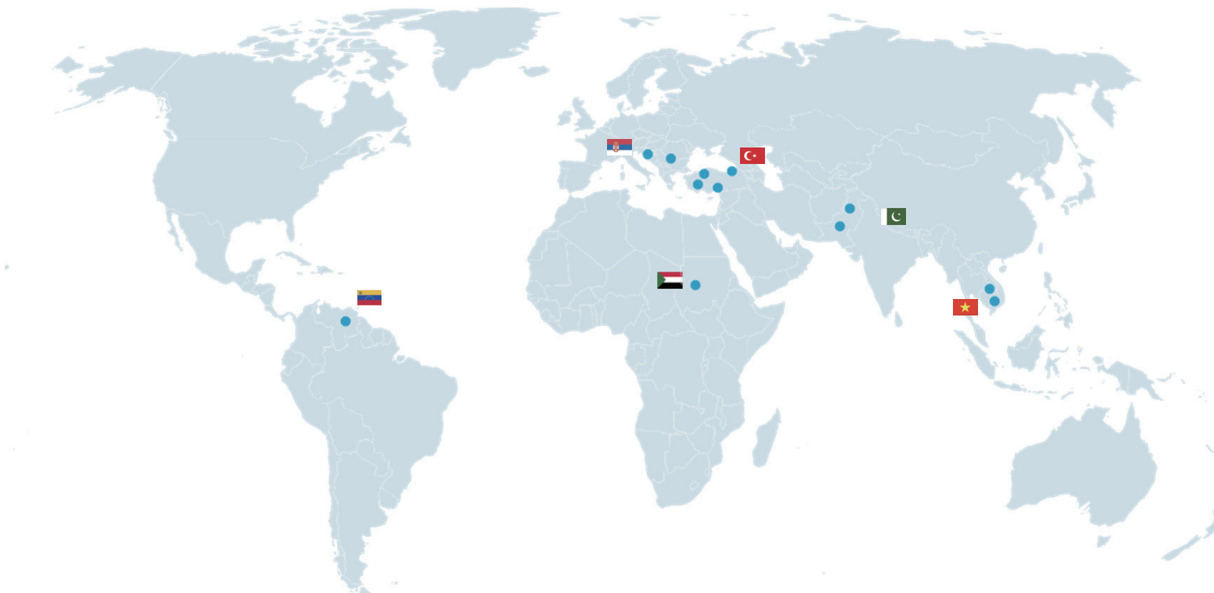
In the first year of the "14th Five-Year Plan", the Group has always maintained its strategic positioning, deeply explored the potential comprehensive environmental protection needs of high-quality large-scale customers, and enhanced the synergy between the four business segments of the Group. During the Reporting Period, we further increased investment in the development of industrial wastewater treatment and hazardous solid waste treatment/disposal, fully leveraged the Group's capital advantages to successfully build the Group's first demonstration project of industrial wastewater zero-discharge, and completed its first acquisition of a hazardous solid waste landfill project, thereby realizing a leap-forward strategic deployment in this field. On the other hand, we continued to steadily promote the development of the flue gas treatment segment, continuously expanded customer resources in non-electrical fields, and successfully expanded into the market in the industry of refining, chemical and building materials. Besides, the energy saving and environmental protection business made steady progress, and the first waste heat power generation project was progressing smoothly, with its various stages completed on schedule. In the meantime, the Group has also actively formulated plans on the dual-carbon emission reduction business.

At the same time, the Group has continued to promote and improve the refined management work, recruit high-caliber talents, allocate internal resources according to the needs of business development, and continued to improve and formulate multi-level and multi-stage high incentive methods in various business fields, in order to mobilize the initiative of the team and promote the rapid development of the Group's new business, thus achieving the strategic goals of the "14th Five-Year Plan".

As of 31 December 2021, the Group's projects have a broad geographic coverage over China, reaching nearly 30 provinces, municipalities and autonomous regions in China. Meanwhile, the Group has been striving to expand its business overseas, including in Europe, South Asia, Latin America, Africa and Southeast Asia.

The following map shows the distribution of the projects of the Group within the PRC as at 31 December 2021:

The following map shows the distribution of the projects of the Group outside the PRC as at 31 December 2021:



2.1 *Flue Gas Treatment Business*

As a provider of comprehensive green ecological treatment services for the industrial environment, the Group's business of flue gas treatment services is mainly conducted through various business models including EPC, O&M and concession operations (including "**Build-Operate-Transfer**" or "**BOT**", and "**Build-Own-Operate**" or "**BOO**"). During the Reporting Period, we not only developed customer resources in the industry of refining and building materials, but also strengthened the construction of our customer service system, continued to explore the environmental protection needs of flue gas customers in other fields, and promoted the industrial synergy of the four business segments of the Group, which are described as follows:

EPC

EPC business mainly involves providing project design, equipment and materials procurement, project construction and equipment installment services in relation to SO2 or NOx emission control and dust removal for industrial customers such as power plants, steel factories, chemical plants, refining and building material companies. In recent years, with changes in environmental protection policies, the Group has continued to expand the scope of EPC business customers, from the traditional coal-fired power plant flue gas treatment industry to other industries such as petrochemical, steel, gas, electrolytic aluminum, coking, refining and building materials, and has repeatedly achieved remarkable results in the non-electricity market. As of 31 December 2021, the Group added 13 new EPC projects, with a total contract value amounting to approximately RMB751 million.

The following table sets forth the status of the EPC projects under construction as of 31 December 2021:

