

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of this announcement.



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 2024**

FINANCIAL AND OPERATION HIGHLIGHTS

For the six months ended 30 June 2024, the revenue of the Group amounted to RMB949 million, representing a decrease of 5.2% as compared to RMB1,001 million for the same period last year.

For the six months ended 30 June 2024, the gross profit of the Group amounted to RMB199 million, representing a decrease of 1.5% as compared to RMB202 million for the same period last year.

For the six months ended 30 June 2024, the Group's net profit was RMB116 million with a net profit margin of 12.2%, representing a decrease of 14.7% and 1.4 percentage points respectively as compared to RMB136 million and 13.6% for the same period last year. Excluding losses on fair value changes in financial assets at fair value through profit or loss and investment income, net profit was RMB116 million with a net profit margin of 12.2%, representing a decrease of 11.5% and 0.9 percentage point respectively as compared to RMB131 million and 13.1% for the same period last year.

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 2024 (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 2024.

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, charts 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 2024

		For the six months ended 30 June	
		2024	2023
	Notes	RMB'000 (Unaudited)	RMB'000 (Unaudited)
Revenue	3	949,415	1,000,686
Cost of sales and services		(750,145)	(798,581)
Gross profit		199,270	202,105
Other income and gains	4	11,874	29,934
Other expenses and losses	4	(1,359)	(2,139)
Selling and distribution expenses		(10,039)	(10,688)
Administrative expenses		(48,409)	(42,212)
Research and development expenses		(23,595)	(23,557)
Reversal of impairment losses on financial assets and contract assets		2,922	(15,328)
Share of profit of associates		5,647	13,980
Finance costs	5	(7,944)	(6,584)
Profit before tax		128,367	145,511
Income tax expense	6	(12,470)	(9,603)
Profit for the period		<u>115,897</u>	<u>135,908</u>
Total comprehensive income for the period		<u>115,897</u>	<u>135,908</u>
Profit for the period attributable to:			
Owners of the Company		113,665	133,733
Non-controlling interests		<u>2,232</u>	<u>2,175</u>
		<u>115,897</u>	<u>135,908</u>
Total comprehensive income for the period attributable to:			
Owners of the Company		113,665	133,733
Non-controlling interests		<u>2,232</u>	<u>2,175</u>
		<u>115,897</u>	<u>135,908</u>
Earnings per Share			
– Basic (RMB)	9	0.11	0.13
– Diluted (RMB)	9	<u>0.11</u>	<u>0.13</u>

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2024

		As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment		818,514	680,166
Investment properties		8,661	8,983
Goodwill		6,567	6,567
Other intangible assets		498,443	529,236
Receivables under service concession arrangement	10	432,384	457,517
Investment in associates		69,584	63,937
Equity investment designated at fair value through other comprehensive income		5,173	5,173
Long term receivable		158,923	35,752
Contract assets	11	147,426	134,035
Amounts due from related parties	16	89,471	80,897
Deferred tax assets		57,199	54,640
Other non-current assets		62,577	150,043
		<hr/>	<hr/>
Total non-current assets		2,354,922	2,206,946
		<hr/> <hr/>	<hr/> <hr/>
Current assets			
Receivables under service concession arrangement	10	50,306	48,307
Debt instruments at fair value through other comprehensive income		233,342	238,689
Inventories		36,439	33,133
Financial assets at fair value through profit or loss		3,373	3,373
Contract assets	11	187,809	242,877
Trade receivables	12	1,211,634	1,181,509
Prepayments, deposits and other receivables		345,065	296,457
Amounts due from related parties	16	240,417	334,620
Pledged time deposits and bank balances		92,764	84,328
Cash and cash equivalents		346,029	348,558
		<hr/>	<hr/>
		2,747,178	2,811,851
		<hr/> <hr/>	<hr/> <hr/>

		As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
	<i>Notes</i>		
Current liabilities			
Trade and notes payables	13	1,023,624	1,117,380
Other payables, deposits received and accrued expenses		339,860	373,805
Contract liabilities	11	104,554	86,604
Income tax payable		44,849	52,351
Interest-bearing bank and other borrowings		133,782	118,945
Lease liabilities		5,048	4,172
Amounts due to related parties	16	42,016	43,739
		<u>1,693,733</u>	<u>1,796,996</u>
Net current assets		<u>1,053,445</u>	<u>1,014,855</u>
Total assets less current liabilities		<u><u>3,408,367</u></u>	<u><u>3,221,801</u></u>
Non-current liabilities			
Bank loans and other borrowings		169,941	97,333
Lease liabilities		18,120	23,096
Deferred tax liabilities		30,686	31,481
Contingent consideration		958	958
		<u>219,705</u>	<u>152,868</u>
Net assets		<u><u>3,188,662</u></u>	<u><u>3,068,933</u></u>
Capital and reserves			
Share capital	14	67	67
Treasury shares		(1)	(1)
Reserves		<u>3,161,472</u>	<u>3,047,405</u>
Equity attributable to owners of the Company		<u>3,161,538</u>	<u>3,047,471</u>
Non-controlling interests		<u>27,124</u>	<u>21,462</u>
		<u><u>3,188,662</u></u>	<u><u>3,068,933</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2024

	Attributable to owners of the Company											
	Share capital	Treasury shares	Merger reserve	Other reserve	Other comprehensive income	Share premium reserve	Statutory surplus reserve	Retained profits	Investment revaluation reserve	Sub-total	Non-controlling interests	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Note (i))</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i> <i>(Note (ii))</i>	<i>RMB'000</i>
As at 1 January 2024 (audited)	67	(1)	371,500	(127,893)	923	869,303	325,400	1,608,172	-	3,047,471	21,462	3,068,933
Profit for the period	-	-	-	-	-	-	-	113,665	-	113,665	2,232	115,897
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	113,665	-	113,665	2,232	115,897
Transfer to statutory surplus reserve	-	-	-	-	-	-	9,336	(9,336)	-	-	-	-
Dividends recognized as distribution	-	-	-	-	-	-	-	-	-	-	-	-
Repurchase of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	-
Cancellation of treasury shares	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payment	-	-	-	-	-	402	-	-	-	402	-	402
Capital injection from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	3,430	3,430
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
As at 30 June 2024 (unaudited)	67	(1)	371,500	(127,893)	923	869,705	334,736	1,712,501	-	3,161,538	27,124	3,188,662

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Treasury shares	Merger reserve	Other reserve	Other comprehensive income	Share premium reserve	Statutory surplus reserve	Retained profits	Investment revaluation reserve	Sub-total		
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
							(Note (i))				(Note (ii))	
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 recognized 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

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 Reporting 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 2024

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	33,337	(105,966)
Cash flows from investing activities		
Placement of pledged bank deposits	(92,764)	(134,750)
Withdrawal of pledged bank deposits	84,328	98,266
Interest received	1,870	2,565
Purchase of property, plant and equipment	(135,018)	(14,939)
Proceeds from disposal of property, plant and equipment	2	405
Proceeds from disposal of BOT facilities	20,000	10,000
Purchase of intangible assets and costs capitalized under service concession arrangements	(5,131)	(7,556)
Disposal of financial assets at fair value through profit or loss	–	26,539
Acquisition of a subsidiary	–	(5,630)
NET CASH (USED IN) INVESTING ACTIVITIES	(126,713)	(25,100)
Cash flows from financing activities		
Repayment of lease liabilities	(2,053)	(482)
Repayment of bank borrowings	(26,320)	(46,836)
New bank borrowings raised and proceeds from other borrowings	120,000	1,000
Interest paid	(4,539)	(4,082)
Capital contributions from a non-controlling shareholder	3,430	–
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	90,518	(50,399)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,858)	(181,465)
EFFECTS OF EXCHANGE RATE CHANGES	329	3,192
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	348,558	402,488
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	346,029	224,215

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2024

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 D2 to the Rules (the “Listing Rules”) Governing the Listing of Securities 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:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non-current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

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.

