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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 2025**

ANNUAL RESULTS HIGHLIGHTS

For the year ended 31 December 2025, the revenue of the Group amounted to RMB2,230 million, representing an increase of 3.7% as compared with RMB2,151 million for last year.

For the year ended 31 December 2025, the gross profit of the Group amounted to RMB494 million, representing an increase of 13.6% as compared with RMB435 million for last year; the gross profit margin of the Group was 22.2%, representing an increase of 2.0 percentage points as compared with 20.2% for last year.

For the year ended 31 December 2025, the Group recorded a net profit of RMB244 million and a net profit margin of 10.9%. The net profit represented an increase of 1.7% as compared with RMB240 million for the same period last year, while the net profit margin remained flat year-on-year.

The Board has recommended the payment of HK6.40 cents per ordinary share as final dividend for the year ended 31 December 2025 (31 December 2024: HK4.60 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 2025 (the “**Reporting Period**” or “**2025 financial year**”), together with comparative figures for the year ended 31 December 2024 (the “**2024 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
Year ended 31 December 2025

	Notes	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue	4	2,229,805	2,150,937
Cost of sales and services		<u>(1,735,306)</u>	<u>(1,716,212)</u>
Gross profit		494,499	434,725
Other income and gains	5	44,728	39,907
Other expense and losses		(25,391)	(10,774)
Selling and distribution expenses		(26,691)	(25,113)
Administrative expenses		(111,387)	(102,282)
Research and development expenses		(72,141)	(63,927)
Impairment loss on financial and contract assets	6	(16,472)	1,211
Share of profits of associates	6	2,313	13,496
Finance costs		<u>(15,280)</u>	<u>(18,011)</u>
PROFIT BEFORE TAX	6	274,178	269,232
Income tax expenses	7	<u>(30,385)</u>	<u>(29,299)</u>
PROFIT FOR THE YEAR		<u>243,793</u>	<u>239,933</u>
Profit attributable to:			
Owners of the parent		239,885	236,436
Non-controlling interests		<u>3,908</u>	<u>3,497</u>
		<u>243,793</u>	<u>239,933</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9		
– Basic (RMB)		<u>0.28</u>	<u>0.24</u>
– Diluted (RMB)		<u>0.28</u>	<u>0.24</u>

Consolidated Statement of Comprehensive Income

Year ended 31 December 2025

	2025 RMB'000	2024 RMB'000
PROFIT FOR THE YEAR	243,793	239,933
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	3,611	491
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	3,611	491
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	3,611	491
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	247,404	240,424
Total comprehensive income attributable to:		
Owners of the parent	243,496	236,927
Non-controlling interests	3,908	3,497
	247,404	240,424

Consolidated Statement of Financial Position

31 December 2025

	Notes	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		974,116	965,623
Investment properties		7,696	8,339
Goodwill		6,567	6,567
Other intangible assets		437,010	493,079
Receivables under service concession arrangement	10	368,077	414,362
Investments in associates		58,751	69,996
Equity investment designated at fair value through other comprehensive income		9,274	5,664
Long-term receivables		350,787	163,697
Contract assets		58,513	88,062
Amounts due from related parties		82,474	81,993
Deferred tax assets		73,398	65,693
Other non-current assets		89,331	87,739
Total non-current assets		<u>2,515,994</u>	<u>2,450,814</u>
CURRENT ASSETS			
Receivables under service concession arrangement	10	36,469	38,697
Debt instruments at fair value through other comprehensive income		181,991	183,556
Inventories		31,970	38,352
Financial assets at fair value through profit or loss		50,208	319
Contract assets		304,055	306,499
Trade receivables	11	1,128,563	1,117,355
Prepayments, deposits and other receivables		218,785	266,508
Amounts due from related parties		201,292	237,335
Pledged time deposits and bank balances		66,299	139,304
Cash and cash equivalents		440,792	629,018
Total current assets		<u>2,660,424</u>	<u>2,956,943</u>

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
CURRENT LIABILITIES			
Trade and bills payables	12	849,895	1,063,158
Other payables, deposits received and accrued expenses		479,722	402,566
Contract liabilities		89,872	81,094
Income tax payable		51,677	56,218
Interest-bearing bank and other borrowings		70,480	164,350
Lease liabilities		5,909	6,748
Amounts due to related parties		35,062	31,056
Total current liabilities		1,582,617	1,805,190
NET CURRENT ASSETS		1,077,807	1,151,753
TOTAL ASSETS LESS CURRENT LIABILITIES		3,593,801	3,602,567
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings		203,732	262,498
Lease liabilities		28,098	21,635
Deferred tax liabilities		35,097	33,554
Contingent consideration		–	439
Total non-current liabilities		266,927	318,126
Net assets		3,326,874	3,284,441
EQUITY			
Equity attributable to owners of the parent			
Share capital		56	67
Treasury shares	13	(1)	(1)
Reserves		3,286,279	3,252,108
		3,286,334	3,252,174
Non-controlling interests		40,540	32,267
Total equity		3,326,874	3,284,441

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2025

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 and other relevant information 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 “**Directors**”), 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 (Note)	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
CBEE Holdings Co., Ltd. (“ CBEE ”)*	British Virgin Islands (“ BVI ”)	–	100%	–	Investment holding
Beijing Shengyi Tiancheng Environmental SCI-TECH Co., Ltd. (“ Beijing Shengyi ”)*	PRC/Chinese mainland**	RMB521,500,000	100%	–	Investment holding
Beijing Bosheng Environmental SCI- TECH Co., Ltd. (“ Bosheng Environmental ”)	PRC/Chinese mainland**	RMB10,000,000	–	100%	Investment holding
Beijing Boqi Electric Power SCI-TECH Co., Ltd. (“ Beijing Boqi ”)	PRC/Chinese mainland**	RMB550,000,000	–	100%	Environmental protection facilities engineering, operation and maintenance services
Jiangxi Jinggangshan Boqi Environmental Technology Co., Ltd. (“ Jinggangshan Boqi ”)	PRC/Chinese mainland**	RMB81,000,000	–	100%	Concession operation services
Shanxi Puzhou Boqi Environmental Technology Co., Ltd. (“ Puzhou Boqi ”)	PRC/Chinese mainland**	RMB55,000,000	–	100%	Concession operation services

Name (Note)	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Shanxi Hejin Boqi Environmental Technology Co., Ltd. (“ Hejin Boqi ”)	PRC/Chinese mainland**	RMB25,000,000	–	100%	Concession operation services
Shanxi Bo Yuan Qi Cheng Environmental Equipment Service Co., Ltd. (“ Shanxi Bo Yuan Qi Cheng ”)	PRC/Chinese mainland**	RMB10,000,000	–	100%	Operation and maintenance services
Changjizhou Boqi Environmental Technology Co., Ltd. (“ Changjizhou Boqi ”)	PRC/Chinese mainland**	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/Chinese mainland**	RMB50,000,000	–	100%	Environmental protection facility engineering, operation and maintenance services
Laibin Boqi Environmental Technology Co., Ltd. (“ Laibin Boqi ”)	PRC/Chinese mainland**	RMB80,000,000	–	100%	Environmental protection facility engineering, operation and maintenance services
Changzhi Boqi Environmental Technology Co., Ltd. (“ Changzhi Boqi ”)	PRC/Chinese mainland**	RMB128,000,000	–	100%	Water treatment business
Tangshan Boqi Environmental Technology Co., Ltd. (“ Tangshan Boqi ”)	PRC/Chinese mainland**	RMB30,000,000	–	100%	Hazardous and solid waste treatment/ disposal service
Handan Boqi Environmental Technology Co., Ltd. (“ Handan Boqi ”)	PRC/Chinese mainland**	RMB75,000,000	–	92%	Dual-carbon new energy+ business
Qinghai Boqi Ecological Environmental Technology Co., Ltd. (“ Qinghai Boqi ”)	PRC/Chinese mainland**	RMB30,000,000	–	92%	Hazardous and solid waste treatment/ disposal service
Jiangsu Boqi Smart Energy Co., Ltd. (“ Jiangsu Boqi ”)	PRC/Chinese mainland**	RMB65,000,000	–	51%	Dual-carbon new energy+ business
Zhongxie power Energy Wuxi Co., Ltd. (“ Zhongxie Power ”)	PRC/Chinese mainland**	RMB10,000,000	–	51%	Dual-carbon new energy+ business
Wuxi Huadong No. 2 Smart Energy Co., Ltd. (“ Huadong No. 2 ”)	PRC/Chinese mainland**	RMB8,203,800	–	51%	Dual-carbon new energy+ business

