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)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2023

FINANCIAL AND OPERATION HIGHLIGHTS

For the six months ended 30 June 2023, the revenue of the Group amounted to RMB1,001 million, representing an increase of 38.8% as compared to the same period last year.

For the six months ended 30 June 2023, the gross profit of the Group amounted to RMB202 million, representing an increase of 41.3% as compared to the same period last year.

For the six months ended 30 June 2023, excluding loss on fair value changes in financial asset at fair value through profit or loss ("**FVTPL**") and investment income, the Group's net profit amounted to RMB131 million with a net profit margin of 13.1%, representing an increase of 79.5% and 3.0 percentage points respectively as compared to the same period last year.

For the six months ended 30 June 2023, the net profit of the Group amounted to RMB136 million and the Group's net profit margin was 13.6%.

The board (the "**Board**") of directors (the "**Directors**") of China Boqi Environmental (Holding) Co., Ltd. (the "**Company**") announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2023 (the "**Reporting Period**"). The audit committee of the Company (the "**Audit Committee**") has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2023.

In this interim results announcement, certain amounts and percentage figures have been subject to rounding adjustments, or have been rounded to one or decimal places. Any discrepancies in any tables, chats or elsewhere between total and sums of amounts listed therein are due to rounding.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023

		For the six months ended 30 June	
		2023	2022
	Notes	***RMB'000***	*RMB'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**1,000,686**	721,070
Cost of sales and services		**(798,581)**	(577,848)
Gross profit		**202,105**	143,222
Other income and gains	*4*	**29,934**	15,217
Other expenses and losses	*4*	**(2,139)**	(72,471)
Selling and distribution expenses		**(10,688)**	(7,438)
Administrative expenses		**(42,212)**	(48,230)
Research and development expenses		**(23,557)**	(16,966)
Impairment losses on financial assets and contract assets		**(15,328)**	(6,856)
Share of profit of associates		**13,980**	12,052
Finance costs	*5*	**(6,584)**	(9,190)
Profit before tax		**145,511**	9,340
Income tax expense	*6*	**(9,603)**	(6,295)
Profit for the period		**135,908**	3,045
Total comprehensive income for the period		**135,908**	3,045
Profit for the period attributable to:			
Owners of the Parent		**133,733**	3,533
Non-controlling interests		**2,175**	(488)
		135,908	3,045
Total comprehensive income for the period attributable to:			
Owners of the Parent		**133,733**	3,533
Non-controlling interests		**2,175**	(488)
		135,908	3,045
Earnings per Share			
– Basic (RMB)	*9*	**0.13**	0.00
– Diluted (RMB)	*9*	**0.13**	0.00

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	As at 30 June 2023 RMB'000 (Unaudited)	As at 31 December 2022 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment		**654,648**	627,349
Investment properties		**9,305**	9,627
Goodwill		**6,567**	6,488
Other intangible assets		**556,815**	576,797
Receivables under service concession arrangement	*10*	**471,993**	492,005
Investment in associates		**77,875**	63,895
Equity investment designated at fair value through other comprehensive income		**5,166**	5,166
Long term receivable		**49,254**	49,254
Contract assets	*11*	**13,128**	16,785
Amounts due from related parties	*17*	**135,493**	138,125
Deferred tax assets		**44,860**	45,656
Other non-current assets		**61,497**	55,046
Total non-current assets		**2,086,601**	2,086,193
Current assets			
Receivables under service concession arrangement	*10*	**46,418**	49,762
Debt instruments at fair value through other comprehensive income		**202,151**	287,538
Inventories		**35,044**	33,129
Financial assets at fair value through profit or loss		**3,373**	24,661
Contract assets	*11*	**566,784**	420,655
Trade receivables	*12*	**907,018**	872,121
Prepayments, deposits and other receivables		**290,402**	217,946
Amounts due from related parties	*17*	**246,521**	232,545
Pledged time deposits and bank balances		**134,750**	98,266
Cash and cash equivalents		**224,215**	402,488
		2,656,676	2,639,111

	Notes	As at 30 June 2023 *RMB'000* (Unaudited)	As at 31 December 2022 *RMB'000* (Audited)
Current liabilities			
Trade and notes payables	*13*	**1,145,543**	1,134,240
Other payables, deposits received and accrued expenses		**316,320**	341,495
Contract liabilities	*11*	**44,288**	109,009
Income tax payable		**33,985**	44,890
Interest-bearing bank and other borrowings		**67,864**	92,108
Lease liabilities		**–**	3,529
Amounts due to related parties	*17*	**41,603**	7,249
		1,649,603	1,732,520
Net current assets		**1,007,073**	906,591
Total assets less current liabilities		**3,093,674**	2,992,784
Non-current liabilities			
Bank loans and other borrowings		**67,737**	82,029
Lease liabilities		**156**	35,092
Deferred tax liabilities		**26,981**	26,735
Contingent consideration		**1,500**	–
		96,374	143,856
Net assets		**2,997,300**	2,848,928
Capital and reserves			
Share capital	*14*	**67**	67
Treasury shares		**(1)**	(1)
Reserves		**2,968,757**	2,834,437
Equity attributable to owners of the Parent		**2,968,823**	2,834,503
Non-controlling interests		**28,477**	14,425
		2,997,300	2,848,928

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Attributable to owners of the Parent											
	Share capital *RMB'000*	Treasury shares *RMB'000*	Merger reserve *RMB'000*	Other reserve *RMB'000*	Other comprehensive income *RMB'000*	Share premium reserve *RMB'000*	Statutory surplus reserve *RMB'000* *(note(i))*	Retained profits *RMB'000*	Investment revaluation reserve *RMB'000*	Sub-total *RMB'000*	Non-controlling interests *RMB'000* *(note(ii))*	Total equity *RMB'000*
As at 1 January 2023 (audited)	67	(1)	371,500	(127,893)	916	868,874	306,537	1,414,503	–	2,834,503	14,425	2,848,928
Profit for the period	–	–	–	–	–	–	–	133,733	–	133,733	2,175	135,908
Other comprehensive income for the period, net of tax	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	–	–	–	–	133,733	–	133,733	2,175	135,908
Transfer to statutory surplus reserve	–	–	–	–	–	–	10,394	(10,394)	–	–	–	–
Dividends recognised as distribution	–	–	–	–	–	–	–	–	–	–	–	–
Repurchase of ordinary shares	–	–	–	–	–	–	–	–	–	–	–	–
Cancellation of treasury shares	–	–	–	–	–	–	–	–	–	–	–	–
Share-based payment	–	–	–	–	–	587	–	–	–	587	–	587
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	–	–
Acquisition of subsidiary	–	–	–	–	–	–	–	–	–	–	11,877	11,877
As at 30 June 2023 (unaudited)	67	(1)	371,500	(127,893)	916	869,461	316,931	1,537,842	–	2,968,823	28,477	2,997,300

	Attributable to owners of the Parent										
	Share capital *RMB'000*	Treasury shares RMB'000	Merger reserve RMB'000	Other reserve RMB'000	Share premium reserve RMB'000	Statutory surplus reserve RMB'000 *(note(i))*	Retained profits RMB'000	Investment revaluation reserve RMB'000	Sub-total RMB'000	Non-controlling interests *RMB'000* *(note(ii))*	Total equity *RMB'000*
As at 1 January 2022 (audited)	67	(1)	371,500	(128,167)	864,600	291,273	1,341,839	–	2,741,111	6,775	2,747,886
Profit for the period	–	–	–	–	–	–	3,533	–	3,533	(488)	3,045
Other comprehensive income for the period, net of tax	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	–	–	–	3,533	–	3,533	(488)	3,045
Dividends recognised as distribution	–	–	–	–	–	–	–	–	–	–	–
Repurchase of ordinary shares	–	–	–	–	(60)	–	–	–	(60)	–	(60)
Cancellation of treasury shares	–	–	–	–	–	–	–	–	–	–	–
Share-based payment	–	–	–	–	4,748	–	–	–	4,748	–	4,748
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	–	2,500	2,500
As at 30 June 2022 (unaudited)	67	(1)	371,500	(128,167)	869,288	291,273	1,345,372	–	2,749,332	8,787	2,758,119

Notes:

(i) In accordance with the Articles of Association of all subsidiaries established in the People's Republic of China (the "**PRC**" or "**China**"), the PRC subsidiaries are required to set aside 10% of their profit after tax as per statutory financial statements determined under the PRC laws and regulations for the statutory surplus reserve fund until the reserve reach 50% of their registered capital. Transfer to this reserve must be made before distributing dividends to equity owners of the subsidiaries. The statutory surplus reserve can be used to make up previous years' losses, expand the existing operations or convert into additional capital of the respective subsidiaries.

(ii) The Group did not have material non-controlling interests during the Report Period and hence disclosure of material non-controlling interests is not made.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2023

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
NET CASH USED IN OPERATING ACTIVITIES	**(105,966)**	(72,723)
Cash flows from investing activities		
Placement of pledged bank deposits	**(134,750)**	(80,292)
Withdrawal of pledged bank deposits	**98,266**	142,010
Interest received	**2,565**	1,316
Purchase of property, plant and equipment	**(14,939)**	(7,583)
Proceeds from disposal of property, plant and equipment	**405**	3
Proceeds from disposal of BOT facilities	**10,000**	–
Purchase of intangible assets and costs capitalised under service concession arrangements	**(7,556)**	(17,320)
Advance to related parties	**–**	(2,300)
Repayment from related parties	**–**	1,005
Disposal of financial assets at fair value through profit or loss	**26,539**	89,719
Acquisition of a subsidiary	**(5,630)**	(73,517)
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	**(25,100)**	53,041
Cash flows from financing activities		
Repayment of lease liabilities	**(482)**	(1,877)
Repayment of bank borrowings	**(46,836)**	(17,638)
New bank borrowings raised and proceeds from other borrowings	**1,000**	18,690
Interest paid	**(4,082)**	(2,719)
Repurchase of ordinary shares	**–**	(60)
Capital contributions from a non-controlling shareholder	**–**	2,500
NET CASH USED IN FINANCING ACTIVITIES	**(50,399)**	(1,104)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(181,465)**	(20,786)
EFFECTS OF EXCHANGE RATE CHANGES	**3,192**	2,555
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	**402,488**	342,958
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**224,215**	324,727

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

1. BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) *Interim Financial Reporting* issued by the International Accounting Standards Board ("**IASB**") as well as with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The Group has applied the following new and amendments to International Financial Reporting Standards ("**IFRSs**") issued by IASB for the first time in the current year:

IFRS 17	Insurance Contracts
Amendments to IFRS 17	Insurance Contracts
Amendment to IFRS 17	Initial Application of IFRS 17 and IFRS 9 – Comparative Information
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules

The application of new and amendments to IFRSs and the aforesaid revised IFRSs in the current year has no material impact on the disclosure of financial statements of the Group for the interim period and prior year.

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

Amendments to IFRS 10 and IAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current[2, 3]
Amendments to IAS 1	Non-current Liabilities with Covenants[2]
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements[2]

[1] No mandatory effective date yet determined but available for adoption

[2] Effective for annual periods beginning on or after 1 January 2024

[3] As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024

Except for the application of the revised IFRSs for the first time in the current year as described above, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2023 are consistent with those presented in the Group's annual financial statements for the year ended 31 December 2022.