IFRS 18	Presentation and Disclosure in Financial Statements ²
IFRS 19	Subsidiaries without Public Accountability: Disclosures ²
Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments ²
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 IAS 21	Lack of Exchangeability ²

¹ No mandatory effective date yet determined but available for adoption

² Effective for annual periods beginning on or after 1 January 2025

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 2024 are consistent with those presented in the Group’s annual financial statements for the year ended 31 December 2023.

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 recognized 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

Investment: Providing services through various business models such as concession operation and self-owned asset operation business

Concession operations include "Build-Operate-Transfer" or "BOT", "Build-Own-Operate" or "BOO", which involves constructing infrastructure or acquiring existing infrastructure from the grantor under a concession contract, operating and maintaining flue gas treatment projects for a predetermined period of time, and transferring ownership of the infrastructure to the customer at the end of the operation period.

Others: Sales of by-products and others

Water Treatment Business

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

**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:

The dual-carbon new energy⁺ business mainly involves project engineering and design, procurement of equipment and materials, project construction, equipment installation, commissioning services and photovoltaic power generation project services

Disaggregation of revenue

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Over time	945,712	994,583
A point in time	3,703	6,103
	949,415	1,000,686
Types of goods and services		
Provision of services	945,712	994,583
Sales of goods	3,703	6,103
	949,415	1,000,686
Nature of goods and services		
Flue gas treatment business		
EPC	221,640	300,927
O&M	248,091	236,750
Investment	268,132	236,476
Others	3,703	6,103
Water treatment business	89,849	162,432
Hazardous and solid waste treatment/disposal business	22,146	13,766
Dual-carbon new energy+ business	95,854	44,232
	949,415	1,000,686

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		Segment profit	
	For the six months ended 30 June		For the six months ended 30 June	
	2024	2023	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Flue gas treatment business				
EPC	221,640	300,927	10,059	13,275
O&M	248,091	236,750	57,864	63,123
Investment	268,132	236,476	78,482	69,345
Others	3,703	6,103	3,703	6,103
Water treatment business	89,849	162,432	24,022	30,228
Hazardous and solid waste treatment/ disposal business	22,146	13,766	6,700	4,986
Dual-carbon new energy+ business	95,854	44,232	18,440	15,045
Total	<u>949,415</u>	<u>1,000,686</u>	<u>199,270</u>	<u>202,105</u>
Unallocated other income and other gains and losses			10,515	27,795
Unallocated selling and distribution expenses			(10,039)	(10,688)
Unallocated administrative expenses			(48,409)	(42,212)
Unallocated research and development expenses			(23,595)	(23,557)
Reversal of unallocated impairment losses on financial assets and contract assets			2,922	(15,328)
Unallocated share of profit of associates			5,647	13,980
Unallocated finance costs			(7,944)	(6,584)
Profit before tax			<u>128,367</u>	<u>145,511</u>

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales for the six months ended 30 June 2024 (2023: 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 contributing over 10% of the total revenue of the Group during the Reporting Period are as follows:

		For the six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
	Business segment		
Customer A	Investment and O&M	120,321	98,622
Customer B	EPC	97,548	*

* Revenue from these major customers was less than 10% in the relevant period presented.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

		For the six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Interest income		3,189	4,058
Government grants		5,324	10,992
Rental income, net		(109)	(166)
Foreign exchange (Losses)/gain		(245)	4,355
Gain on disposal of property, plant and equipment		511	3,728
Gain on disposal of financial assets at fair value through profit or loss		–	5,046
Others		1,845	(218)
		10,515	27,795

5. FINANCE COSTS

		For the six months ended 30 June	
		2024	2023
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Interest on bank loans		6,645	5,660
Interest on lease liabilities		548	481
Discounted bills payable		751	443
		7,944	6,584

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC enterprise income tax (“EIT”)	13,659	10,284
Deferred tax	(1,189)	(681)
Total	<u>12,470</u>	<u>9,603</u>

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 October 2026.

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% as it is a third-party pollution prevention and treatment enterprise.

In January 2019, Huainan Boqi Environmental Technology Co., Ltd. (淮南博奇環保科技有限公司) (“Huainan Boqi”) obtained an 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 an 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 January 2020, Changjizhou Boqi Environmental Technology Co., Ltd. (昌吉州博奇環保科技有限公司) (“**Changjizhou Boqi**”) obtained an approval, by which its 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. (青海博奇生態環境科技有限公司) (“**Qinghai Boqi**”) obtained an approval, whereby the industrial solid waste utilization and disposal project and hazardous waste utilization and disposal project in Qinghai Boqi were entitled a full exemption of income tax for three years starting from 2019, and preferential rate of 12.5% for three years thereafter.

Handan Boqi Environmental Technology Co., Ltd. (邯鄲博奇環保科技有限公司) (“**Handan Boqi**”) obtained an approval, by which its 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%.

In October 2022, Wuxi Huadong No.2 Smart Energy Co., Ltd. (無錫華東二號智慧能源有限公司) (“**Huadong No.2**”) obtained an approval, by which its photovoltaic power 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%.

In June 2021, Zhongxie power Energy Wuxi Co., Ltd. (中協電力能源無錫有限公司) (“**Zhongxie Power**”) obtained an approval, by which its photovoltaic power program was fully exempted from income tax for three years starting from 2021, and thereafter will be entitled to a three-year preferential rate of 12.5%.

In October 2022, Wuxi Huaxin Energy Development Co., Ltd. (無錫華鑫能源開發有限公司) (“**Wuxi Huaxin**”) obtained an approval, by which its photovoltaic power 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%.

In January 2024, Tangshan Boqi Environmental Technology Co., Ltd. (唐山博奇環保科技有限公司) (“**Tangshan Boqi**”) obtained an approval, by which its hazardous and solid waste treatment/disposal business program was fully exempted from income tax for three years starting from 2024, and thereafter will be entitled to a three-year preferential rate of 12.5%.

In March 2024, Yangxi Boqi Environmental Protection Technology Co., Ltd. (陽西博奇環保科技有限公司) (“**Yangxi Boqi**”) obtained an approval, by which its desulfurization and denitrification business program was fully exempted from income tax for three years starting from 2024, 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 2024 (2023: 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	
	2024	2023
	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	136,260	116,123
Contributions to retirement benefits scheme	9,789	9,128
Share-based payment expenses	402	587
Total staff costs	146,451	125,838
Gross rental income from investment properties	(305)	(185)
Less: Direct operating expense (including depreciation) incurred for investment properties that generated rental income during the periods (included in other income and other gains and losses)	414	351
	109	166
Cost of inventories recognized as expenses (included in cost of sales and services)	276,317	304,566
Depreciation of property, plant and equipment	30,940	23,381
Depreciation of investment properties	322	322
Amortization of intangible assets	32,064	30,780
Research and development expenses	23,595	23,557
Auditor's remuneration	1,370	1,521

8. DIVIDENDS

For the six months ended 30 June 2024, a final dividend of HK\$0.035 per share in respect of the year ended 31 December 2023 (first half of 2023: a final dividend of HK\$0.03 per share in respect of the year ended 31 December 2022) was declared, which was still unpaid by the end of the Reporting Period. The Directors have resolved not to declared and paid for 2024 interim dividend (2023: Nil).