No.	Environmental protection facility engineering projects under construction	Type of project	Newly built/ upgraded	Date of contract	Aggregate contract value *RMB million*
1	The Project of 265 m^2 Sintering Machine Flue Gas Denitrification Reconstruction of Sintering Plant No. 2 of Jinxi Iron and Steel Co., Ltd. *(Note)*	Denitrification	Upgraded	February 2021	47
2	The Project of Conversion of Liquid Ammonia to Urea in Denitrification Reducing Agent in 2×600MW Unit of Shentou Power Plant	Denitrification	Upgraded	April 2021	27
3	The Project of Environmental Protection Upgrading of No. 5 Sintering Machine and the Project of Machine Head Smoke Ultra-low Emission Treatment of Chengde Branch of Hebei Iron and Steel Co., Ltd.	Desulfurization, denitrification and dust removal	Upgraded	May 2021	66
4	Cancellation and Settlement Agreement for Wet Desulfurization EPC Contract for the New Construction of Shenhua Guohua Beihai Power Plant	Desulfurization	Newly built	June 2021	7
5	132 m^2 Sintering Environmental Protection In-depth Treatment Project of Delong Iron and Steel Co., Ltd.	Denitrification	Newly built	July 2021	28
6	Sintering Plant SCR Denitrification Upgrading Project of Yanshan Iron and Steel Co., Ltd.	Denitrification	Upgraded	July 2021	104
7	Flue Gas Denitrification Upgrading Project of No. 4 Sintering Plant of Jinxi Iron and Steel Co., Ltd.	Denitrification upgrading	Upgraded	July 2021	12
8	230 m^2 Sintering Environmental Protection In-depth Treatment Project of Sintering Plant of Delong Iron and Steel Co., Ltd.	Denitrification	Newly built	August 2021	36
9	Smelting Workshop Expansion Project and 45-m Bag Filter and Chimney Works of Century Qingshan Nickel Industry Co., Ltd.	Dust removal	Upgraded	September 2021	2
10	EPC General Contracting Project for Sintering Machine Flue Gas Purification Device relating to the Integrated Project of Removing the Old District of HBIS Hansteel from Urban Area of Handan Iron and Steel Group Co., Ltd.	Desulfurization, denitrification and dust removal	Newly built	November 2021	130
11	Serbia Phase II Desulfurization EP Project Supplementary Agreement	Desulfurization	Newly built	November 2021	44

No.	Environmental protection facility engineering projects under construction	Type of project	Newly built/ upgraded	Date of contract	Aggregate contract value *RMB million*
12	Power Center Desulfurization Device PC General Contracting Project under the Yulong Island Refining and Chemical Integration Project (Phase I) of Shandong Yulong Petrochemical Co., Ltd.	Desulfurization	Newly built	December 2021	234
13	Second Line Cement Kiln Denitrification Upgrading Project of Tianjin Jinyu Zhenxing	Denitrification	Upgraded	December 2021	14

Note: The aggregate contract value increased by RMB5 million as compared with the aggregate contract value disclosed in the 2021 Interim Report because the Company signed a supplementary agreement in July 2021.

O&M

O&M services mainly includes operation services, regular maintenance services for desulfurization, denitrification and dust removal facilities owned by the customers. Under the O&M projects, our customers are either charged (i) service fees based on the total amount of on-grid electricity generated during the service period, or (ii) a fixed price determined based on the pre-agreed scope of work. Revenues from the O&M business can be a sustainable one, generating stable cash flow for the Group.

As of 31 December 2021, the Group had a total of 24 O&M projects under operation, covering industrial sectors such as thermal power, steel and chemical, which have operated consistently with their emissions in compliance with required standards, providing a stable source for business growth of the Group.

The following table sets forth the installed capacities and status of the O&M projects of the Group under operation as of 31 December 2021:

No.	Project name	Type of project	Starting date of service *(Month/Year)*	Expiring date of service contract *(Month/Year)*	Installed capacity
1	Yangcheng #1-6 Unit Flue Gas Desulfurization O&M Project	Desulfurization and dust removal	July 2018	December 2022	6×350MW
2	Yangcheng #7-8 Unit Flue Gas Desulfurization O&M Project	Desulfurization, dust removal and slag removal	June 2018	December 2022	2×600MW
3	Qinzhou Desulfurization O&M Project	Desulfurization	July 2015	June 2024	2×630MW+ 2×1000MW
4	Jingjiang Flue Gas Desulfurization and Dust Removal O&M Project	Desulfurization and dust removal	March 2016	December 2023	2×660MW

No.	Project name	Type of project	Starting date of service *(Month/Year)*	Expiring date of service contract *(Month/Year)*	Installed capacity
5	Yangxi Flue Gas Desulfurization and Denitrification O&M Project	Desulfurization and denitrification	January 2017	December 2025	2×660MW+ 2×600MW
6	Shouguang Auxiliary Ashing and Sulfurization Control System Entrusted Operation Project	Desulfurization	May 2018	March 2024	2×1000MW
7	Shanyin Phase II Environmental Protection O&M Project	Denitrification, desulfurization and dust removal	June 2018	August 2021	2×350MW
8	Xilinhaote Desulfurization and Denitrification O&M Project	Desulfurization and denitrification	December 2019	December 2021	2×660MW
9	Jinxi Iron and Steel O&M Project	Denitrification, desulfurization and dust removal	March 2019	February 2022	265 m^2 sintering machines
10	Jinxi Special Steel O&M Project	Denitrification, desulfurization and dust removal	March 2019	February 2022	2×210 m^2+ 1×265m^2 sintering machines
11	Denitrification, Desulfurization and Dust Removal O&M Project on 350m^2 Sintering Machines of Tianjin Iron Plant	Denitrification, desulfurization and dust removal	November 2019	November 2022	350 m^2 sintering machines
12	Denitrification O&M Project on 360m^2 Sintering Machines of Tianjin Iron Plant (3 years)	Denitrification	December 2019	November 2022	360 m^2 sintering machines
13	Flue Gas Denitrification, Desulfurization and Dust Removal O&M Project on 4×65 Hole 6.05m Stamp Charging Coke Oven of Shanxi Lubao Group's Jingang Zhaofeng Coal Chemical Company	Denitrification, desulfurization and dust removal	December 2019	July 2021 *(Note 1)*	4×65 hole 6-05m stamp charging
14	4×75t/h Boiler Flue Gas Denitrification, Desulfurization and Dust Removal Facility O&M Project of Shanxi Lubao Group's Shanxi Jintao Lubao Chemical Co., Ltd.	Denitrification, desulfurization and dust removal	December 2019	July 2021 *(Note 1)*	4×75t/h
15	2×350 MW Desulfurization System O&M Project of Chengde Construction Investment Company	Desulfurization	September 2020	September 2021	2×350MW
16	Coke Oven Flue Gas Desulfurization, Denitrification and Dust Removal Facility O&M Project of Shanxi Lubao Group Coking Co., Ltd.	Denitrification, desulfurization and dust removal	November 2020	July 2021 *(Note 1)*	7.65m
17	Jinxi White Ash Kiln Denitrification O&M Project	Denitrification	November 2020	May 2021	4×600t/h

