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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 2024

ANNUAL RESULTS HIGHLIGHTS

For the year ended 31 December 2024, the revenue of the Group amounted to RMB2,151 million, representing an increase of 0.6% as compared with RMB2,138 million for the 2023 financial year.

For the year ended 31 December 2024, the gross profit of the Group amounted to RMB435 million, representing a decrease of 0.2% as compared with RMB436 million for the 2023 financial year; the gross profit margin of the Group was 20.2%, basically stable as compared to 20.4% for the 2023 financial year.

For the year ended 31 December 2024, the net profit of the Group amounted to RMB240 million, representing an increase of 1.3% as compared with RMB237 million for the 2023 financial year, with a net profit margin of 11.2%, remaining stable as compared to the 2023 financial year. Excluding gain and losses on fair value changes in financial assets at fair value through profit or loss and investment income, the Group's net profit was RMB240 million, representing an increase of 3.4% as compared with RMB232 million for the 2023 financial year.

The Board has recommended the payment of HK$4.60 cents per ordinary share as final dividend for the year ended 31 December 2024 (31 December 2023: HK$3.50 cents).

The board (the "**Board**") of directors (the "**Director(s)**") 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 2024 (the "**Reporting Period**" or "**2024 financial year**"), together with comparative figures for the year ended 31 December 2023 (the "**2023 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

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
Revenue	4	**2,150,937**	2,138,199
Cost of sales and services		**(1,716,212)**	(1,702,099)
Gross profit		**434,725**	436,100
Other income and gains	5	**39,907**	59,248
Other expense and losses		**(10,774)**	(8,597)
Selling and distribution expenses		**(25,113)**	(25,390)
Administrative expenses		**(102,282)**	(101,642)
Research and development expenses		**(63,927)**	(55,888)
Impairment losses on financial and contract assets	6	**1,211**	(26,232)
Share of profits of associates	6	**13,496**	11,437
Finance costs		**(18,011)**	(14,449)
PROFIT BEFORE TAX	6	**269,232**	274,587
Income tax expenses	7	**(29,299)**	(37,243)
PROFIT FOR THE YEAR		**239,933**	237,344
Profit attributable to:			
Owners of the parent		**236,436**	240,184
Non-controlling interests		**3,497**	(2,840)
		239,933	237,344
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
– Basic (RMB)		**0.24**	0.24
– Diluted (RMB)		**0.24**	0.24

Consolidated Statement of Comprehensive Income

Year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**239,933**	237,344
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investment designated at fair value through other comprehensive income:		
Changes in fair value	**491**	7
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**491**	7
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**491**	7
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**240,424**	237,351
Total comprehensive income attributable to:		
Owners of the parent	**236,927**	240,191
Non-controlling interests	**3,497**	(2,840)
	240,424	237,351

Consolidated Statement of Financial Position

As at 31 December 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**965,623**	680,166
Investment properties		**8,339**	8,983
Goodwill		**6,567**	6,567
Other intangible assets		**493,079**	529,236
Receivables under service concession arrangement	*10*	**414,362**	457,517
Investments in associates		**69,996**	63,937
Equity investment designated at fair value through other comprehensive income		**5,664**	5,173
Long-term receivables		**163,697**	35,752
Contract assets		**88,062**	134,035
Amounts due from related parties		**81,993**	80,897
Deferred tax assets		**65,693**	54,640
Other non-current assets		**87,739**	150,043
Total non-current assets		**2,450,814**	2,206,946
CURRENT ASSETS			
Receivables under service concession arrangement	*10*	**38,697**	48,307
Debt instruments at fair value through other comprehensive income		**183,556**	238,689
Inventories		**38,352**	33,133
Financial assets at fair value through profit or loss		**319**	3,373
Contract assets		**306,499**	242,877
Trade receivables	*11*	**1,117,355**	1,181,509
Prepayments, deposits and other receivables		**266,508**	296,457
Amounts due from related parties		**237,335**	334,620
Pledged time deposits and bank balances		**139,304**	84,328
Cash and cash equivalents		**629,018**	348,558
Total current assets		**2,956,943**	2,811,851

	Notes	**2024** *RMB'000*	2023 *RMB'000*
CURRENT LIABILITIES			
Trade and bills payables	*12*	**1,063,158**	1,117,380
Other payables, deposits received and accrued expenses		**402,566**	373,805
Contract liabilities		**81,094**	86,604
Income tax payable		**56,218**	52,351
Interest-bearing bank and other borrowings		**164,350**	118,945
Lease liabilities		**6,748**	4,172
Amounts due to related parties		**31,056**	43,739
Total current liabilities		**1,805,190**	1,796,996
NET CURRENT ASSETS		**1,151,753**	1,014,855
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,602,567**	3,221,801
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		**262,498**	97,333
Lease liabilities		**21,635**	23,096
Deferred tax liabilities		**33,554**	31,481
Contingent consideration		**439**	958
Total non-current liabilities		**318,126**	152,868
Net assets		**3,284,441**	3,068,933
EQUITY			
Equity attributable to owners of the parent			
Share capital		**67**	67
Treasury shares	*13*	**(1)**	(1)
Reserves		**3,252,108**	3,047,405
		3,252,174	3,047,471
Non-controlling interests		**32,267**	21,462
TOTAL EQUITY		**3,284,441**	3,068,933

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2024

1. CORPORATE AND GROUP INFORMATION

China Boqi Environmental (Holding) Co., Ltd. (the "**Company**") 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 (the "**Stock Exchange**") on 16 March 2018. The addresses of the registered office of the Company and principal place of business of the Company and its subsidiaries (collectively referred to as the "**Group**") 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 services
- Dual-carbon new energy+ business

In the opinion of the directors of the Company ("**the Director(s)**"), there is no single entity that 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 Direct	Indirect	Principal activities
CBEE Holdings Co., Ltd. ("**CBEE**")*	British Virgin Islands ("**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.	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. ("**Jinggangshan Boqi**")	PRC/Mainland China**	RMB81,000,000	–	100%	Concession operation services
Shanxi Puzhou Boqi Environmental Technology Co., Ltd. ("**Puzhou Boqi**")	PRC/Mainland China**	RMB55,000,000	–	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 Hejin Boqi Environmental Technology Co., Ltd. ("**Hejin Boqi**")	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. ("**Changjizhou Boqi**")	PRC/Mainland China**	RMB140,000,000	–	100%	Environmental protection facility engineering, operation and maintenance services, and concession operation services
Huainan Boqi Environmental Technology Co., Ltd. ("**Huainan Boqi**")	PRC/Mainland China**	RMB50,000,000	–	100%	Environmental protection facility engineering, operation and maintenance services
Laibin Boqi Environmental Technology Co., Ltd. ("**Laibin Boqi**")	PRC/Mainland China**	RMB80,000,000	–	100%	Environmental protection facility engineering, operation and maintenance services
Changzhi Boqi Environmental Technology Co., Ltd. ("**Changzhi Boqi**")	PRC/Mainland China**	RMB128,000,000	–	100%	Water treatment business
Tangshan Boqi Environmental Technology Co., Ltd. ("**Tangshan Boqi**")	PRC/Mainland China**	RMB30,000,000	–	100%	Hazardous and solid waste treatment/ disposal service
Handan Boqi Environmental Technology Co., Ltd. ("**Handan Boqi**")	PRC/Mainland China**	RMB 75,000,000	–	92%	Dual-carbon new energy+ business
Qinghai Boqi Ecological Environmental Technology Co., Ltd. ("**Qinghai Boqi**")	PRC/Mainland China**	RMB30,000,000	–	92%	Hazardous and solid waste treatment/ disposal service
Jiangsu Boqi Smart Energy Co., Ltd. ("**Jiangsu Boqi**")	PRC/Mainland China**	RMB65,000,000	–	51%	Dual-carbon new energy+ business

Name	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Zhongxie power Energy Wuxi Co., Ltd. ("**Zhongxie Power**")	PRC/Mainland China**	RMB10,000,000	–	51%	Dual-carbon new energy+ business
Wuxi Huadong No. 2 Smart Energy Co., Ltd. ("**Huadong No. 2**")	PRC/Mainland China**	RMB8,203,800	–	51%	Dual-carbon new energy+ business
Wuxi Huaxin Energy Development Co., Ltd. ("**Huaxin Energy**")	PRC/Mainland China**	RMB30,000,000	–	51%	Dual-carbon new energy+ business
Shanxi Boqi Green Energy Technology Co., Ltd. ("**Shanxi Boqi**")	PRC/Mainland China**	RMB50,000,000	–	100%	Dual-carbon new energy+ business
Changzhi Boqi New Energy Technology Co., Ltd. ("**Changzhi Boqi New Energy**")	PRC/Mainland China**	RMB3,000,000	–	100%	Dual-carbon new energy+ business
Shanxi Boqi Smart Energy Co., Ltd. ("**Shanxi Boqi Smart Energy**")	PRC/Mainland China**	RMB21,000,000	–	51%	Dual-carbon new energy+ business
Foshan Jinxu 18 New Energy Co., Ltd. ("**Foshan Jinxu**")	PRC/Mainland China**	RMB12,850,000	–	100%	Dual-carbon new energy+ business
Yangxi Boqi Environmental Protection Technology Co., Ltd. ("**Yangxi Boqi**")	PRC/Mainland China**	RMB52,300,000	–	100%	Flue gas desulfurization and denitrification services
Hainan Bosheng New Energy Technology Co., Ltd. ("**Hainan Bosheng**")	PRC/Mainland China**	RMB10,000,000	–	100%	Dual-carbon new energy+ business
Beijing Boqi Tongda Trading Co., Ltd. ("**Tongda Trading**")	PRC/Mainland China**	RMB10,000,000	–	100%	Sale of materials and equipment

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

** These subsidiaries were registered as limited liability companies under PRC law.

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 Group for the year ended 31 December 2024. 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).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has 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 the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and 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 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current* (the "**2020 Amendments**")
Amendments to IAS 1	*Non-current Liabilities with Covenants* (the "**2022 Amendments**")
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

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

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period.

The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

(c) Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As a result of the implementation of the amendments, the Group has provided additional disclosures about its supplier finance arrangements in notes to the financial statements.