3. REVENUE AND SEGMENT INFORMATION

Revenue is mainly generated from four business segments, namely flue gas treatment business, water treatment business, hazardous and solid waste treatment/disposal business and dual-carbon new energy+ business. Revenue is recognised after deducting sales-related taxes.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

Flue Gas Treatment Business:	
Environmental protection facility ("**EPC**"):	project design, procurement of equipment and materials, project construction and equipment installment and testing services
Operation and maintenance ("**O&M**"):	operation service and regular maintenance service for desulfurization and denitrification facilities and dust removal facilities
Concession operation: ("**Build-Operate-Transfer**", "**BOT**", and "**Transfer-Operate-Transfer**", "**TOT**")	construction of infrastructure or acquisition of existing infrastructure from grantor, operation and maintenance of flue gas treatment project for a pre-defined period according to the concession contract and transfer the ownership of the infrastructure to the customer at the end of the period
Others	Sales of by-products and others
Water Treatment Business	mainly involved in the sewage treatment for industrial parks in coal chemical, coking and steel sectors
Hazardous and Solid Waste Treatment/ Disposal Business	mainly involved in the harmlessness, quantity reduction and resource utilization of bulk solid waste and industrial hazardous waste
Dual-Carbon New Energy+ Business	mainly involved in the investment, construction and operation of new energy power generation and waste heat power generation.

Disaggregation of revenue

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Over time	**994,583**	707,299
A point in time	**6,103**	13,771
	1,000,686	721,070
Types of goods and services		
Provision of services	**994,583**	707,299
Sales of goods	**6,103**	13,771
	1,000,686	721,070
Nature of goods and services		
Flue gas treatment business		
EPC	**300,927**	196,152
O&M	**236,750**	157,805
Concession operation	**236,476**	248,679
Others	**6,103**	13,771
Water treatment business	**162,432**	90,115
Hazardous and solid waste treatment/disposal business	**13,766**	4,625
Dual-carbon new energy+ business	**44,232**	9,923
	1,000,686	721,070

Transaction price allocated to the remaining performance obligations for contracts with customers

The performance obligations for the EPC services and construction services under service concession arrangements have an original expected duration of one year or less. Therefore the transaction price allocated to these unsatisfied contracts is not disclosed as permitted by IFRS 15.

For certain O&M services and the O&M service under service concession arrangements, the Group applies the practical expedient by recognizing revenue in the amount to which the Group has right to invoice. The transaction price allocated to these unsatisfied contracts is not disclosed as permitted by IFRS 15.

Geographical information

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

The analysis of the Group's revenue and results by operating and reportable segment is as follows:

	Segment revenue For the six months ended 30 June		**Segment profit For the six months ended 30 June**	
	2023	2022	**2023**	2022
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)
Flue gas treatment business				
EPC	**300,927**	196,152	**13,275**	12,410
O&M	**236,750**	157,805	**63,123**	28,153
Concession operation	**236,476**	248,679	**69,345**	58,336
Others	**6,103**	13,771	**6,103**	13,771
Water treatment business	**162,432**	90,115	**30,228**	30,933
Hazardous and solid waste treatment/ disposal business	**13,766**	4,625	**4,986**	(2,380)
Dual-carbon new energy+ business	**44,232**	9,923	**15,045**	1,999
Total	**1,000,686**	721,070	**202,105**	143,222
Unallocated other income and other gains and other expenses and losses			**27,795**	(57,254)
Unallocated selling and distribution expenses			**(10,688)**	(7,438)
Unallocated administrative expenses			**(42,212)**	(48,230)
Unallocated research and development expenses			**(23,557)**	(16,966)
Unallocated impairment losses on financial assets and contract assets			**(15,328)**	(6,856)
Unallocated share of profit of associates			**13,980**	12,052
Unallocated finance costs			**(6,584)**	(9,190)
Profit before tax			**145,511**	9,340

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales for the six months ended 30 June 2023 (2022: Nil).

Segment profit represents the gross profit of each segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

No segment assets and liabilities are presented as the chief operating decision maker does not regularly review segment assets and liabilities.

Information about major customers

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

		For the six months ended 30 June	
		2023	2022
		RMB'000	*RMB'000*
	Business segment		
Customer A	Concession operation and O&M	**98,622**	84,087

4. OTHER INCOME AND GAINS AND OTHER EXPENSES AND LOSSES

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest income	**4,058**	6,394
Government grants	**10,992**	1,165
Rental income, net	**(166)**	(85)
Fair value losses on equity instruments at fair value through profit or loss	**–**	(9,074)
Foreign exchange gain	**4,355**	5,381
Gain on disposal of property, plant and equipment	**3,728**	–
Gain/(losses) on disposal of financial assets at fair value through profit or loss	**5,046**	(61,361)
Others	**(218)**	326
	27,795	(57,254)

5. FINANCE COSTS

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans	**5,660**	8,055
Interest on lease liabilities	**481**	887
Discounted bills payable	**443**	248
	6,584	9,190

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
PRC enterprise income tax ("**EIT**")	**10,284**	4,929
Deferred tax	**(681)**	1,366
Total	**9,603**	6,295

The Company and CBEE Holdings Co., Ltd. ("**CBEE**"), the Company's subsidiary, were incorporated in the Cayman Islands and the British Virgin Islands ("**BVI**"), respectively. Both entities did not have tax assessable profit in Cayman Islands, BVI or other jurisdiction during the Reporting Period.

Pursuant to the Enterprise Income Tax Law (the "**EIT Law**") effective on 1 January 2008, Beijing Boqi Electric Power SCI-TECH Co., Ltd.(北京博奇電力科技有限公司) ("**Beijing Boqi**") obtained a "High and New Technology Enterprise" (the "**HNTE**") in 2008 which Beijing Boqi was entitled to a preferential tax rate of 15% from 2008 to 2010 and could be re-applied every three years; the current active HNTE certificate has an effective date until December 2023.

In October 2015, Shanxi Hejin Boqi Environmental Technology Co., Ltd.(山西河津博奇環保科技有限公司) ("**Hejin Boqi**") obtained the approval for being designated as the HNTE for the year ended 31 December 2015 which Hejin Boqi was entitled to a preferential tax rate of 15% from 2015 to 2017 and could be re-applied every three years; the current active HNTE certificate has an effective date until December 2024.

In November 2016, Jiangxi Jinggangshan Boqi Environmental Technology Co., Ltd.(江西井岡山博奇環保科技有限公司) ("**Jinggangshan Boqi**") obtained the approval for being designated as the HNTE for the year ended 31 December 2016 which entitled Jinggangshan Boqi to a preferential tax rate of 15% from 2016 to 2018 and could be re-applied every three years, and the current active HNTE certificate has an effective date until November 2025.

Shanxi Puzhou Boqi Environmental Technology Co., Ltd.(山西蒲洲博奇環保科技有限公司)("**Puzhou Boqi**") obtained an approval, pursuant to which Puzhou Boqi is entitled to a reduced corporate tax rate of 15% from 2023 as it is a third-party pollution prevention and treatment enterprise.

Changzhi Boqi Environmental Technology Co., Ltd.(長治博奇環保科技有限公司) ("**Changzhi Boqi**") obtained the approval, by which the wastewater treatment program was fully exempted from income tax for three years starting from 2018, and thereafter will be entitled to a three-year preferential rate of 12.5%.

In January 2019, Huainan Boqi Environmental Technology Co., Ltd.(淮南博奇環保科技有限公司)("**Huainan Boqi**") obtained the approval, by which its desulfurization program was fully exempted from income tax for three years starting from 2019, and thereafter will be entitled to a three-year preferential rate of 12.5%.

In May 2019, Laibin Boqi Environmental Technology Co., Ltd.(來賓博奇環保科技有限公司)("**Laibin Boqi**") obtained the approval, by which the desulfurization program was fully exempted from income tax for three years starting from 2019, and thereafter will be entitled to a three-year preferential rate of 12.5%.

In January 2020, Changjizhou Boqi Environmental Technology Co., Ltd. (昌吉州博奇環保科技有限公司) ("**Changjizhou Boqi**") obtained the approval, by which the desulfurisation program was fully exempted from income tax for three years starting from 2020, and thereafter will be entitled to a three-year preferential rate of 12.5%.

Qinghai Boqi Ecological Environmental Technology Co., Ltd. ("**Qinghai Boqi**") obtained the approval, whereby the industrial solid waste utilisation and disposal project and hazardous waste utilisation and disposal project in Qinghai Boqi were entitled a full exemption of income tax for three years starting from 2018, and preferential rate of 12.5% for three years thereafter.

Handan Boqi Environmental Technology Co., Ltd. ("**Handan Boqi**") obtained the approval, by which the environmental protection program was fully exempted from income tax for three years starting from 2022, and thereafter will be entitled to a three-year preferential rate of 12.5%.

Jiangsu Boqi Smart Energy Co., Ltd. ("**Jiangsu Boqi**") obtained the approval, by which the environmental protection program was fully exempted from income tax for three years starting from the environmental protection program being put into operation, and thereafter will be entitled to a three-year preferential rate of 12.5%.

The applicable tax rate of other PRC subsidiaries of the Company was 25% for the six months ended 30 June 2023 (2022: 25%).

According to the relevant tax law in the PRC, dividend distributed to foreign investors out of the profit generated from 1 January 2008 onwards shall be subject to withholding tax at 10% and withheld by the PRC entities, pursuant to Articles 3 and 37 of the EIT Law and Article 91 of its Detailed Rules for the Implementation of the Regulation.

7. PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the periods has been arrived at after charging (crediting):		
Staff costs (including directors' remuneration)		
Salaries and other benefits	**116,123**	110,013
Contributions to retirement benefits scheme	**9,128**	9,657
Share-based payment expenses	**587**	4,748
Total staff costs	**125,838**	124,418
Gross rental income from investment properties	**(185)**	(298)
Less: Direct operating expense (including depreciation) incurred for investment properties that generated rental income during the periods (included in other income and gains and other expenses and losses)	**351**	383
	166	85
Cost of inventories recognised as expenses (included in cost of sales and services)	**304,566**	208,128
Depreciation of property, plant and equipment	**23,381**	25,011
Depreciation of investment properties	**322**	322
Amortisation of intangible assets	**30,780**	33,254
Research and development expenses	**23,557**	16,966
Auditor's remuneration	**1,521**	1,521

8. DIVIDENDS

During the interim period, a final dividend of HK$0.03 per share in respect of the year ended 31 December 2022 (2022: HK$0.074 per share in respect of the year ended 31 December 2021) was declared, which was still unpaid by the end of the Reporting Period. The directors of the Company have determined that no dividend will be declared and paid in respect of the interim period of 2023.

9. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

Earnings figures are calculated as follows:

	For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings:		
Earnings for the purpose of calculating earnings per share (profit for the periods attributable to owners of the Company) – basic and diluted	**133,733**	3,533
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	**996,668,799**	996,690,125
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	**1,000,114,840**	1,000,672,632

10. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENT

	As at 30 June 2023	As at 31 December 2022
	RMB'000	*RMB'000*
	(Unaudited)	(Audited)
Current portion	**46,418**	49,762
Non-current portion	**471,993**	492,005
	518,411	541,767
Expected collection schedule is analysed as follows:		
Within one year	**46,418**	49,762
More than one year, but not more than two years	**45,041**	43,960
More than two years but not more than five years	**152,820**	149,153
More than five years	**274,132**	298,892
	518,411	541,767

11. CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group has rights to considerations from customers for the provision of construction, operation and maintenance services. Contract assets arise when the Group has rights to considerations for completion of such services and not yet billed under the relevant contracts, and their rights are conditioned on factors other than passage of time. Any amount previously recognised as a contract assets are transferred to trade receivables when the rights become unconditional. Remaining rights and performance obligations in a particular contract are accounted for and presented on a net basis, as either a contract asset or a contract liability.