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	
	2024	2023
	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	113,665	133,733
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	996,668,799	996,668,799
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	999,779,931	1,000,114,840

10. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENT

	As at 30 June 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
Current portion	50,306	48,307
Non-current portion	432,384	457,517
	482,690	505,824
Expected collection schedule is analyzed as follows:		
Within one year	50,306	48,307
More than one year, but not more than two years	48,404	46,947
More than two years but not more than five years	164,228	159,286
More than five years	219,752	251,284
	482,690	505,824

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 recognized 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 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Construction contracts analyzed for reporting purposes as follows:		
Contract assets	335,235	376,912
Contract liabilities	(104,554)	(86,604)
Contract assets are analyzed for reporting purposes as follows:		
Current	187,809	242,877
Non-current	147,426	134,035
	335,235	376,912
Contract liabilities are analyzed for reporting purposes as follows:		
Current	104,554	86,604
	104,554	86,604

12. TRADE RECEIVABLES

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Trade receivables	1,275,745	1,249,480
Less: Allowance for doubtful debts	(64,111)	(67,971)
	1,211,634	1,181,509

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 realization 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 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
1-90 days	423,804	659,456
91-180 days	168,470	141,168
181-365 days	383,888	125,393
1-2 years	110,792	109,124
2-3 years	71,440	120,630
Over 3 years	53,240	25,738
	<u>1,211,634</u>	<u>1,181,509</u>

13. TRADE AND NOTES PAYABLES

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Trade payables	881,857	915,149
Notes payables	141,767	202,231
	<u>1,023,624</u>	<u>1,117,380</u>

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 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Less than 90 days	361,412	307,507
91-180 days	131,086	280,152
181-365 days	187,128	150,248
1-2 years	148,045	187,248
2-3 years	101,616	96,393
Over 3 years	94,337	95,832
	<u>1,023,624</u>	<u>1,117,380</u>

14. SHARE CAPITAL

Details of the movement of share capital are as follows:

				Number of shares	Nominal value per share US\$	Share capital US\$	
Authorized							
As at 31 December 2023 and 30 June 2024 (Unaudited)				5,000,000,000	0.00001	50,000	
			Class B	Class C			
	Ordinary	Class A	convertible	convertible		Nominal	Share capital
	shares	ordinary	ordinary	ordinary		value	of ordinary
Issued		shares	shares	shares	Total	per share US\$	shares US\$
As at 31 December 2023 (Audited)	1,005,720,799	–	–	–	1,005,720,799	0.00001	10,057
Repurchased and cancelled	–	–	–	–	–	–	–
As at 30 June 2024 (Unaudited)							
Issued	1,005,720,799	–	–	–	1,005,720,799	0.00001	10,057
					As at 30 June 2024 RMB’000 (Unaudited)	As at 31 December 2023 RMB’000 (Audited)	
Presented as					67	67	

15. SHARE OPTION SCHEME

(a) Share Option Scheme

No option was granted by the Company nor was there any outstanding option granted by the Company from 1 January 2024 to 30 June 2024.

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 2024 (unaudited)	Exercise price HK\$ per share	Exercise period
7 April 2021	2,496,000	1.51	7 April 2022 to 6 April 2031
28 June 2021	4,042,500	1.88	28 June 2022 to 27 June 2031
	<u>6,538,500</u>		

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)	<u>1.51</u>	<u>1.88</u>

Movement of the share options

	1 January 2024 to 30 June 2024 (Unaudited)	1 January 2023 to 30 June 2023 (Unaudited)
At the beginning of the period	8,632,500	12,470,000
Granted during the period	–	–
Forfeited during the period	<u>(2,094,000)</u>	<u>(500,000)</u>
At the end of the period	<u>6,538,500</u>	<u>11,970,000</u>

During the six months ended 30 June 2024, 2,094,000 options lapsed due to the unfulfillment of vesting condition under the Scheme 2020, of which the Group recognized a share-based payment expense of RMB402,000 (six months ended 30 June 2023: RMB587,000) in the unaudited interim consolidated statement of profit or loss during the six months ended 30 June 2024.

(b) **Share Award 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 2016. The Scheme 2016 is valid and effective for a period of ten years from the date of adoption.

Pursuant to the Scheme 2016, 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
<u>23,170,000</u>	7 September 2016	7 September 2026	<u>0.85</u>

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
Weighted average cost of capital	16.83%
Leveraged beta	1.04
Entity risk premium	0.5%
Discount rate due to lack of control	<u>10%</u>

The Company adopted the Supplementary Scheme of the Scheme 2016 (“**Supplementary Scheme**”) pursuant to a resolution passed by the Board 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 year ended 31 December 2021 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 2024 to 30 June 2024	1 January 2023 to 30 June 2023
At the beginning of the period	6,130,200	6,721,400
Granted during the period	—	—
Exercised during the period	—	—
Forfeited during the period	(331,250)	(75,000)
At the end of the period	5,798,950	6,646,400

The Group did not recognize any shared-based payment expenses of Award Shares (six months ended 30 June 2023: nil) 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 2024 in relation to the Awarded Shares granted by the Company.

16. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Amounts due from related parties

Amounts due from related parties

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Yangxi Haibin Electric Power Development Co., Ltd. ("Yangxi Electric") (Note (i))	251,814	325,019
Jijiantou Shouyang Thermal Power Company Limited ("Shouyang Power") (Note (ii))	59,425	82,751
Shengyu (Guangdong) New Energy Development Co., Ltd. ("Shengyu New Energy")	11,163	—
Chongqing Chuanwei Petrochemical Engineering Company Limited of the Sinopec Group ("Chongqing Chuanwei")	5,939	5,937
Hainan Boyuan Zhongying Enterprise Management Partnership (Limited Partnership) ("Boyuan Zhongying")	1,461	1,461
Best Environmental Solutions Technology Co. Ltd.	62	10
Sinopec Shanghai Petrochemical Company Limited ("Sinopec Shanghai")	14	—
China Boqi Environmental Engineering Co., Ltd. ("Boqi Environmental Engineering")	10	60
Sinopec Group Northwest Petroleum Branch ("Sinopec Northwest")	—	279
	329,888	415,517
	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Analyzed for reporting purpose as:		
Current assets	240,417	334,620
Non-current assets	89,471	80,897
	329,888	415,517
Trade balances	253,139	271,466
Non-trade balances	76,749	144,051
	329,888	415,517

- (i) On 28 August 2017, the Group entered into a revised management service agreement with Guangdong Huaxia Electric Development Co., Ltd (廣東華廈電力發展有限公司) and Yangxi Electric to extend the expiry date of the O&M service term from 31 December 2017 to 31 December 2025 and require a deposit of RMB139,690,000, which was paid by the Group on 31 December 2017. In October 2023, Beijing Boqi and Yangxi Electric entered into an asset acquisition agreement for #1-#2 units. The asset delivery was completed in February 2024, and the corresponding deposit of RMB66,519,000 was repaid. The remaining 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)”.