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

Environmental protection facility engineering ("**EPC**")	project design, procurement of equipment and materials, project construction and equipment instalment and testing services
Operation and maintenance ("**O&M**")	operation service and regular maintenance service for desulfurization and denitrification facilities and dust removal facilities
Investment projects	providing services in a variety of business models, including concession business and operation of self-owned assets Concession business consists of "Build-Operate-Transfer" or "BOT", and "Build-Own-Operate" or "BOO", i.e. construction of infrastructure according to the concession contract or acquisition of existing infrastructure from grantor, operation and maintenance of flue gas treatment project in a pre-defined period and transferring the ownership of the infrastructure to the grantor at the end of the period Operation of self-owned assets consists of flue gas treatment services such as desulfurization, denitrification and dust removal services provided to customers by self-owned facilities
Others	sales of by-products and others

b) The water treatment business mainly involves project engineering and design, procurement of equipment and materials, project construction, equipment installation, commissioning services and the sewage treatment service

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

d) The dual-carbon new energy+ business mainly involves project services such as project engineering and design, procurement of equipment and materials, project construction, equipment installation, commissioning services, new energy power generation and comprehensive utilization of waste heat

	Segment revenue *(Note 4)*		**Segment profit**	
	2024	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Flue gas treatment business				
EPC	**669,827**	641,393	**38,120**	64,277
O&M	**486,566**	548,002	**122,723**	137,944
Investment projects	**558,503**	489,618	**158,694**	117,775
Others	**19,753**	24,862	**19,138**	24,787
Water treatment business	**203,589**	317,583	**47,848**	48,028
Hazardous and solid waste treatment/disposal business	**53,243**	48,965	**17,888**	18,422
Dual-carbon new energy+ business	**159,456**	67,776	**30,314**	24,867
Total segment revenue	**2,150,937**	2,138,199	**434,725**	436,100
Unallocated other income and gains			**39,907**	59,248
Unallocated other expense and losses			**(10,774)**	(8,597)
Unallocated selling and distribution expenses			**(25,113)**	(25,390)
Unallocated administrative expenses			**(102,282)**	(101,642)
Unallocated research and development expenses			**(63,927)**	(55,888)
Unallocated impairment losses on financial and contract assets			**1,211**	(26,232)
Unallocated share of profits of an associate			**13,496**	11,437
Unallocated finance costs			**(18,011)**	(14,449)
Profit before tax			**269,232**	274,587

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the year ended 31 December 2024 (2023: nil).

Other segment information

	Total depreciation and amortisation	
	2024	2023
	RMB'000	*RMB'000*
Depreciations and amortisations presented in cost of sales and services		
Flue gas treatment business		
EPC	**116**	55
O&M	**7,423**	8,972
Investment projects	**77,581**	65,036
Water treatment business	**26,914**	27,295
Hazardous and solid waste treatment/disposal business	**14,810**	12,363
Dual-carbon new energy+ business	**4,301**	2,364
Sub-total	**131,145**	116,085
Unallocated depreciations and amortisations		
Other than those presented in cost of sales and services	**15,473**	18,192
Total	**146,618**	134,277

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

Revenue from customers during the year contributing over 10% of the total revenue of the Group is as follows:

		2024	2023
		RMB'000	*RMB'000*
Customer A	Investment projects and O&M	**232,457**	237,078

4. REVENUE

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers	**2,119,777**	2,102,735
Revenue from other sources		
Interest income generated from service concession arrangement	**31,160**	35,464
Total	**2,150,937**	2,138,199

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2024

	Flue gas treatment business				Water treatment business	Hazardous and solid waste treatment/ disposal business	Dual-carbon new energy+ business	Total
	EPC	O&M	Investment projects	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	669,827	486,566	539,124	–	203,589	53,243	147,675	2,100,024
Sales of goods	–	–	–	19,753	–	–	–	19,753
Total	669,827	486,566	539,124	19,753	203,589	53,243	147,675	2,119,777
Geographical market								
Mainland China	669,827	486,566	539,124	19,753	203,589	53,243	147,675	2,119,777
Total	669,827	486,566	539,124	19,753	203,589	53,243	147,675	2,119,777
Timing of revenue recognition								
Services transferred over time	669,827	486,566	539,124	–	203,589	53,243	147,675	2,100,024
Goods transferred at a point in time	–	–	–	19,753	–	–	–	19,753
Total	669,827	486,566	539,124	19,753	203,589	53,243	147,675	2,119,777

For the year ended 31 December 2023

	Flue gas treatment business							
	EPC	O&M	Investment projects	Others	Water treatment business	Hazardous and solid waste treatment/ disposal business	Dual-carbon new energy+ business	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Types of goods and services								
Rendering of services	641,393	548,002	469,006	–	317,583	48,965	52,924	2,077,873
Sales of goods	–	–	–	24,862	–	–	–	24,862
Total	641,393	548,002	469,006	24,862	317,583	48,965	52,924	2,102,735
Geographical market								
Mainland China	641,393	548,002	469,006	24,862	317,583	48,965	52,924	2,102,735
Total	641,393	548,002	469,006	24,862	317,583	48,965	52,924	2,102,735
Timing of revenue recognition								
Services transferred over time	641,393	548,002	469,006	–	317,583	48,965	52,924	2,077,873
Goods transferred at a point in time	–	–	–	24,862	–	–	–	24,862
Total	641,393	548,002	469,006	24,862	317,583	48,965	52,924	2,102,735

5. OTHER INCOME AND GAINS

	2024	2023
	RMB'000	*RMB'000*
Government grants	**15,536**	17,358
– Taxes refunded	**14,992**	17,084
– Compensation for expenses incurred	**544**	274
Interest income	**14,074**	12,914
Non-operating income	**6,804**	16,549
Gains on disposal of non-current assets	**1,615**	3,748
Foreign exchange gains, net	**1,359**	3,090
Gain on fair value adjustment of contingent consideration	**519**	542
Gain on disposal of financial assets at fair value through profit or loss	**–**	5,047
Total	**39,907**	59,248

6. PROFIT BEFORE TAX

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

	2024	2023
	RMB'000	*RMB'000*
Cost of inventories recognised as expenses (included in cost of sales and services)	**662,383**	540,391
Depreciation of property, plant and equipment	**71,085**	58,370
Depreciation of investment properties	**644**	644
Amortisation of other intangible assets*	**54,642**	57,886
Amortisation of other non-current assets	**20,247**	17,377
	146,618	134,277
Auditor's remuneration	**3,153**	3,002
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages, salaries and other benefits	**279,775**	265,131
Contributions to retirement benefit scheme	**22,806**	18,908
Share-based payment expenses	**(138)**	235
Total	**302,443**	284,274
Impairment of financial and contract assets:		
(Reversal of impairment)/impairment of trade receivables	**(2,399)**	22,878
Reversal of impairment of other receivables	**(1,172)**	(113)
Impairment/(reversal of impairment) of long-term receivables	**4,506**	(1,105)
(Reversal of impairment)/impairment of contract assets	**(276)**	850
(Reversal of impairment)/impairment of amounts due from related parties	**(3,884)**	476
Impairment of receivables under service concession arrangement	**2,014**	3,246
Total	**(1,211)**	26,232
Impairment of property, plant and equipment	**3,998**	–
Gross rental income from investment properties	**(795)**	(490)
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)	**644**	644
Total	**(151)**	154
Share of profits of associates	**(13,496)**	(11,437)

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

7. INCOME TAX EXPENSE

PRC income tax has been provided at the rate of 25% (2023: 25%) on the estimated assessable profits arising in PRC during the year.

	2024	2023
	RMB'000	*RMB'000*
Current income tax	**38,279**	41,801
Deferred income tax	**(8,980)**	(4,558)
Tax charge for the year	**29,299**	37,243

8. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Proposed Final – HK$4.60 cents (2023: HK$3.50 cents) per ordinary share	**36,297**	32,148

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. The total amount of dividend for the year ended 31 December 2024 totaling RMB36,297,000 was calculated based on 1,005,720,799 Shares in issue deducted by 150,858,120 shares which were bought-back and cancelled on 14 January 2025.

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

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

	2024	2023
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic/diluted earnings per share calculation	**236,436**	240,184

	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation*	**1,002,449,549**	996,668,799
Effect of dilution – weighted average number of ordinary shares		
Award Share Scheme	**–**	3,119,144
Total	**1,002,449,549**	999,787,943

* The weighted average number of shares was after taking into account the effect of treasury shares held.

10. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENT

The receivables under service concession arrangements arose from the minimum service charge guaranteed were as follows:

	2024	2023
	RMB'000	*RMB'000*
Current portion	**38,697**	48,307
Non-current portion	**414,362**	457,517
Total	**453,059**	505,824
Expected collection schedule is analysed as follows:		
Within one year	**38,697**	48,307
More than one year, but not more than two years	**51,175**	46,947
More than two years but not more than five years	**173,867**	159,286
More than five years	**189,320**	251,284
Total	**453,059**	505,824

11. TRADE RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**1,182,627**	1,249,480
Less: Allowance for credit losses	**(65,272)**	(67,971)
Net carrying amount	**1,117,355**	1,181,509

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:

	2024	2023
	RMB'000	*RMB'000*
1 to 90 days	**478,802**	659,456
91 to 180 days	**213,797**	141,168
181 to 365 days	**175,657**	125,393
1 to 2 years	**175,632**	109,124
2 to 3 years	**27,604**	120,630
Over 3 years	**45,863**	25,738
Total	**1,117,355**	1,181,509

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

	2024	2023
	RMB'000	*RMB'000*
At the beginning of year	**67,971**	46,028
Impairment losses, net	**(2,399)**	22,878
Write-off as uncollectible	**(300)**	(935)
At the end of year	**65,272**	67,971

12. TRADE AND BILLS PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Bills payable	**212,900**	202,231
Trade payables	**850,258**	915,149
Total	**1,063,158**	1,117,380

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:

	2024	2023
	RMB'000	*RMB'000*
1 to 90 days	**375,798**	307,507
91 to 180 days	**258,375**	280,152
181 to 365 days	**77,059**	150,248
1 to 2 years	**150,898**	187,248
2 to 3 years	**90,124**	96,393
Over 3 years	**110,904**	95,832
Total	**1,063,158**	1,117,380

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

13. TREASURY SHARES

The Company adopted the Pre-IPO Share Award Scheme pursuant to a resolution passed by the Directors on 15 April 2016, through which a total of 25,000,000 shares at a par value of USD0.00001 each were issued to Tricor Trust (Hong Kong) Limited (the "**Trust**") on 11 May 2016, who will hold the Awarded Shares for the benefit of the eligible employees and facilitate the purchase, holding and/or vesting of such Awarded Shares as a trustee pursuant to the trust deed ("**Trust Deed**") signed by the Company.