	As at 30 June 2023 ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Construction contracts analysed for reporting purposes as follows:		
Contract assets	**579,912**	437,440
Contract liabilities	**(44,288)**	(109,009)
Contract assets are analysed for reporting purposes as follows:		
Current	**566,784**	420,655
Non-current	**13,128**	16,785
	579,912	437,440
Contract liabilities are analysed for reporting purposes as follows:		
Current	**44,288**	109,009
	44,288	109,009

12. TRADE RECEIVABLES

	As at 30 June 2023 ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Trade receivables	**962,571**	918,149
Less: Allowance for doubtful debts	**(55,553)**	(46,028)
	907,018	872,121

The Group generally grants credit period between 30 to 90 days which are agreed with each of its trade customers. The extension of credit period 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.

Trade receivables relate to a number of independent customers that have a good track record with the Group. The allowance for doubtful debts of the Group is based on the evaluation of collectability and aging analysis of individual trade debts performed by the Directors. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each customer.

Notes receivables are bank acceptance notes and the aging is generally within 90 days to 180 days, which the Directors believe that no impairment allowance is necessary as there is no significant change in credit quality and the balances are considered fully recoverable.

Aging analysis of trade receivables net of allowance for credit losses based on invoice date or notes receiving dates is as follows:

	As at 30 June 2023 ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
1-90 days	**325,245**	420,120
91-180 days	**163,563**	110,363
181-365 days	**150,082**	74,948
1-2 years	**177,985**	203,426
2-3 years	**78,361**	45,089
Over 3 years	**11,782**	18,175
	907,018	872,121

13. TRADE AND NOTES PAYABLES

	As at 30 June 2023 ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Trade payables	**898,515**	846,746
Notes payables	**247,028**	287,494
Total	**1,145,543**	1,134,240

The credit period on purchases of goods and services is generally 30 to 90 days. The table below sets forth the aging analysis of trade and notes payables as at the end of the reporting periods indicated:

	As at 30 June 2023 ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Less than 90 days	**514,457**	409,766
91-180 days	**91,009**	265,540
181 days-365 days	**182,931**	115,173
1-2 years	**198,478**	172,004
2-3 years	**55,156**	57,154
Over 3 years	**103,512**	114,603
Total	**1,145,543**	1,134,240

14. SHARE CAPITAL

Details of the movement of share capital are as follows:

	Number of shares	Nominal value per share *US$*	Share capital *US$*
Authorised			
As at 31 December 2022 and 30 June 2023 (Unaudited)	5,000,000,000	0.00001	50,000

Issued	Ordinary shares	Class A ordinary shares	Class B convertible ordinary shares	Class C convertible ordinary shares	Total	Nominal value per share *US$*	Share capital of ordinary shares and Class A ordinary shares *US$*
As at 31 December 2022 (Audited)	1,005,720,799.00	–	–	–	1,005,720,799.00	0.00001	10,057
Repurchased and cancelled	–	–	–	–	–	–	–
As at 30 June 2023 (Unaudited) Issued	**1,005,720,799.00**	**–**	**–**	**–**	**1,005,720,799.00**	**0.00001**	**10,057**

	As at 30 June 2023 ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Presented as	**67**	67

15. SHARE OPTION SCHEME

(a) Share Option Scheme

No option was granted by the Company from 1 January 2023 to 30 June 2023.

The Company adopted a share option scheme (the "**Scheme 2020**") on 29 December 2020, i.e. the date on which the Scheme 2020 was adopted by resolution of the Shareholders at general meeting (the "**Adoption Date**"). The purpose of the Scheme 2020 is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group. The Scheme 2020 shall be valid and effective for a period of ten years from the Adoption Date.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The period within which the options must be exercised will be specified by the Company at the time of grant. This period must expire no later than ten years from the relevant date of grant. The board may also provide restrictions on the exercise of an option during the period an option may be exercised.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The exercise prices and exercise periods of the share options outstanding as at the end of the Reporting Period are as follows:

Date of grant	**Number of options outstanding as at 30 June 2023 (unaudited)**	**Exercise price HK$ per share**	**Exercise period**
7 April 2021	3,120,000	1.51	7 April 2022 to 6 April 2031
28 June 2021	8,850,000	1.88	28 June 2022 to 27 June 2031
	11,970,000		

The fair value of equity-settled share options was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	7 April 2021	**28 June 2021**
Dividend yield (%)	4.32	4.21
Expected volatility (%)	61.62	61.57
Historical volatility (%)	61.62	61.57
Risk-free interest rate (%)	1.38	1.37
Expected life of options (year)	10.00	10.00
Spot price (HK$ per share)	1.51	1.88
Exercise price (HK$ per share)	1.51	1.88

Movement of the share options

	1 January 2023 to 30 June 2023 (Unaudited)	1 January 2023 to 30 June 2023 (Unaudited)
At the beginning of the period	**12,470,000**	14,220,000
Granted during the period	**–**	–
Forfeited during the period	**(500,000)**	(750,000)
At the end of the period	**11,970,000**	13,470,000

During the six months ended 30 June 2023, 500,000 options lapsed due to the unfulfillment of vesting condition under the Scheme 2020, of which the Group recognized a share-based payment expense of RMB587,000 (six months ended 30 June 2022: RMB2,496,000) in the unaudited interim consolidated statement of profit or loss during the six months ended 30 June 2023.

(b) Award Share Scheme

The Company adopted the Pre-IPO Share Award Scheme ("**Scheme 2016**") pursuant to a resolution passed by the Directors on 15 April 2016, through which a total of 25,000,000 shares ("**Awarded Shares**") at a par value of US$0.00001 each were issued to Acheson (the "**Trust**") on 11 May 2016, who will hold the Awarded Shares for the benefit of the eligible employees ("**Selected 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. The Trust was established pursuant to the Trust Deed dated 2 September 2016 with retrospective effect from 10 May 2016.

A management committee has been established and authorised by the Directors to make all determination and provide directions to the Trustee in relation to the Scheme (the "**Committee**"). The Pre-IPO Share Award Scheme is valid and effective for a period of ten years from the date of adoption.

Pursuant to the Scheme, the Selected Employees are entitled to subscribe for the Awarded Shares at the price of RMB0.85 per Awarded Share by way of a loan provided by the Company. On 7 September 2016, the Company granted 23,170,000 Awarded Shares to the Selected Employees. The details of the Awarded Shares granted for the year ended 31 December 2016 are as follows:

Number of Awarded Shares granted	**Date of grant**	**Expiry date**	**Purchase price** *RMB*
23,170,000	7 September 2016	7 September 2026	0.85

The Group has determined the fair value of the Awarded Shares based on the binominal option-pricing model as of the grant date. The valuation model requires the input of highly subjective assumptions, including the entity risk premium and the discount rate due to lack of control, and changes in the subjective input assumptions can materially affect the fair value estimate of the Awarded Shares.

	7 September 2016
Weighted average grant date fair value per share	RMB1.94
Weighted average exercise price	RMB0.85
Detailed forecast period 5 years	5 years
Weighted average cost of capital	16.83%
Leveraged beta	1.04
Entity risk premium	0.5%
Discount rate due to lack of control	10%

The Company adopted the Supplementary Scheme of the Pre-IPO Share Award Scheme ("**Supplementary Scheme**") pursuant to a resolution passed by the Directors on 28 August 2019, which authorises the chief executive officer to complete the selection of grantees, the allocation of shares and the signing of agreements and other related work to grant the shares withdrawn and had not been granted on 7 September 2016.

Pursuant to the Supplementary Scheme, the Selected Employees are entitled to subscribe for the Awarded Shares without a consideration. On 24 February 2021 and 31 March 2021, the Company granted 3,100,000 and 1,040,000 Awarded Shares to the Selected Employees, respectively. The expected vesting date is 30 June 2022. The details of the Awarded Shares granted for the six months ended 30 June 2023 are as follows:

Number of Awarded Shares granted	**Date of grant**	**Expiry date**	**Purchase price**
3,100,000	24 February 2021	28 August 2029	–
1,040,000	31 March 2021	28 August 2029	–

The Group has determined the fair value of the Awarded Shares based on the binominal option-pricing model as of the grant date, taking into account the terms and conditions upon which the options were granted. The following table lists the significant inputs to the model used:

	24 February 2021	31 March 2021
Dividend yield (%)	4.32	4.32
Expected volatility (%)	61.92	61.68
Historical volatility (%)	61.92	61.68
Risk-free interest rate (%)	1.10	1.30
Expected life of options (year)	10.00	10.00
Spot price (HK$ per share)	1.36	1.38

Movement of the Award Shares (Unaudited)

	1 January 2023 to 30 June 2023	1 January 2022 to 30 June 2022
At the beginning of the period	**6,721,400**	7,537,000
Granted during the period	**–**	–
Exercised during the period	**–**	–
Forfeited during the period	**(75,000)**	(509,375)
At the end of the period	**6,646,400**	7,027,625

The Group did not recognize any shared-based payment expenses of Award Shares (six months ended 30 June 2022: RMB1,473,000) and did not reverse any share-based payment expenses in the unaudited interim consolidated statement of profit or loss during the six months ended 30 June 2023 in relation to the Awarded Shares granted by the Company.

16. BUSINESS COMBINATION

On 12 May 2023, the Group acquired a 51% interest in Jiangsu Boqi Smart Energy Co., Ltd. ("**Jiangsu Boqi**") at a total consideration of RMB12,441,000. Jiangsu Boqi is engaged in operation of distributed photovoltaic power generation projects. The acquisition was an important step of the Group to accelerate the layout of the new energy business.

Consideration transferred:

	RMB'000
Cash	11,260
Contingent consideration arrangement*	1,500
Put-option**	(319)
	12,441

* Pursuant to the purchase agreement, the Group is required to pay an additional amount of RMB1,500,000 dependent on the amount of profit after tax of Jiangsu Boqi during the 3-year period subsequent to the acquisition. The fair value of such contingent consideration amounted to RMB1,500,000 as at the acquisition date and has been included in contingent consideration on the consolidated statement of financial position. The management has reassessed the fair value of the contingent consideration as at 30 June 2023, concluded that the fair value change was immaterial based on the assessment result.

** Pursuant to the purchase agreement, the Group has acquired a put-option and the fair value of such put-option amounted to RMB319,000 as at the acquisition date.

The Group has elected to measure the non-controlling interest in Jiangsu Boqi at the non-controlling interest's proportionate share of Jiangsu Boqi's identifiable net assets.