Name (Note)	Place of incorporation/ registration and business	Issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Wuxi Huaxin Energy Development Co., Ltd. ("Huaxin Energy")	PRC/Chinese mainland**	RMB30,000,000	–	51%	Dual-carbon new energy+ business
Shaanxi Boqi Green Energy Technology Co., Ltd. ("Shaanxi Boqi")	PRC/Chinese mainland**	RMB50,000,000	–	100%	Dual-carbon new energy+ business
Changzhi Boqi New Energy Technology Co., Ltd. ("Changzhi Boqi New Energy")	PRC/Chinese mainland**	RMB3,000,000	–	100%	Dual-carbon new energy+ business
Foshan Jinxu 18 New Energy Co., Ltd. ("Foshan Jinxu")	PRC/Chinese mainland**	RMB12,850,000	–	100%	Dual-carbon new energy+ business
Yangxi Boqi Environmental Protection Technology Co., Ltd. ("Yangxi Boqi")	PRC/Chinese mainland**	RMB52,300,000	–	100%	Flue gas desulfurization and denitrification services
Beijing Boqi Tongda Trading Co., Ltd. ("Tongda Trading")	PRC/Chinese mainland**	RMB10,000,000	–	100%	Sale of materials and equipment
Wuxi Huaqi New Energy Co., Ltd. ("Wuxi Huaqi")	PRC/Chinese mainland**	RMB2,800,000	–	51%	Dual-carbon new energy+ business
Xingtai Boqi New Energy Co., Ltd. ("Xingtai Boqi")	PRC/Chinese mainland**	RMB14,000,000	–	51%	Dual-carbon new energy+ business
Tianjin Boqi Smart Energy Technology Co., Ltd. ("Tianjin Boqi")	PRC/Chinese mainland**	RMB11,390,000	–	100%	Dual-carbon new energy+ business
Guangxi Qinzhou Boqi Energy Conservation and Environmental Protection Service Co., Ltd. ("Qinzhou Boqi")	PRC/Chinese mainland**	RMB10,000,000	–	100%	Operation and maintenance services
Beijing Boqi Intelligent New Energy Technology Co., Ltd. ("Intelligent New Energy")	PRC/Chinese mainland**	RMB100,000,000	–	100%	Dual-carbon new energy+ business

Note:

The English names of the above principal subsidiaries of the Company are translations of their respective Chinese legal names and are for reference only.

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

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 2025. 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 amendments to IAS 21 *Lack of Exchangeability* for the first time for the current year’s financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. As the currencies that the Group had transacted in and the functional currencies of overseas subsidiaries, joint ventures and associates for translation into the Group's presentation currency were exchangeable, the amendments did not have any impact on the Group's financial statements.

In addition, the IASB has issued amendments to illustrative Examples on IFRS 7, IFRS 18, IAS 1, IAS8, IAS 36 and IAS 37 *Disclosures about Uncertainties in the Financial Statements*, which added illustrative examples in the corresponding IFRS Accounting Standards. These examples reflect existing requirements in the corresponding IFRS Accounting Standards to report the effects of uncertainties in the financial statements using climate-related examples. Therefore, the amendments do not have an effective date or transitional provisions. The Group has considered the guidance in these illustrative examples and there is no impact on the Group's 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		Segment profit	
	(Note 5)			
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Flue gas treatment business				
EPC	736,561	669,827	64,755	38,120
O&M	570,120	486,566	119,061	122,723
Investment projects	541,357	558,503	173,817	158,694
Others	17,395	19,753	15,801	19,138
Water treatment business	180,558	203,589	51,607	47,848
Hazardous and solid waste treatment/disposal business	51,817	53,243	17,438	17,888
Dual-carbon new energy+ business	131,997	159,456	52,020	30,314
Total segment revenue	<u>2,229,805</u>	<u>2,150,937</u>	<u>494,499</u>	<u>434,725</u>
Unallocated other income and gains			44,728	39,907
Unallocated other expense and losses			(25,391)	(10,774)
Unallocated selling and distribution expenses			(26,691)	(25,113)
Unallocated administrative expenses			(111,387)	(102,282)
Unallocated research and development expenses			(72,141)	(63,927)
Unallocated impairment losses on financial and contract assets, net			(16,472)	1,211
Unallocated share of profits of associates			2,313	13,496
Unallocated finance costs			(15,280)	(18,011)
Profit before tax			<u>274,178</u>	<u>269,232</u>

Segment revenue reported above represents revenue generated from external customers. There were no inter-segment sales for the year ended 31 December 2025 (2024: nil).

Other segment information

		Total depreciation and amortisation	
		2025	2024
		RMB'000	RMB'000
Depreciations and amortisations presented in cost of sales and services			
Flue gas treatment business			
EPC		5	116
O&M		4,149	7,423
Investment projects		75,293	77,581
Water treatment business		32,686	26,914
Hazardous and solid waste treatment/ disposal business		14,232	14,810
Dual-carbon new energy+ business		6,442	4,301
Sub-total		132,807	131,145
Unallocated depreciations and amortisations			
Other than those presented in cost of sales and services		20,181	15,473
Total		152,988	146,618

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:

		2025	2024
		RMB'000	RMB'000
Customer A	Investment projects, O&M and EPC	*	232,457

* Revenue from the customer was less than 10% in 2025.

4. REVENUE

An analysis of revenue is as follows:

		2025	2024
		RMB'000	RMB'000
Revenue from contracts with customers		2,201,696	2,119,777
Revenue from other sources			
Interest income generated from service concession arrangement		28,109	31,160
Total		2,229,805	2,150,937

Revenue from contracts with customers

(a) Disaggregated revenue information

For the year ended 31 December 2025

	Flue gas treatment business					Hazardous and solid waste treatment/disposal business	Dual-carbon new energy+ business	Total
	EPC RMB'000	O&M RMB'000	Investment projects RMB'000	Others RMB'000	Water treatment business RMB'000	RMB'000	RMB'000	RMB'000
Types of goods and services								
Rendering of services	736,561	570,120	523,828	–	180,558	51,817	121,417	2,184,301
Sales of goods	–	–	–	17,395	–	–	–	17,395
Total	736,561	570,120	523,828	17,395	180,558	51,817	121,417	2,201,696
Geographical market								
Chinese mainland	736,561	570,120	523,828	17,395	180,558	51,817	121,417	2,201,696
Total	736,561	570,120	523,828	17,395	180,558	51,817	121,417	2,201,696
Timing of revenue recognition								
Services transferred over time	736,561	570,120	523,828	–	180,558	51,817	121,417	2,184,301
Goods transferred at a point in time	–	–	–	17,395	–	–	–	17,395
Total	736,561	570,120	523,828	17,395	180,558	51,817	121,417	2,201,696

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 RMB'000	O&M RMB'000	Investment projects RMB'000	Others 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								
Chinese mainland	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

5. OTHER INCOME AND GAINS

	2025 RMB'000	2024 RMB'000
Government grants	20,936	15,536
– Taxes refunded	18,302	14,992
– Compensation for expenses incurred	2,634	544
Interest income	10,899	14,074
Non-operating income	10,918	6,804
Gains on disposal of non-current assets	387	1,615
Foreign exchange gains, net	998	1,359
Other operating income and expense, net	262	–
Gain on fair value adjustment of contingent consideration and financial assets at fair value through profit or loss	328	519
Total	44,728	39,907

6. PROFIT BEFORE TAX

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

	<i>Notes</i>	2025 RMB'000	2024 <i>RMB'000</i>
Cost of inventories recognised as (included in cost of sales and services) expenses		586,557	662,383
Depreciation of property, plant and equipment		74,776	71,085
Depreciation of investment properties		643	644
Amortisation of other intangible assets*		51,628	54,642
Amortisation of other non-current assets		25,941	20,247
		152,988	146,618
Auditor's remuneration		2,848	3,153
Employee benefit expense (excluding directors' and chief executive's remuneration):			
Wages, salaries and other benefits		305,398	279,775
Contributions to retirement benefit scheme		22,520	22,806
Share-based payment expenses		(81)	(138)
Total		327,837	302,443
Impairment/(reversal of impairment) of financial and contract assets:			
Impairment/(reversal of impairment) of trade receivables		9,517	(2,399)
Reversal of impairment of other receivables		(1,736)	(1,172)
Impairment of long-term receivables		10,052	4,506
Impairment/(reversal of impairment) of contract assets		232	(276)
Reversal of impairment of amounts due from related parties		(1,147)	(3,884)
(Reversal of impairment)/impairment of receivables under service concession arrangement		(446)	2,014
Total		16,472	(1,211)
Impairment of property, plant and equipment		19,410	3,998
Gross rental income from investment properties		(671)	(795)
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)		643	644
Total		(28)	(151)
Share of profits of associates		(2,313)	(13,496)

* 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% (2024: 25%) on the estimated assessable profits arising in the PRC during the year.