In accordance with the Trust Deed, the Company has the control over the Trust. Therefore, the Trust is consolidated by the Group. Accordingly, the shares issued and held by the Trust should be treated as treasury shares.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a green ecological governance enterprise that provides environmental governance and comprehensive services for dual-carbon new energy+ business to industrial enterprises and cities. Our business mainly focuses on the areas of flue gas treatment, water treatment, hazardous waste treatment/disposal and dual-carbon new energy+. We are customer-oriented to meet customers' all-round needs for ecological and green environmental protection. We always adhere to the philosophy of "service builds trust, and professionalism creates value", closely follow the development trend of the national environmental protection industry and aim for the goal of dual-carbon development, and are committed to developing into a highly competitive and first-class enterprise in the country with integrated platforms comprising "environmental protection and dual-carbon management platform, operation service technology platform, and capital investment and financing platform", aiming to make positive contributions to the environmental protection and ecological civilization construction in the PRC and the world.

1. INDUSTRY OVERVIEW

2024 is an important year for comprehensively promoting the construction of a beautiful China. During the year, the Third Plenary Session of the 20th Central Committee of the Communist Party of China adopted the "Resolution of the Central Committee of the Communist Party of China on Further Deepening Reform Comprehensively to Advance Chinese Modernization", emphasized the need of "focusing on building a beautiful China" and proposed to improve the ecological civilization system in the process of deepening the reform on ecological civilization system. As such, the authorities will coordinate the promotion of carbon reduction, pollution abatement, green expansion and growth, so as to actively respond to climate change and enhance the modernization level of the governance system and governance capabilities in the field of green development, thus opening a new chapter in comprehensively promoting the construction of a beautiful China.

2024 is also a critical year for China to achieve the goals of the "14th Five-Year" Plan. The state continues to deepen the "dual-carbon" strategy and promote the construction of a green, low-carbon and circular economic system. In the policy level, efforts are focused on pollution prevention and control, efficient resource utilization and new energy transformation. As an important support for high-quality development, the environmental protection industry is ushering in a period of benefiting from the policy advantage.

Since 2024, the state has intensively introduced a series of ultra-low emission transformation policies for key industries, bringing broad development opportunities for flue gas treatment and environmental protection enterprises. In January 2024, five ministries and commissions, including the Ministry of Ecology and Environment, jointly issued the "Opinions on Promoting the Implementation of Ultra-low Emissions in the Cement Industry" and the "Opinions on Promoting the Implementation of Ultra-Low Emissions in the Coking Industry", requiring that by the end of 2025, 50% of cement clinker production capacity and 60% of coking capacity in key areas will complete ultra-low emission transformation. In June 2024, the National Development and Reform Commission and the National Energy Administration issued the "Low-Carbon Transformation and Construction Action Plan for Coal-fired Electricity (2024-2027)", proposing a goal of reducing carbon emissions of coal-fired power units by about 50% by 2027 compared with 2023. In the same month, the Ministry of Ecology and Environment publicly solicited the "Opinions on Promoting the Implementation of Ultra-Low Emissions from Coal-Fired Boilers with High Quality (Draft for Comment)" to promote ultra-low emission transformation of coal-fired boilers and self-provided power plants. In November 2024, the Ministry of Industry and Information Technology issued the "Standardized Conditions for the Steel Industry (Revised in 2024) (Draft for Comment)", requiring steel companies to complete the entire process of ultra-low emission transformation from 2026. The gradual implementation of these policies not only provides clear technical guidance for flue gas treatment and environmental protection companies, but also greatly expands the market space to facilitate the growth of orders for environmental protection companies, which are conducive to the high-quality development of the industry.

In July 2024, the National Development and Reform Commission, the Ministry of Water Resources, the Ministry of Industry and Information Technology, the Ministry of Housing and Urban-Rural Development and the Ministry of Agriculture and Rural Affairs jointly issued the "Guiding Opinions on Accelerating the Development of Water-Saving Industry". The opinions propose that by 2027, the market scale of the water-saving industry will reach RMB1 trillion, and specialized and new "Little Giant" enterprises will be cultivated to form a new development pattern of the water-saving industry. At the same time, the opinions emphasize rigid constraints on water resources, strictly control high water-consuming projects, strengthen water-saving management, and use central budget investment and water conservancy development funds to support water pollution control and water-saving technology innovation. As such, the industry will usher in a broad market space and technological innovation needs, thus promoting industrial upgrading and the application of highly efficient water-saving technologies.

In September 2024, the General Office of the Ministry of Industry and Information Technology issued the "Guidelines for the Construction of Photovoltaic Industry Standard System (2024 Edition)", which clearly proposed to standardize the technical requirements of photovoltaic and storage systems combining the technologies of both photovoltaics and energy storage, including standards for the design, acceptance, operation and maintenance and evaluation of photovoltaic and storage systems, as well as standardize the technical requirements of electrical components used in photovoltaic and storage systems combining the technologies of both photovoltaics and energy storage, including standards for photovoltaic and storage integrated machines, charge and discharge controllers, etc. The clarification of these standards will promote the technical normalization and standardization of photovoltaic and storage systems, so as to provide a solid foundation for the integrated development of photovoltaics and energy storage, help improve the reliability and safety of the systems, and enhance the market's confidence in photovoltaic and storage systems. At the same time, standardized construction is also conducive to reducing system costs, improving market competitiveness, promoting the large-scale development of the photovoltaic and new energy industries, and promoting the industry's transformation from "low-cost expansion" to "high-quality development".

In November 2024, five departments, including the Ministry of Ecology and Environment, revised and issued the "National List of Hazardous Wastes (2025 Edition)". The revision mainly focused on various aspects such as the classification management of hazardous wastes after identification, accurate identification of hazardous wastes and exemption management of hazardous wastes. The promulgation of the "National List of Hazardous Wastes (2025 Edition)" will help enterprises improve management efficiency, adapt to the development of emerging industries and technologies, ensure environmental safety, improve identification and classification accuracy, promote technological innovation and industrial upgrading, and promote the healthy development of the market.

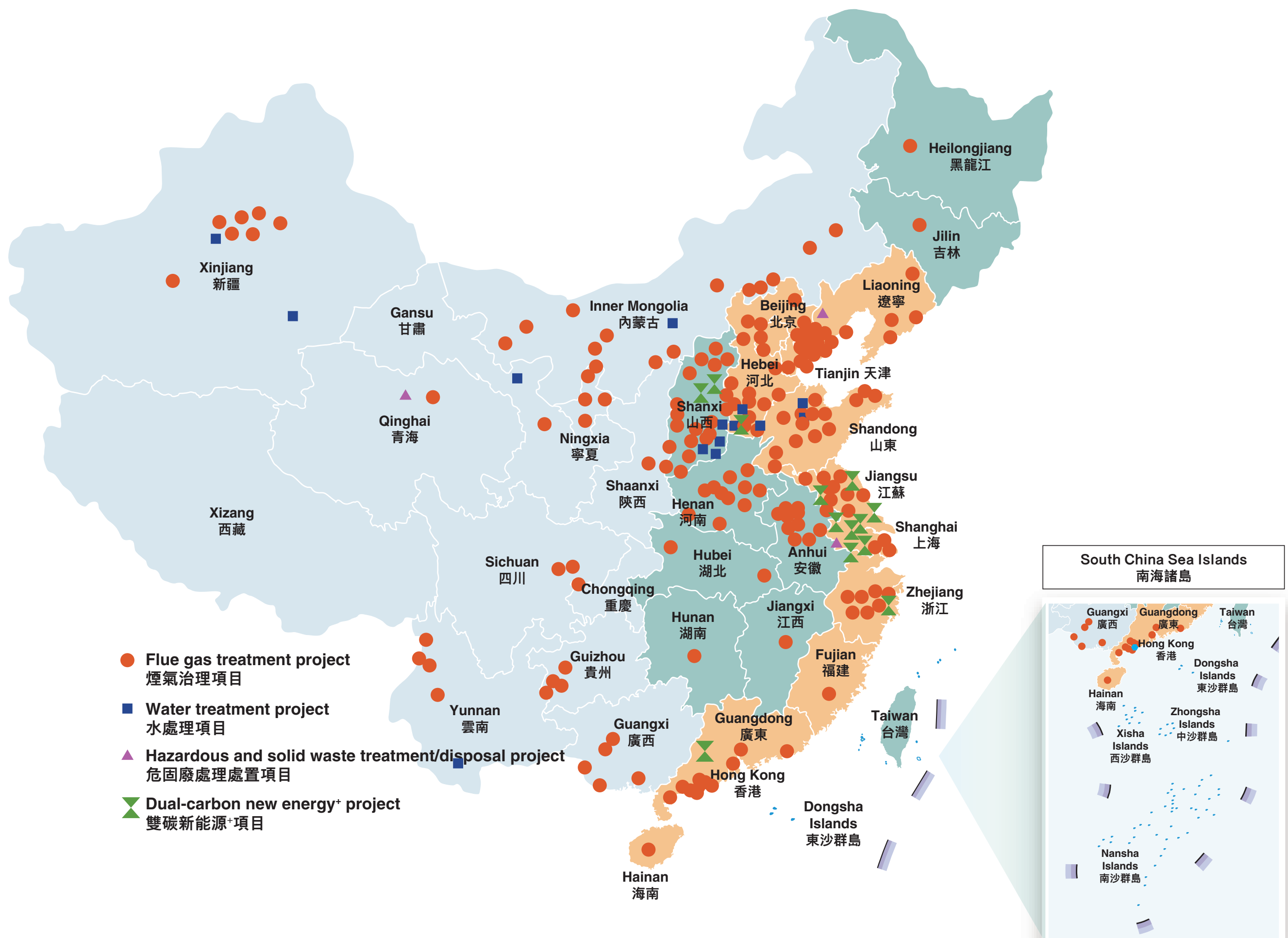
2. BUSINESS REVIEW

In 2024, the global and domestic economic environment was complex and volatile, and the environmental protection and new energy industries have been undergoing profound transformation. The global economic slowdown and the acceleration of energy transformation have combinedly shaped a market landscape with both challenges and opportunities. The global economic slowdown has rendered financing increasingly difficult, while the advancement of energy transformation and the consensus on sustainable development have made the field of environmental protection and new energy a new investment hotspot, attracting a large number of new entrants, and thus market competition has become more intense. In the meantime, customers have experienced greater liquidity pressure and corporate profit margins have been compressed, arising challenges in both business expansion and project execution.