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 2024 RMB'000 (Unaudited)	As at 31 December 2023 RMB'000 (Audited)
1-90 days	118,110	156,318
91-180 days	64,730	13,551
181-365 days	59,431	83,703
1-2 years	10,868	17,894
	253,139	271,466

(b) **Amounts due to related parties**

Amounts due to related parties

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Wuxi Huadong Electric Power Equipment Co., Ltd.	35,108	37,051
Sinopec Fifth Construction Co., Ltd.	6,732	6,512
Boqi Environmental Engineering	176	176
	42,016	43,739

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 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
1-90 days	—	3,585
91-180 days	220	367
181-365 days	2,668	35,439
1-2 years	35,104	571
2-3 years	4,024	3,725
Over 3 years	—	52
	42,016	43,739

(c) The transactions with related parties during the Reporting Period are listed out below:

	For the six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Yangxi Electric (<i>note (i)</i>)		
– O&M and desulfurization and denitrification service	47,294	40,105
– O&M service	73,027	58,517
– Interest income	1,301	2,640
– Water and electricity, labor, spare parts and miscellaneous items charged by O&M and desulfurization and denitrification service	15,735	13,728
– Water and electricity, labor, spare parts and miscellaneous items charged by O&M service	22,847	18,904
Shouyang Power		
– EPC service (<i>note (ii)</i>)	18,526	36,393
Sinopec Northwest		
– O&M service (<i>note (iii)</i>)	86	635

Notes:

- (i) From 2016 to 2023, the Group entered into several management service agreements, pursuant to which the Group provided O&M service and desulfurization and denitrification service to Yangxi Electric, and RMB121,622,000 was recognized as revenue during the six months ended 30 June 2024 (first half of 2023: RMB98,622,000). The Group also purchases water and electricity, labor, spare parts and miscellaneous items from Yangxi Electric to support the O&M service. During the six months ended 30 June 2024, the Group purchased a total amount of RMB38,582,000 (first half of 2023: RMB32,632,000) of water and electricity, labor, spare parts and miscellaneous items from Yangxi Electric;
- (ii) In December 2015, the Group entered into an EPC service contract with Shouyang Power for a total contract amount of RMB287,560,000, of which RMB18,526,000 was recognized as revenue during the six months ended 30 June 2024 (first half of 2023: RMB36,393,000).
- (iii) In 2021, the Group entered into a water treatment service contract with Sinopec Northwest, the service fee is calculated by actual water treatment volume multiplied by the unit price, of which RMB86,000 was recognized as revenue during the six months ended 30 June 2024 (first half of 2023: RMB635,000).

17. COMMITMENT FOR CAPITAL EXPENDITURE

	As at 30 June 2024 <i>RMB'000</i> (Unaudited)	As at 31 December 2023 <i>RMB'000</i> (Audited)
Contracted, but not provided for:		
Property, plant and machinery	91,311	106,340

18. SUBSEQUENT EVENTS

On 12 July 2024, the Group entered into a finance lease transaction with a financial institution, whereby the Group obtained a 5-year financing of RMB120 million through the sale of its certain sewage treatment equipment. The transaction has not been completed as of the date of approval of these consolidated financial statements.

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 the objectives of dual-carbon development, and are committed to developing into a highly competitive and first-class enterprise in the country, with integrated platforms comprising “environmental protection and dual-carbon management platform, operation service technology platform, and capital investment and financing platform”, aiming to make positive contributions to the environmental protection and ecological civilization construction in the PRC and the world.

1. INDUSTRY OVERVIEW

In the first half of 2024, the environmental protection industry ushered in a series of positive changes at the policy level, aiming to promote the green transformation and sustainable development of the industry. As the regulatory landscape of the environmental protection industry gradually improves, policies and regulations have been strengthened and refined in all-round areas such as flue gas, water and solid waste treatment. Under the guidance of the “14th Five-Year Plan”, the environmental protection industry is developing in a strategic direction focusing on pollution abatement and carbon reduction, and is committed to achieving a comprehensive green transformation of the economy and society and a qualitative leap in the quality of the ecological environment. With the deepening of policies and the improvement of market mechanisms, the industry is expected to usher in more development opportunities and achieve the sustainable development goals of green, low-carbon and recycling.

On 9 February 2024, the General Office of the State Council issued the “Opinions on Accelerating the Construction of a Waste Recycling System”. It is proposed that by 2025, the annual utilization amount of bulk solid waste such as gypsum, construction waste and straw which are industrial by-products will reach 4 billion tons, and the comprehensive utilization rate of new bulk solid waste will reach 60%. The annual utilization amount of major renewable resources such as scrap steel, scrap copper, scrap aluminum, scrap lead, scrap zinc, waste paper, waste plastic, waste rubber and waste glass will reach 450 million tons. The annual output value of the resource recycling industry will reach RMB5,000 billion. By 2030, a comprehensive, highly efficient, standardized and orderly waste recycling system will be established, and the overall level of waste recycling will be among the highest in the world. This is of great significance to the improvement of security capabilities of resource and energy, helping to achieve carbon peaking and carbon neutrality and comprehensively promoting the construction of a beautiful China.

On 18 March 2024, the National Energy Administration issued a notice on the issuance of the “Guidelines on Energy Work in 2024”, which proposed to vigorously promote the high-quality development of non-fossil energy. The government will intensively implement the dual carbon goals and tasks, take various measures to increase the proportion of non-fossil energy, optimize and improve industrial development policies, and promote green energy development to support the construction of an eco-friendly beautiful China. It will also consolidate and expand the favorable development trend of wind power and photovoltaics. To this end, it will steadily advance the construction of large-scale wind power and photovoltaic infrastructures and promote the completion and commissioning of related projects in an orderly manner. The government will coordinate and optimize the deployment of offshore wind power, facilitate the construction of offshore wind power infrastructures, and steadily and orderly promote the development of offshore wind power to extend to deep water and far shores. It will also set out a comprehensive planning and layout of nationwide photothermal power generation and continue to promote the large-scale development of photothermal power generation. It will accelerate the development of distributed wind power and distributed photovoltaic power generation according to the policies in different locations, and organize and implement the “Thousands of Villages Wind Power Coverage Action” and “Thousands of Households Photovoltaic Coverage Action” in areas with favorable conditions, while carry out a national census and pilot project of wind and solar power generation resources.

On 20 March 2024, the State Council announced the Regulations on Water Conservation, which came into effect on 1 May 2024. This is the first administrative regulation on water conservation in the PRC. The Regulations summarize the fruitful practice of water conservation since the 18th National Congress of the Communist Party of China, transform effective experiences and practices into institutional norms, comprehensively and systematically standardize and promote water conservation activities, in order to provide strong legal protection for securing national water safety, promoting the construction of ecological civilization and promoting high-quality development.

On 29 May 2024, the State Council issued the “2024-2025 Energy Saving and Carbon Reduction Action Plan” to arrange and formulate ten key tasks including fossil energy consumption reduction and replacement actions, energy saving and carbon reduction actions in the steel industry, and promote higher levels and better quality in the efforts of energy saving and carbon reduction, better leverage the economic, social and ecological efficiency of energy saving and carbon reduction, thus laying a solid foundation for the achievement of the goal of carbon peaking and carbon neutrality. By implementing measures for reducing fossil energy consumption and its replacement and carrying out actions to increase non-fossil energy consumption, it will provide a strong support for the development of the power and environmental protection industry.

On 4 June 2024, the National Energy Administration issued the “Notice on Arrangement of New Energy Consumption to Ensure the High-Quality Development of New Energy” to propose specific measures in key directions such as the coordinated development of network sources, improvement of regulation capabilities and allocation of power grid resources, with a view to promoting the healthy development of new energy and injecting new vitality into the development of the new energy industry.