The fair values of the identifiable assets and liabilities of Jiangsu Boqi as at the date of acquisition were as follows:

	Fair value recognized on acquisition *RMB'000* (Unaudited)
Property, plant and equipment	76,246
Other intangible assets	2,700
Cash and cash equivalents	94
Debt instruments at fair value through other comprehensive income	300
Trade receivables	2,068
Prepayment, deposits and other receivables	8,495
Total Assets	89,903
Trade payables	65,236
Other Payables	108
Deferred tax liabilities	320
Total Liabilities	65,664
Total identifiable net assets at fair value	24,239
Less: Non-controlling interests	11,877
Add: Goodwill arising on acquisition	79
Purchase consideration at fair value	12,441

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(5,630)
Cash and bank balances acquired	94
Net outflow of cash and cash equivalents included in cash flows from investing activities	(5,536)
Transaction costs of the acquisition included in cash flows from operating activities	(269)
	(5,805)

Reconciliation of the carrying amount of the Group's goodwill at the beginning and end of the reporting period is presented below:

	RMB'000 (Unaudited)
Gross carrying amount	
At 1 January 2023	147,957
Acquisition of a subsidiary	79
At 30 June 2023	148,036
Accumulated impairment losses	
At 1 January 2023	(141,469)
Impairment losses recognised during the period	–
At 30 June 2023	(141,469)
Net book value	
At 1 January 2023	6,488
At 30 June 2023	6,567

The fair values of the trade receivables and other receivables as at the date of acquisition amounted to RMB2,068,000 and RMB15,000, respectively. The gross contractual amounts of trade receivables and other receivables were RMB2,068,000 and RMB15,000.

The Group incurred transaction costs of RMB269,000 for this acquisition. These transaction costs have been expensed and are included in other expenses in the interim condensed consolidated statement of profit or loss.

As part of the purchase agreement, contingent consideration is payable, which is dependent on the amount of profit before tax of Jiangsu Boqi during the 3-year Period. The initial amount recognised was RMB1,500,000 which was determined using the discounted cash flow model and is within Level 3 fair value measurement. The consideration is due for final measurement and payment to the former shareholders payable within the following 3 years. At the date of approval of these financial statements, no further significant changes to the consideration are expected.

Significant unobservable valuation inputs for the fair value measurement of the contingent consideration are as follows:

Projected net profit of Jiangsu Boqi in 2023	RMB5,238,000
Projected net profit of Jiangsu Boqi in 2024	RMB6,427,000
Projected net profit of Jiangsu Boqi in 2025	RMB5,793,000
Post-tax discount rate	10%

A significant increase/(decrease) in the net profit of Jiangsu Boqi would result in a significant increase/(decrease) in the fair value of the contingent consideration liability. A significant increase/(decrease) in the discount rate would result in a significant decrease/(increase) in the fair value of the contingent consideration liability.

Since the acquisition, Jiangsu Boqi contributed RMB1,077,000 to the Group's revenue and RMB305,000 to the consolidated profit for the six months ended 30 June 2023.

Had the combination taken place at the beginning of the period, the revenue from continuing operations of the Group and the profit of the Group for the period would have been RMB1,003,614,000 and RMB137,542,000, respectively.

17. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Amounts due from related parties

Amounts due from related parties

	As at 30 June 2023 ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Yangxi Haibin Electric Power Development Co., Ltd. ("**Yangxi Electric**") *(Note (i))*	**288,602**	264,632
Jijiantou Shouyang Thermal Power Company Limited ("**Shouyang Power**") *(Note (ii))*	**82,474**	76,683
Chongqing Chuanwei Petrochemical Engineering Company Limited of the Sinopec Group ("**Chongqing Chuanwei**")	**9,201**	24,752
Northwest Oilfield Branch of China Petroleum & Chemical Corporation ("**PetroChina Northwest Oilfield**")	**290**	714
Gao Neng Long Yuan Boqi Environmental Technology (Han Chuan) Co., Ltd. *(Note (iii))*	**–**	36
Hainan Boyuan Zhongying Enterprise Management Partnership (Limited Partnership) ("**Boyuan Zhongying**")	**1,447**	1,447
Sinopec Ningbo Engineering Co., Ltd. ("**Sinopec Ningbo**")	**–**	2,397
Best Environmental Solutions	**–**	9
	382,014	370,670

	As at 30 June 2023 ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Analysed for reporting purpose as:		
Current assets	**246,521**	232,545
Non-current assets	**135,493**	138,125
	382,014	370,670
Trade balances	**243,096**	230,097
Non-trade balances	**138,918**	140,573
	382,014	370,670

(i) On 28 August 2017, the Group entered into a revised management service agreement with Guangdong Huaxia Electric (廣東華廈電力) and Yangxi Electric to extend the O&M service term from 1 January 2017 to 31 December 2017 to a term from 1 January 2017 to 31 December 2025 and require a deposit of RMB139,690,000, which was paid by the Group on 31 December 2017. The deposit is unsecured and repayable at the end of the O&M service term.

(ii) Shouyang Power was 40% held by Mr. Zeng Zhijun and Mr. Cheng Liquan Richard, our Directors and substantial shareholders, through Beijing Boqi Environmental Technology Co., Ltd. ("**Beijing Boqi Environmental Protection**"), and was therefore a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Prior to the Listing, the Company had applied to the Stock Exchange and the Stock Exchange had granted the Company, a waiver from strict compliance with the rules regarding the announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. In November 2020, Beijing Boqi Environmental Protection and Hebei Construction Investment Energy Co., Ltd. ("**Hebei Construction Investment**") entered into a share purchase agreement, whereby Beijing Boqi Environmental Protection agreed to sell 21% of the equity interest in Shouyang Power to Hebei Construction Investment. In January 2021, the registration of such amendment to administration bureau for industry and commerce was completed. As the equity interests held by Mr. Zeng Zhijun and Mr. Cheng Liquan Richard in Shouyang Power dropped from 40% to 19%, Shouyang Power ceases to be a connected person of the Company and the transactions contemplated thereunder the Shouyang EPC contract cease to be continuing connected transactions under Chapter 14A of the Listing Rules. According to the International Accounting Standard 24-Related Party Disclosure Requirements, Beijing Boqi Environmental Protection still holds 19% equity interests in Shouyang Power and has appointed a director to Shouyang Power. Therefore, from the financial point of view, Shouyang Power is still a related party of the Group, and the Shouyang EPC contract is still disclosed as a related party transaction. Shouyang Power was previously known as "Yangmei Group Shouyang Boqi Electric Co., Ltd (陽煤集團壽陽博奇發電有限責任公司)" and "Shanxi Shouyang Mingtai Guoneng Power Co., Ltd)(山西壽陽明泰國能發電有限公司)".

(iii) The balances are unsecured, interest-free and repayable on demand.

The Group generally grants a credit period of 90 days to its related parties. Aging analysis of amounts due from related parties－trade nature, based on invoice date, is as follows:

	As at 30 June 2023 ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
1-90 days	**95,580**	124,985
91-180 days	**66,867**	80,109
181-365 days	**71,421**	11,936
1-2 years	**9,228**	13,067
	243,096	230,097

(b) Amounts due to related parties

Amounts due to related parties

	As at 30 June 2023 ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Boqi Environmental Engineering	**176**	176
Sinopec Fifth Construction Co., Ltd.	**3,848**	6,848
Richinfo	**–**	225
Wuxi Huadong Electric Power Equipment Co., Ltd.	**37,579**	–
	41,603	7,249

The credit period granted by the related parties is ranging from 30 to 90 days. Aging analysis of amounts due to related parties－trade nature is as follows:

	As at 30 June 2023 ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
1-90 days	**37,579**	225
91-180 days	**–**	–
181-365 days	**–**	299
1-2 years	**–**	6,001
2-3 years	**3,848**	548
Over 3 years	**176**	176
	41,603	7,249

(c) The transactions with related parties during the reporting periods are listed out below:

	As at 30 June 2023 *RMB'000* (Unaudited)	As at 31 December 2022 *RMB'000* (Audited)
Yangxi Electric *(note (i))*		
– O&M service	**98,622**	53,746
– Interest income	**2,640**	3,080
– Water and electricity, labor, spare parts and miscellaneous items charged by Yangxi Electric	**32,632**	20,465
Chongqing Chuanwei		
– EPC service *(note (ii))*	**–**	1,629
Shouyang Power		
– EPC service *(note (iii))*	**36,393**	–
Sinopec Fifth Construction		
– Purchase of equipment	**–**	–
– Purchase of construction service	**–**	209
PetroChina Northwest		
– O&M service *(note (iv))*	**635**	301

Note:

(i) In December 2016, the Group entered into a management service agreement, pursuant to which the Group provided O&M service to Yangxi Electric, and RMB98,622,000 was recognised as revenue during the six months ended 30 June 2023 (first half of 2022: RMB53,746,000). The Group also purchases water and electricity, labor, space parts and miscellaneous items from Yangxi Electric to support the O&M service. During the six months ended 30 June 2023, the Group purchased a total amount of RMB32,632,000 (first half of 2022: RMB20,465,000) of water and electricity, labor, space parts and miscellaneous items from Yangxi Electric;

(ii) In September 2018, the Group entered into an EPC service contract with Chongqing Chuanwei for a total contract amount of RMB205,880,000, of which revenue of nil was recognised during the period ended 30 June 2023 (first half of 2022: RMB1,629,000);

(iii) In December 2015 and June 2023, the total service amount of the project was RMB327,482,000 for the EPC service contract entered into between the Group and Shouyang Power according to the settlement of project quantity adjustment expenses approved by an independent third party recognized by both parties, of which the recognized revenue for the six months ended 30 June 2023 is RMB36,393,000 (first half of 2022: Nil);

(iv) In 2021, the Group entered into a water treatment service contract with China Petrochemical Northwest, the service fee is calculated by actual water treatment volume multiplied by the unit price, of which RMB635,000 was recognised as revenue during the six months ended 30 June 2023 (first half of 2022: RMB301,000).

18. COMMITMENT FOR CAPITAL EXPENDITURE

	As at 30 June 2023 ***RMB'000*** **(Unaudited)**	As at 31 December 2022 *RMB'000* (Audited)
Contracted, but not provided for: Property, plant and machinery	**16,071**	19,656

19. SUBSEQUENT EVENTS

There has been no material events subsequent to the Reporting Period, which require adjustment or disclosure in accordance with IFRSs.

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, with the goal of achieving carbon neutrality and meeting customer needs as our mission. 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 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

In the first half of 2023, comprehensively promoting the construction of a beautiful China and accelerating the modernization of the harmonious coexistence between people and nature have remained an important issue of our country. China's economic and social development has entered a high-quality development stage with the acceleration of eco-friendly and low-carbonization process. The construction of ecological civilization is still in a critical period with multiple pressure, and progress will have to be made through difficulties. Environmental protection is still an important task for the future development of China.

At present, the general regulatory structure for China's environmental protection industry has basically formed. Under the new structure, the environmental protection industry has entered the era of in-depth implementation of policies following the phrase of policy consultation, and the all-round policies and regulations involving water, land, flue gas and solid waste treatment are becoming more and more comprehensive. During the period of the "14th Five-Year Plan", China has entered a critical period of focusing on carbon reduction, promoting the synergy of pollution reduction and carbon reduction, facilitating the comprehensive green transformation of economic and social development, and realizing the improvement of ecological environment quality from quantitative changes to qualitative changes. Accordingly, relevant departments have successively launched a number of policies to actively facilitate ecological and environmental protection and promote the comprehensive green transformation of economic and social development.