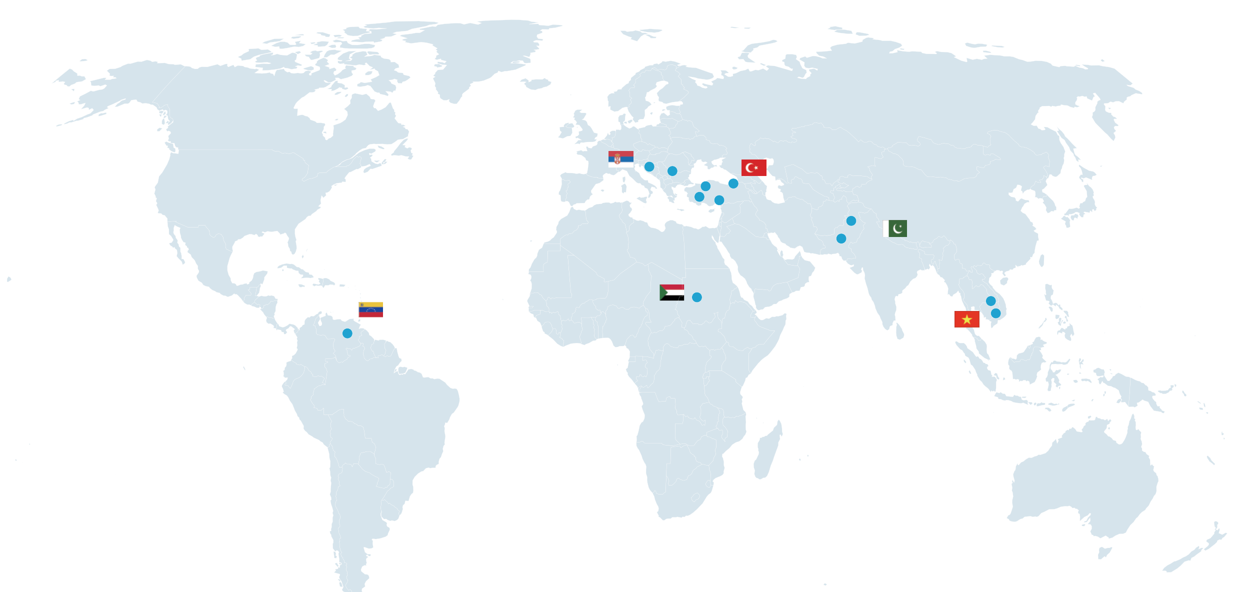
Faced with complex and volatile situations, the Group has continued to promote the strategic transformation from traditional flue gas treatment business to water treatment and new energy^{+} business, optimize business strategies, improve operational efficiency, and reduce costs and improve efficiency through refined management and intelligent transformation. Besides, the Group has increased its market expansion efforts, sought new growth drivers and expanded its business scope, as well as deepened customer relationships and provided high-quality products and services, with a view to consolidating its market position. At the same time, we will continue to take technological innovation as our core driving force, increase research and development ("**R&D**") investment, recruit outstanding talents, and promote technological innovation and achievement transformation. In tackling the complex market, we will seize opportunities in the face of challenges, in order to stand out from the competition and achieve sustainable development.

As at 31 December 2024, the Group's projects have a wide coverage in China, covering 31 provinces, municipalities and autonomous regions in China. Meanwhile, our overseas businesses are also distributed 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 2024:



The following map shows the distribution of the projects of the Group outside the PRC as at 31 December 2024:



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 environmental protection facility engineering ("**EPC**"), operation and maintenance ("**O&M**") and investment projects (including "**Build-Operate-Transfer**" or "**BOT**", and "**Build-Own-Operate**" or "**BOO**" and operation of self-owned assets). During the Reporting Period, through continuously strengthening the construction of the customer service system and relying on our sound project implementation experience, we continued to expand the scale of the electricity and non-electricity markets by seizing the opportunities arisen from favorable policies, among them:

EPC

EPC business mainly involves providing project design, equipment and materials procurement, project construction and equipment installment services in relation to SO_2 or NO_x emission control and dust removal for industrial customers such as power plants, steel factories, chemical plants, refining and building material companies. The Group continued to step up its efforts in the market of flue gas treatment business. During the Reporting Period, it obtained two orders with contract value of more than RMB100 million, namely the Auxiliary Equipment Procurement Project for Shanwei Power Plant Phase II and the Upgrading and Transformation Project on Flue Gas Desulfurization and Denitrification Equipment for Two 230 m^2 Sintering Machine Heads in the Sintering Plant of Tianjin Xintiangang Union Special Steel Co., Ltd. As at 31 December 2024, the Group had newly added 7 EPC projects, with a total contract value of approximately RMB378 million.

The following table sets forth the status of the Group's newly added EPC projects during the Reporting Period:

No.	Environmental protection facilities projects under construction	Type of project	Newly built/ upgraded	Date of contract (Month/Year)	Aggregate contract value *RMB million*
1	Sales and Purchase Project for Optimization and Transformation Equipment of Denitrification System and Ammonia Spray of Unit #5 of Donghai Thermal Power Plant	Denitrification	Upgraded	February 2024	4
2	Supply Project for Flue Gas Denitrification Equipment of 2X350MW Smart Thermal Power Cogeneration Unit Project of SPIC Tongliao	Denitrification	Upgraded	February 2024	15
3	Procurement Project for the Second Batch of Auxiliary Equipment (Package 16: Desulphurization System) of Units #5 & 6 (2×1,000MW) of Shanwei Power Plant Phase II Expansion Project	Desulfurization	Newly built	April 2024	108
4	Sales and Purchase Project for the Ammonia Spray Optimization and Transformation Equipment of Unit #7 Denitrification System of Donghai Thermal Power Plant	Denitrification	Upgraded	April 2024	4

No.	Environmental protection facilities projects under construction	Type of project	Newly built/ upgraded	Date of contract (Month/Year)	Aggregate contract value *RMB million*
5	Upgrading and Transformation Project on Flue Gas Desulfurization and Denitrification Equipment for Two 230 m^2 Sintering Machine Heads in the Sintering Plant of Tianjin Xintiangang Union Special Steel Co., Ltd.	Desulfurization and denitrification	Upgraded	May 2024	241
6	Engineering Service Project for the Flue Gas Desulfurization Ultra-low Emission Transformation Project of Unit #2 of Jiangsu Guoxin Jingjiang Power Generation Co., Ltd.	Desulfurization	Upgraded	August 2024	5
7	Inquiry and Procurement Project for Urea Hydrolysis Reactor of Jiangsu Xutang Power Generation Co., Ltd.	Denitrification	Upgraded	August 2024	1

O&M

O&M services mainly include 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 or tonnes of sintering iron ore 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 at 31 December 2024, the Group had a total of 38 O&M projects under operation, covering industrial sectors such as electricity and steel, 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 during the Reporting Period:

No.	Project name	Type of project	Starting date of service (Month/Year)	Expiry date of service contract (Month/Year)	Installed capacity
1	O&M Project for Yangcheng #1-6 Unit Flue Gas Desulfurization	Desulfurization and dust removal	July 2018	March 2025	6×350MW
2	O&M Project for Yangcheng #7-8 Unit Flue Gas Desulfurization	Desulfurization, dust removal and slag removal	June 2018	March 2025	2×600MW
3	O&M Project for Qinzhou Desulfurization	Desulfurization	July 2015	June 2024	2×630MW+2×1,000MW
4	O&M Project for Jingjiang Flue Gas Desulfurization and Dust Removal	Desulfurization and dust removal	March 2016	December 2025	2×660MW
5	O&M Project for Flue Gas Desulfurization and Denitrification of Yangxi Power Plant Unit #3-4	Desulfurization and denitrification	January 2017	December 2028	2×600MW

No.	Project name	Type of project	Starting date of service (Month/Year)	Expiry date of service contract (Month/Year)	Installed capacity
6	Commissioned Operation Project for Shouguang Auxiliary Ashing and Sulfurization Control System	Desulfurization	May 2018	March 2024	2×1,000MW
7	O&M Project of Jinxi Steel	Denitrification, desulfurization and dust removal	March 2019	August 2026	265m^2 sintering machines
8	O&M Project for Denitrification, Desulfurization and Dust Removal on 350m^2 Sintering Machines of Tianjin Iron Plant	Denitrification, desulfurization and dust removal	November 2019	November 2025	350m^2 sintering machines
9	O&M Project for Denitrification on 360m^2 Sintering Machines of Tianjin Iron Plant	Denitrification	December 2019	December 2025	360m^2 sintering machines
10	O&M Project for Desulfurization, Denitrification and Wastewater Zero-discharge System Equipment Maintenance Works of #5 & 6 units of Yangxi Plant	Desulfurization, denitrification and wastewater zero discharge	January 2022	August 2027	2×1,240MW
11	Operation and Maintenance Service Project for Environmental Protection Facilities of Shanxi Yuguang Power Generation Co., Ltd.	Denitrification, desulfurization and dust removal	December 2021	July 2026	2×300MW+2×350MW
12	O&M Project of Hegang Chenggang *(Note 1)*	Denitrification, desulfurization and dust removal	April 2022	April 2027	180m^2 sintering machines
13	Contract Operation Project for Desulfurization and Denitrification System of No. 2 Sintering Plant of Jinxi Iron and Steel Group Co., Ltd.	Denitrification, desulfurization and dust removal	July 2021	August 2026	265m^2 sintering machines
14	O&M 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 Steel Group Co., Ltd.	Denitrification, desulfurization and dust removal	April 2023	April 2028	435m^2 sintering machines
15	O&M Project for 2×1000MW Desulfurization System of Nanyang	Desulfurization system	August 2021	November 2024	2×1,000MW
16	Maintenance Project for 2×660MW Lime Sulfur and Coal Transportation of Panji Power Plant of Danji Huainan Mining	Ash and slag removal, desulfurization and denitrification	November 2022	November 2024	2×660MW
17	O&M Project for Environmental Protection Facilities of Shanxi International Energy Yuguang Coal and Electricity Co., Ltd.	Desulfurization and dust removal	April 2022	March 2025	2×1,000MW
18	Desulfurizer Purchase and Sale Project of Chengde Branch of Hebei Steel Co., Ltd. *(Note 1)*	Denitrification, desulfurization and dust removal	February 2022	February 2027	180m^2 sintering machines
19	Outsourcing Operation Project for Desulfurization and Denitrification of Sintering Plant 450 of Hebei Jinxi Steel Group Co., Ltd.	Desulfurization, denitrification and dust removal	September 2022	August 2025	450m^2 sintering machines