	<i>Note</i>	2025 RMB'000	2024 <i>RMB'000</i>
Current income tax		36,547	38,279
Deferred income tax		(6,162)	(8,980)
Tax charge for the year		<u>30,385</u>	<u>29,299</u>

8. DIVIDENDS

	2025 RMB'000	2024 <i>RMB'000</i>
Proposed Final – HK6.40 cents (2024: HK4.60 cents) per ordinary share	<u>48,422</u>	<u>35,837</u>

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

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

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

	2025 RMB'000	2024 <i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic/diluted earnings per share calculation	<u>239,885</u>	<u>236,436</u>
	Number of shares	
	2025	2024
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation*	857,190,268	1,002,449,549
Effect of dilution – weighted average number of ordinary shares Award Share Scheme	<u>–</u>	<u>–</u>
Total	<u>857,190,268</u>	<u>1,002,449,549</u>

* 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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current portion	36,469	38,697
Non-current portion	368,077	414,362
Total	<u>404,546</u>	<u>453,059</u>
Expected collection schedule is analysed as follows:		
Within one year	36,469	38,697
More than one year, but not more than two years	54,346	51,175
More than two years but not more than five years	184,643	173,867
More than five years	129,088	189,320
Total	<u>404,546</u>	<u>453,059</u>

11. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	1,201,018	1,182,627
Less: Allowance for credit losses	<u>(72,455)</u>	<u>(65,272)</u>
Net carrying amount	<u>1,128,563</u>	<u>1,117,355</u>

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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
1 to 90 days	539,833	478,802
91 to 180 days	180,273	213,797
181 to 365 days	140,012	175,657
1 to 2 years	132,302	175,632
2 to 3 years	97,641	27,604
Over 3 years	38,502	45,863
Total	<u>1,128,563</u>	<u>1,117,355</u>

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
At the beginning of year	65,272	67,971
Impairment losses, net	9,517	(2,399)
Write-off as uncollectible	(2,334)	(300)
	<u>72,455</u>	<u>65,272</u>
At the end of year	<u><u>72,455</u></u>	<u><u>65,272</u></u>

12. TRADE AND BILLS PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Bills payable	26,150	212,900
Trade payables	823,745	850,258
	<u>849,895</u>	<u>1,063,158</u>
Total	<u><u>849,895</u></u>	<u><u>1,063,158</u></u>

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:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
1 to 90 days	297,416	375,798
91 to 180 days	119,457	258,375
181 to 365 days	129,058	77,059
1 to 2 years	140,284	150,898
2 to 3 years	55,159	90,124
Over 3 years	108,521	110,904
	<u>849,895</u>	<u>1,063,158</u>
Total	<u><u>849,895</u></u>	<u><u>1,063,158</u></u>

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. 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⁺ to industrial enterprises and cities. Our business mainly focuses on flue gas treatment, water treatment, hazardous and solid waste treatment/disposal and dual-carbon new energy sectors. 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 the objectives 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

The year 2025 marks the conclusion of the "14th Five-Year Plan" and the release of the "15th Five-Year Plan", serving as a pivotal year in which the construction of a Beautiful China advances from quantitative change to qualitative transformation. During the year, the nation, in light of the new circumstances of ecological and environmental protection, introduced four core tasks under the "15th Five-Year Plan" for ecological and environmental protection, continuously deepened the reform of the ecological civilization system, and adopted the coordinated advancement of carbon reduction, pollution abatement, greening and growth as key pathways. It strengthened the overall integration of pollution prevention and control, ecological system restoration, efficient resource utilization and governance system development, thereby laying a solid policy foundation for the high-quality development of the environmental protection industry and opening a new chapter in the modernization of ecological and environmental governance.

As 2025 marks the final year of the "14th Five-Year Plan", the national dual-carbon strategy has entered a stage of deep implementation, and the green, low-carbon and circular economic system is accelerating its establishment. At the policy level, emphasis has been placed on enhancing the quality and efficiency of the environmental protection industry through three dimensions: upgrading standards, policy incentives and institutional innovation. These measures drive the deep integration of the environmental protection industry with the dual-carbon sector, creating a dual opportunity period of policy empowerment and market expansion for environmental enterprises, which have become a core force supporting the comprehensive green transformation of the economy and society.

In 2025, the flue gas treatment sector entered a period of precise policy implementation, with ultra-low emission retrofitting advancing into a stage of quality enhancement and long-term control. On 8 February 2025, in order to accelerate the transformation and upgrading of the steel industry and promote its high-quality development, the Ministry of Industry and Information Technology revised the “Norms for the Steel Industry (2015 Revision)” and promulgated the “Norms for the Steel Industry (2025 Edition)” (hereinafter referred to as the “2025 Edition”). Environmental requirements were significantly raised, explicitly mandating the completion and disclosure of full-process ultra-low emission retrofitting by 2026, while encouraging enterprises to phase out traditional equipment such as sintering machines, coke ovens and blast furnaces, and to transition towards low-carbon iron-making and electric arc furnace steel-making. These measures will drive the industry to further increase environmental investment and accelerate the elimination of outdated capacity. Overall, the “2025 Edition” represents notable improvements in environmental protection, energy efficiency, intelligentization and enterprise classification management, playing a positive role in eliminating outdated capacity, promoting low-carbon processes, supporting the development of short-process enterprises and enhancing industry concentration.

In the water treatment sector, policy guidance has shifted from “end-of-pipe treatment” to “whole-process greening”, focusing on synergistic improvements in pollution reduction and carbon mitigation. In April, the National Development and Reform Commission, the Ministry of Housing and Urban-Rural Development and the Ministry of Ecology and Environment jointly issued the “Implementation Opinions on Promoting Synergistic Pollution Reduction and Carbon Mitigation in Wastewater Treatment”. The document set clear targets: by 2025, the utilization rate of reclaimed water in water-scarce cities at the prefecture level and above should reach more than 25%, and 100 green and low-carbon benchmark wastewater treatment plants should be established. The policy emphasizes water conservation and emission reduction at the source, upgrading of sewage collection networks, and resource utilization of sludge. It encourages the promotion of technologies such as photovoltaic + wastewater treatment and wastewater source heat pumps, and establishes performance-based payment mechanisms and green financing support policies. These measures will drive the water treatment industry towards a high-quality model of energy conservation, carbon reduction and resource recycling, stimulating demand for technological innovation and project development.

In February 2025, the Ministry of Ecology and Environment issued the “Guiding Opinions on Further Strengthening Environmental Governance of Hazardous Waste and Strictly Preventing Environmental Risks” (hereinafter referred to as the “**Guiding Opinions**”). The Guiding Opinions proposed that by 2027, hazardous waste-related entities nationwide should basically achieve full coverage of whole-process digitalized supervision, with the proportion of hazardous waste disposed of by landfill steadily declining, while the capacity for utilization and disposal as well as the level of environmental risk prevention and control are further enhanced. By 2030, the whole-process digitalized supervision system for hazardous waste will be further improved, the proportion of hazardous waste disposed of by landfill nationwide will be controlled within 10%, and environmental risks associated with hazardous waste will be effectively prevented and controlled.

To deepen the market-oriented reform of new energy on-grid tariffs, promote the full entry of new energy into the market, form prices through market transactions, and foster the high-quality development of the new energy industry, the National Development and Reform Commission and the National Energy Administration jointly released the “Notice on Deepening the Market-oriented Reform of New Energy On-grid Tariffs and Promoting High-quality Development of New Energy” (Fagai Price [2025] No. 136) in January 2025. The document clearly stipulates that starting from 1 June 2025, the on-grid electricity generated by newly registered new energy projects (including onshore wind power and photovoltaic power generation projects) will fully enter the electricity market. Their guaranteed purchase price (i.e., mechanism tariff) will be determined by provincial energy authorities through market-based bidding and other means, thereby changing the previously relatively fixed pricing model.