On 19 January 2023, the Ministry of Ecology and Environment issued the newly revised "Measures for the Administration of Ecological Environment Statistics". Ecological environment statistics is an important fundamental work for ecological environment protection. Focusing on the new tasks and new requirements of extensively preventing and controlling pollution and constructing a beautiful China, the Ministry of Ecology and Environment has revised the original "Measures for the Administration of Environment Statistics" to further promote pollution control in a precise, scientific and legal way.

On 17 February 2023, the General Office of the State Council issued the "Guiding Opinions on Extensively Promoting Cross-Departmental Comprehensive Supervision", specifying that before the end of 2023, a management and dynamic update mechanism for the list of key items for cross-departmental comprehensive supervision will be established, and trial cross-departmental comprehensive supervision will be carried out in certain fields. As such, the cross-departmental comprehensive supervision system will be established on a case-by-case basis in order to improve the collaborative supervision mechanism, pursuant to which each department will have its own duties and responsibilities, while cooperating with each other and assuming the responsibility of collective management. By 2025, a sound cross-departmental comprehensive supervision system will be established in more sectors and on a larger scale, with a view to further optimizing the collaborative supervision mechanism and methods, largely improving the ability to identify problems and deal with risks, promoting a fairer and more orderly market competition and fully releasing market vitality. The Guiding Opinions have emphasized the effective strengthening of cross-regional and joint prevention and treatment efforts on air pollution, water pollution and solid waste transfer.

On 14 March 2023, the central government officially released the full text of the 2023 Government Work Report. Setting forth the main achievements in the past five years, the report also pointed out that the government will strive to strengthen the protection of the ecological environment and promote green and low-carbon development. Adhering to the concept that lucid waters and lush mountains are invaluable assets, it will improve the system of ecological civilization, properly handle the relationship between development and protection and continuously enhance the ability of sustainable development. In 2023, the government will continue to drive the green transformation in the development process and extensively promote the prevention and control of environmental pollution. Besides, it will also promote the clean and efficient use of energy and related technology research and development, accelerate the construction of a new energy system and increase the proportion of renewable energy. Last but not least, the government will improve related policies and financial instruments to support green development, develop circular economy, promote resource conservation and intensive utilization, and promote energy saving, carbon reduction and pollution abatement in key areas, with a view to continuously and vigorously defending the country's blue sky, clear water and lean land.

On 21 April 2023, the General Office of the Ministry of Industry and Information Technology issued the "Notice on Organizing and Carrying out the Supervision of Industrial Energy Saving in 2023" to further tighten energy efficiency constraints as well as promote energy saving and carbon reduction, cost reduction and efficiency enhancement in key industries, so as to facilitate industrial energy saving and green and low-carbon development. On the basis of the achievements in 2021 and 2022, 17 industrial enterprises including steel, coking, ferroalloy and cement (with clinker production lines) will implement the quota standards, energy efficiency benchmark levels and baseline levels for energy consumption which are mandatory in the industries.

On 6 June 2023, the Ministry of Industry and Information Technology and the Department of Ecology and Environment issued the "Notice on Soliciting Major Environmental Protection Technology and Equipment Encouraged by the State in 2023" to step up the effort for innovation, make advancement on key and core technologies of environmental protection equipment and supporting parts, materials and pharmaceuticals, and enrich the application of advanced and applicable environmental protection equipment in key sectors such as metallurgy, chemical, building materials, light industry, textiles and electroplating, with a view to improving the standardization, integration, automation and eco-friendliness of environmental protection equipment. As a number of ecological environment governance policies have been implemented by different levels of authorities successively, the advantages of the policies are gradually released and ecological environment governance technologies are constantly innovating, thus realizing the recycling, harmlessness and reduction of pollutants, as well as the continuous deepening and expanding of the market space for various subsectors of ecological environment governance.

On 15 June 2023, the General Office of the Ministry of Ecology and Environment issued the Opinions on Promoting the Implementation of Ultra-Low Emissions in the Cement Industry (Draft for Comments) and the Opinions on Promoting the Implementation of Ultra-Low Emissions in the Coking Industry (Draft for Comments) (together, the "**Drafts for Comments**"). For the cement industry, the Drafts for Comments set out the objective that by the end of 2025, about 50% of the cement clinker production capacity will be transformed to enable ultra-low emissions; and the country will strive to complete the ultra-low emission transformation of about 80% of cement clinker production capacity by the end of 2028. Following the coal power industry, the implementation of ultra-low emissions from non-electricity related industries has been put on the agenda. The release of the above Drafts for Comments relating to ultra-low emissions kicked off the implementation of ultra-low emission in cement and coking, two non-electric sub-sectors.

2. BUSINESS REVIEW

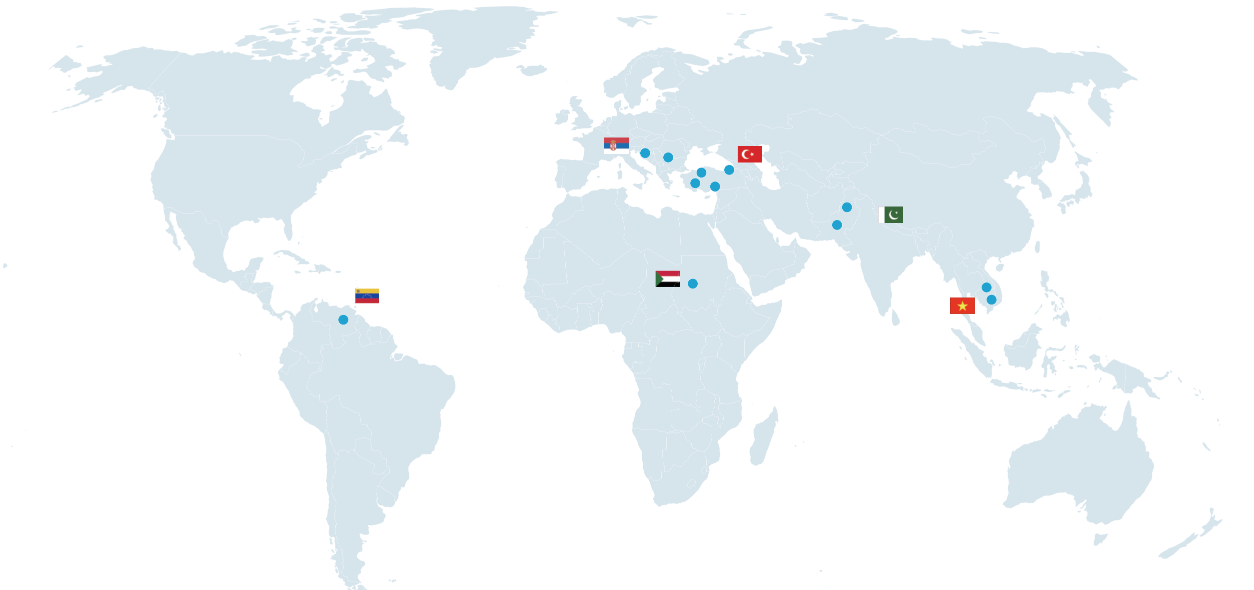
In the first half of 2023, China's economy and society have resumed normal operation in an all-round way through the coordination of the macro policies. As the "triple pressures" of shrinking demand, supply shocks and weakening expectations on the domestic economy have been alleviated, economic development has shown a recovery trend and various industries have recovered to varying degrees. As the main source of energy in China, the thermal power industry has entered a recovery period under the guidance and promotion of policies relating to environmental protection and power structure reform of the government, thus releasing more demand for flue gas treatment. The Company took advantage of the situation, seized the opportunity and leveraged its core technology advantages to continuously expand its business scale in the thermal power market and have won bids on the market successively. The cement and coking industries in the non-electric field have entered the era of ultra-low emission transformation. Relying on its advantages in flue gas denitrification and ultra-low emission for cement kiln and flue gas intensive treatment for coking furnace, the Group is making every effort to develop the market. In recent years, China's development in new energy represented by wind power and photovoltaic power generation has achieved remarkable results. The installed capacity of the above new energy ranks first in the world, the proportion of power generation has steadily increased and the cost has dropped rapidly. With the gradual maturity of the industrial chain, the Company seized the opportunity in the first half of the year and successfully deployed the photovoltaic power generation business segment. Through the active expansion and deployment of traditional and new business segments, the Group has achieved growth in both its performance and revenue.

At the same time, the Group has continued to promote and improve its refined management and adhere to the service tenet of customer priority, quality service, value creation and win-win cooperation. In light of its business development needs, the Group has allocated internal resources to continuously improve and formulate multi-level and multi-stage incentive schemes in various business fields so as to motivate the initiatives of the team and help the Group to realize the rapid development of new business, with a view to achieving the strategic goal of the "14th Five-Year Plan".

As of 30 June 2023, the Group's projects have a wide coverage in China, covering 31 provinces, municipalities and autonomous regions in China. Meanwhile, we have been strived to expand overseas business in areas including 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 of 30 June 2023:

The following map shows the distribution of the projects of the Group outside the PRC as of 30 June 2023:



2.1 Flue Gas Treatment Business

As a provider of comprehensive green ecological treatment services for the industrial environment, the Group's business of flue gas treatment services is mainly conducted through various business models including EPC, O&M and concession operations (including "**Build-Operate-Transfer**" or "**BOT**", and "**Build-Own-Operate**" or "**BOO**"). During the Reporting Period, 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 brought about by favorable policies of the state. The business models are as follows:

EPC

EPC business mainly involves providing project design, equipment and materials procurement, project construction and equipment installment services in relation to SO_2 and NOx emission control and dust removal for industrial customers such as power plants, steel factories, chemical plants, refining and building material companies. The Group seized the current booming thermal power development opportunity in China to continuously expand the scale of the thermal power market, and won the bid for the 2×1000MW Unit Desulfurization EPC Project of Guoxin Binhai Port, which provides strong support for the Group to further expand into the thermal power flue gas desulfurization project market. In addition, the Group is also steadily expanding the markets in non-electricity fields such as steel and cement industries. During the Reporting Period, the Group added 7 new EPC contracts, with a total contract value amounting to approximately RMB259 million.