No.	Project name	Type of project	Starting date of service (Month/Year)	Expiry date of service contract (Month/Year)	Installed capacity
20	Auxiliary Control Operation and Auxiliary Production Service Project for Ash Vulcanization of Qingyuan Power Plant of Guangdong Company	Auxiliary control operation and auxiliary production service for ash vulcanization	October 2022	October 2025	2×1,000MW
21	O&M Project (Excluding Desulfurization and Denitrification) for 135 MW Generator Unit of Jinxi Steel	O&M for generator unit	October 2022	October 2026	135MW
22	O&M Project for 299,000 Vertical Blast Furnace Gas Tank of Jinxi Steel	O&M for gas cabinet equipment for vertical blast furnace	October 2022	October 2026	299,000
23	Operation Project for Desulfurization and Denitrification of No. 1 Sintering Plant of Jinxi Iron and Steel Group Co., Ltd.	Desulfurization, denitrification and dust removal	September 2023	August 2026	265m^2 sintering machines
24	Outsourcing Contracting project for Pellet Desulfurization of Sintering Plant of Jinxi Iron and Steel Group Co., Ltd.	Desulfurization and dust removal	September 2023	August 2026	265m^2 sintering machines
25	O&M Project for #1, #2 and #3, 250 Rolling Line Heating Furnace Denitrification System of Jinxi Steel Company	Denitrification	September 2023	August 2026	1,390,000 tons + 2,200,000 tons + 378,000 tons
26	O&M Project for Heating Furnace Denitrification System of Jinxi Steel Sheet Pile Technology Co., Ltd.	Denitrification	September 2023	August 2026	545,000 tons
27	O&M Project for Denitrification System of the First and Second Rolling Heating Furnaces of Jinxi Iron and Steel Strip Plant	Denitrification	September 2023	August 2026	2,686,000 tons
28	O&M Project for Green Island of 2×350MW Low Heating Value Coal Power Generation Project of Jijiantou Shouyang Thermal Power Co., Ltd.	Desulfurization, denitrification and dust removal	July 2023	October 2043 (settlement to be adjusted according to actual situation every 3 years)	2×350MW
29	Equipment Maintenance Project Contract for #1-#6 units of Yangxi Power Plant (maintenance of coal transportation system of the whole plant and dock system)	Coal transportation/ terminal	December 2023	December 2028	2×600MW+ 2×660MW+ 2×1,240MW
30	O&M and Contracting Project for Jingjiang Flue Gas Desulfurization and Dust Removal	Desulfurization and dust removal	January 2024	December 2025	2×660MW
31	Operation and Cleaning Project for 2024-2025 Desulfurization System of SDIC Beijiang	Desulfurization	March 2024	December 2025	4×1,000MW
32	O&M Service Project for the Desulfurization System of the Power Center of Shandong Yulong Thermal Power Co., Ltd.	Desulfurization (including wet electrostatic precipitator)	March 2024	March 2027	6×670t/h

No.	Project name	Type of project	Starting date of service (Month/Year)	Expiry date of service contract (Month/Year)	Installed capacity
33	Supplementary Project for O&M and Gypsum Treatment of Yangcheng #1-6 units	Desulfurization	May 2024	March 2025	6×350MW
34	Supplementary Project for O&M and Gypsum Treatment of Yangcheng #7-8 units	Desulfurization	May 2024	March 2025	2×600MW
35	Contract for the O&M Project of Flue Gas Desulfurization and Denitrification of two 230m^2 Sintering Machine Heads in the Sintering Plant of Tianjin Xintian Steel United Special Steel Co., Ltd.	Desulfurization and denitrification	April 2024	April 2030	2×230m^2
36	O&M Services for Ash Removal, Desulfurization and Ammonia Production System of Unit #1 &2 of Huaihe Energy Huainan Panji Power Generation Co., Ltd.	Desulfurization, denitrification and dust removal	December 2024	December 2026	2×660MW
37	O&M Services for Ash Removal, Desulfurization and Ammonia Production System of 2×660MW Ultra-supercritical Coal-fired Unit Project of Huainan Mining Group Panji Power Plant Phase II	Desulfurization, denitrification and dust removal	Expected to be April 2025	December 2026	2×660MW
38	Operation Project for 2×1000MW Unit Desulfurization System of Jiangsu Guoxin Binhai Port Power Generation Co., Ltd.	Desulfurization	December 2024	December 2025	2×1,000MW

Note: 1. The owner's units suspended operation in October 2023. The times of the resumption of production and contract execution of the units are to be determined by the owner.

Investment projects

The Group's investment projects business comprises concession operation business model and operation of self-owned assets business model.

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 2024, the Group continued to carry out its concession operation business, including desulfurization, denitrification and green island. As at 31 December 2024, the Group accumulated 7 concession operation projects and save for Shanxi Puzhou Phase I BOT Project *(Note 1)*, all of which have been put into operation smoothly, laying a strong foundation for the Group to operate continuously and develop steadily. The delivery of the assets of the Operation Project for Flue Gas Desulfurization and Denitrification of #1-2 Units of Yangxi Power Plant has been completed and transformed to the operation of self-owned assets, which brings long-term stable income for the Group.

The following table sets forth details of the investment projects of the Group under operation during the Reporting Period:

No.	Project name	Installed capacity	Type of project	Newly built/ Upgraded	Total investment *RMB million*	Date of entering into contract (Month/Year)	Expiry 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	122	June 2012	September 2033 (for Unit #1) May 2033 (for Unit #2)
3	Shanxi Puzhou Phase II BOT Project	2×350MW	Desulfurization	Newly built	112	May 2014	End of 2037
4	Xinjiang Shenhuo BOT Project	4×350MW	Green Island	Upgraded	496	June 2017	End of 2032
5	Huainan Guqiao BOT Project	2×330MW	Green Island	Upgraded	173	May 2018	End of 2033
6	Xinjiang Guotai Xinhua BOT Project	2×350MW	Green Island	Upgraded	150	July 2018	June 2028
7	Guangxi Laibin Desulfurization, Denitrification and Dust Removal BOO Project	2×300MW	Green Island	Upgraded	308	December 2018	End of 2033
8	Operation Project for Flue Gas Desulfurization and Denitrification of #1-2 Units of Yangxi Power Plant	2×660MW	Desulfurization and denitrification	Asset acquisition	154	October 2023	December 2039

Note:

1. Shanxi Puzhou Phase I BOT Project has been under negotiation stage for buy-back from the owner, and the related BOT business has been suspended.

2.2 Water Treatment Business

During the Reporting Period, the Group's water treatment projects were in stable operation. New contracts were signed for Sewage Treatment Technology Service Project for Shanxi Coking Co., Ltd. and Wastewater Zero Discharge Project for the Coking Plant of Tianjin Iron Works Co., Ltd. The Engineering Project for Concentrated Water Salt Extraction Zero Discharge System of Lubao Industrial Park Sewage Treatment Center has obtained a 20-year concession operation period, laying a solid foundation for revenue from the Group's water treatment business.

In 2024, the Group stepped up its efforts in the development of projects with light asset model, in order to further expand its business scope and market space by optimizing resource allocation and improving operational efficiency. This strategic adjustment will help reduce operating risks, increase return on assets, and also inject new impetus into the Group's future sustainable development.

As at 31 December 2024, the Group has 14 water treatment projects in operation.

During the Reporting Period, the water treatment business projects being implemented by the Group are as follows:

No.	Project name	Type of project	Date of entering into contract (Month/Year)	Expiry date of service contract (Month/Year)
1	Sewage Advanced Treatment and Recycle Project for Coking Wastewater/Sewage and Renewable Resource Utilization of Shanxi Lubao Industrial Park	Asset acquisition	June 2019	Equivalent to the service life of the assets of the sewage treatment center
2	Concentrated Water Advanced Treatment System Project of Lubao Industrial Park Sewage Treatment Center	Self-built	November 2020	Equivalent to the service life of the assets of the sewage treatment center
3	Wastewater Zero Discharge Project for the Coking Plant of Tianjin Iron Works Co., Ltd.	EPC	August 2021	N/A
4	Technical Service Project for Yakela Sewage Treatment Station of Sinopec Northwest Oilfield Branch	O&M	October 2021	February 2024
5	Domestic Sewage Treatment and Operation Commissioned Project of Xinjiang Northwest Oilfield Drilling Team	O&M	January 2022	June 2024
6	Wastewater/Sewage Collection and Treatment Project of Changzhi Yuanyan Pharmaceutical Technology Co., Ltd.	O&M	January 2022	One year from the date of receiving sewage
7	Sewage Treatment and Renovation EPC Project for Pulping and Paper Production of Shandong Bohui Paper Co., Ltd.	EPC	April 2022	N/A
8	Supplementary Agreement for Wastewater Zero Discharge Project of Coking Plant of Tianjin Iron Works Co., Ltd.	EPC	January 2023	N/A
9	Engineering Project for Concentrated Water Salt Extraction Zero Discharge System of Lubao Industrial Park Sewage Treatment Center	BOO	August 2023	20 years from the date of completion of performance acceptance
10	System Project for Production and Operation Technical Transformation Project of Sewage Treatment SS reduction (Suspended Solids Concentration) in 2023 of Yunnan Yunjing Lin Paper Co., Ltd.	EPC	August 2023	N/A
11	External Drainage Deep Treatment Project Supporting for the Iron Sulfur Titanium Project of Inner Mongolia Guocheng Resources Comprehensive Utilization Co., Ltd.	EPC+O&M	August 2023	The term of O&M is 9 years after EPC completion
12	HRO Concentrated Water Recovery Project for Gansu Baili Jinchang Project	EPC	October 2023	N/A
13	Sewage Treatment Technology Service Project of Shanxi Coking Co., Ltd.	O&M	August 2024	August 2026
14	Wastewater O&M Project for 130m^3/h Coking of Coking Plant of Tianjin Iron and Steel Co., Ltd. in 2024	O&M	August 2024	February 2025

2.3 Hazardous and Solid Waste Treatment/Disposal Business

During the Reporting Period, focusing on large-scale industrial production enterprises and relying on profound experience on project operation and simple and convenient integrated equipment systems, the construction of the first phase of the Cement Kiln Co-processing Hazardous and Solid Waste Treatment Project of Tangshan Yandong has been completed and a hazardous waste management license has been successfully obtained; the disposal business of the Hazardous and Solid Waste Treatment and Disposal Center of Qinghai Boqi has been operating stably and bringing sustainable income to the Group, and the waste packaging and waste photovoltaic panel resource recycling project is currently under construction.