No.	Project name	Type of project	Starting date of service *(Month/Year)*	Expiring date of service contract *(Month/Year)*	Installed capacity
18	Desulfurization, Denitrification and Wastewater Zero-discharge System Equipment Maintenance Works under the O&M Project of No. 5 & 6 units of Yangxi Power Plant	Desulfurization, denitrification and wastewater zero-discharge	January 2022	August 2027	2×1240MW
19	2×300 MW + 2×350 MW Operation, Inspection, Repair and Maintenance Project of Shanxi Yuguang	Denitrification, desulfurization and dust removal	September 2021	July 2023	2×300MW+ 2×350MW
20	Desulfurization and Denitrification System Contract Operation Project of No. 2 Sintering Plant of Jinxi Iron and Steel Group Co., Ltd.	Denitrification, desulfurization and dust removal	July 2021	June 2024	265 m^2 sintering machines
21	Hegang Chenggang O&M Project *(Note 2)*	Denitrification, desulfurization and dust removal	From the date of uploading the environmental protection information to the Internet	Contract period of 5 years	180 m^2 sintering machines
22	Sintering Machine Flue Gas Purification Device O&M Project relating to the Integrated Project of Removing the Old District of HBIS Hansteel from Urban Area of Handan Iron and Steel Group Co., Ltd. *(Note 2)*	Denitrification, desulfurization and dust removal	From the date of uploading the environmental protection information to the Internet	Contract period of 5 years	435 m^2 sintering machines
23	2×1000MW Desulfurization System O&M Project of SDIC Nanyang	Lime sulfur system	August 2021	August 2023	2×1000MW
24	2×660MW Lime Sulfur and Coal Transportation and Maintenance Project of Panji Power Plant of Huainan Mining *(Note 3)*	Ash and slag removal, desulfurization and denitrification	November 2022	November 2024	2×660MW

Notes:

1. Due to the change in the ownership of customer's main assets, these projects were terminated in July 2021.

2. Such projects are still under construction and the Company has not yet started providing any service. Upon completion of construction, the Company will start to provide O&M services from the date of uploading the environmental protection data to the Internet.

3. The service commencement date of such projects is a tentative date, and the actual commencement date is after the completion of the trial operation of Party A's first unit and its acceptance and handover.

Concession Operation Business

Under the concession operation business model, the Group is responsible for the financing, investment, construction and operation of a project according to its concession contracts with its customers.

In 2021, the Group continued to carry out its concession operation business, including desulfurization, denitrification and green island. As of 31 December 2021, the Group has accumulated eight concession operation projects and all of which have been under operation smoothly, laying a strong foundation for the Group to operate continuously and develop steadily.

The following table sets forth details of the concession operation projects of the Group under operation as of 31 December 2021:

No.	**Project name**	**Installed capacity**	**Type of project**	**Newly built/ Upgraded**	**Total investment** *RMB million*	**Date of signing contract** *(Month/Year)*	**Ending date of concession period** *(Month/Year)*
1	Jiangxi Jinggangshan BOT Project	2×300MW+ 2×660MW	Desulfurization	Newly built	224	January 2008 (for Phase I) August 2008 (for Phase II)	July 2030 (for Phase I) December 2030 (for Phase II)
2	Shanxi Hejin BOT Project	2×350MW	Denitrification	Newly built	90	June 2012	September 2033 (for Unit #1) May 2033 (for Unit #2)
3	Shanxi Puzhou Phase I BOT Project *(Note 1)*	2×300MW	Denitrification	Newly built	84	June 2012	January 2034 (for Unit #1) May 2033 (for Unit #2)
4	Shanxi Puzhou Phase II BOT Project	2×350MW	Desulfurization	Newly built	112	May 2014	End of 2037
5	Xinjiang Shenhuo BOT Project	4×350MW	Green Island	Upgraded	490	June 2017	End of 2032
6	Huainan Guqiao BOT Project	2×330MW	Green Island	Upgraded	173	May 2018	End of 2033
7	Xinjiang Guotai Xinhua BOT Project	2×350MW	Green Island	Upgraded	150	July 2018	June 2028

No.	Project name	Installed capacity	Type of project	Newly built/ Upgraded	Total investment *RMB million*	Date of signing contract *(Month/Year)*	Ending date of concession period *(Month/Year)*
8	Guangxi Laibin Desulfurization, Denitrification and Dust Removal BOO Project	2×300MW	Green Island	Upgraded	281	December 2018	End of 2033
9	Shanxi Yuguang BOT Project *(Note 2)*	2×300MW	Green Island	Upgraded	82	May 2015	31 August 2021

Notes:

1. Shanxi Puzhou Phase I BOT Project is currently under negotiation of being repurchased by the owner, and the related BOT business has been suspended.

2. Shanxi Yuguang Project is currently under negotiation of being repurchased by the owner, and a framework agreement for terminating the BOT Project and the repurchase of assets was signed and the agreed termination date of BOT services was 31 August 2021.

2.2 Water Treatment Business

During the Reporting Period, the Sewage Treatment Center of Shanxi Lubao Industrial Park in China ("**Lubao Sewage Treatment Center**"), the Group's industrial wastewater treatment project, was operating smoothly, providing continuous solid support for the Group's performance. In 2020, the Group made additional investments on the construction of the concentrated water advanced treatment system project of Lubao Sewage Treatment Center, which was successfully put into operation during the Reporting Period, successfully achieving the Group's first strategic goal and layout of near-zero discharge of industrial wastewater. At the end of the Reporting Period, Lubao Sewage Treatment Center has a total investment of RMB450 million. With its comprehensive technical process, leading technology and a complete service chain, Lubao Sewage Treatment Center is able to provide wastewater treatment services for various chemical enterprises in Lubao Industrial Park and a large amount of production water for enterprises in the park to promote the construction of a circular economic system, and promote the economical use of resources, thus playing a good demonstration role.

During the Reporting Period, relying on the demonstration results and rich implementation experience of Lubao Sewage Treatment Center, the Group won the bid for its first wastewater zero-discharge EPC project in the steel industry, its first sewage treatment EPC project in a bearing industrial park, its first wastewater treatment EPC project in the metallurgical industry and its first sewage treatment O&M project in the oil field sector, thus opening up a new prospect for the Group's water treatment business and laying a solid foundation for engineering implementation and performance for the rapid expansion of this business segment.