On 7 June 2024, five government authorities including the National Development and Reform Commission released special action plans for energy saving and carbon reduction targeting the four key industries of steel, oil refining, ammonia and cement. These action plans are designed to support the completion of binding targets for the reduction of the intensity of energy consumption during the “14th Five-Year Plan” period. It is expected that between 2024 and 2025, through energy-saving and carbon-reduction transformation, the four major industries will save approximately 32 million tons of standard coal. Especially in the steel industry, it is estimated that the potential market scale of energy-saving fans and energy-saving water pumps will reach RMB37.6 billion by 2025, which will provide a broad market space for the development of environmental protection technology and equipment.

On 21 June 2024, the Ministry of Ecology and Environment released the “Opinions on Promoting the Implementation of Ultra-Low Emissions from Coal-Fired Boilers with High Quality (Draft for Comment)”. The main goal is to basically complete both organized and unorganized ultra-low emission transformation of coal-fired boilers and captive power plants in key areas by the end of 2025. In other areas, 60% of coal-fired boilers with a capacity of 65 tons/hour and above will then complete organized ultra-low emission transformation; captive power plants will basically complete both organized and unorganized ultra-low emission transformation. By the end of 2028, coal-fired boiler users in key areas with an annual coal transportation volume of 100,000 tons or more will basically complete clean transportation transformation; captive power plants will basically complete full-process ultra-low emission transformation. In other areas, 80% of coal-fired boilers with a capacity of 65 tons/hour and above will complete both organized and unorganized ultra-low emission transformations, and coal-fired boiler users with an annual coal transportation volume of 500,000 tons and above will basically complete clean transportation transformation; and 80% of captive power plants will complete the entire process of ultra-low emission transformation. The ultra-low emission transformation of coal-fired boilers will generate huge market demand and will bring new growth drivers for the environmental protection industry.

2. BUSINESS REVIEW

In the first half of 2024, the global and domestic economic environment is complex and volatile, and the combined effect of various factors such as the slowdown in global economic growth and the acceleration of energy transformation have brought unprecedented challenges and opportunities for the environmental protection and new energy industries. With the focusing of the global market on sustainable development and energy transformation, the environmental protection and new energy industries have attracted a large number of new players, resulting in increasingly fierce market competition.

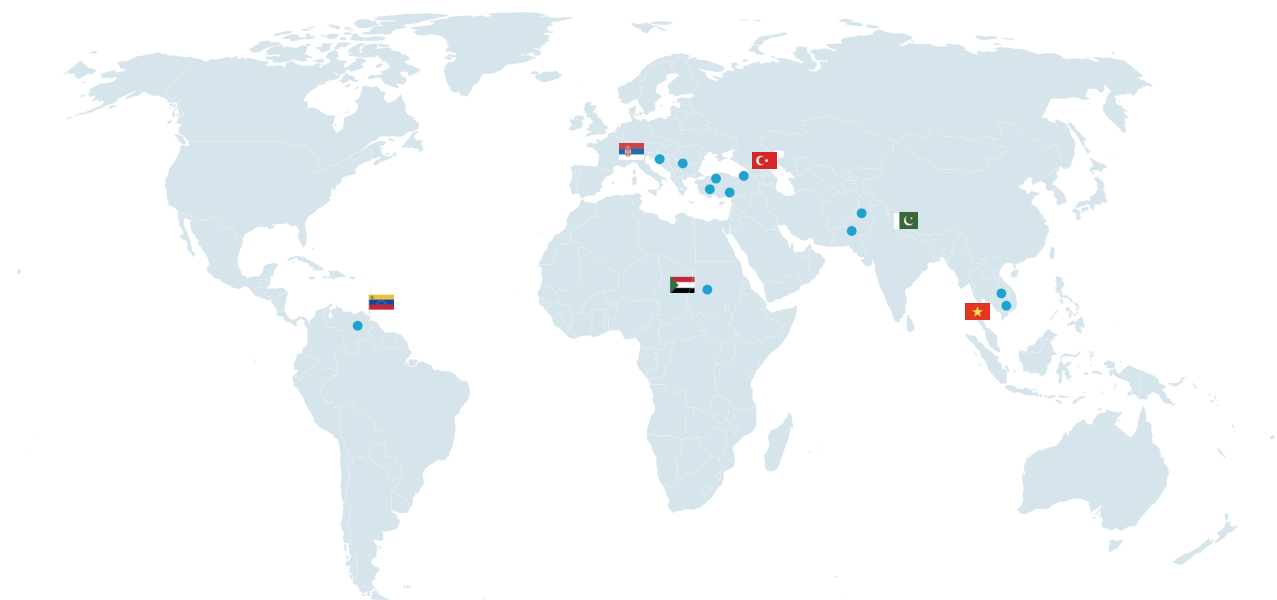
Faced with the dual challenges of intensifying industry competition and increasing pressure on customers' capital turnover, the business expansion and project execution of the Group have been affected to a certain extent. Despite the complex and volatile market environment, we firmly believe that by continuously optimizing business strategies, improving operational efficiency, increasing the effort on market expansion, deepening customer relationships and continuing to pursue technological innovation, we will be able to outcompete the fierce market competition.

As of 30 June 2024, the Group's projects have a wide coverage in China, covering 31 provinces, municipalities and autonomous regions in China. Meanwhile, our overseas businesses are also distributed in Europe, South Asia, Latin America, Africa and Southeast Asia.

The following map shows the distribution of the projects of the Group within the PRC as of 30 June 2024:



The following map shows the distribution of the projects of the Group outside the PRC as of 30 June 2024:



2.1 Flue Gas Treatment Business

As a provider of comprehensive green ecological treatment services for the industrial environment, the Group's business of flue gas treatment services is mainly conducted through various business models including environmental protection facility engineering ("EPC"), operation and maintenance ("O&M") and investment (including "**Build-Operate-Transfer**" or "**BOT**", "**Build-Own-Operate**" or "**BOO**" and operation of self-owned assets). During the Reporting Period, through continuously strengthening the construction of the customer service system and relying on our sound project implementation experience, we continued to expand the scale of the electricity and non-electricity markets by seizing the opportunities brought about by favorable policies of the state, among them:

EPC

EPC business mainly involves providing project design, equipment and materials procurement, project construction and equipment installment services in relation to SO₂ or NO_x emission control and dust removal for industrial customers such as power plants, steel factories, chemical plants, refining and building material companies. The Group continued to step up its efforts in the market of flue gas treatment business. During the Reporting Period, it obtained two orders with contract value of more than RMB100 million, namely the Auxiliary Equipment Procurement Project for Shanwei Power Plant Phase II and the Upgrading and Transformation Project on Flue Gas Desulfurization and Denitrification Equipment for Two 230 m² Sintering Machine Heads in the Sintering Plant of Tianjin Xintiangang Union Special Steel Co., Ltd. As of 30 June 2024, the Group had newly added 5 EPC projects, with a total contract value of approximately RMB372 million.