As at 31 December 2024, the Group has 4 hazardous and solid waste treatment/disposal projects in operation.

During the Reporting Period, the hazardous and solid waste treatment/disposal projects being implemented by the Group are as follows:

No.	Project name	Type of project	Date of entering into contract (Month/Year)	Expiry date of service contract (Month/Year)
1	Cement Kiln Co-processing Hazardous and Solid Waste Treatment Project of Tangshan Yandong	EPC	January 2020	20-year operation period after commissioning
2	Hazardous Waste Landfill Project of Qinghai Boqi	Equity acquisition	November 2021	Equivalent to asset useful life
3	Comprehensive Utilization Project for Hazardous Packaging Waste Material of Qinghai Boqi	Self-built	May 2022	N/A
4	25,200 tons Hazardous Waste Disposal Project of Nanjing Tongjun Company	O&M	August 2024	30 September 2029, subject to the specific entry time of the other party

2.4 Dual-Carbon New Energy⁺ Business

During the Reporting Period, the Group actively deepened the layout of its new energy⁺ business, and the operating projects were progressing smoothly and bringing stable income for the Group. In March 2024, the Group entered into the Coke Dry Quenching (CDQ) Waste Heat Utilization Contract of Xinyang, marking another major breakthrough for the Group in the field of CDQ waste heat utilization. By vigorously promoting the photovoltaic business, the Group has won a number of new orders and delivered remarkable overall performance, demonstrating the Group's strong strength and broad development prospects in the field of new energy⁺.

During the Reporting Period, the dual-carbon new energy+ business projects implemented by the Group are as follows:

No.	Project name	Type of project	Date of entering into contract (Month/Year)	Expiry date of service contract (Month/Year)
1	Equipment Supply Project for Dry Quenching Coke Waste Heat Power Generation of Shanxi Dongyi Coal Power and Aluminum Group Coal Chemical Co., Ltd.	EP	November 2021	N/A
2	BOT Project for Dry Quenching Works of Tianjin Iron Works Co., Ltd.	BOT	July 2022	July 2032
3	EPC General Contracting Project for 300MW Distributed Photovoltaic of Zhejiang Post	EPC	April 2023	N/A
4	Wuxi Photovoltaic Project *(Note)*	Acquisition of equity interest	May 2023	N/A
5	EPC General Contracting Project for Technical Transformation of Thermal Storage Joint Frequency Modulation Energy Storage of China Resources Qiaokou Power Plant	EPC	December 2023	N/A
6	Distributed Photovoltaic Project of Jiangsu Deke Environmental Protection Equipment Co., Ltd.	EMC	November 2023	May 2049
7	EPC General Contracting Project for 20.64MWp Distributed Photovoltaic Power Generation of Enjie New Energy in Jinwan District, Zhuhai City	EPC	January 2024	N/A
8	Distributed Photovoltaic Project of Wuxi Aohua Energy Saving and Environmental Protection Engineering Co., Ltd.	EMC	January 2024	April 2049
9	Distributed Photovoltaic Project for Integrated Smart Zero-carbon Power Plant of Yixing Hudong Foundry Co., Ltd.	EMC	January 2024	20 years from the date of grid connection
10	Distributed Photovoltaic Project of Wuxi Huachu New Energy Co., Ltd.	EMC	February 2024	25 years from the day after the acceptance document is issued
11	O&M General Contracting Project for Supporting 2×150t/h CDQ Unit of Coke Power Project of Xinyang Iron and Steel Jingang Energy Co., Ltd.	O&M	March 2024	December 2034
12	EPC General Contracting Project for Distributed Photovoltaic of Chongqing Ouruo Furniture Co., Ltd.	EPC	June 2024	N/A
13	Industrial and Commercial Distributed Photovoltaic Power Generation Rooftop Leasing and Energy Management Project of Guangdong Foshan Danzao Shihai Steel Logistics Center	EMC	July 2024	November 2048
14	Solar Distributed Photovoltaic Project for Factory Rooftop of Wuxi Longhua Electric Power Equipment Co., Ltd.	EMC	July 2024	25 years from the day after the acceptance document is issued
15	Photovoltaic Power Generation EPC Project of Shouyang Thermal Power Plant	EPC	October 2024	N/A
16	Distributed Photovoltaic Project of Nantong Haiying Electromechanical Group Co., Ltd.	EPC	October 2024	N/A

Note: The assets of the seven distributed photovoltaic projects acquired in May 2023 have a total installed capacity of approximately 21MW. New projects added after the acquisition are listed in the table above.

3. FINANCIAL POSITION AND OPERATING RESULTS

In 2024, as China's economy slowly recovers, it also faces uncertainties in domestic and foreign demand and pressure from structural adjustments in some industries. Faced with the complex and ever-changing macroeconomic landscape and increasingly intense market competition, the Group implemented the national strategic deployment steadfastly, seized the development opportunities of the environmental protection industry, insisted on innovation-driven development, deepened transformation and upgrading, and strived to expand the market, thus maintaining a positive momentum of steady development. The Group's revenue and net profit basically remained stable compared with the same period last year and the asset structure remained in sound condition.

Revenue

In the 2024 financial year, the Group's total revenue was RMB2,151 million, representing an increase of 0.6% from RMB2,138 million for the 2023 financial year, mainly due to the active market development which resulted in a slight increase in business scale during the Reporting Period.

The Group generates revenue primarily from four operating segments: (i) flue gas treatment business; (ii) water treatment business; (iii) hazardous and solid waste treatment/disposal business; and (iv) dual-carbon new energy^{+} business. 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	
	2024	2023
	RMB'000	*RMB'000*
Flue gas treatment business	**1,734,649**	1,703,875
EPC	**669,827**	641,393
O&M	**486,566**	548,002
Investment projects	**558,503**	489,618
Of which: Construction	**29,147**	19,887
Operation	**529,356**	469,731
Others	**19,753**	24,862
Water treatment business	**203,589**	317,583
Hazardous and solid waste treatment/disposal business	**53,243**	48,965
Dual-carbon new energy^{+} business	**159,456**	67,776
Total	**2,150,937**	2,138,199

For the 2024 financial year, revenue generated from the Group's flue gas treatment business segment was primarily as follows:

(i) Revenue from EPC business was RMB670 million, representing an increase of 4.5% from RMB641 million for the 2023 financial year, mainly due to the active market expansion which resulted in an increase in business scale during the Reporting Period;

(ii) Revenue from O&M business was RMB487 million, representing a decrease of 11.1% from RMB548 million for the 2023 financial year, mainly due to changes in the operating model of certain projects; and

(iii) Revenue from investment projects business was RMB558 million, representing an increase of 13.9% from RMB490 million for the 2023 financial year, mainly due to the addition of self-owned asset operation business.

For the 2024 financial year, revenue from the Group's water treatment business segment was RMB204 million, representing a decrease of 35.6% from RMB317 million for the 2023 financial year, mainly due to the fact that the EPC projects of the water treatment business were basically completed during the Reporting Period, resulting in a decrease in revenue.

For the 2024 financial year, revenue from the Group's hazardous and solid waste treatment/ disposal business segment was RMB53 million, representing an increase of 8.2% from RMB49 million for the 2023 financial year, mainly due to the increase in the volume and average price of hazardous and solid waste disposal during the Reporting Period.

For the 2024 financial year, revenue from the Group's dual-carbon new energy+ business segment was RMB159 million, representing an increase of 133.8% from RMB68 million for the 2023 financial year, mainly due to the active market expansion which resulted in an increase in business scale during the Reporting Period.

Cost of Sales and Services

For the 2024 financial year, the Group's cost of sales and services was RMB1,716 million, representing an increase of 0.8% from RMB1,702 million for the 2023 financial year, mainly due to the active market expansion which resulted in an increase in business scale during the Reporting Period.

For the 2024 financial year, the cost of sales and services of the Group's flue gas treatment business segment are primarily as follows:

(i) The cost of sales and services for EPC business amounted to RMB632 million, representing an increase of 9.5% from RMB577 million for the 2023 financial year, mainly due to the active market expansion which resulted in an increase in business scale during the Reporting Period;

(ii) The cost of sales and services for O&M business amounted to RMB364 million, representing a decrease of 11.2% from RMB410 million for the 2023 financial year, mainly due to changes in the operating model of certain projects; and

(iii) The cost of sales and services for investment projects business amounted to RMB399 million, representing an increase of 7.3% from RMB372 million for the 2023 financial year, mainly due to the addition of self-owned asset operation business.

For the 2024 financial year, the cost of sales and services for water treatment business segment was RMB156 million, representing a decrease of 42.0% from RMB269 million for the 2023 financial year, mainly due to the fact that the EPC projects of the water treatment business were basically completed during the Reporting Period, resulting in a decrease in costs.

For the 2024 financial year, the cost of sales and services for hazardous and solid waste treatment/disposal business segment was RMB35 million, representing an increase of 12.9% from RMB31 million for the 2023 financial year, mainly due to the increase in costs resulting from new operating projects.

For the 2024 financial year, the cost of sales and services for dual-carbon new energy+ business segment was RMB129 million, representing an increase of 200.0% from RMB43 million for the 2023 financial year, mainly due to the active market expansion which resulted in an increase in business scale during the Reporting Period.

Gross Profit and Gross Profit Margin

For the 2024 financial year, the Group's gross profit was RMB435 million, representing a decrease of 0.2% from RMB436 million for the 2023 financial year, and the gross profit margin was 20.2%, basically stable as compared with 20.4% for the 2023 financial year.