2.3 Hazardous and Solid Waste Treatment/Disposal Business

During the Reporting Period, the Group obtained the Qinghai Haixi Jingze Hazardous Waste Landfill Project through acquisition, and took a solid step towards the business field of hazardous solid waste treatment/disposal. After two years of great efforts on the oil service and environmental protection sector, the Group has successfully become a qualified supplier in the northwest region of PetroChina, and won the bid for its first project from Sinopec, namely the Drilling Mud Solid Waste Treatment O&M Project in Xinjiang Drilling Area, with a designed processing capacity of 120,000 tons per year, successfully exploiting the new market of environmental protection and hazardous solid waste treatment in the oil services sector. In the field of co-processing of cement kilns, the first phase of the Cooperative Hazardous and Solid Waste Disposal Project of Tangshan Yandong Cement Kiln in China is under construction in an orderly manner. The project is planned to be invested and constructed in two phases. After the completion and operation of the project, the annual processing capacity of hazardous solid waste is expected to reach about 100,000 tons.

2.4 Energy Saving and Environmental Protection Business

During the Reporting Period, the Group signed a contract for the CDQ Waste Heat Power Generation Equipment Supply Project of Shanxi Dongyi Coal Power Aluminum Group Chemical Co., Ltd., in order to further expand the business model and market presence in the field of energy saving and environmental protection. The CDQ Project of Energy Management Contract (EMC) in Tianjin Iron Plant is progressing smoothly. Upon completion of the project, the operation period will reach 10 years which will bring stable income to the Company in the middle and long term.

3. Financial Position and Operating Results

In 2021, after COVID-19 was effectively controlled in China, the economy resumed development and environmental protection policies were introduced intensively. The Group continued to tap potentials and increase efficiency on the market, strived to resolve the risk of high price fluctuations of bulk materials, and gradually implemented new businesses to contribute revenue for the Group. The Company's production and operation have achieved relatively satisfactory results, of which the income and net profit have increased significantly compared with the same period of last year, and the asset structure has maintained in a sound and healthy condition.

Revenue

For the 2021 financial year, the Group's total revenue was RMB2,092 million, representing an increase of 27.1% from RMB1,646 million in the 2020 financial year, mainly due to the following reasons: (i) the pandemic situation in the country was effectively controlled in 2021 and the EPC projects which were temporarily suspended in 2020 due to the impact of the pandemic resumed operation in 2021, resulting in an increase in revenue from flue gas treatment business over the same period of last year; (ii) the Tiantie CDQ Project which was signed in the second half of 2020 was mainly constructed in 2021, resulting in a significant increase of revenue from the energy saving and environmental protection business over the same period of last year; and (iii) revenue from hazardous and solid waste treatment/disposal business was newly generated, compared with the same period of last year.

The Group generates revenue primarily from four operating segments: (i) flue gas treatment, (ii) water treatment; (iii) hazardous and solid waste treatment/disposal business; and (iv) energy saving and environmental protection. The following table sets forth a breakdown of the revenue of the Group by segment for the periods indicated.

	Segment revenue	
	Year ended 31 December	
	2021	2020
	RMB'000	*RMB'000*
Flue gas treatment business	**1,751,589**	1,530,454
EPC	**715,703**	530,214
O&M	**394,927**	384,210
Concession Operation	**582,157**	587,975
Of which: Construction	**39,439**	24,025
Operation	**542,718**	563,950
Others	**58,802**	28,055
Water treatment business	**100,286**	90,695
Hazardous and solid waste treatment/disposal business	**20,062**	–
Energy saving and environmental protection business	**220,235**	24,982
Total	**2,092,172**	1,646,131

For the 2021 financial year, revenue generated from the Group's flue gas treatment business segment was as follows:

- Revenue from EPC business was RMB716 million, representing an increase of 35.1% as compared with RMB530 million for the 2020 financial year. The main reason of the increase was that the pandemic situation in the country was effectively controlled in 2021 and the EPC projects which were temporarily suspended in 2020 due to the impact of the pandemic resumed operation in 2021;

- Revenue from O&M business was RMB395 million, representing an increase of 2.9% as compared with RMB384 million for the 2020 financial year. Due to its stable operation, the O&M business achieved a slight growth over the same period of last year; and

- Revenue from concession operation business remained relatively stable at RMB582 million and RMB588 million for the 2021 and 2020 financial year, respectively.

For the 2021 financial year, revenue from water treatment business segment was RMB100 million, representing an increase of 9.9% as compared with RMB91 million for the 2020 financial year, mainly due to the addition of the industrial waste water treatment EPC projects.

For the 2021 financial year, revenue from the Group's hazardous and solid waste treatment/disposal business segment was RMB20 million, mainly attributable to the revenue contributed from its newly added projects.

For the 2021 financial year, revenue from the Group's energy saving and environmental protection business segment was RMB220 million, representing an increase of 780.0% as compared with RMB25 million for the 2020 financial year. The main reason of the increase was that the Tiantie CDQ Project which was signed in the second half of 2020 was mainly constructed in 2021.

Cost of Sales and Services

For 2021 financial year, the Group's cost of sales and services was RMB1,705 million, representing an increase of 30.6% as compared with RMB1,306 million for the 2020 financial year, mainly attributable to the following: (i) the pandemic situation in the country was effectively controlled in 2021 and the EPC projects which were temporarily suspended in 2020 due to the impact of the pandemic resumed operation in 2021; (ii) the Tiantie CDQ Project which was signed in the second half of 2020 was mainly constructed in 2021, resulting in a significant increase of cost from the energy saving and environmental protection business over the same period of last year; and (iii) cost from hazardous and solid waste treatment/disposal business was newly incurred, while there was no such cost in the same period of last year.

For the 2021 financial year, the cost of sales and services of the Group's flue gas treatment business segment was as follows:

- The cost of sales and services for EPC amounted to RMB665 million, representing an increase of 26.7% as compared with RMB525 million for the 2020 financial year. The main reason of the increase was that the pandemic situation in the country was effectively controlled in 2021 and the EPC projects which were temporarily suspended in 2020 due to the impact of the pandemic resumed operation in 2021;

- The cost of sales and services for O&M remained relatively stable at RMB304 million and RMB306 million for the 2021 and 2020 financial year, respectively; and

- The cost of sales and services for concession operation amounted to RMB444 million, representing an increase of 9.9% as compared with RMB404 million for the 2020 financial year, mainly attributable to (i) the increase in the unit consumption of electricity for bulk materials and production arising from changes in coal quality; and (ii) the increase in prices of bulk materials.