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

No.	Environmental protection facility engineering projects under construction	Type of project	Newly built/ upgraded	Date of contract	Aggregate contract value *RMB million*
1	2×1,000MW Newly Built Desulfurization EPC Project of Jiangsu Guoxin Binhai Port Power Generation Co., Ltd.	Desulfurization	Newly built	February 2023	165
2	Supplementary Agreement on Flue Gas Treatment Volume Increase for the Procurement and Construction (PC) General Contracting Project for the Desulfurization Device of the Power Center of Shandong Yulong Thermal Power Co., Ltd.	Desulfurization and denitrification	Newly built	February 2023	27
3	Desulfurization System Design Project for Unit #4 of Shanxi Zhaoguang Power Generation Co., Ltd.	Desulfurization	Upgraded	March 2023	1
4	Addition of Circulating Flues Project for Desulfurization of Sintering Plant Four Sintering of Hebei Jinxi Iron and Steel Group Co., Ltd.	Desulfurization	Newly built	April 2023	1
5	Amendment Agreement II of Desulfurization System Design and Equipment Supply Project of Serbia KOSTOLAC-B Power Station Phase II/Amendment Agreement II of Desulfurization EP Project of Serbia Phase II	Desulfurization	Newly built	April 2023	24
6	Flue Gas Desulfurization and Absorption Tower Equipment Procurement Project for Coal and Thermal Power Cogeneration and Capacity Replacement of Datang International Douhe Power Plant	Desulfurization	Newly built	April 2023	23
7	EPC Project for Upgrading of SCR Denitrification Technology of No. 2 Plant A Line of Tangshan Branch, Tangshan Jidong Cement Co., Ltd.	Denitrification	Upgraded	May 2023	18

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 of 30 June 2023, the Group had a total of 25 O&M projects under operation, covering industrial sectors such as thermal power 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)*	**Expiring date of service contract** *(Month/Year)*	**Installed capacity**
1	Yangcheng #1-6 Unit Flue Gas Desulfurization O&M Project *(Note 1)*	Desulfurization and dust removal	July 2018	March 2024	6×350MW
2	Yangcheng #7-8 Unit Flue Gas Desulfurization O&M Project *(Note 1)*	Desulfurization, dust removal and slag removal	June 2018	March 2024	2×600MW
3	Qinzhou Desulfurization O&M Project	Desulfurization	July 2015	June 2024	2×630MW+ 2×1,000MW
4	Jingjiang Flue Gas Desulfurization and Dust Removal O&M Project	Desulfurization and dust removal	March 2016	December 2023	2×660MW
5	Flue Gas Desulfurization and Denitrification O&M Project of Yangxi Power Plant Unit #1-4	Desulfurization and denitrification	January 2017	December 2025	2×660MW+ 2×600MW
6	Shouguang Auxiliary Ashing and Sulfurization Control System Commissioned Operation Project	Desulfurization	May 2018	March 2024	2×1,000MW
7	Jinxi Steel O&M Project	Denitrification, desulfurization and dust removal	March 2019	February 2025	265 m^2 sintering machines
8	Denitrification, Desulfurization and Dust Removal O&M Project on 350 m^2 Sintering Machines of Tianjin Iron Plant	Denitrification, desulfurization and dust removal	November 2019	November 2025	350 ㎡ sintering machines
9	Denitrification O&M Project on 360 m^2 Sintering Machines of Tianjin Iron Plant	Denitrification	December 2019	December 2025	360 ㎡ sintering machines
10	Desulfurization, Denitrification and Wastewater Zero-discharge System Equipment Maintenance Works under the O&M Project of No. 5 & 6 units of Yangxi Plant	Desulfurization, denitrification and wastewater zero discharge	January 2022	August 2027	2×1,240MW

No.	Project name	Type of project	Starting date of service *(Month/Year)*	Expiring date of service contract *(Month/Year)*	Installed capacity
11	Operation and Maintenance Service Project of Environmental Protection Facilities of Shanxi Yuguang Power Generation Co., Ltd.	Denitrification, desulfurization and dust removal	December 2021	July 2023	2×300MW+ 2×350MW
12	Hegang Chenggang O&M Project	Denitrification, desulfurization and dust removal	April 2022	April 2027	180 ㎡ sintering machines
13	Desulfurization and Denitrification System Contract Operation Project of No. 2 Sintering Plant of Jinxi Iron and Steel Group Co., Ltd.	Denitrification, desulfurization and dust removal	July 2021	June 2024	265 ㎡ sintering machines
14	Sintering Machine Flue Gas Purification Device O&M Project relating to the Integrated Project of Removing the Old District of HBIS Hansteel from Urban Area of Handan Steel Group Co., Ltd.	Denitrification, desulfurization and dust removal	April 2023	April 2028	435 ㎡ sintering machines
15	2×1,000MW Desulfurization System O&M Project of SDIC Nanyang	Desulfurization	August 2021	August 2023	2×1,000MW
16	2×660MW Lime Sulfur and Coal Transportation and Maintenance Project of Panji Power Plant of Huainan Mining	Ash and slag removal, desulfurization and denitrification	November 2022	November 2024	2×660MW
17	Environmental Protection Facilities O&M Project of Shanxi International Energy Yuguang Coal and Electricity Co., Ltd.	Desulfurization and dust removal	April 2022	March 2025	1×1,000MW
18	Desulfurizer Purchase and Sale Project of Chengde Branch of Hebei Steel Co., Ltd.	Denitrification, desulfurization and dust removal	February 2022	February 2027	180 ㎡ sintering machines
19	Desulfurization and Denitrification Outsourcing Operation Project of Sintering Plant 450 of Hebei Jinxi Steel Group Co., Ltd.	Desulfurization, denitrification and dust removal	September 2022	August 2025	450 ㎡ sintering machines
20	Ash Vulcanization Auxiliary Control Operation and Auxiliary Production Service Project of Qingyuan Power Plant of Guangdong Company	Ash vulcanization auxiliary control operation and auxiliary production service	October 2022	October 2025	2×300MW+ 2×350MW

No.	Project name	Type of project	Starting date of service *(Month/Year)*	Expiring date of service contract *(Month/Year)*	Installed capacity
21	O&M Project (Excluding Desulfurization and Denitrification) for 135MW Generator Unit of Jinxi Steel	O&M for generator unit	October 2022	October 2026	135MW
22	O&M Project for 299,000 cubic meters Blast Furnace Gas Tank of Jinxi Steel	O&M for gas cabinet equipment for vertical blast furnace	October 2022	October 2026	0.299 million
23	Emergency Repair Project for the Desulfurization System of Shizuishan	Desulfurization	February 2023	March 2023	4×330MW
24	O&M Project for Denitrification System of Heating Furnace of Steel Sheet And Pile Steel Technology Co., Ltd.	Denitrification	February 2023	February 2026	675 thousand tonnes
25	O&M Project for Denitrification System of 1#, #2 and #3 Heating furnace of Pile Steel Company	Denitrification	May 2023	June 2026	1,600 thousand tonnes + 2,900 thousand tonnes

Note 1: The contract will be renew automatically for one year according to its original terms upon its expiration.

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 2023, the Group continued to carry out its concession operation business, including desulfurization, denitrification and green island. As of 30 June 2023, the Group accumulated 7 concession operation projects and save for Shanxi Puzhou Phase I BOT Project, 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 concession operation projects of the Group under operation as of 30 June 2023:

No.	Project name	Installed capacity	Type of project	Newly built/ Upgraded	Total investment *RMB million*	Date of signing contract *(Month/Year)*	Ending date of concession period *(Month/Year)*
1	Jiangxi Jinggangshan BOT Project	2×300MW+ 2×660MW	Desulfurization	Newly built	224	January 2008 (for Phase I) August 2008 (for Phase II)	July 2030 (for Phase I) December 2030 (for Phase II)
2	Shanxi Hejin BOT Project	2×350MW	Denitrification	Newly built	117 *(Note 1)*	June 2012	September 2033 (for Unit #1) May 2033 (for Unit #2)
3	Shanxi Puzhou Phase I BOT Project *(Note 2)*	2×300MW	Denitrification	Newly built	84	June 2012	January 2034 (for Unit #1) May 2033 (for Unit #2)

No.	Project name	Installed capacity	Type of project	Newly built/ Upgraded	Total investment *RMB million*	Date of signing contract *(Month/Year)*	Ending date of concession period *(Month/Year)*
4	Shanxi Puzhou Phase II BOT Project	2×350MW	Desulfurization	Newly built	112	May 2014	End of 2037
5	Xinjiang Shenhuo BOT Project	4×350MW	Green Island	Upgraded	490	June 2017	End of 2032
6	Huainan Guqiao BOT Project	2×330MW	Green Island	Upgraded	173	May 2018	End of 2033
7	Xinjiang Guotai Xinhua BOT Project	2×350MW	Green Island	Upgraded	150	July 2018	June 2028
8	Guangxi Laibin Desulfurization, Denitrification and Dust Removal BOO Project	2×300MW	Green Island	Upgraded	281	December 2018	End of 2033

Notes:

1. According to the requirements of the environmental protection policy of the state, it is necessary to change the current denitrification technology aspect of the project from the original liquid ammonia to the utilization of urea by the end of 2023. After negotiation between both parties, a supplementary agreement was signed, pursuant to which an additional investment of approximately RMB27 million will be added on the top of the original investment.

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

2.2 Water Treatment Business

During the Reporting Period, all the water treatment projects being operated by the Group were operating stably and the business has developed with favorable momentum. The Group is actively expanding and deploying the water treatment business segment. As of 30 June 2023, the Group has been operating 10 water treatment projects.

The following table sets forth details of the water treatment projects being implemented by the Group during the Reporting Period:

No.	Project name	Type of project	Date of signing 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 Zero Discharge Project for the Coking Plant of Tianjin Iron Works Co., Ltd.	EPC	August 2021	N/A

No.	Project name	Type of project	Date of signing contract	Expiry date of service contract
4	Wastewater Treatment System EPC Project of Binzhou Hongnuo Company	EPC	September 2021	N/A
5	Technical Service Project for Yakela Sewage Treatment Station of Sinopec Northwest Oilfield Branch	O&M	October 2021	September 2024
6	Domestic Sewage Treatment and Operation Commissioned Project of Xinjiang Northwest Oilfield Drilling Team	O&M	January 2022	June 2024
7	Wastewater/Sewage Collection and Treatment Project of Changzhi Yuanyan Pharmaceutical Technology Co., Ltd.	O&M	January 2022	One year from the date of receiving sewage
8	Sewage Treatment and Renovation EPC Project for Pulping and Paper Production of Shandong Bohui Paper Co., Ltd.	EPC	April 2022	N/A
9	Supplementary Agreement for Wastewater Zero Discharge Project of Coking Plant of Tianjin Iron Works Co., Ltd.	EPC	January 2023	N/A
10	Installation and Construction Project for Ozone Room and Liquid Ammonia Storage System	EPC	February 2023	N/A

2.3 Hazardous and Solid Waste Treatment/Disposal Business

During the Reporting Period, the Group focused on serving large-scale industrial production enterprises. Relying on its profound project operation experience and simple integrated equipment systems, the Group's Drilling Mud Solid Waste Treatment O&M Project in the Xinjiang Drilling Area of Sinopec has been operating smoothly. The first phase of the co-processing hazardous and solid waste treatment/disposal project of Tangshan Yandong Cement Kiln has been completed, and is in the process of applying for the hazardous waste business license. The waste disposal business of the Hazardous and Solid Waste Treatment/Disposal Center of Qinghai Boqi disposal business has been carried out steadily, and the recycling project of waste packaging and waste photovoltaic panels is under construction, which will be put into operation at the end of this year and next year respectively.

2.4 Dual-Carbon New Energy⁺ Business

During the Reporting Period, the Group actively promoted the new energy⁺ business layout. In April 2023, the Group won the bid for the Distributed Photovoltaic EPC General Contracting Project of Zhejiang Postal Bureau. The tentative installed capacity of the project is 300MW and the actual capacity will not less than 150MW. In May 2023, the Group acquired seven distributed photovoltaic project assets with a total installed capacity of approximately 21MW, which is an important step taken by the Group in the "New Energy⁺" business sector. At the same time, the concession operation project of CDQ waste heat power generation of Tianjin Iron Plant is operating smoothly, which will bring stable income to the Group in the medium and long term.