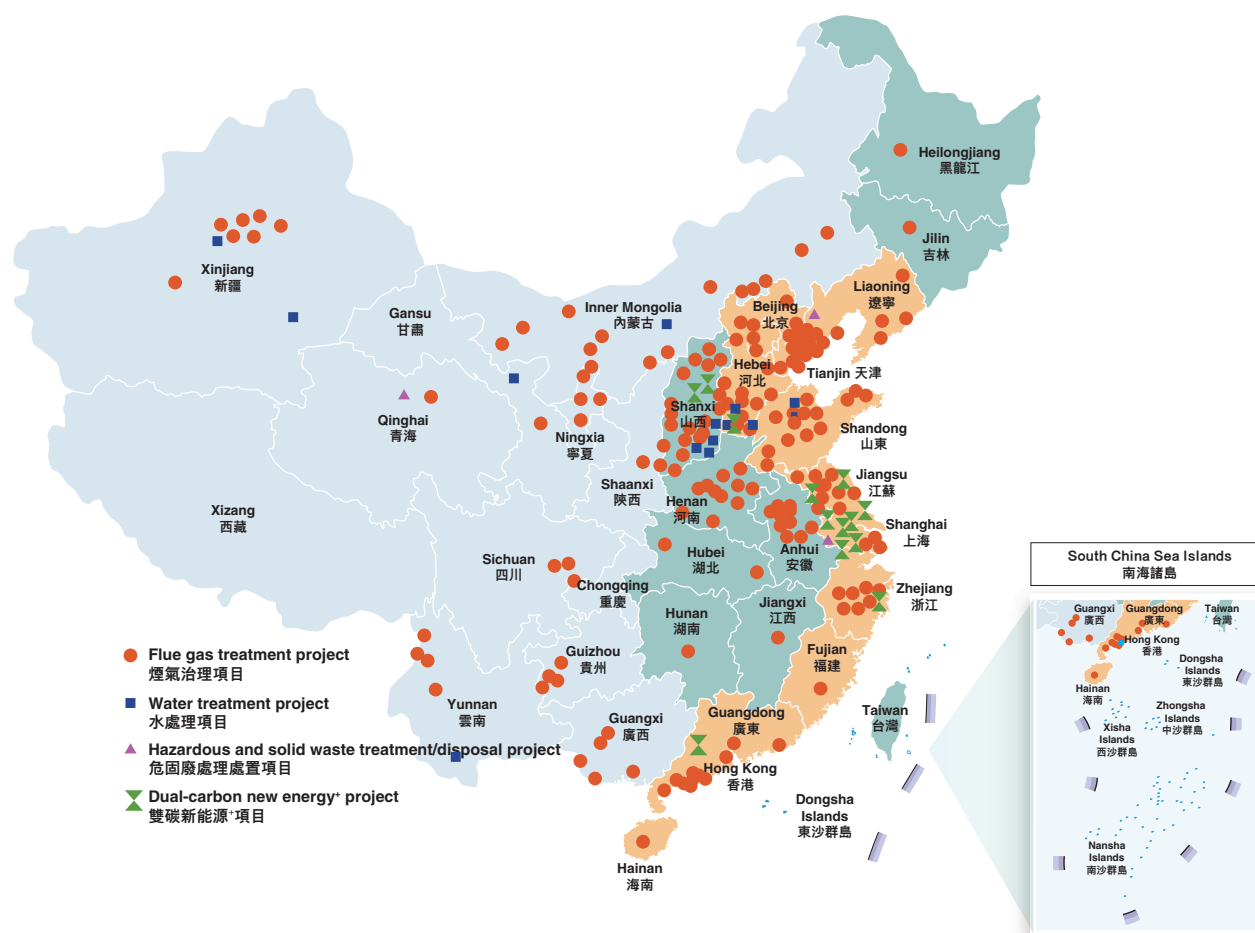
2. BUSINESS REVIEW

In 2025, the global and domestic economic environment remained complex and volatile, while the environmental protection and new energy industries were undergoing profound transformation. The slowdown of the global economy and the acceleration of energy transition together shaped a market landscape of both challenges and opportunities. The global economic deceleration rendered access to financing more difficult, whereas the advancement of energy transition and the growing consensus on sustainable development turned environmental protection and new energy into new investment hotspots, attracting a large number of new entrants and intensifying market competition. At the same time, customers faced increasing financial pressure, corporate profit margins were compressed, and business expansion and project execution encountered challenges.

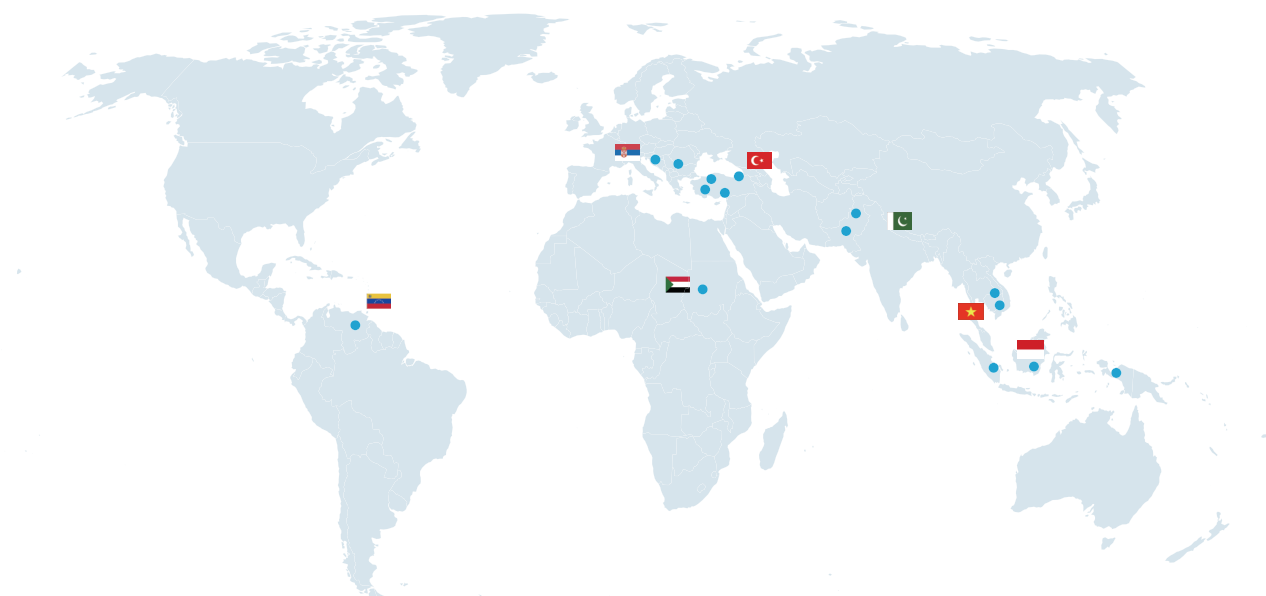
In response to this complex and changing situation, the Group continued to advance its strategic transformation from traditional flue gas business to water treatment and new energy businesses, optimizing operating strategies and enhancing operational efficiency. Through refined management and intelligent upgrading, the Group reduced costs and improved efficiency; strengthened market expansion efforts to identify new growth drivers and broaden business areas; and deepened customer relationships by providing high-quality products and services to consolidate its market position. Meanwhile, we regarded continuous technological innovation as our core driving force, increasing investment in R&D, attracting outstanding talent, and promoting technological innovation and achievement transformation. Facing a complex market, we seized opportunities while overcoming challenges, so as to stand out amid competition and achieve sustainable development.

As at 31 December 2025, 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 2025:



The following map shows the distribution of the projects of the Group outside the PRC as at 31 December 2025:



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 SO₂ 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, and during the Reporting Period obtained five contracts each exceeding RMB100 million, namely the Procurement Project for the Desulfurization Island of the Coal-fired Power Project under the Xinjiang Oilfield 2.64 Million-Kilowatt New Energy and Supporting Coal Power, Carbon Capture Integrated Project (Phase I); the Engineering, Purchasing and Construction (EPC) General Contracting Project for the Desulfurization Island of Phase IV (2×1000MW Coal Power Project) of Huainan Luohe Power Plant; the EPC General Contracting Project for the Desulfurization System of the 2×660MW Units of Liu'an Power Plant of China Coal Xinji Energy Co., Ltd.; the Desulfurization Project for Units 7 and 8 of Phase II of Yangxi Power Plant; and the EPC General Contracting Project for the Desulfurization of the Baise 2×660MW Clean and Efficient Coal Power Project. As at 31 December 2025, the Group had newly added 18 EPC projects, with a total contract value of approximately RMB975 million.