For the 2021 financial year, the cost of sales and services for water treatment business amounted to RMB63 million, representing an increase of 34.0% as compared with RMB47 million for the 2020 financial year, mainly due to (i) the addition of EPC projects for the water treatment business; and (ii) increase in the dosage of chemicals due to changes in water quality during the Reporting Period.

For the 2021 financial year, the cost of hazardous and solid waste treatment/disposal business was RMB16 million, while there was no such cost from hazardous and solid waste treatment/ disposal business in the same period of last year.

For the 2021 financial year, the cost of sales and services for energy saving and environmental protection business was RMB213 million, representing an increase of 787.5% as compared with RMB24 million for the 2020 financial year. The main reason of the increase of cost was that the Tiantie CDQ Project which was signed in the second half of 2020 was mainly constructed in 2021.

Gross Profit and Gross Profit Margin

For the 2021 financial year, the gross profit of the Group was RMB388 million, representing an increase of 14.1% as compared with RMB340 million for the 2020 financial year; and gross profit margin was 18.5%, representing a decrease of 2.2 percentage points over the 2020 financial year, mainly attributable to (i) the increased proportion of revenue from EPC projects which had relatively lower gross profit margin; (ii) the rise in the price of bulk materials; and (iii) the relatively lower gross profit margin of the Tiantie CDQ Waste Heat Power Generation Project during its construction period.

The following table sets forth the Group's gross profit and gross profit margin for each of the business segments for the years indicated:

	Year ended 31 December 2021		Year ended 31 December 2020	
	RMB'000	***Gross Profit Margin %***	*RMB'000*	*Gross Profit Margin %*
Flue Gas Treatment Business				
EPC	**50,976**	**7.1**	5,227	1.0
O&M	**91,757**	**23.2**	78,652	20.5
Concession Operation	**138,071**	**23.7**	183,816	31.3
Of which: Construction	**817**	**2.1**	648	2.7
Operation	**137,254**	**25.3**	183,168	32.5
Others	**58,584**	**99.6**	27,834	99.2
Water Treatment Business	**36,815**	**36.7**	43,940	48.4
Hazardous and Solid Waste Treatment/Disposal Business	**4,386**	**21.9**	–	–
Energy Saving and Environmental Protection Business	**6,970**	**3.2**	609	2.4
Total	**387,559**	**18.5**	340,078	20.7

For the 2021 financial year, the gross profit of the Group's flue gas treatment business segment was as follows:

- The gross profit of EPC business amounted to RMB51 million, representing an increase of 920.0% as compared with RMB5 million for the 2020 financial year. The main reason was that the pandemic situation in the country was effectively controlled in 2021 and the EPC projects which were temporarily suspended in 2020 due to the impact of the pandemic resumed operation, resulting in a significant increase in revenue from EPC business in 2021;

- The gross profit of the O&M business was RMB92 million, representing an increase of 16.5% as compared with RMB79 million for the 2020 financial year, mainly attributable to (i) one-off cost compensation for the implementation of some O&M projects during the Reporting Period; and (ii) an increase in gross profit resulting from the contribution of new projects; and

- The gross profit of the concession operation business amounted to RMB138 million, representing a decrease of 25.0% as compared with RMB184 million for the 2020 financial year, mainly attributable to (i) the increase in the unit consumption of electricity for bulk materials and production arising from changes in coal quality; and (ii) the increase in cost of sales and services resulting from rising prices of bulk materials.

For the 2021 financial year, the gross profit of the Group's water treatment business segment amounted to RMB37 million, representing a decrease of 15.9% as compared with RMB44 million for the 2020 financial year, mainly attributable to the cost increase arising from an increase in the dosage of chemicals due to changes in water quality during the Reporting Period, thus resulting in a decrease in gross profit.

For the 2021 financial year, the gross profit of the Group's hazardous and solid waste treatment/disposal business segment was RMB4 million, mainly attributable to the contribution from newly added projects.

For the 2021 financial year, the gross profit of the Group's energy saving and environmental protection business segment was RMB7 million, representing an increase of 1,047.5% as compared with RMB0.6 million for the 2020 financial year. The main reason was that the Tiantie CDQ Project which was signed in the second half of 2020 was mainly constructed in 2021, resulting in a significant increase in revenue in 2021.

Other Income and Gains

For the 2021 financial year, other income and gains consist primarily of interest income, government grants, changes in fair value and rental income.

For the 2021 financial year, the Group's other income and gains amounted to RMB151 million, representing an increase of RMB106 million as compared with RMB45 million for the 2020 financial year, mainly attributable to the significant gains on fair value changes of financial assets through profit or loss. Our financial assets include our equity investments in companies listed on the Stock Exchange.

Selling and Distribution Expenses

For the 2021 financial year, the Group's selling and distribution expenses were RMB30 million, representing an increase of RMB8 million as compared with RMB22 million for the 2020 financial year, while the ratio of selling and distribution expenses to revenue rose to 1.4% for the 2021 financial year from 1.3% for the same period last year. The main reason was that market activities can be carried out normally after the effective control of the pandemic in the country, resulting in increased market development efforts by the Group.

Administrative Expenses

For the 2021 financial year, the Group's administrative expenses amounted to RMB90 million, representing an increase of RMB10 million as compared as RMB80 million for the 2020 financial year, mainly due to (i) the revocation of the preferential social security policies after the effective control of the pandemic in the country, resulting in an increase in social security expenditures over the same period of last year; and (ii) the increase in option fees due to the implementation of an option incentive plan during the Reporting Period. The ratio of administrative expenses to revenue dropped to 4.3% for the 2021 financial year from 4.9% for the same period last year due to the increase in revenue.

R&D Expenses

For the 2021 financial year, the Group's R&D expenses amounted to RMB40 million, representing an increase of RMB6 million as compared with RMB34 million for the 2020 financial year, mainly due to the increase in R&D investment to develop technology and talent pools for the purpose of expanding new businesses. R&D expenses as a percentage of revenue decreased from 2.1% for the 2020 financial year to 1.9% for the 2021 financial year due to the substantial increase in revenue.

Finance Costs

For the 2021 financial year, finance costs of the Group consisted of interest expenses on bank loans, other borrowings and lease liabilities.