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

	Year ended 31 December 2024		Year ended 31 December 2023	
	Gross Profit *RMB'000*	**Gross Profit Margin** *%*	Gross Profit *RMB'000*	Gross Profit Margin *%*
Flue Gas Treatment Business				
EPC	**38,120**	**5.7**	64,277	10.0
O&M	**122,723**	**25.2**	137,944	25.2
Investment projects	**158,694**	**28.4**	117,775	24.1
Of which: Construction	**544**	**1.9**	200	1.0
Operation	**158,150**	**29.9**	117,575	25.0
Others	**19,138**	**96.9**	24,787	99.7
Water Treatment Business	**47,848**	**23.5**	48,028	15.1
Hazardous and Solid Waste Treatment/Disposal Business	**17,888**	**33.6**	18,422	37.6
Dual-Carbon New Energy+ Business	**30,314**	**19.0**	24,867	36.7
Total	**434,725**	**20.2**	436,100	20.4

For the 2024 financial year, the gross profit of the Group's flue gas treatment business segment is primarily as follows:

(i) The gross profit of EPC business was RMB38 million, representing a decrease of 40.6% from RMB64 million for the 2023 financial year, mainly due to the existence of supplementary contracts for certain EPC projects in the 2023 financial year;

(ii) The gross profit of O&M business was RMB123 million, representing a decrease of 10.9% from RMB138 million for the 2023 financial year, mainly due to changes in the operating model of certain projects; and

(iii) The gross profit of the investment projects business was RMB159 million, representing an increase of 34.7% from RMB118 million for the 2023 financial year, mainly due to (a) the addition of self-owned asset operation business; and (b) the decrease in costs and increase in gross profit resulting from the energy-saving and consumption-reducing transformation.

For the 2024 financial year, the gross profit of the Group's water treatment business segment was RMB48 million, remaining stable as compared to RMB48 million for the 2023 financial year.

For the 2024 financial year, the gross profit of the Group's hazardous and solid waste treatment/disposal business segment was RMB18 million, remaining stable as compared to RMB18 million for the 2023 financial year.

For the 2024 financial year, the gross profit of the Group's dual-carbon new energy+ business segment was RMB30 million, representing an increase of 20.0% from RMB25 million for the 2023 financial year, mainly due to the active market expansion which resulted in an increase in business scale during the Reporting Period. However, the overall gross profit margin declined due to the high proportion of revenue from EPC business.

Other Income and Other Gains

For the 2024 financial year, other income and other gains consist primarily of interest income, government grants and non-operating income.

For the 2024 financial year, the Group's other income and other gains, net were RMB40 million, representing a decrease of RMB19 million as compared with RMB59 million for the 2023 financial year, mainly attributable to (i) the gain on the disposal of equity securities measured at fair value in the 2023 financial year, while there was no such event in the 2024 financial year; and (ii) the decrease in gains on asset disposals and gains on supplier compensation.

Selling and Distribution Expenses

For the 2024 financial year, the Group's selling and distribution expenses were RMB25 million, remaining stable as compared to RMB25 million for the 2023 financial year.

Administrative Expenses

For the 2024 financial year, the Group's administrative expenses amounted to RMB102 million, remaining stable as compared to RMB102 million for the 2023 financial year.

R&D Expenses

For the 2024 financial year, the Group's R&D expenses amounted to RMB64 million, representing an increase of RMB8 million as compared with RMB56 million for the 2023 financial year. The ratio of R&D expenses to revenue increased from 2.6% for the 2023 financial year to 3.0% for the 2024 financial year, which was mainly due to the Company's increased investment in R&D in order to expand new businesses and enhance the Group's market competitiveness.

Finance Costs

The Group's finance costs consisted of interest expenses on bank borrowings, other borrowings and lease liabilities. For the 2024 financial year, the Group's finance costs were RMB18 million, representing an increase of RMB4 million as compared with RMB14 million for the 2023 financial year. This was mainly due to the Group's increased borrowings to support project investment during the Reporting Period.

Gearing Ratio

The gearing ratio is calculated as a percentage of the Group's total liabilities over the Group's total assets. For the 2024 financial year, the Group's gearing ratio was 39.3%, increased by 0.4 percentage points from 38.9% for the 2023 financial year.

Income Tax Expenses

The income tax expenses of the Group for the 2024 financial year was RMB29 million, decreased by 21.6% from RMB37 million for the 2023 financial year, mainly due to the Group's optimization of its tax planning during the Reporting Period.

Profit for the Year

For the 2024 financial year, the Group recorded a profit for the year of RMB240 million, representing an increase of RMB3 million from RMB237 million for the 2023 financial year, mainly due to the increased efforts on collection of accounts receivable during the Reporting Period and the reduction in the provision for bad debts of accounts receivable.

Profit Attributable to Owners of the Company

For the 2024 financial year, profit attributable to owners of the Group was RMB236 million, representing a decrease of RMB4 million as compared with RMB240 million for the 2023 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 enquiries, 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 2025.

Cash Flows

At at 31 December 2024, the Group's bank balances and cash amounted to RMB629 million, representing an increase of RMB280 million as compared with RMB349 million as at 31 December 2023, mainly due to Group's increased efforts on the collection of accounts receivable 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 2024 financial year, the total capital expenditure of the Group was RMB235 million, representing an increase of 63.2% as compared with RMB144 million for the 2023 financial year.

Contingent Liabilities

As at 31 December 2024, the Group did not have any material contingent liabilities (2023: Nil).

Pledge of the Group's Assets

As at 31 December 2024, the Group's bank borrowings of RMB69 million were secured by mortgage of certain properties and land use rights owned by the Group and the equity of certain subsidiaries and service fee collection rights of certain projects.

Jinggangshan Boqi Environmental Technology Co., Ltd. (江西井岡山博奇環保科技有限公司) ("**Jinggangshan Boqi**"), a subsidiary of the Company, 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.

Handan Boqi Environmental Technology Co., Ltd. (邯鄲博奇環保科技有限公司) ("**Handan Boqi**"), a subsidiary of the Company, as the lessee, had entered into a finance lease arrangement (the "**Finance Lease Agreement**") with Jiangsu Financial Leasing Co., Ltd. (the "**Jiangsu Financial Leasing**"). Beijing Boqi had pledged all its equity interests in Handan Boqi and the service fee receivables under the Handan Boqi Service Concession Agreement to Jiangsu Financial Leasing to guarantee its liabilities under the Finance Lease Agreement.

Changjizhou Boqi Environmental Technology Co., Ltd. (昌吉州博奇環保科技有限公司) ("**Changjizhou 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 Changjizhou Boqi and the service fee receivables under the Changjizhou Boqi service concession agreement to CITIC Leasing to guarantee its liabilities under the Finance Lease Agreement.

Changzhi Boqi Environmental Technology Co., Ltd. (長治市博奇環保科技有限公司) ("**Changzhi 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 Changzhi Boqi and the service fee receivables under the Changzhi 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 government. The demand for the Group's environmental protection services and the revenue generated from 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 to enter the market, and may also encourage the market entrants to 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 the leader of the independent comprehensive flue gas treatment service provider in China, the Group will seize market opportunities to further cover the entire industrial chain of the flue gas treatment industry and explore potential markets. At the same time, the Group will actively develop new markets in non-electricity industries such as steel, petrochemicals and electrolytic aluminum, and develop environmental protection businesses, including water treatment and hazardous and solid waste treatment/disposal, and dual carbon new energy^{+} business, 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 an appropriate liquidity risk management framework 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 2024, the aggregated amount of the Group's trade receivables of the top five customers was RMB403 million, representing 34.1% of the total trade receivables of the Group as at 31 December 2024. 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

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 its sales and procurement transactions 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. 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. THE GROUP'S FUTURE OUTLOOK

Under the guidance of the Group's business development plan relating to the "14th Five-Year", the Group will purse breakthroughs in its business development through strategic upgrading, continue to deepen the dual-core drive strategy of "environmental governance" and "dual-carbon new energy^{+}", and build an industrial ecological matrix integrating the four business segments, "gas, water, solid waste and dual-carbon new energy^{+}". Through business structure optimization, management efficiency improvement, technological innovation breakthroughs and the strategic capital synergy of the four major business drivers, we will strive to build an environmental protection technology industry group with international competitiveness.

The Group will optimize its strategies and build a new industrial ecological pattern. The Group strives to formulate effective measures to achieve its development goal in each phase, and steadily promote the strategic layout of each business. Relying on the technology and experience of existing projects, the Group will stabilize the scale of the flue gas treatment business to form a "solid foundation" of the Group and provide effective support for the Group's transformation. The Group will allocate more resources to the water treatment business and actively expand the market share of the hazardous and solid waste treatment/disposal business. Besides, the Group will achieve rapid business growth through investment, mergers and acquisitions and technical cooperation, thus providing "alternative strategies" to create new profit support sources for the Group. The Group will also accelerate the development of its new energy business targeting niche areas, and will plan its business deployment in advance relying on its development strategy to form "supportive measures" with a view to continuously providing momentum for the Group's development. The Group will establish a development layout relying on its "solid foundation + alternative strategies + supportive measures", so as to generate a stable cash flow from traditional businesses, pursue secondary business growth from emerging businesses and accumulate future competitive advantages from strategic businesses.

The Group will continue to promote refined management and optimize human resources, as well as strengthen the construction of the corporate system and use digital technology to build a comprehensive intelligent management platform in order to improve management efficiency. With "growth, efficiency, and innovation" as our goal, we will step up our business transformation efforts, improve corporate management efficiency, encourage technological and management innovation, enhance corporate competitiveness and comprehensively improve our customer service levels, so as to provide strong support and guarantee for the development of the Group. Focusing on the business development and transformation of the Group, we will optimize the organizational structure and workforce, activate organizational vitality, strengthen internal control mechanisms, standardize corporate governance and improve internal incentive mechanisms, so as to create a sound corporate platform to attract high-caliber talents.

The Group will adhere to innovation-driven development and increase its R&D efforts. Against the backdrop of "Carbon Peaking and Carbon Neutrality", the technological R&D and innovation efforts of the Group will be more focused on new business sectors while expanding into other subdivided areas. Through the combination of technical cooperation and independent R&D, the Group will improve its own technological innovation capabilities and continuously achieve technological upgrades and breakthroughs to enhance its key technologies. By integrating resources such as technology, talents and markets, and taking into account specific business difficulties and needs, we will accelerate the transformation and application of technology and R&D results to build an advanced, scientific, standardized and high-quality low-carbon environmental protection service system.