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

No.	Environmental protection facilities project under construction	Type of project	Newly built/ upgraded	Date of contract	Aggregate contract value <i>RMB million</i>
1	Engineering Design Project for the Flue Gas Tail and Denitrification Treatment Project of the Sulfur Recovery Unit of Zhong'an United Coal Chemical Co., Ltd.	Denitrification	Newly built	January 2025	0.38
2	Desulfurization Island Procurement Project for 2,640,000 KW New Energy and Supporting Coal Power, Carbon Capture Integrated Project (Phase I) – Coal Power Project of Xinjiang Oilfield	Desulfurization	Newly built	January 2025	122.00
3	Engineering, Purchasing and Construction (EPC) General Contracting Project for the Desulfurization Island of Phase IV (2×1000MW Coal Power Project) of Huainan Luohe Power Plant	Desulfurization	Newly built	January 2025	160.60
4	Desulfurization Ultra-low Emission Transformation Project of Unit #1 of Jiangsu Guoxin Jingjiang Power Generation Co., Ltd.	Desulfurization	Newly built	February 2025	5.88
5	Denitrification Precision Ammonia Injection System Procurement Project for Replacing the Minsheng Thermal Power Project of Henan Nengxin Thermal Power	Denitrification	Newly built	March 2025	5.47
6	Spare Parts Procurement Project for the JW3 Project of CMEC Venezuela	Desulfurization	Newly built	March 2025	6.03
7	Desulfurization Heat Exchanger Retrofit Project for the 600MW Units of Guangdong Yuedian Shaoguan Power Plant Co., Ltd.	Desulfurization	Newly built	July 2025	12.29
8	EPC General Contracting Project for Desulfurization System of the 2×660MW Units of Liu'an Power Plant of China Coal New Energy Co., Ltd.	Desulfurization	Newly built	January 2025	106.95
9	Flue Gas Denitrification System Supply Project for the 2×660MW Coal-Power Integrated Project of China Coal Wushenqi	Denitrification	Upgraded	February 2025	53.18
10	Flue Gas SCR Denitrification Project (Equipment Procurement and Supply + Construction Works) for Newly Built 4×150MW Units Project of Karang Batang Economic Zone Power Center in Indonesia Bintan Island	Denitrification	Newly built	October 2025	90.00
11	Carbon Monoxide Catalyst Oxidation Retrofit EPC Project for 300m ² Sintering Machine of Yanshan Steel Sintering Plant No.1	CO catalyst	Upgraded	August 2025	46.50
12	GGH System Construction Project of Yanshan Steel Sintering Plant No.2	GGH	Upgraded	August 2025	1.15

No.	Environmental protection facilities project under construction	Type of project	Newly built/ upgraded	Date of contract	Aggregate contract value <i>RMB million</i>
13	Desulfurization Project for Units 7 and 8 of Phase II of Yangxi Power Plant	Desulfurization	Newly built	September 2025	143.66
14	Carbon Monoxide Catalyst Retrofit EPC Project for Sintering Plant Unit 222 of Hebei Yanshan Iron & Steel Group Co., Ltd. (Unit 4)	CO catalyst	Upgraded	October 2025	46.50
15	EPC General Contracting Project for the Desulfurization of the Baise 2×660MW Clean and Efficient Coal Power Project	Desulfurization	Newly built	October 2025	109.98
16	Bawei Dandong 1×660MW Denitrification Project	Denitrification	Newly built	October 2025	20.80
17	Carbon Capture Flue Pipeline Project of Xinjiang Oilfield	Carbon Capture	Upgraded	November 2025	7.98
18	265m ² Semi-Dry Carbon Monoxide Catalyst Project of Jinxi Steel	CO catalyst	Upgraded	November 2025	35.5

O&M services mainly includes operation services, regular maintenance services for desulfurization, denitrification and dust removal facilities owned by the customers. Under the O&M projects, our customers are either charged (i) service fees based on the total amount of on-grid electricity 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 2025, the Group had a total of 36 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 2026	6×350MW
2	O&M Project for Yangcheng #7-8 Unit Flue Gas Desulfurization	Desulfurization, dust removal and slag removal	June 2018	March 2026	2×600MW
3	O&M Project for Jingjiang Flue Gas Desulfurization and Dust Removal	Desulfurization and dust removal	March 2016	December 2027	2×660MW
4	O&M Project for Flue Gas Desulfurization and Denitrification of Yangxi Power Plant Unit #3-4	Desulfurization and denitrification	January 2017	December 2028	2×660MW
5	O&M Project of Jinxi Steel	Denitrification, desulfurization and dust removal	March 2019	August 2026	265m ² sintering machines

No.	Project name	Type of project	Starting date of service (Month/Year)	Expiry date of service contract (Month/Year)	Installed capacity
6	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 2028	350m ² sintering machines
7	O&M Project for Denitrification on 360m ² Sintering Machines of Tianjin Iron Plant	Denitrification	December 2019	December 2025	360m ² sintering machines
8	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
9	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
10	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
11	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
12	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
13	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 2026	450m ² sintering machines
14	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	June 2026	2×1,000MW
15	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
16	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

No.	Project name	Type of project	Starting date of service (Month/Year)	Expiry date of service contract (Month/Year)	Installed capacity
17	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
18	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
19	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+ 220,000 tons+ 378,000 tons
20	O&M Project for Heating Furnace Denitrification System of Jinxi Steel Sheet Pile Technology Co., Ltd.	Denitrification	September 2023	August 2026	545,000 tons
21	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
22	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
23	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
24	O&M and Contracting Project for Jingjiang Flue Gas Desulfurization and Dust Removal	Desulfurization and dust removal	January 2024	December 2027	2×1,000MW
25	Operation and Cleaning Project for 2024-2025 Desulfurization System of SDIC Beijiagang	Desulfurization	March 2024	December 2025	4×1,000MW
26	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
27	Supplementary Project for O&M and Gypsum Treatment of Yangcheng #1-6 units	Desulfurization	May 2024	March 2025	6×350MW
28	Supplementary Project for O&M and Gypsum Treatment of Yangcheng #7-8 units	Desulfurization	May 2024	March 2025	2×600MW

No.	Project name	Type of project	Starting date of service (Month/Year)	Expiry date of service contract (Month/Year)	Installed capacity
29	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
30	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
31	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	April 2025	December 2026	2×660MW
32	Operation Project for 2×1,000MW Unit Desulfurization System of Jiangsu Guoxin Binhai Port Power Generation Co., Ltd.	Desulfurization	December 2024	June 2026	2×1,000MW
33	Ash Removal, Desulfurization and Urea Preparation System O&M Service Project for 2×660MW Ultra-supercritical Coal-fired Unit Power Generation Project of Xieqiao Power Plant of Huaihe Energy Holding Group	Desulfurization	June 2025	June 2027	2×660MW
34	201C Maintenance Project (Ash Sulfur Outsourcing) of Huaihe Energy Huainan Panji Power Generation Co., Ltd.	Desulfurization	May 2025	May 2025	2×660MW
35	Auxiliary Control System Operation Project of Jiangsu Guoxin Binhai Port Power Generation Co., Ltd.	Desulfurization, denitrification and dust removal	June 2025	June 2026	2×1,000MW
36	Operation Service Project for Auxiliary Control Systems including Desulfurization, Dust Removal, Slag Removal and Urea Hydrolysis for Ammonia Production of Hubei Energy Group Jiangling Power Co., Ltd. in 2025–2027	Desulfurization, dust removal and slag removal	December 2025	One year from the completion of the 168-hour full-load trial operation and acceptance of Unit #2	2×660MW

Investment projects

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

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 2025, the Group continued to carry out its concession operation business, including desulfurization, denitrification and green island. As at 31 December 2025, 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 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 <i>RMB million</i>	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 Shenhua 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	2X660MW	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, and the Entrusted O&M Service Project for the Sewage Treatment Plant and Supporting Pipeline Network in the Western Zone of Lucheng Economic and Technological Development Area was newly signed. 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 2025, the Group intensified its efforts in developing projects under the light asset model, aiming to further broaden its business scope and market presence through optimized resource allocation and enhanced operational efficiency. This strategic adjustment will help reduce operating risks, improve asset return rates, and inject new momentum into the Group's sustainable development in the future.