3. FINANCIAL POSITION AND OPERATING RESULTS

In the first half of 2023, after the relaxation of control measures and policies for COVID-19, the domestic economy has grown steadily, and the production and operation of the Company's existing projects have been carried out in an orderly manner. Besides, the Company has continued to explore new market sectors and actively develop new businesses, thereby expanding the business scale and providing momentum for its sustainability. The overall production and operation of the Group has achieved satisfactory results, with both revenue and net profit increasing significantly as compared with the same period last year, and its asset structure is in sound condition.

Revenue

For the six months ended 30 June 2023, the Group's total revenue was RMB1,001 million, representing an increase of 38.8% from RMB721 million for the first half of 2022, which was mainly due to (i) the existing orders have been carried out in an orderly manner after the relaxation of the control measures and policies for COVID-19; (ii) the increase in the number of ongoing O&M as compared with the same period last year; and (iii) the year-on-year increase in power generation of certain O&M and concession operation projects.

The Group generates revenue primarily from four operating segments: (i) flue gas treatment, (ii) water treatment; (iii) hazardous and solid waste treatment/disposal business; and (iv) 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 For the six months ended 30 June	
	2023	2022
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Flue gas treatment business	**780,256**	616,407
EPC	**300,927**	196,152
O&M	**236,750**	157,805
Concession Operation	**236,476**	248,679
Of which: Construction	**10,049**	21,175
Operation	**226,427**	227,504
Others	**6,103**	13,771
Water treatment business	**162,432**	90,115
Hazardous and solid waste treatment/disposal business	**13,766**	4,625
Dual-carbon new energy+ business	**44,232**	9,923
Total	**1,000,686**	721,070

For the six months ended 30 June 2023, revenue generated from the Group's flue gas treatment business segment was as follows:

- Revenue from EPC business was RMB301 million, representing an increase of 53.6% as compared with RMB196 million for the first half of 2022, mainly due to the resumption of normal operation of EPC projects in various regions after the relaxation of control measures and policies for COVID-19 in China;

- Revenue from O&M business was RMB237 million, representing an increase of 50.0% as compared with RMB158 million for the first half of 2022, mainly due to, the increase in the scale of the O&M business during the Reporting Period and the year-on-year increase in the power generation of certain projects; and

- Revenue from concession operation business was RMB236 million, representing a decrease of 4.8% from RMB248 million for the first half of 2022, mainly due to the completion of technical transformation of certain concession operation projects, resulting in a decrease in construction revenue as compared with the same period last year.

For the six months ended 30 June 2023, revenue from water treatment business segment of the Group was RMB163 million, representing an increase of 81.1% as compared with RMB90 million for the first half of 2022, mainly due to the increase in the revenue from EPC projects of water treatment business during the Reporting Period as compared with the same period last year.

For the six months ended 30 June 2023, the Group's hazardous and solid waste treatment/ disposal business segment recorded a revenue of RMB14 million, representing an increase of 180.0% as compared with RMB5 million for the first half of 2022, mainly due to the resumption of normal operation of projects after the relaxation of control measures and policies for COVID-19 and the completion of the environmental protection inspection during the Reporting Period.

For the six months ended 30 June 2023, revenue from the Group's dual-carbon new energy^{+} business segment was RMB44 million, representing an increase of 340.0% from RMB10 million for the first half of 2022, mainly due to the increase of the scale of business as compared to the same period last year..

Cost of Sales and Services

For the six months ended 30 June 2023, the Group's cost of sales and services was RMB798 million, representing an increase of 38.1% as compared with RMB578 million for the first half of 2022, mainly due to, (i) the existing orders have been carried out in an orderly manner and the increase in the scale of related business after the relaxation of the control measures and policies for COVID-19; and (ii) the year-on-year increase in power generation of certain O&M and concession operation projects.

For the six months ended 30 June 2023, the cost of sales and services of the Group's flue gas treatment business segment are as follows:

- The cost of sales and services for EPC amounted to RMB287 million, representing an increase of 56.0% as compared with RMB184 million for the first half of 2022, mainly due to the orderly operation of various EPC projects after the relaxation of the control measures and policies for COVID-19;

- The cost of sales and services for O&M amounted to RMB174 million, representing an increase of 33.8% as compared with RMB130 million for the first half of 2022, mainly due to (i) the increase in the number of O&M projects in operation; and (ii) the increase in power generation of certain O&M projects; and

- The cost of sales and services for concession operation amounted to RMB167 million, representing a decrease of 12.1% as compared with RMB190 million for the first half of 2022, mainly due to the improvement of the quality of coal used in the power generation units of certain BOT projects and the reduction in the amount of consumables required for flue gas treatment, as well as the decrease in the price of bulk materials as compared with the same period last year.

For the six months ended 30 June 2023, the cost of sales and services for water treatment business amounted to RMB132 million, representing an increase of 123.7% from RMB59 million for the first half of 2022, mainly due to the increase in the scale of revenue from EPC projects of water treatment business during the Reporting Period as compared with the same period last year, leading to an increase in the cost.

For the six months ended 30 June 2023, the cost of sales and services for hazardous and solid waste treatment/disposal business was RMB9 million, representing an increase of 28.6% from RMB7 million for the first half of 2022, mainly due to the resumption of normal operation of projects after the relaxation of the control measures and policies for COVID-19 and the completion of the environmental protection inspection during the Reporting Period.

For the six months ended 30 June 2023, the cost of sales and services for dual-carbon new energy[+] was RMB29 million, representing an increase of 262.5% from RMB8 million for the first half of 2022, mainly due to the increase of business scale as compared with the same period last year.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2023, the Group's gross profit was RMB202 million, representing an increase of 41.3% from RMB143 million for the first half of 2022, and the gross profit margin was 20.2%, representing an increase of 0.3 percentage point as compared to the first half of 2022. The year-on-year increase in gross profit was mainly due to (i) the orderly operation of various EPC projects after the relaxation of the control measures and policies for COVID-19; (ii) the increase in the number of O&M projects in operation as compared with the same period last year; and (iii) the increase in power generation of certain O&M and BOT projects and the decrease in costs, resulting in an increase in gross profits as compared with the same period last year.

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

	For the six months ended 30 June 2023		For the six months ended 30 June 2022	
	Gross Profit	**Gross Profit Margin**	Gross Profit	Gross Profit Margin
	RMB'000	***%***	*RMB'000*	*%*
	(Unaudited)		*(Unaudited)*	
Flue Gas Treatment Business	**151,846**		112,670	
EPC	**13,275**	**4.4**	12,410	6.3
O&M	**63,123**	**26.7**	28,153	17.8
Concession Operation	**69,345**	**29.3**	58,336	23.5
Of which: Construction	**112**	**1.1**	272	1.3
Operation	**69,233**	**30.6**	58,064	25.5
Others	**6,103**	**100.0**	13,771	100.0
Water Treatment Business	**30,228**	**18.6**	30,933	34.3
Hazardous and Solid Waste Treatment/Disposal Business	**4,986**	**36.2**	(2,380)	(51.5)
Dual-Carbon New Energy+ Business	**15,045**	**34.0**	1,999	20.1
Total	**202,105**	**20.2**	143,222	19.9

For the six months ended 30 June 2023, the gross profit of the Group's flue gas treatment business segment was as follows:

- The gross profit of EPC was RMB14 million, representing an increase of 16.7% as compared with RMB12 million for the first half of 2022, mainly due to the orderly operation of various EPC projects after the relaxation of the control measures and policies for COVID-19;

- The gross profit of the O&M business was RMB63 million, representing an increase of 125.0% as compared with RMB28 million for the first half of 2022, mainly due to (i) the increase in the number of O&M projects as compared with the same period last year; (ii) the increase in power generation of certain O&M projects as well as the reduction of costs in the consumables required for flue gas treatment; and

- The gross profit of the concession operation business amounted to RMB69 million, representing an increase of 19.0% as compared with RMB58 million for the first half of 2022, mainly due to mainly due to the improvement of the quality of coal used in the power generation units of certain projects and the reduction in the amount of consumables required for flue gas treatment, as well as the decrease in the price of bulk materials, resulting in a decrease in the operating cost.

For the six months ended 30 June 2023, the gross profit of the Group's water treatment business segment amounted to RMB30 million, basically flat as compared to last year.

For the six months ended 30 June 2023, the gross profit of the Group's hazardous and solid waste treatment/disposal business segment was RMB5 million, representing an increase of 350.0% as compared with negative RMB2 million for the first half of 2022, mainly due to the resumption of normal operation of projects after the relaxation of the control measures and policies for COVID-19 and the completion of the environmental protection inspection during the Reporting Period.

For the six months ended 30 June 2023, the gross profit of the Group's dual-carbon new energy+ business segment was RMB15 million, representing an increase of 650.0% from RMB2 million for the first half of 2022, mainly due to the increase of the business scale as compared with the same period last year.

Other Income and Gains and Other Expenses and Losses

For the six months ended 30 June 2023, other income and gains and other expenses and losses consist primarily of interest income, government grants and rental income.

The following table sets forth a breakdown of other income and gains and other expenses and losses for the periods stated:

	For the six months ended 30 June 2023	For the six months ended 30 June 2022
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Interest income	**4,058**	6,394
Government grants	**10,992**	1,165
Rental income, net	**(166)**	(85)
Foreign exchange gain	**4,355**	5,381
Gains/(Losses) on disposal of equity investments at FVTPL	**5,046**	(61,361)
Losses on fair value changes of financial assets at FVTPL	**–**	(9,074)
Gain on disposal of property, plant and equipment	**3,728**	–
Others	**(218)**	326
	27,795	(57,254)

For the six months ended 30 June 2023, the Group's other income and gains and other expenses and losses amounted to a gain of RMB28 million, representing an increase of RMB85 million from a loss of RMB57 million for the first half of 2022, mainly due to the increase in government grants and investment income of financial assets at fair value through profit or loss.

Selling and Distribution Expenses

For the six months ended 30 June 2023, the Group's selling and distribution expenses were RMB11 million, representing an increase of RMB4 million from RMB7 million for the first half of 2022, mainly due to the increase in market expansion expenses after the relaxation of the control measures and policies for COVID-19.

Administrative Expenses

For the six months ended 30 June 2023, the Group's administrative expenses amounted to RMB42 million, representing a decrease of RMB6 million from RMB48 million for the first half of 2022, and the ratio of administrative expenses to revenue decreased from 6.7% for the same period last year to 4.2%. Such decrease was mainly due to (i) the reduction in amortization of intangible assets affected by the decrease in the total valuation of the equity interest transaction of Qinghai Boqi; and (ii) the reduction in amortization of expenses due to the partial unlock of options.

Research and Development ("R&D") Expenses

For the six months ended 30 June 2023, the Group's R&D expenses amounted to RMB24 million, representing an increase of RMB7 million from RMB17 million for the first half of 2022, mainly due to increased investment in R&D to expand new business, and the ratio of R&D expenses to revenue was 2.4%, remaining unchanged from the same period last year.

Finance Costs

The Group's finance costs consisted of interest expenses on bank and other borrowings, lease liabilities and discounted bills receivable. For the six months ended 30 June 2023, the Group's finance costs were RMB7 million, representing a decrease of RMB2 million from RMB9 million for the first half of 2022, mainly due to the repayment of borrowings by the Group during the Reporting Period.