Relying on capital synergy, the Group will build a new ecosystem with shared values. The Group will implement the dual-driving strategy of "industry + capital" and build a multi-level capital operation system. The Group will optimize the industrial chain layout through strategic investment, integrate high-quality industry resources through mergers and acquisitions and deepen the integration model of industry and finance, in order to create a virtuous cycle of "industry operation, capital operation and value creation" and build a green industry ecosystem with mutually beneficial results for all parties.

The Group will always adhere to the development policy of "Green Technology and Mutually Beneficial Ecological Relationships". Through the combined synergic effect of strategic layout optimization, management efficiency improvement, technological innovation breakthroughs and capital value activation, the Group will continue to enhance its core competitiveness and sustainable development capabilities, and steadily move towards the goal of becoming an industrial innovation platform with a global vision and an ecological value creator in the green economy era.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

On 6 February 2024, Beijing Boqi, a wholly-owned subsidiary of the Company, and Richinfo Technology Co., Ltd. (彩訊科技股份有限公司) ("**Richinfo Company**") entered into the joint venture agreement (the "**JV Agreement**") in relation to the proposed formation of a joint venture company (the "**Joint Venture Company**") in the PRC for development of new energy business. Pursuant to the JV Agreement, Beijing Boqi shall make a capital contribution of RMB4 million in cash, representing 40% of the total registered capital of the Joint Venture Company and Richinfo Company shall make a capital contribution of RMB6 million in cash, representing 60% of the total registered capital of the Joint Venture Company. For further details, please refer to the announcement of the Company dated 6 February 2024.

On 22 March 2024, Beijing Boqi and Changjizhou Boqi (as lessees) and CITIC Leasing (as lessor) entered into the finance lease agreement (the "**Former Finance Lease Agreement**"), pursuant to which (i) CITIC Leasing agreed to purchase and Beijing Boqi and Changjizhou Boqi agreed to dispose the equipment at the consideration of approximately RMB110 million; and (ii) CITIC Leasing agreed to lease the equipment to Beijing Boqi and Changjizhou Boqi for a term of five years, at an estimated total amount of approximately RMB126 million, being the sum of lease principal and lease interest. For further details, please refer to the announcement of the Company dated 22 March 2024.

On 12 July 2024, Beijing Boqi and Changzhi Boqi (as lessees) and CITIC Leasing (as lessor) entered into the finance lease agreement, pursuant to which (i) CITIC Leasing agreed to purchase and Beijing Boqi and Changzhi Boqi agreed to dispose the equipment at the consideration of approximately RMB120 million; and (ii) CITIC Leasing agreed to lease the equipment to Beijing Boqi and Changzhi Boqi for a term of five years, at an estimated total amount of approximately RMB137 million, being the sum of lease principal and lease interest. During the 12 months prior to the entering into of the aforementioned finance lease agreement, the Group and CITIC Leasing had entered into the Former Finance Lease Agreement. For further details, please refer to the announcement of the Company dated 12 July 2024 and the circular of the Company dated 23 August 2024.

Save as disclosed above, the Group had no significant investments held (including any investment in an investee company with a value of 5% or more of the Company's total assets as at 31 December 2024), or material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period and up to the date of this announcement.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 1,592 employees in total (as at 31 December 2023: 1,579 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 carried out performance appraisals of employees at all levels, and implemented a performance-based salary system for management, project managers, sales directors and authorized legal representatives, and promoted the realization of business indicators through the evaluation, reward and punishment mechanism based on responsibility and rights and the staged performance review mechanism. The appraisal results are linked to performance-based remuneration and annual performance bonus. Taking into account of the characteristics of different business segments, the Company has established, improved and implemented various reward systems. By actively promoting the excess profit sharing mechanism, we has encouraged management team and employees to exert their subjective initiative to create greater efficiency for the Company. 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.

The employees of the subsidiaries of the Group established in the PRC (other than Hong Kong) participate in a contribution retirement benefit plan managed by the local municipal government in the locations in which they operate. The Group's PRC subsidiaries are required to contribute a certain percentage of their respective employees' payroll to the retirement benefit plan in accordance with the rules of the contribution retirement benefit plan. Employees of these subsidiaries are entitled to retirement benefits from the abovementioned retirement plan at their normal retirement age. The Group also participates in a pension scheme under the rules and regulations of Mandatory Provident Fund Scheme (the "**MPF Scheme**") for all its qualifying employees in Hong Kong. Under the MPF Scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000. Contributions to the MPF Scheme vest immediately. The Group's contributions to the defined contribution schemes vest fully and immediately with the employees. Accordingly, (i) for the years ended 31 December 2023 and 2024, there was no forfeiture of contributions under the defined contribution schemes; and (ii) there were no forfeited contributions available for the Group to reduce its existing level of contributions to the defined contribution schemes as at 31 December 2024. No forfeited contributions may be used if there is forfeited contributions.

MAJOR SUBSEQUENT EVENTS

On 23 October 2024, the Board announced that a conditional voluntary cash offer will be made by CLSA Limited on behalf of the Company to buy-back, subject to fulfilment of the conditions of the Offer (as defined below), up to the maximum number (the "**Maximum Number**"), being 150,858,120 Shares, representing approximately 15.00% of the issued share capital of the Company as at 23 October 2024 at a cash consideration of HK$1.20 per Share (the "**Offer**").

The Offer has become unconditional in all respects on 20 December 2024. As at the 4:00 p.m. on 3 January 2025, being the latest acceptance time, valid acceptances in respect of a total of 304,599,795 Shares were received from the accepting Shareholders (the "**Accepting Shareholder**") under the Offer, representing approximately 201.91% of the Maximum Number to be bought back by the Company under the Offer and approximately 30.29% of the total number of issued Shares as at 3 January 2025. As valid acceptances received exceeded the Maximum Number, the total number of Shares to be bought-back by the Company from each Accepting Shareholder would be determined in accordance with the formula set out in the offer document of the Company dated 29 November 2024. As a result, a total of 150,858,120 Shares, being the Maximum Number, will be bought back and cancelled by the Company on completion of the Offer.

The completion of the Offer and cancellation of 150,858,120 Shares bought-back by the Company took place on 14 January 2025. The total consideration payable by the Company for buying back the said Shares pursuant to the Offer is HK$181,029,744. As a result, immediately after the completion of the Offer, the total number of the issued Shares reduced from 1,005,720,799 to 854,862,679 Shares.

For further details, please refer to (i) the announcements of the Company dated 23 October 2024, 29 November 2024, 20 December 2024, 31 December 2024, 3 January 2025 and 14 January 2025 and (ii) the offer document of the Company dated 29 November 2024.

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

FINAL DIVIDENDS

Taking into consideration various factors such as the new business development needs of the Group and its future capital expenditure plans, the Board recommend the payment of HK$4.60 cents per ordinary share as final dividend for the year ended 31 December 2024 (2023: HK$3.50 cents). No interim dividend was declared for the 2024 financial year. Subject to the approval of the Company's shareholders (the "**Shareholder(s)**") at the AGM (as defined below), the proposed final dividend will be paid to the Shareholders on 9 July 2025. The Company does not currently hold any treasury shares (the "**Treasury Shares**") (as defined under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**")), and Treasury Shares, if any, would not receive the dividends or distributions.

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

Save as disclosed under the paragraph headed "Major Subsequent Events" above, neither the Company nor any member of the Group has purchased, sold or redeemed any of the Company's Shares (including sale of Treasury Shares) during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and to the knowledge of the Directors, at least 25% of the Company's total issued share capital, the prescribed minimum percentage of public float approved by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") and permitted under the Listing Rules are held by the public at all times as at the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate values and accountability. The Company has adopted the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 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 C.2.1 of the CG Code. With extensive experience in the environmental protection industry, Mr. Zeng Zhijun is responsible for the overall management, decision making and strategy planning of the Company and has been instrumental to the Group's growth and business expansion. Since Mr. Zeng Zhijun is one of the key persons for the Group's management, the Board considers that vesting the roles of the chairman and the chief executive officer on the same person, Mr. Zeng Zhijun, would not create any potential harm to the interest of the Group and it is, on the contrary, beneficial to the management of the Group. In addition, the operation of the senior management of the Group and the Board, which are comprised of experienced individuals, effectively checks and balances the power and authority of Mr. Zeng Zhijun. The Board currently comprises three executive Directors (including Mr. Zeng Zhijun), three non-executive Directors and four independent non-executive Directors and therefore has a fairly strong independence element in its composition. Therefore, the Board considers that the deviation from code provision C.2.1 of 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 Part 2 of 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 C3 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 C.1.3 of the CG Code. 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 STATEMETNS

The Company established the audit committee under the Board (the "**Audit Committee**") with written terms of reference in compliance with the CG Code. As at the end of the Reporting Period, the Audit Committee comprises three members, namely Dr. Xie Guozhong, Mr. Zheng Tony Tuo and Ms. Zhang Fan. Dr. Xie Guozhong is the chairman of the Audit Committee. On 28 March 2025, Ms. Zhang Fan ceased to be a member of the Audit Committee and Mr. Li Tao has been appointed as a member of the Audit Committee.

The Audit Committee has reviewed the draft consolidated financial statements of the Group for the 2024 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 presented the Group's financial position and results for the 2024 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 the consolidated statement of comprehensive income and the related notes thereto for the 2024 financial year as set out in this 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 this announcement.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "**AGM**") will be held on Friday, 30 May 2025. A notice convening the AGM will be published and dispatched to the Shareholders 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 Tuesday, 27 May 2025 to Friday, 30 May 2025, 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 branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 26 May 2025.

In order to determine the entitlement to the proposed final dividend for the year ended 31 December 2024, the transfer books and register of members of the Company will be closed from Monday, 16 June 2025 to Wednesday, 18 June 2025, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong before 4:30 p.m. on Friday, 13 June 2025.

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). The 2024 Annual Report containing all the information required by the Listing Rules will be dispatched to the Shareholders 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, 28 March 2025

As at the date of this announcement, the executive Directors are Mr. Zeng Zhijun, Mr. Liu Genyu and Ms. Qian Xiaoning; the non-executive Directors are Mr. Zheng Tony Tuo, Mr. Zhu Weihang and Mr. Chen Xue; and the independent non-executive Directors are Dr. Xie Guozhong, Mr. Li Tao, Prof. Yu Wayne W. and Ms. Zhang Fan.