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

No.	Project name	Type of project	Newly built/upgraded	Date of contract (Month/Year)	Aggregate contract value RMB million
1	Sales and Purchase Project for Optimization and Transformation Equipment of Denitrification System and Ammonia Spray of Unit #5 of Donghai Thermal Power Plant	Denitrification	Upgraded	February 2024	4
2	Supply Project for Flue Gas Denitrification Equipment of 2X350MW Smart Thermal Power Cogeneration Unit Project of SPIC Tongliao	Denitrification	Newly built	February 2024	15
3	Procurement Project for the Second Batch of Auxiliary Equipment (Package 16: Desulphurization System) of Units #5 & 6 (2×1,000MW) of Shanwei Power Plant Phase II Expansion Project	Desulfurization	Newly built	April 2024	108
4	Sales and Purchase Project for the Ammonia Spray Optimization and Transformation Equipment of Unit #7 Denitrification System of Donghai Thermal Power Plant	Denitrification	Upgraded	April 2024	4
5	Upgrading and Transformation Project on Flue Gas Desulfurization and Denitrification Equipment for Two 230m ² Sintering Machine Heads in the Sintering Plant of Tianjin Xintiangang Union Special Steel Co., Ltd.	Desulfurization and denitrification	Upgraded	May 2024	241

O&M

O&M services mainly includes operation services, regular maintenance services for desulfurization, denitrification and dust removal facilities owned by the customers. Under the O&M projects, our customers are either charged (i) service fees based on the total amount of on-grid electricity 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 2024, the Group had a total of 35 O&M projects under operation, covering industrial sectors such as electricity and steel, which have operated consistently with their emissions in compliance with required standards, providing a stable source for business growth of the Group.

The following table sets forth the installed capacities and status of the O&M projects of the Group under operation during the Reporting Period:

No.	Project name	Type of project	Starting date of service (Month/Year)	Expiring date of service contract (Month/Year)	Installed capacity
1	O&M Project for Yangcheng #1-6 Unit Flue Gas Desulfurization	Desulfurization and dust removal	July 2018	March 2025	6×350MW
2	O&M Project for Yangcheng #7-8 Unit Flue Gas Desulfurization	Desulfurization, dust removal and slag removal	June 2018	March 2025	2×600MW
3	O&M Project for Qinzhou Desulfurization	Desulfurization	July 2015	June 2024	2×630MW+ 2×1,000MW
4	O&M Project for Jingjiang Flue Gas Desulfurization and Dust Removal	Desulfurization and dust removal	March 2016	December 2025	2×660MW
5	O&M Project for Flue Gas Desulfurization and Denitrification of Yangxi Power Plant Unit #3-4	Desulfurization and denitrification	January 2017	December 2028	2×600MW
6	Commissioned Operation Project for Shouguang Auxiliary Ashing and Sulfurization Control System	Desulfurization	May 2018	March 2024	2×1,000MW
7	O&M Project of Jinxi Steel	Denitrification, desulfurization and dust removal	March 2019	August 2026	265 m ² sintering machines
8	O&M Project for Denitrification, Desulfurization and Dust Removal on 350 m ² Sintering Machines of Tianjin Iron Plant	Denitrification, desulfurization and dust removal	November 2019	November 2025	350 m ² sintering machines
9	O&M Project for Denitrification on 360 m ² Sintering Machines of Tianjin Iron Plant	Denitrification	December 2019	December 2025	360 m ² sintering machines
10	O&M Project for Desulfurization, Denitrification and Wastewater Zero-discharge System Equipment Maintenance Works of #5 & 6 units of Yangxi Plant	Desulfurization, denitrification and wastewater zero discharge	January 2022	August 2027	2×1,240MW

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 for Environmental Protection Facilities of Shanxi Yuguang Power Generation Co., Ltd.	Denitrification, desulfurization and dust removal	December 2021	July 2026	2×300MW+2×350MW
12	O&M Project of Hegang Chenggang <i>(Note 1)</i>	Denitrification, desulfurization and dust removal	April 2022	April 2027	180 m ² sintering machines
13	Contract Operation Project for Desulfurization and Denitrification System of No. 2 Sintering Plant of Jinxi Iron and Steel Group Co., Ltd.	Denitrification, desulfurization and dust removal	July 2021	August 2026	265 m ² sintering machines
14	O&M Project for Sintering Machine Flue Gas Purification Device relating to the Integrated Project of Removing the Old District of HBIS Hansteel from Urban Area of Handan Steel Group Co., Ltd.	Denitrification, desulfurization and dust removal	April 2023	April 2028	435 m ² sintering machines
15	O&M Project for 2×1000MW Desulfurization System of Nanyang	Desulfurization system	August 2021	November 2024	2×1,000MW
16	Maintenance Project for 2×660MW Lime Sulfur and Coal Transportation of Panji Power Plant of Danji Huainan Mining	Ash and slag removal, desulfurization and denitrification	November 2022	November 2024	2×660MW
17	O&M Project for Environmental Protection Facilities of Shanxi International Energy Yuguang Coal and Electricity Co., Ltd.	Desulfurization and dust removal	April 2022	March 2025	1×1,000MW
18	Desulfurizer Purchase and Sale Project of Chengde Branch of Hebei Steel Co., Ltd. <i>(Note 1)</i>	Denitrification, desulfurization and dust removal	February 2022	February 2027	180 m ² sintering machines
19	Outsourcing Operation Project for Desulfurization and Denitrification of Sintering Plant 450 of Hebei Jinxi Steel Group Co., Ltd.	Desulfurization, denitrification and dust removal	September 2022	August 2025	450 m ² sintering machines
20	Auxiliary Control Operation and Auxiliary Production Service Project for Ash Vulcanization of Qingyuan Power Plant of Guangdong Company	Auxiliary control operation and auxiliary production service for ash vulcanization	October 2022	October 2025	2×300MW+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 135 MW Generator Unit of Jinxi Steel	O&M for generator unit	October 2022	October 2026	135MW
22	O&M Project for 299,000 Vertical Blast Furnace Gas Tank of Jinxi Steel	O&M for gas cabinet equipment for vertical blast furnace	October 2022	October 2026	299,000
23	Operation Project for Desulfurization and Denitrification of No. 1 Sintering Plant of Jinxi Iron and Steel Group Co., Ltd.	Desulfurization, denitrification and dust removal	September 2023	August 2026	265 m ² sintering machines
24	Outsourcing Contracting project for Pellet Desulfurization of Sintering Plant of Jinxi Iron and Steel Group Co., Ltd.	Desulfurization and dust removal	September 2023	August 2026	265 m ² sintering machines
25	O&M Project for #1, #2 and #3, 250 Rolling Line Heating Furnace Denitrification System of Steel Company	Denitrification	September 2023	August 2026	1,390,000 tons + 2,200,000 tons + 378,000 tons

No.	Project name	Type of project	Starting date of service (Month/Year)	Expiring date of service contract (Month/Year)	Installed capacity
26	O&M Project for Heating Furnace Denitrification System of Steel Sheet Pile Technology Co., Ltd.	Denitrification	September 2023	August 2026	545,000 tons
27	O&M Project for Denitrification System of the First and Second Rolling Heating Furnaces of Jinxi Iron and Steel Strip Plant	Denitrification	September 2023	August 2026	2,686,000 tons
28	O&M Project for Green Island of 2×350MW Low Heating Value Coal Power Generation Project of Jijiantou Shouyang Thermal Power Co., Ltd. (Note 2)	Desulfurization, denitrification and dust removal	July 2023	October 2043 (settlement to be adjusted according to actual situation every 3 years)	2×350MW
29	Equipment Maintenance Project Contract for #1-#6 units of Yangxi Power Plant (maintenance of coal transportation system of the whole plant and dock system)	Coal transportation/terminal	December 2023	December 2028	2×600MW+ 2×660MW+ 2×1,240MW
30	O&M Service Project for the Desulfurization System of the Power Center of Shandong Yulong Thermal Power Co., Ltd.	Desulfurization (including wet electrostatic precipitator)	Subject to owner's notification (Note 3)	March 2027	6 X 670t/h
31	Supplementary Project for O&M and Gypsum Treatment of Yangcheng #1-6 units	Desulfurization	May 2024	March 2025	6×350MW
32	Supplementary Project for O&M and Gypsum Treatment of Yangcheng #7-8 units	Desulfurization	May 2024	March 2025	2×600MW
33	Contract for the O&M Project of Flue Gas Desulfurization and Denitrification of two 230 m ² Sintering Machine Heads in the Sintering Plant of Tianjin Xintian Steel United Special Steel Co., Ltd.	Desulfurization and denitrification	From the date when the system passes the 168-hour trial operation	A contract period of five years	2×230 m ²
34	O&M and Contracting Project for Jingjiang Flue Gas Desulfurization and Dust Removal	Desulfurization and dust removal	January 2024	December 2025	2×660MW
35	Operation and Cleaning Project for 2024-2025 Desulfurization System of SDIC Beijiang	Desulfurization	March 2024	December 2025	4x1000MW