As at 31 December 2025, the Group has 11 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	Expiry date of service contract
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/Sewage Collection and Treatment Project of Changzhi Yuanyan Pharmaceutical Technology Co., Ltd.	O&M	January 2022	April 2030
4	Sewage Treatment and Renovation EPC Project for Pulping and Paper Production of Shandong Bohui Paper Co., Ltd.	EPC	April 2022	N/A
5	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
6	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
7	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	June 2034
8	HRO Concentrated Water Recovery Project for Gansu Baili Jinchang Project	EPC	October 2023	N/A
9	Sewage Treatment Technology Service Project of Shanxi Coking Co., Ltd.	O&M	August 2024	August 2026
10	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 2026
11	Entrusted O&M Service Project for the Sewage Treatment Plant and Supporting Pipeline Network in the Western Zone of Lucheng Economic and Technological Development Area	O&M	December 2025	5 years from the commencement of O&M services

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 disposal business of the Hazardous and Solid Waste Treatment and Disposal Center of Qinghai Boqi of the Group has been operating stably and bringing sustainable income to the Group, and the Qinghai Boqi project for the resource utilization of waste packaging materials and discarded photovoltaic panels was pre-commissioned during the Reporting Period and is expected to become a sustainable profit growth driver for the Group in the future.

No.	Project name	Type of project	Date of entering into contract	Expiry date of service contract
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	Assets 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	EPC General Contracting Agreement for Solid Waste Resource Comprehensive Utilization and Disposal Project of Qinghai Boqi Ecological Environmental Technology Co., Ltd.	EPC	March 2025	N/A

2.4 Dual-Carbon New Energy+ Business

During the Reporting Period, the Group actively deepened its “New Energy+” business layout, with projects under execution maintaining stable operation and delivering steady returns. By vigorously advancing its photovoltaic business, the Group secured multiple new orders, and overall performance was outstanding, demonstrating the Group’s strong capabilities and broad development prospects in the new energy sector.

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	Expiry date of service contract
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	Wuxi Photovoltaic Project	Acquisition of equity interest	May 2023	N/A
4	0.63MW+0.63MW Distributed Photovoltaic Project of Jiangsu Deke Environmental Protection Equipment Co., Ltd.	EMC	November 2023	May 2049
5	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

No.	Project name	Type of project	Date of entering into contract	Expiry date of service contract
6	0.63MW Distributed Photovoltaic Project of Wuxi Aohua Energy Saving and Environmental Protection Engineering Co., Ltd.	EMC	January 2024	April 2049
7	0.8MW 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
8	1.28MW Distributed Photovoltaic Project of Wuxi Huachu New Energy Co., Ltd.	EMC	February 2024	25 years from the day after the acceptance document is issued
9	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
10	EPC General Contracting Project for 0.4991MW Distributed Photovoltaic of Chongqing Ouruo Furniture Co., Ltd.	EPC	June 2024	N/A
11	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
12	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
13	Photovoltaic Power Generation EPC Project of Shouyang Thermal Power Plant	EPC	October 2024	N/A
14	EPC General Contracting Project for 2.4111MW Distributed Photovoltaic Project of Jiangsu Qijian Screw Manufacturing Co., Ltd.	EPC	January 2025	N/A
15	Distributed Photovoltaic Power Generation Project of Phase III of Tianjin Iron and Steel Group Co., Ltd.	EMC	June 2025	25 years after the photovoltaic project is duly put into operation
16	Distributed Photovoltaic power Generation Project of Wuxi Baoyuan Sifang Culture Co., Ltd.	EMC	March 2025	25 years from the day after the acceptance document is issued
17	Distributed Photovoltaic Power Generation project of Wuxi Star Sifang Electric Co., Ltd.	EMC	March 2025	25 years from the day after the acceptance document is issued
18	Construction Project for Phase II Photovoltaic Power Generation (Plant Area) of Delong Steel Co., Ltd.	EPC	August 2025	N/A
19	Construction Project for Phase II Photovoltaic Power Generation (Dormitory Area) of Delong Steel Co., Ltd.	EPC	August 2025	N/A

Note:

The English names of the above entities are translations of their respective Chinese legal names and are for reference only.

3. FINANCIAL POSITION AND OPERATING RESULTS

In 2025, China's domestic economy maintained steady progress with qualitative improvement. Macroeconomic policies provided stronger support, and the business environment continued to improve. Industries accelerated transformation towards high-end, intelligent and green development, with innovation and upgrading becoming the main theme of enterprise growth. Facing a complex environment, the Group seized policy and market opportunities, focused on enhancing quality and efficiency in its principal businesses, deepened structural adjustments and overseas market expansion, steadily advanced project construction, and continuously improved operational quality and efficiency. The Group's core competitiveness was further strengthened, achieving steady and sustainable development. Overall financial revenue and net profit recorded a slight increase compared with the previous year, and the asset structure remained sound.

Revenue

For the 2025 financial year, the Group's total revenue was RMB2,230 million, representing an increase of 3.7% from RMB2,151 million for the 2024 financial year. The increase was mainly attributable to the Group's proactive capture of market opportunities during the Reporting Period, steady expansion of its core businesses, strong revenue growth from engineering projects and O&M services, orderly advancement of existing projects, and the successive commencement of new projects, which collectively drove the stable growth of overall revenue scale.

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	
	2025 RMB'000	2024 RMB'000
Flue gas treatment business	1,865,433	1,734,649
EPC	736,561	669,827
O&M	570,120	486,566
Investment projects	541,357	558,503
Of which: Construction	1,054	29,147
Operation	540,303	529,356
Others	17,395	19,753
Water treatment business	180,558	203,589
Hazardous and solid waste treatment/disposal business	51,817	53,243
Dual-carbon new energy ⁺ business	131,997	159,456
Total	2,229,805	2,150,937

- (i) For the 2025 financial year, revenue generated from the Group's flue gas treatment business segment was as follows:
 - (a) Revenue from EPC business was RMB737 million, representing an increase of 10.0% from RMB670 million for the 2024 financial year, mainly due to the smooth progress of projects under execution during the Reporting Period, construction progress in line with expectations, and the addition of new projects;
 - (b) Revenue from O&M business was RMB570 million, representing an increase of 17.0% from RMB487 million for the 2024 financial year, mainly due to the commencement of operation of new projects successively during the Reporting Period, which increased the number of projects in operation and drove O&M revenue growth; and
 - (c) Revenue from investment projects business was RMB541 million, remaining largely stable compared with RMB558 million for the 2024 financial year.
- (ii) For the 2025 financial year, revenue from the Group's water treatment business segment was RMB181 million, representing a decrease of 11.3% from RMB204 million for the 2024 financial year, mainly due to the completion of EPC projects in the water treatment business successively during the Reporting Period, resulting in lower revenue.
- (iii) For the 2025 financial year, revenue from the Group's hazardous and solid waste treatment/disposal business segment was RMB52 million, remaining largely stable compared with RMB53 million for the 2024 financial year.
- (iv) For the 2025 financial year, revenue from the Group's dual-carbon new energy⁺ business segment was RMB132 million, representing a decrease of 17.0% from RMB159 million for the 2024 financial year, mainly due to the completion of certain EPC projects successively during the Reporting Period, resulting in lower revenue.

Cost of Sales and Services

For the 2025 financial year, the Group's cost of sales and services was RMB1,735 million, remaining largely stable compared with RMB1,716 million for the 2024 financial year.

- (i) For the 2025 financial year, the cost of sales and services of the Group's flue gas treatment business segment are primarily as follows:
 - (a) The cost of sales and services for EPC business amounted to RMB672 million, representing an increase of 6.3% from RMB632 million for the 2024 financial year, mainly due to the expansion of the EPC business during the Reporting Period and increased input in projects under construction;
 - (b) The cost of sales and services for O&M business amounted to RMB451 million, representing an increase of 23.9% from RMB364 million for the 2024 financial year, mainly due to the commencement of operation of new operating projects successively during the Reporting Period, which increased the number of projects in operation and led to higher expenditures on manpower, consumables and energy; and
 - (c) The cost of sales and services for investment projects business amounted to RMB367 million, representing a decrease of 8.0% from RMB399 million for the 2024 financial year, mainly due to lower power generation of certain operating projects, reduced energy consumption; and a decline in overall domestic bulk material unit prices under the impact of market environment and the effectiveness of project cost control measures, resulting in lower cost.
- (ii) For the 2025 financial year, the cost of sales and services for water treatment business segment was RMB129 million, representing a decrease of 17.3% from RMB156 million for the 2024 financial year, mainly due to the completion of EPC projects in the water treatment business successively during the Reporting Period, resulting in lower cost input.
- (iii) For the 2025 financial year, the cost of sales and services for hazardous and solid waste treatment/disposal business segment was RMB34 million, remaining largely stable compared with RMB35 million for the 2024 financial year.
- (iv) For the 2025 financial year, the cost of sales and services for dual-carbon new energy+ business segment was RMB80 million, representing a decrease of 38.0% from RMB129 million for the 2024 financial year, mainly due to the completion of certain EPC projects successively, resulting in lower cost input.