Gearing Ratio

The gearing ratio is calculated as a percentage of the Group's total liabilities over the Group's total assets. As of 30 June 2023, the Group's gearing ratio was 36.8%, decreased by 2.9 percentage points from 39.7% as of 31 December 2022.

Income Tax Expenses

The income tax expenses of the Group for the six months ended 30 June 2023 were RMB10 million, increased by 66.7% from RMB6 million for the first half of 2022, mainly due to the increase in the Group's profit before tax during the Reporting Period.

Profit for the Reporting Period

For the six months ended 30 June 2023, the Group recorded a profit of RMB136 million for the period, representing an increase of RMB133 million from RMB3 million for the first half of 2022. The increase in the profit was mainly due to (i) the increase in revenue and gross profit from various business segments after the relaxation of control measures and policies for COVID-19; and (ii) the slight decrease in expenses and an increase in government grants during the Reporting Period as compared with the same period last year.

Profit Attributable to the Owners of the Parent

Profit attributable to the owners of the Parent was RMB134 million for the six months ended 30 June 2023, representing an increase of RMB130 million from RMB4 million for the first half of 2022.

Cash Flows

The following table sets forth the cash flow position of the Group in the first half of 2023 and the first half of 2022:

	For the six months ended 30 June 2023 ***(RMB'000)*** ***(Unaudited)***	For the six months ended 30 June 2022 *(RMB'000)* *(Unaudited)*
Net cash used in operating activities	**(105,966)**	(72,723)
Net cash generated from/(used in) investing activities	**(25,100)**	53,041
Net cash used in financing activities	**(50,399)**	(1,104)
Net decrease in cash and cash equivalents	**(181,465)**	(20,786)

For the six months ended 30 June 2023, the Group's cash and cash equivalent amounted to RMB224 million, representing a decrease of RMB178 million as compared with RMB402 million at the beginning of 2023, mainly due to the advance of funds to certain EPC projects according to the requirement of related contracts during the Reporting Period.

For the six months ended 30 June 2023, we had net cash used in operating activities of RMB106 million, representing a year-on-year increase of RMB33 million. The change was mainly attributable to the increase in procurement expenses in the staged operations of new energy projects.

For the six months ended 30 June 2023, we had net cash used in investing activities of RMB25 million compared to net cash generated from investing activities of RMB53 million in the same period last year, representing a period-over-period decrease of RMB78 million. Such change was mainly attributable to the decrease in gains from the disposal of financial assets with trading nature during the Reporting Period as compared with the same period last year.

For the six months ended 30 June 2023, we had net cash used in financing actives of RMB50 million, representing a year-on-year increase of RMB49 million. The change was mainly attributable to the repayment of bank and other borrowings and interests.

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 first half of 2023, the total capital expenditure of the Group was RMB17 million, representing a decrease of RMB121 million as compared with RMB138 million for the same period last year.

Pledge of the Group's Assets

As of 30 June 2023, the Group's long-term bank borrowings of RMB28 million were secured by the mortgages on properties owned by the Group.

Jiangxi Jinggangshan Boqi Environmental Technology Co., Ltd. (江西井岡山博奇環保科技有限公司) ("**Jinggangshan Boqi**"), a subsidiary of the Company, as the lessee, had entered into a finance lease arrangement (the "**Finance Lease Agreement**") with CITIC Financial Leasing Co., Ltd. ("**CITIC Leasing**"). Beijing Boqi Electric Power SCI-TECH Co., Ltd. (北京博奇電力科技有限公司) ("**Beijing Boqi**") had pledged all its equity interests in Jinggangshan Boqi and the service fee receivables under the Jinggangshan Boqi service concession agreement to CITIC Leasing to guarantee its liabilities under the Finance Lease Agreement.

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

Contingent Liabilities

As of 30 June 2023, the Group did not have any material contingent liabilities.

Significant Investments Held, Material Acquisitions and Disposals

From 27 April 2022 to 21 February 2023, the Company conducted a series of on-market transactions to dispose of an aggregate of 19,619,000 shares of China Risun Group Limited (中國旭陽集團有限公司) ("**CRGL**") (representing approximately 0.44% of the total issued CRGL's shares as of 23 February 2023) at an aggregate consideration of approximately HK$75.48 million (excluding transaction costs), representing an average price of approximately HK$3.85 per CRGL's share. The consideration of each of the disposals represented the prevailing market prices of the CRGL's shares at the respective time of each of the disposals and, after deducting transaction costs, was received by the Company in cash on settlement. Upon settlement of the disposals, the Group will cease to hold any CRGL's shares. For further details, please refer to the announcement of the Company dated 23 February 2023.

On 12 May 2023, Beijing Boqi Electronic Power SCITECH Co, Ltd (北京博奇電力科技有限公司) (the "**Purchaser**"), a wholly-owned subsidiary of the Company, and Wuxi Huadong Electric Power Equipment Co., Ltd. (無錫市華東電力設備有限公司) (the "**Vendor**"), entered into the equity transfer agreement, pursuant to which the Purchaser agreed to acquire, and the Vendor agreed to sell, 51% of the equity interest of the Wuxi Huadong No.1 Smart Energy Co., Ltd. (無錫華東壹號智慧能源有限公司) (the "**Target Company**") at a total consideration of RMB11.26 million. The Target Company is a company incorporated in the PRC specializing in operation of distributed photovoltaic investment. Upon completion of the equity transfer agreement, 51% of the equity interest of the Target Company shall be held by the Purchaser and therefore the Target Company shall become a non-wholly-owned subsidiary of the Company. For further details, please refer to the announcement of the Company dated 12 May 2023.

Save as disclosed above, during the Reporting Period, neither the Group held any significant investments, nor was there any material acquisition and disposal of subsidiaries and associated companies.

No Material Changes

Saved as disclosed in this interim results announcement, during the Reporting Period, there were no material changes affecting the Group's performance that needs to be disclosed under Paragraphs 32 and 40(2) of Appendix 16 to the Listing Rules.

Future plans for material investments and capital assets

As of 30 June 2023, the Group did not have other plans for material investments and capital assets. The Group will continue to monitor the industry closely and review its business expansion plans regularly, so as to take necessary measures in the Group's best interests.

4. THE GROUP'S FUTURE OUTLOOK

Under the guidance of the Group's business development plan relating to the "14th Five-Year Plan", we have positioned the two major sectors of "environmental governance and dual-carbon new energy^{+}" as our dual development path, with a focus on advantageous industries and subdivided sectors. Through five years of development, the Group has formed three development channels of "existing business, emerging business and exploring business", and gradually realizes the development pattern of the integration of the four business segments, "gas, water, solid and dual-carbon new energy^{+}", striving to develop into a highly competitive domestic first-class trident platform comprising "environmental protection and dual-carbon management platform, O&M service technology platform and capital investment and financing platform".

The Group strives to formulate effective measures to achieve its development goal in each phase, and steadily promote the strategic layout of each business. Relying on the technology and experience of existing projects, the Group will stabilize the scale of the flue gas treatment business to form a solid foundation for the Group and provide effective support for the Company's transformation. The Group will allocate more resources to the water treatment business and actively expand the market share of the hazardous and solid waste treatment/disposal business. Besides, the Group will achieve rapid business growth through investment, mergers and acquisitions and technical cooperation, thus providing an additional growth driver to create new profit sources for the Group. Last but not least, the Group will plan its business deployment in advance to form a supporting basis with a view to continuously providing momentum for the Group's development.

The Group will continue to promote refined management and optimize human resources, as well as strengthen the construction of the corporate system and use digital technology to build a comprehensive intelligent management platform in order to improve management efficiency. Emphasizing on high authorization from management, strict assessment and incentive schemes, we will comprehensively improve our system management and control capabilities, and use refined management as a means to provide strong support and guarantee for the development of the Group. Focusing on the business development and transformation of the Group, we will optimize the organizational structure and workforce, activate organizational vitality, strengthen internal control mechanisms, standardize corporate governance and improve internal incentive mechanisms, so as to create a sound corporate platform to attract high-caliber talents.

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

Leveraging the power of the capital market, the Group will strive to realize industrial transformation and upgrading. The Group will optimize the industrial layout by various means, including the introduction of strategic shareholder resources, investment, mergers and acquisitions and multi-channel fundraising. Focusing on its development strategy, the Group will effectively expand its new businesses through investment, mergers and acquisitions. The Group will also introduce professional institutions to provide funds for mergers and acquisitions in the industry, which will be conducive to the transformation and synergy of the Group's business.

CORPORATE GOVERNANCE AND OTHER INFORMATION

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 14 to the Listing Rules.

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

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

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

MODEL CODE FOR SECURITIES TRANSACTIONS

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

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

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the first half of 2023 which give a true and fair view of the affairs of the Company and the Group as well as of the Group's performance results and cash flows.

The management of the Company has provided for the Board the necessary explanation and information to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to any event or circumstances which may cast significant doubt upon the Company's ability to continue as a going concern.

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

During the Reporting Period, neither the Company nor any member of the Group has purchased, sold or redeemed any of the Company's Shares during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and to the knowledge of the Directors, the Company maintained sufficient public float during the period from 16 March 2018, being the date on which the Shares were Listed on the Stock Exchange (the "**Listing Date**") to 30 June 2023.

DIVIDEND POLICY

On 18 May 2018, the Board resolved to approve and announce the Group's dividend policy. For details, please refer to the announcement of the Company dated 18 May 2018.

INTERIM DIVIDEND

In accordance with the Dividend Policy announced by the Company on 18 May 2018, the Board considers paying out annual dividends within the range of 30% to 50% of the net profit each year. The Board has resolved not to declare any interim dividend for the six months ended 30 June 2023 (2022: Nil).

COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, the Company was in compliance with the relevant laws and regulations that have a significant impact on the Company, and was not involved in any material legal proceedings.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As an environmental protection service provider, the Group strictly abides by the laws and regulations relating to its businesses, including provision of services for environment protection and energy conservation, monitoring of the pollutants and flue gas generated by coal-fired power plants. The Group is committed to protecting the environment, giving back to community and achieving sustainable growth. The achievements of the Group are based on mutually beneficial relationships with our customers and employees, and harmonious coexistence with our ecological and social environment. The Group will continue to commit to its social responsibilities and exert its advantages as an environmental protection enterprise and make consistent efforts to build a beautiful environment with blue sky and white clouds.

Details of the environmental, social and governance of the Company were set out in the Environmental, Social and Governance Report (the "**ESG Report**") which was included in the 2022 Annual Report issued by the Company on 26 April 2023 pursuant to Rule 13.91 and Appendix 27 to the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

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

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Audit Committee comprises two independent non-executive Directors and one non-executive Director. The Audit Committee has reviewed with the management the accounting standards and practical guidelines adopted by the Group, and has also discussed auditing, internal control, risk management system and financial reporting matters, including the unaudited interim condensed consolidated results of the Group for the six months ended 30 June 2023.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the website of the Company (www.chinaboqi.com) and the Stock Exchange (www.hkexnews.hk). The 2023 Interim Report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and will be published on the above websites for review in due course.

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

Beijing, the PRC, 25 August 2023

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. Cheng Liquan Richard, Mr. Zheng Tony Tuo, Mr. Zhu Weihang and Mr. Chen Xue; and the independent non-executive Directors are Dr. Xie Guozhong, Mr. Lu Zhifang, Prof. Yu Wayne W. and Ms. Zhang Fan.

* *For identification purpose only*