Notes:

1. The owner's units suspended operation in October 2023. The times of the resumption of production and contract execution of the units are to be determined by the owner.
2. The contract for the original transition period expired and a formal contract has been signed.
3. The project is in a transitional period, and the specific beginning time of the service is subject to official notification from the owner.

Investment

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

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

In 2024, the Group continued to carry out its concession operation business, including desulfurization, denitrification and green island. As of 30 June 2024, the Group accumulated 7 concession operation projects and save for Shanxi Puzhou Phase I BOT Project (*Note 1*), all of which have been put into operation smoothly, laying a strong foundation for the Group to operate continuously and develop steadily. The delivery of the assets of the Operation Project for Flue Gas Desulfurization and Denitrification of #1-2 Units of Yangxi Power Plant has been completed and transformed to the operation of self-owned assets, which brings long-term stable income for the Group.

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

No.	Project name	Installed capacity	Type of project	Newly built/ Upgraded/ Asset acquisition	Total investment <i>RMB million</i>	Date of entering into contract <i>(Month/Year)</i>	Expiry date of concession period <i>(Month/Year)</i>
1	Jiangxi Jinggangshan BOT Project	2×300MW+ 2×660MW	Desulfurization	Newly built	224	January 2008 (for Phase I) August 2008 (for Phase II)	July 2030 (for Phase I) December 2030 (for Phase II)
2	Shanxi Hejin BOT Project	2×350MW	Denitrification	Newly built	122	June 2012	September 2033 (for Unit #1) May 2033 (for Unit #2)
3	Shanxi Puzhou Phase II BOT Project	2×350MW	Desulfurization	Newly built	112	May 2014	End of 2037
4	Xinjiang Shenhua BOT Project	4×350MW	Green Island	Upgraded	496	June 2017	End of 2032
5	Huainan Guqiao BOT Project	2×330MW	Green Island	Upgraded	173	May 2018	End of 2033
6	Xinjiang Guotai Xinhua BOT Project	2×350MW	Green Island	Upgraded	150	July 2018	June 2028

No.	Project name	Installed capacity	Type of project	Newly built/ Upgraded/ Asset acquisition	Total investment RMB million	Date of entering into contract (Month/Year)	Expiry date of concession period (Month/Year)
7	Guangxi Laibin Desulfurization, Denitrification and Dust Removal BOO Project	2×300MW	Green Island	Upgraded	308 (Note 2)	December 2018	End of 2033
8	Operation Project for Flue Gas Desulfurization and Denitrification of #1-2 Units of Yangxi Power Plant (Note 3)	2X660MW	Desulfurization and denitrification	Asset acquisition	154	October 2023	December 2039

Notes:

1. Shanxi Puzhou Phase I BOT Project has been under negotiation stage for buy-back from the owner, and the related BOT business has been suspended.
2. According to the requirements of the national policy, the denitrification technology direction has been changed from liquid ammonia to urea, which is expected to require an additional investment of RMB27 million.
3. The asset delivery of the project was completed and the project has been transformed into an investment project.

2.2 Water Treatment Business

During the Reporting Period, the Group's water treatment projects were in stable operation. Wastewater Zero Discharge Project for the Coking Plant of Tianjin Iron Works Co., Ltd., Sewage Treatment and Renovation EPC Project for Pulping and Paper Production of Shandong Bohui Paper Co., Ltd. and HRO Concentrated Water Recovery Project for Gansu Baili Jinchang Project have all entered the critical commissioning and delivery stage. The Engineering Project for Concentrated Water Salt Extraction Zero Discharge System of Lubao Industrial Park Sewage Treatment Center has obtained a 20-year operation period, laying a solid foundation for revenue from the Group's water treatment business.

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

As of 30 June 2024, the Group has 12 water treatment projects in operation.

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

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

2.3 Hazardous and Solid Waste Treatment/Disposal Business

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

2.4 Dual-Carbon New Energy⁺ Business

During the Reporting Period, the Group continued to promote the layout of its new energy⁺ business, and the operating projects were progressing smoothly and bringing stable income for the Group. In January 2024, the Group entered into the EPC General Contracting Project for the 20.64MWp Distributed Photovoltaic Power Generation Project of Enjie New Energy in Jinwan District, Zhuhai City, to promote the further development of the Group's photovoltaic project business. In March 2024, the Group entered into the Coke Dry Quenching (CDQ) Waste Heat Utilization Contract of Xinyang, marking another major breakthrough for the Group in the field of CDQ waste heat utilization.

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

No.	Project name	Type of project	Date of entering into contract (Month/Year)	Expiry date of service contract (Month/Year)
1	Equipment Supply Project for Dry Quenching Coke Waste Heat Power Generation of Shanxi Dongyi Coal Power and Aluminum Group Coal Chemical Co., Ltd.	EP	November 2021	N/A
2	BOT Project for Dry Quenching Works of Tianjin Iron Works Co., Ltd.	BOT	July 2022	July 2032
3	EPC General Contracting Project for 300MW Distributed Photovoltaic of Zhejiang Post	EPC	April 2023	N/A
4	Wuxi Photovoltaic Project (<i>Note</i>)	Acquisition of equity interest	May 2023	N/A
5	EPC General Contracting Project for Technical Transformation of Thermal Storage Joint Frequency Modulation Energy Storage of China Resources Qiaokou Power Plant	EPC	December 2023	N/A
6	EPC General Contracting Project for 20.64MWp Distributed Photovoltaic Power Generation of Enjie New Energy in Jinwan District, Zhuhai City	EPC	January 2024	N/A
7	O&M General Contracting Project for Supporting 2×150t/h CDQ Unit of Coke Power Project of Xinyang Iron and Steel Jingang Energy Co., Ltd.	O&M	March 2024	December 2034
8	EPC General Contracting Project for 0.4991MW Distributed Photovoltaic of Chongqing Ouruo Furniture Co., Ltd.	EPC	June 2024	N/A

Note: The assets of the seven distributed photovoltaic projects acquired in May 2023 have a total installed capacity of approximately 21MW. As of 30 June 2024, three new contracts for photovoltaic project have been signed, with a total installed capacity of approximately 2.69MW.

3. FINANCIAL POSITION AND OPERATING RESULTS

In the first half of 2024, affected by the downward pressure on the domestic economy, operations of enterprises faced tests and challenges. However, with the continued launch of national macroeconomic policies, the Group continued to pursue new development on the basis of the stable operation of its existing business, and actively expand the market to ensure the sustainability and stability of its overall business development. The Group's production and operations declined slightly in the first half of 2024, but its asset structure has remained in sound condition.