The Group's finance costs remained stable at RMB10 million for the 2020 and 2021 financial year.

Gearing Ratio

The gearing ratio is calculated as a percentage of the Group's total liabilities over the Group's total assets. As of 31 December 2021, the Group's gearing ratio was 42.5%, increased by 5.9 percentage points from 36.6% as of 31 December 2020. The increase in gearing ratio was mainly due to the increase in payables reflecting the outstanding consideration to be paid by the Group in relation to the acquisition of the Target Company (as defined below).

Income Tax Expenses

The income tax expenses of the Group for the 2021 financial year were RMB38 million, representing an increase of 35.7% as compared with RMB28 million for the 2020 financial year, mainly attributable to (i) the increase in the Group's profit before tax during the Reporting Period; and (ii) the decrease in certain tax concessions.

Profit for the Reporting Period

For the 2021 financial year, the Group recorded a profit of RMB348 million for the Reporting Period, representing an increase of RMB141 million as compared with RMB207 million for the 2020 financial year. Such increase was mainly attributable to the following reasons: (i) the pandemic situation in the country was effectively controlled in 2021 and the EPC projects which were temporarily suspended in 2020 due to the impact of the pandemic resumed operation in 2021, resulting in an increase of gross profit; (ii) the increase in gains on fair value changes in financial asset at fair value through profit or loss; and (iii) the increase in share of profits of associates.

Profit Attributable to the Owners of the Company

For the 2021 financial year, profit attributable to the owners of the Group was RMB348 million, representing an increase of RMB140 million as compared with RMB208 million for the 2020 financial year.

Liquidity and Capital Resources

Taking into account the financial resources available to the Group, including cash and cash equivalents on hand, cash generated from operations and available facilities of the Company, and after diligent and careful analysis, the Directors are of the view that the Group has sufficient working capital required for the Group's operations at present and for the year ending 31 December 2022.

Cash Flows

The Group's bank balances and cash amounted to RMB343 million as of 31 December 2021, representing a decrease of RMB176 million as compared with RMB519 million as of 31 December 2020, mainly attributable to (i) the advance payment of certain EPC projects in accordance with the terms of relevant contracts; and (ii) the cash outflows from the investment on the construction and upgrading of certain projects during the Reporting Period.

Capital Expenditure

The capital expenditure of the Group comprises expenditures on the acquisition and construction of investment projects as well as equity investment. For the 2021 financial year, the total capital expenditure of the Group was RMB296 million, representing an increase of 27.0% as compared with RMB233 million for the 2020 financial year.

Contingent Liabilities

As of 31 December 2021, the Group did not have any material contingent liabilities.

Pledge of the Group's Assets

As of 31 December 2021, the Group's long-term bank borrowing of RMB50 million was secured by the mortgage of properties owned by the Group.

On 31 December 2021, Jiangxi Jinggangshan Boqi Environmental Technology Co., Ltd. ("**Jinggangshan Boqi**"), a subsidiary of the Group, as the lessee, had entered into a finance lease arrangement (the "**Finance Lease Agreement**") with CITIC Financial Leasing Co., Ltd. ("**CITIC Leasing**"). Beijing Boqi had pledged all its equity interests in Jinggangshan Boqi and the service fee receivables under the Jinggangshan Boqi service concession agreement to CITIC Leasing to guarantee its liabilities under the Finance Lease Agreement.

4. Risk Factors and Risk Management

Risks on environmental protection and pollution control policies

The Group provides substantially all of its environmental protection services to customers in the PRC, and the development of its businesses is greatly dependent on the pollution preventive policies of the PRC. Environmental protection industry is one of the major industries that benefit from the constant support of the PRC governments. The demand for the Group's environmental protection services and the revenue generated therefrom are directly linked with the environmental protection requirements imposed on the current and potential customers of the Group. However, there can be no assurance that the specific favourable policies which are currently available will continue to exist. In addition, these policies and incentives may attract additional new market entrants that can provide other products or services with greater pollution control effects than the products and services of the Group. Therefore, there is no assurance that the Group will directly benefit from the changed industry policies. However, as a comprehensive treatment service provider for the industrial environment, the Group will seize market opportunities, continue to expand the flue gas treatment market and further develop environmental protection businesses such as water treatment, hazardous and solid waste treatment/disposal and energy saving and environmental protection, with a view to achieving the sustainable development of the Group's business.

Liquidity Risks

The Group's ability to generate adequate cash inflows from operating activities in the future will depend on the schedule of its projects and payment arrangement, its ability to recover receivables in a timely manner and the credit terms it can obtain. If the Group is not able to generate sufficient cash flows from its operations, the Group's development prospects may be materially and adversely affected. Ultimate responsibility for liquidity risk management rests with the Directors, who have established a rigid liquidity risk management regime for the funding needs in the short, medium and long term and the Group's liquidity management requirements. The Group manages liquidity risk by various measures, such as maintaining adequate reserves, banking facilities and reserving bank facilities and continuously monitoring forecast and actual cash flows, as well as the comparison of maturity profile between financial assets and liabilities.

Credit Risks

The credit risk primarily arises from trade and notes receivables, receivables under concession arrangement, bank balance and cash, pledged bank deposit, contract assets, debt instrument at fair value through other comprehensive income, other receivables and amounts due from related parties. Due to the nature of business of the Group, the Group has significant concentration of credit risk on a small number of customers and the financial guarantee provided by the Group. As at 31 December 2021, the aggregated amount of the Group's trade receivables of the top five customers was RMB317 million, representing 34.5% of the total trade receivables of the Group as of 31 December 2021. The Group's concentration of credit risk by geographical locations is solely in the PRC, and the Group has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

Foreign Exchange and Conversion Risks

As of 31 December 2021, almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The Group is exposed to foreign exchange and conversion risks primarily through a small number of procurement and certain deposits that are denominated in currencies other than RMB. In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC Government. As of 31 December 2021, the Group does not have a foreign currency hedging policy. However, the Board will monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