Gross Profit and Gross Profit Margin

For the 2025 financial year, the Group's gross profit was RMB494 million, representing an increase of 13.6% from RMB435 million for the 2024 financial year, and the gross profit margin was 22.2%, representing an increase of 2.0 percentage points as compared with the 2024 financial year. The increase was mainly attributable to the Group's continuous expansion of projects and optimization of service structure, with a higher proportion of high-margin businesses. In addition, effective cost control measures resulted in steady improvement in overall profitability efficiency.

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 2025		Year ended 31 December 2024	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
Flue Gas Treatment Business				
EPC	64,755	8.8	38,120	5.7
O&M	119,061	20.9	122,723	25.2
Investment	173,817	32.1	158,694	28.4
Of which: Construction	12	1.1	544	1.9
Operation	173,805	32.2	158,150	29.9
Others	15,801	90.8	19,138	96.9
Water Treatment Business	51,607	28.6	47,848	23.5
Hazardous and Solid Waste				
Treatment/Disposal Business	17,438	33.7	17,888	33.6
Dual-Carbon New Energy ⁺ Business	52,020	39.4	30,314	19.0
Total	494,499	22.2	434,725	20.2

- (i) For the 2025 financial year, the gross profit of the Group's flue gas treatment business segment was as follows:
- The gross profit of EPC business was RMB65 million, representing an increase of 71.1% from RMB38 million for the 2024 financial year, mainly due to improved project execution efficiency, effective cost control, and a higher proportion of revenue contributed by high-margin quality projects, which significantly boosted gross profit;
 - The gross profit of O&M business was RMB119 million, representing a decrease of 3.3% from RMB123 million for the 2024 financial year, mainly due to slightly higher upfront input in certain O&M projects, which led to a lower gross profit margin; and

- (c) The gross profit of the investment projects business was RMB174 million, representing an increase of 9.4% from RMB159 million for the 2024 financial year, mainly due to the decline in bulk material unit prices under the impact of market environment and the effectiveness of project cost control measures, resulting in lower costs and higher gross profit.
- (ii) For the 2025 financial year, the gross profit of the Group's water treatment business segment was RMB52 million, representing an increase of 8.3% from RMB48 million for the 2024 financial year, mainly due to the reduction of lower-margin EPC projects and the commencement of production of higher-margin operating projects, which enhanced profitability.
- (iii) For the 2025 financial year, the gross profit of the Group's hazardous and solid waste treatment/disposal business segment was RMB17 million, remaining largely stable compared with RMB18 million for the 2024 financial year.
- (iv) For the 2025 financial year, the gross profit of the Group's dual-carbon new energy+ business segment was RMB52 million, representing an increase of 73.3% from RMB30 million for the 2024 financial year, mainly due to the completion of certain EPC projects during the Reporting Period and a higher proportion of revenue contributed by high-margin operating businesses, which significantly boosted gross profit.

Other Income and Other Gains

For the 2025 financial year, other income and other gains and losses consisted primarily of interest income, other gains and non-operating income.

For the 2025 financial year, the Group's other income and other gains, net amounted to RMB45 million, representing an increase of RMB5 million as compared with RMB40 million for the 2024 financial year, mainly attributable to higher government grants.

Selling and Distribution Expenses

For the 2025 financial year, the Group's selling and distribution expenses were RMB27 million, representing an increase of RMB2 million as compared with RMB25 million for the 2024 financial year. The ratio of selling and distribution expenses to revenue remained stable at 1.2%, the same as the previous year.

Administrative Expenses

For the 2025 financial year, the Group's administrative expenses amounted to RMB111 million, representing an increase of RMB9 million as compared with RMB102 million for the 2024 financial year. The ratio of administrative expenses to revenue increased from 4.7% for the 2024 financial year to 5.0% for the 2025 financial year, mainly due to higher staff costs as well as increased travel and meeting expenses alongside business expansion.

Research and Development (“R&D”) Expenses

For the 2025 financial year, the Group’s R&D expenses amounted to RMB72 million, representing an increase of RMB8 million as compared with RMB64 million for the 2024 financial year. The ratio of R&D expenses to revenue rose from 3.0% for the previous year to 3.2% for the 2025 financial year. The increase was mainly attributable to the Group’s focus on new business expansion and core technology iteration, with greater investment in high value-added areas.

Finance Costs

The Group’s finance costs mainly comprised interest expenses on bank borrowings, other borrowings and lease liabilities. For the 2025 financial year, the Group’s finance costs were RMB15 million, representing a decrease of RMB3 million from RMB18 million for the 2024 financial year, mainly due to the partial repayment of borrowings and lower interest rates during the Reporting Period, resulting in lower interest expenses.

Gearing Ratio

The gearing ratio is calculated as a percentage of the Group’s total liabilities over the Group’s total assets. For the 2025 financial year, the Group’s gearing ratio was 35.7%, decreased by 3.6 percentage points from 39.3% for the previous year.

Income Tax Expenses

The income tax expenses of the Group for the 2025 financial year was RMB30 million, increased by 4% from RMB29 million for the 2024 financial year, mainly due to the increase in operating profit during the Reporting Period as compared with the previous year.

Profit for the Reporting Period

For the 2025 financial year, the Group recorded a profit for the year of RMB244 million, representing an increase of RMB4 million from RMB240 million for the 2024 financial year, remaining largely stable with the previous year.

Profit Attributable to Owners of the Company

For the 2025 financial year, profit attributable to owners of the Group was RMB240 million, representing an increase of RMB4 million as compared with RMB236 million for the 2024 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 ended 31 December 2025.

Cash Flows

As at the end of the 2025 financial year, the Group's bank balances and cash amounted to RMB441 million, representing a decrease of RMB188 million as compared with RMB629 million as at the end of the 2024 financial year, mainly due to the repurchase of Shares and the repayment of borrowings 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 2025 financial year, the total capital expenditure of the Group was RMB97 million, representing a decrease of RMB138 as compared with RMB235 million for the 2024 financial year.

Contingent Liabilities

As at 31 December 2025, the Group did not have any material contingent liabilities.

Pledge of the Group's Assets

As at 31 December 2025, the Group's bank borrowings of RMB31 million were secured by mortgage of certain properties, equipment and land use rights owned by the Group.

Changjizhou Boqi Environmental Technology Co., Ltd. (昌吉州博奇环保科技有限公司) (“**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. (長治市博奇环保科技有限公司) (“**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 POLICIES

Environmental Protection and Pollution Control Risks

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 a leader of the independent comprehensive flue gas treatment service provider in China, the Group seeks to 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 aims to actively new markets in non-electricity industries such as steel, petrochemicals and electrolytic aluminum, and develop environmental protection businesses, including industrial wastewater treatment and environmental remediation, 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 2025, the aggregated amount of the Group's trade receivables of the top five customers was RMB501 million, representing 41.7% of the total trade receivables of the Group as at 31 December 2025. 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 monitors 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

Anchored in 2025, the concluding year of the "14th Five-Year Plan" and the strategic juncture marking the release of the "15th Five-Year Plan", the Group is guided by the transformation towards green development, shifting from compliance requirements to core competitiveness. It will deepen its integrated strategic framework of "environmental governance + dual-carbon new energy + value creation", and upgrade its industrial ecosystem matrix integrating the four business segments, "gas, water, solid waste and dual-carbon new energy". Through four core initiatives – strategic deepening, digital-intelligent empowerment, innovation leadership, and capital synergy – the Group is committed to building a leading environmental technology enterprise with full-chain service capabilities and international influence, thereby contributing to the comprehensive green transformation of the economy and society and enhancing the quality and efficiency of ecological civilization construction.