5. Outlook on the Group's Future Development

2022 is the year of the 20th National Congress of the Communist Party of China, an important year for the full implementation of the "14th Five-Year Plan", and a crucial year for in-depth pollution prevention and control. Continuing to promote carbon peaking and carbon neutrality to achieve the synergistic effect of pollution abatement and carbon reduction has become an important entry point for the environmental protection industry to serve the national economy and people's livelihood. With the setting of the country's strategic goal of "carbon peaking and carbon neutrality", pollution abatement and carbon reduction will become one of the main directions of future environmental protection policies, which is expected to release new market demand. In the context of building a circular economic system in various cities, the areas of industrial water treatment, circular utilization of renewable resources and energy saving and environmental protection may become the "new main themes" of the environmental protection industry. The Group will continue to closely follow national policies to forge ahead, adhere to the path of high-quality development and strive to make achievements in the following tasks:

The Group will maintain the rapid development of the four major business segments. Relying on the technology and experience of existing projects, while the Group will stabilize the scale of flue gas treatment business, it will also further expand the scale of other three business segments, namely industrial water treatment, hazardous and solid waste treatment/disposal and energy saving and environmental protection. Adhering to the customer-oriented principle and supported by advanced technology, the Group will deepen the synergy of the four major business segments. Fully catering for the needs of existing customers continuously, the Group will further develop customer resources in new business areas, as well as promote the continuous and rapid growth of its diversified business through various strategies such as technical cooperation, strategic alliances and investment, merger and acquisition.

The Group will strengthen is resource adjustment and allocation capabilities, actively promote existing business transformation and accelerate its deployment on its strategic business. The Group will actively respond to national policies, continue to pay close attention to market trends, and cultivate professional talents and technical teams to continuously conduct exploration and research on emerging sectors such as carbon emission relying on strategic partnerships with state-owned enterprises and large industrial groups. Meanwhile, the Group will formulate its business planning in advance based on its development strategy.

The Group will insist on innovation-driven development and increasing R&D efforts. Under the background of "carbon peaking and carbon neutrality", the Group's technological research and innovation direction will be more focused on new business areas, while it will also expand to other business segments. Through the combination of technical cooperation and independent research and development, the Group will enhance its own technological innovation capabilities and continuously achieve technological upgrades and breakthroughs and establish key core technologies. By integrating resources such as technology, talents and markets, combining with focusing on specific business difficulties and needs, the Group will accelerate the transformation and application of technology and R&D achievements, thereby creating an advanced, scientific, standardized and high-quality low-carbon environmental protection service system.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

The Group entered into the share transfer agreement dated 30 November 2021 (the "**Share Transfer Agreement**") with third parties independent of the Company in relation to the acquisition of the entire equity interests of Haixi Jingze Environmental Protection Technology Co., Ltd. (the "**Target Company**", was renamed as Qinghai Boqi Ecological Environment Technology Co., Ltd. on 17 December 2021) by the Group at a total consideration of RMB230 million. The Target Company, incorporated under the laws of the PRC, is principally engaged in solid hazardous waste management business, particularly, in the collection, stabilization and disposal of solid hazardous and dangerous wastes. On 16 December 2021, the purchaser (an indirect wholly-owned subsidiary of the Company) (the "**Purchaser**"), the sellers of the Share Transfer Agreement and Hainan Boyuan Zhongying Enterprise Management Partnership (Limited Partnership)(海南博源眾盈企業管理合夥企業(有限合夥)), being the following co-investor designated by the Purchaser and established by the Group's management, (the "**Following Co-investor**") entered into a supplemental agreement to the Share Transfer Agreement, pursuant to which the parties thereto agreed that (i) the Purchaser shall purchase an aggregate of 95% of the equity interests in the Target Company for a total consideration of RMB218.5 million; (ii) the Following Co-investor shall purchase an aggregate of 5% of the equity interests in the Target Company for a total consideration of RMB11.5 million; and (iii) payment terms stated in the Share Transfer Agreement shall be amended on a pro rata basis with payment schedule remained unchanged. On the same date, the Purchaser and the Following Co-investor entered into an acting in concert agreement. During the Reporting Period, the Group and its consortium completed the acquisition of 67% of the equity interests in the Target Company. Pursuant to the Share Transfer Agreement, the sellers irrevocably guarantee to the Group that the net profit after tax of the Target Company for each of the financial years ending 31 December 2021, 2022 and 2023 shall not be less than RMB45 million, respectively. For the financial year ended 31 December 2021, the net profit after tax of the Target Company amounted to RMB21.4 million. As such, RMB22.4 million , being 95% of the shortfall, will be deducted from the next tranche of the consideration payment payable by the Group, which shall be payable within 30 days of the issuance of the audited accountants' report of the Target Company for the financial year ended 31 December 2022. For further details, please refer to the paragraphs under "Management discussion and analysis – Business review – Hazardous and solid waste treatment/disposal business" in this announcement and the Company's relevant announcements dated 30 November 2021, 28 February 2022 and 25 March 2022.

Save as disclosed above, the Group had no significant investments held or material acquisitions and disposals of subsidiaries and associated companies during the Reporting Period.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2021, the Group had 1,857 employees in total (as at 31 December 2020: 1,890 employees), substantially all of whom were based in the PRC. The Group has established labor union branches. Currently, the Group has entered into employment contracts with all employees, in which the position, duties, remuneration, employment benefits, training, confidentiality obligations relating to trade secrets and grounds for termination, among other things are specified pursuant to PRC Labor Law and other relevant regulations.

The remuneration package of the employees includes salaries, bonuses and allowances. Our employees also receive supplemental medical provision, transportation allowances, meal allowances and other benefits. The Company carries out employee performance appraisals and establishes diversified and dynamic appraisal mechanisms. The department heads' salaries and remunerations will be adjusted corresponding to the results of their performance appraisals. In compliance with applicable PRC regulations, the Company has contributed to social insurance funds, including pension plans, medical insurance, work-related injury insurance, unemployment insurance and maternity insurance, and housing funds for all its employees.

MAJOR SUBSEQUENT EVENTS

On 25 January 2022, Yangxi Branch of Beijing Boqi Electric Power SCI-TECH Co., Ltd. ("**Beijing Boqi**"), a wholly-owned subsidiary of the Company, entered into the No. 5-6 Yangxi Facilities Maintenance Service Agreement with Yangxi Haibin Electric Power Development Co., Ltd ("**Yangxi Electric**"), pursuant to which Beijing Boqi provides maintenance services in respect of the No. 5-6 Yangxi Facilities to Yangxi Electric from 1 January 2022 to 31 August 2027 (the "**Term**") with of the total service fee for the entire Term of RMB33.92 million. Yangxi Electric is a wholly-owned subsidiary of Guangdong Huaxia Electric, which is owned and controlled by, through various intermediaries, Mr. Zhu Yihang (朱一航). Mr. Zhu Yihang is Mr. Zhu Weihang's brother and thus, an associate of Mr. Zhu Weihang, who is a non-executive Director and substantial shareholder of the Company. As such, Yangxi Electric is deemed to be a connected person of the Company and the transactions under the No. 5-6 Yangxi Facilities Maintenance Service Agreement with Yangxi Electric constitute continuing connected transactions of our Company under Chapter 14A of the Rules (the "**Listing Rules**") Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). For details, please refers to the Company's announcement dated 25 January 2022.

Save as disclosed above and in this announcement, as at the approval date of the consolidated financial statements, the Group had no significant events after the Reporting Period which need to be disclosed.

FINAL DIVIDEND

Taking into consideration various factors such as the new business development needs of the Group and its future capital expenditure plans, the Board recommended the payment of HK$7.40 cents per ordinary share as final dividend for the year ended 31 December 2021 (2020: HK$7.40 cents) to holders of ordinary shares whose names appear on the register of members of the Company on 24 June 2022. No interim dividend was declared for the 2021 financial year. Subject to the shareholder's approval at the AGM (as defined below), the proposed final dividend will be paid to the shareholders of the Company on 14 July 2022.

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

During the Reporting Period, the Company purchased 1,330,000 shares of its shares, in aggregate, on the Stock Exchange at a total consideration of HK$1,790,120.00, which were cancelled thereafter.

Details of the purchases are summarized as follows:

Date of buy-back	Number of Shares	Highest price per share	Lowest price per share	Aggregate consideration
		HK$	*HK$*	*HK$*
29 September 2021	30,000	1.35	1.33	40,300.00
30 September 2021	600,000	1.39	1.32	816,370.00
6 October 2021	500,000	1.37	1.30	671,310.00
15 October 2021	200,000	1.34	1.28	262,140.00

Save for the above, neither the Company nor any member of the Group has purchased, sold or redeemed any of the Company's shares during the Reporting Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate values and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix 14 to the Listing Rules.

Mr. Zeng Zhijun assumed the dual roles of the chairman and the chief executive officer, which constitutes a deviation from code provision A.2.1 of the CG Code (which has been re-arranged as code provision C.2.1 since 1 January 2022). With extensive experience in the environmental protection industry, Mr. Zeng Zhijun is responsible for the overall management, decision making and strategy planning of our Company and has been instrumental to our Group's growth and business expansion. Since Mr. Zeng Zhijun is one of the key persons of for our Group's management, our Board considers that vesting the roles of the chairman and the chief executive officer in the same person, Mr. Zeng Zhijun, would not create any potential harm to the interest of our Group and it is, on the contrary, beneficial to the management of our Group. In addition, the operation of the senior management of our Group and our Board, which are comprised of experienced individuals, effectively checks and balances the power and authority of Mr. Zeng Zhijun. Our Board currently comprises two executive Directors (including Mr. Zeng Zhijun), three non-executive Directors and three independent non-executive Directors and therefore has a fairly strong independence element in its composition. Therefore, the Board considers that the deviation from the CG Code is appropriate and justified.

In order to maintain good corporate governance and to ensure Company's compliance with code provisions of the CG Code, the Board will regularly review the need to appoint different individuals to perform the roles of the chairman and the chief executive officer separately.

Save as disclosed herein, the Company complied with the code provisions as set out in the CG Code during the Reporting Period. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its code of conduct regarding dealings in the securities of the Company. Specific enquiries have been made to all Directors, the Directors have confirmed that they had strictly complied with the required standards set out in the Model Code during the Reporting Period.

The Board has also adopted the Model Code to regulate all dealings by employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision A.6.4 of the CG Code (the code provision has been renumbered as code provision C.1.3 with effect from 1 January 2022). No incident of non-compliance with the Model Code by the Company's relevant employees was noted during the Reporting Period after making reasonable enquiry.

Audit Committee and Review of Financial Statements

The Company established the audit committee (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. As at the date of this announcement, the Audit Committee comprises three members, namely Dr. Xie Guozhong, Mr. Liu Genyu and Mr. Zheng Tony Tuo. Dr. Xie Guozhong is the chairman of the Audit Committee.

The Audit Committee has reviewed the draft consolidated financial statements of the Group for the 2021 financial year. The Audit Committee has also discussed matters with respect to the accounting policies and practices adopted by the Company and the internal control with senior management members. Based on this review and discussions with the management, the Audit Committee was satisfied that the Group's draft consolidated financial statements were prepared in accordance with accounting standards and fairly present the Group's financial position and results for the 2021 financial year.

REVIEW OF ANNUAL RESULTS

Scope of Work of Ernst & Young

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the 2021 financial year as set out in the preliminary announcement have been agreed by the Company's auditors to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by the Company's auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditors on the preliminary announcement.

Annual General Meeting

The annual general meeting of the Company (the "**AGM**") will to be held on Tuesday, 31 May 2022. A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner required by the Listing Rules in due course.

Closure of Register of Members

In order to determine the entitlement to attend and vote at the AGM, the register of members will be closed from Thursday, 26 May 2022 to Tuesday, 31 May 2022, both dates inclusive, during which period no transfer of share will be effected. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 25 May 2022.

In order to determine the entitlement to the proposed final dividend for the year ended 31 December 2021, the transfer books and register of members of the Company will be closed from Wednesday, 22 June 2022 to Friday, 24 June 2022, both days inclusive. During the above period, no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong before 4:30 p.m. on Tuesday, 21 June 2022.

Publication of Annual Results and Annual Report

This annual results announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinaboqi.com) and the 2021 Annual Report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the respective websites of the Stock Exchange and the Company in due course.

By order of the Board
China Boqi Environmental (Holding) Co., Ltd.
Zeng Zhijun
Chairman, Executive Director and Chief Executive Officer

Beijing, PRC, 25 March 2022

As at the date of this announcement, the executive Directors are Mr. Zeng Zhijun and Mr. Cheng Liquan Richard; the non-executive Directors are Mr. Zheng Tony Tuo, Mr. Zhu Weihang and Mr. Chen Xue; and the independent non-executive Directors are Mr. Liu Genyu, Dr. Xie Guozhong and Mr. Lu Zhifang.