Strategic Deepening to Build a New Full-Chain Value Ecosystem: The Group will anchor the "15th Five-Year Plan" goals of coordinated advancement in carbon reduction, pollution reduction, greening and growth, and optimize its development layout relying on its "solid foundation + alternative strategies + supportive measures", so as to extend its business scope from single governance to the entire value chain. It will consolidate its advantages in flue gas treatment, focusing on ultra-low emission long-term O&M and technological iteration in industries such as steel and cement, strengthening cooperation with core customers and securing the "solid foundation" of cashflow. It will accelerate the green and low-carbon transformation of its water treatment business, deepening efforts in reclaimed water utilization, sludge resource recovery and the "Wastewater Treatment Plant 2.0" model, while expanding integrated urban and industrial water governance projects to strengthen its "alternative strategies" of profit-growth. In hazardous and solid waste treatment, the Group will target niche segments, leveraging industry-academia-research collaboration to break through core technologies in solid waste resource utilization, promoting the transformation of industrial waste into green building materials, and simultaneously deploying intelligent full-process supervision services for hazardous waste to cultivate new productive forces as the "support measures". In new energy, the Group will deepen its business layout, focusing on integrated solar-storage and source-grid-load-storage scenarios and zero-carbon park, enhancing full-cycle service capabilities from project planning and construction to O&M, and forming a new pattern of multi-business synergy.

Digital-intelligent Empowerment to Strengthen the New Foundation of Refined Management: Driven by digital transformation, the Group aims to enhance management efficiency by building an intelligent management platform covering the entire business chain, achieving full-process visualization of project operation, risk control and carbon emission accounting. It will deepen the management philosophy of “high authorization, strict assessment, and strong incentives”, closely linking carbon reduction performance with executive compensation and departmental evaluation, thereby improving the sustainable development governance system. The Group will optimize organizational structure and talent pipelines, focusing on the recruitment and cultivation of high-end professionals in areas such as low-carbon technologies, carbon footprint management and international compliance, while improving internal incentive mechanisms and career development pathways to build a core team with both professional competence and green vision. It will also strengthen internal control and compliance, benchmark against the requirements of the “Corporate Sustainability Disclosure Standards”, and enhance the quality of ESG information disclosure, thereby supporting high-quality corporate development through standardized governance.

Innovation Leadership to Break Through New Frontiers in Core Technologies: Adhering to the path of “deep integration of industry, academia, research and application”, the Group will drive industrial upgrading through technological innovation and build an independent and controllable core technology system. It will focus on tackling key low-carbon environmental protection technologies, with emphasis on developing high-efficiency energy-saving technologies for flue gas desulfurization and denitrification, solid waste resource utilization processes, and optimization and integration technologies for solar-storage systems. The Group will establish a corporate technology innovation center and industry-academia-research cooperation platforms to accelerate the transformation of scientific research achievements into practical applications. It will proactively deploy carbon footprint management and alignment with international standards, by building a product lifecycle carbon data management system to address trade barriers such as the international carbon border adjustment mechanism, thereby helping customers enhance their green competitiveness. At the same time, the Group will promote innovation in technology service models, transforming its internal governance experience into standardized solutions, and efficiently converting technological capabilities into commercial value.

Capital Synergy to Build a New Ecosystem of Industrial Symbiosis: The Group will deepen its dual-driven strategy of “industry + capital + ecosystem”, establishing a multilevel capital operation and industry-finance integration system. Through strategic investment, mergers and acquisitions and reorganization, it will integrate high-quality technologies, channels and talent resources within the industry, and improve the layout of the upstream and downstream of the industrial chain. The Group will actively participate in global climate governance and international standard setting, promote mutual recognition between proprietary technical standards and international standards, expand cooperation opportunities in overseas green projects, and enhance its international market influence. By building a win-win ecosystem of “enterprise + customers + partners + financial institutions”, the Group will empower supply chain decarbonization by assisting upstream and downstream enterprises in green transformation through technical support and financial coordination, thereby maximizing the value of the industrial ecosystem.

The Group will always Adhere to the Development Policy of “Green Technology and Mutually Beneficial Ecological Relationships”: Guided by the “15th Five-Year Plan” and through the four-dimensional synergy of strategy, management, technology and capital, the Group will continuously enhance its core competitiveness and sustainable development capabilities, steadily advancing towards the goal of becoming a global industrial innovation platform and ecological value creator in the green economy era, and contributing greater strength to environmental protection and the achievement of dual-carbon goals in China and worldwide.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS

On 26 June 2025, Changzhi Boqi (as the lessee) and Jiangsu Financial Leasing Co., Ltd.* (江蘇金融租賃股份有限公司) (“**Jiangsu Financial Leasing**”) (as the lessor) entered into the finance lease agreement (the “**Finance Lease Agreement**”), pursuant to which (i) Jiangsu Financial Leasing agreed to purchase the equipment for advanced treatment system of concentrated water from Beijing Boqi at the consideration of RMB50,000,000.00; and (ii) Jiangsu Financial Leasing agreed to lease the equipment to the lessee for a term of one year, at a total lease amount of RMB51,294,600.00, being the sum of lease principal and lease interest. For further details, please refer to the announcement of the Company dated 26 June 2025.

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 Group’s total assets as at 31 December 2025), or material acquisitions or 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 2025, the Group had 2,294 employees in total (as at 31 December 2024: 1,592 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 the PRC Labor Law and other relevant regulations.

The remuneration package of the employees of the Group 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 have encouraged the management team and employees to take the initiative to create greater efficiency for the Group. 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 Company 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 Company'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 above-mentioned 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 2024 and 2025, 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 2025. No forfeited contributions may be used if there is forfeited contributions.

MAJOR SUBSEQUENT EVENTS

Save as disclosed in this announcement, after the Reporting Period and up to the date of this announcement, the Group had no significant events after the Reporting Period which need to be disclosed under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

FINAL DIVIDEND

Taking into consideration various factors such as the new business development needs of the Group and its future capital expenditure plans, the Board recommend the payment of HK6.40 cents per ordinary share as final dividend for the 2025 financial year (31 December 2024: HK4.60 cents). No interim dividend was declared for the 2025 financial year. Subject to the Shareholder's approval at the AGM, the proposed final dividend will be paid to the Shareholders (except for holders of treasury shares, if any) on 9 July 2026.

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

On 14 January 2025, the Company completed a conditional cash offer made by CLSA Limited on behalf of the Company at an offer price of HK\$1.20 per Share and cancelled 150,858,120 Shares bought back by the Company, thereby reducing the total number of issued Shares from 1,005,720,799 to 854,862,679. The total consideration payable by the Company for buying back the said Shares pursuant to the offer was HK\$181,029,744. 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 above, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sales of any treasury shares (as defined under the Listing Rules)) during the Reporting Period.

As at 31 December 2025, there were no treasury shares held by the Group (whether held directly or deposited with CCASS, or otherwise).

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, both of which comprise 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 all applicable code provisions of the CG Code as set out in Part 2 of Appendix C1 to the Listing Rules as in force 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 by the Directors. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have 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 securities dealings by the Company’s relevant employees (as defined in code provision C.1.3 of the CG Code) who are likely to possess inside information in relation to the Company or its securities. No incident of non-compliance with the Model Code by the relevant employees was noted during the Reporting Period after making reasonable enquiries.

REVIEW OF 2025 ANNUAL RESULTS

Audit Committee and Review of Financial Statements

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 Mr. Li Tao. 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 this annual results announcement and the consolidated financial statements of the Group for the 2025 financial year. The Audit Committee has also discussed with senior management members matters with respect to the accounting policies and practices adopted by the Company and the internal control systems. Based on this review and discussions, the Audit Committee was satisfied that the Group’s consolidated financial statements were prepared in accordance with accounting standards and fairly presented the Group’s financial position and results for the 2025 financial year.

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 2025 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, 29 May 2026. A notice convening the AGM will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.chinaboqi.com) and despatched to the Shareholders who request the printed copies in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to determine the entitlement of the Shareholders to attend and vote at the AGM, the register of members will be closed from Tuesday, 26 May 2026 to Friday, 29 May 2026, both dates inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Friday, 22 May 2026. The record date for determining the entitlement of the Shareholders to attend and vote at the AGM is Friday, 29 May 2026.

In order to determine the entitlement of the Shareholders (except for the holders of treasury shares, if any) to the proposed final dividend for the 2025 financial year the transfer books and register of members of the Company will be closed from Monday, 15 June 2026 to Wednesday, 17 June 2026, both days inclusive, during which 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 share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong no later than 4:30 p.m. on Friday, 12 June 2026. The record date for determining the entitlement of the Shareholders (except for the holders of treasury shares, if any) to the proposed final dividend is Wednesday, 17 June 2026.

PUBLICATION OF 2025 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 2025 annual report containing all the information required by the Listing Rules will be despatched to the Shareholders who request the printed copies 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, 20 March 2026

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.

* for identification purpose only