Revenue

For the six months ended 30 June 2024, the Group's total revenue was RMB949 million, representing a decrease of 5.2% from RMB1,001 million for the first half of 2023, which was mainly because (i) certain existing projects were basically completed or entering the final stage of construction; and (ii) new projects were mostly concentrated in the power industry, which have long construction cycles and revenue recognition is relatively slow. The combined effect of the above factors has led to an overall decline in revenue.

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

	Segment revenue For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Flue gas treatment business	741,566	780,256
EPC	221,640	300,927
O&M	248,091	236,750
Investment	268,132	236,476
Of which: Construction	6,424	10,049
Operation	261,708	226,427
Others	3,703	6,103
Water treatment business	89,849	162,432
Hazardous and solid waste treatment/disposal business	22,146	13,766
Dual-carbon new energy ⁺ business	95,854	44,232
Total	949,415	1,000,686

For the six months ended 30 June 2024, revenue generated from the Group's flue gas treatment business segment was as follows:

- Revenue from EPC business was RMB221 million, representing a decrease of 26.6% as compared with RMB301 million for the first half of 2023, mainly because (i) certain existing projects were basically completed or entering the final stage of construction; and (ii) new projects were mostly concentrated in the power industry, which have long construction cycles and revenue recognition is relatively slow, resulting in a decrease in revenue as compared with the same period last year;
- Revenue from O&M business was RMB248 million, representing an increase of 4.6% as compared with RMB237 million for the first half of 2023, mainly due to market expansion and the increase in the scale of O&M business during the Reporting Period; and
- Revenue from investment business was RMB268 million, representing an increase of 13.6% from RMB236 million for the first half of 2023, mainly due to the addition of O&M business of self-owned assets.

For the six months ended 30 June 2024, revenue from water treatment business segment of the Group was RMB90 million, representing a decrease of 44.8% as compared with RMB163 million for the first half of 2023, mainly because EPC projects for water treatment business were basically completed during the Reporting Period, resulting in a decrease in revenue.

For the six months ended 30 June 2024, the Group's hazardous and solid waste treatment/disposal business segment recorded a revenue of RMB22 million, representing an increase of 57.1% as compared with RMB14 million for the first half of 2023, mainly due to the increase in the disposal volume of hazardous and solid waste business during the Reporting Period.

For the six months ended 30 June 2024, revenue from the Group's dual-carbon new energy+ business segment was RMB96 million, representing an increase of 118.2% from RMB44 million for the first half of 2023, mainly due to the increase of business scale resulting from active market expansion during the Reporting Period.

Cost of Sales and Services

For the six months ended 30 June 2024, the Group's cost of sales and services was RMB750 million, representing a decrease of 6.0% as compared with RMB798 million for the first half of 2023, mainly because (i) certain existing projects were basically completed or entering the final stage of construction; and (ii) new projects were mostly concentrated in the power industry, which have long construction cycles and cost recognition is relatively slow. The combined effect of the above factors has led to an overall decrease in costs.

For the six months ended 30 June 2024, 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 business amounted to RMB212 million, representing a decrease of 26.1% as compared with RMB287 million for the first half of 2023, mainly because (i) certain existing projects were basically completed or entering the final stage of construction; and (ii) new projects were mostly concentrated in the power industry, which have longer construction cycles and cost recognition is relatively slow;
- The cost of sales and services for O&M business amounted to RMB109 million, representing an increase of 9.2% as compared with RMB174 million for the first half of 2023, mainly due to (i) the increase in the number and business volume of O&M business projects; and (ii) the year-on-year increase in labor costs; and
- The cost of sales and services for investment business amounted to RMB189 million, representing an increase of 13.2% as compared with RMB167 million for the first half of 2023, mainly due to the addition of O&M business of self-owned assets.

For the six months ended 30 June 2024, the cost of sales and services for water treatment business amounted to RMB66 million, representing a decrease of 50.0% from RMB132 million for the first half of 2023, mainly because the EPC projects for water treatment business were basically completed during the Reporting Period, resulting in a decrease in cost.

For the six months ended 30 June 2024, the cost of sales and services for hazardous and solid waste treatment/disposal business was RMB15 million, representing an increase of 66.7% from RMB9 million for the first half of 2023, mainly due to (i) the increase in the disposal volume of hazardous and solid waste; and (ii) newly operated projects, which led to the increase in cost.

For the six months ended 30 June 2024, the cost of sales and services for dual-carbon new energy⁺ was RMB78 million, representing an increase of 169.0% from RMB29 million for the first half of 2023, mainly due to the increase of business scale resulting from active market expansion during the Reporting Period.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2024, the Group's gross profit was RMB199 million, representing a decrease of 1.5% from RMB202 million for the first half of 2023, and the gross profit margin was 21.0%, representing an increase of 0.8 percentage point as compared to the first half of 2023. The year-on-year decrease in gross profit was mainly because (i) certain existing projects were basically completed or entering the final stage of construction; (ii) new projects were mostly concentrated in the power industry, which have long construction cycles and revenue and cost recognition is relatively slow; and (iii) newly added O&M projects had a lower gross profit margin and labor costs increased, resulting in a decrease in gross profit.

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 2024		For the six months ended 30 June 2023	
	Gross Profit <i>RMB'000</i>	Gross Profit %	Gross Profit <i>RMB'000</i>	Gross Profit %
Flue Gas Treatment Business	150,108		151,846	
EPC	10,059	4.5	13,275	4.4
O&M	57,864	23.3	63,123	26.7
Investment	78,482	29.3	69,345	29.3
Of which: Construction	26	0.4	112	1.1
Operation	78,456	30.0	69,233	30.6
Others	3,703	100.0	6,103	100.0
Water Treatment Business	24,022	26.7	30,228	18.6
Hazardous and Solid Waste Treatment/Disposal Business	6,700	30.3	4,986	36.2
Dual-Carbon New Energy+ Business	18,440	19.2	15,045	34.0
Total	199,270	21.0	202,105	20.2

For the six months ended 30 June 2024, the gross profit of the Group's flue gas treatment business segment was as follows:

- The gross profit of EPC business was RMB9 million, representing a decrease of 35.7% as compared with RMB14 million for the first half of 2023, mainly because (i) certain existing projects were basically completed or entering the final stage of construction; and (ii) new projects were mostly concentrated in the power industry, and revenue and cost recognition is relatively slow, resulting in a decrease in gross profit;
- The gross profit of the O&M business was RMB58 million, representing a decrease of 7.9% as compared with RMB63 million for the first half of 2023, mainly due to (i) the decrease in gross profit margin of new projects in the face of intensified market competition; and (ii) the increase in labor costs; and
- The gross profit of the investment business amounted to RMB79 million, representing an increase of 14.5% as compared with RMB69 million for the first half of 2023, mainly due to (i) the addition of O&M business for self-owned assets; and (ii) the decrease in maintenance cost for certain projects as compared with the same period last year, resulting in an increase in gross profit.

For the six months ended 30 June 2024, the gross profit of the Group's water treatment business segment amounted to RMB24 million, representing a decrease of 20.0% as compared with RMB30 million for the first half of 2023, mainly because the EPC projects for water treatment business were basically completed during the Reporting Period, resulting in a decrease in gross profit.

For the six months ended 30 June 2024, the gross profit of the Group's hazardous and solid waste treatment/disposal business segment was RMB7 million, representing an increase of 40.0% as compared with RMB5 million for the first half of 2023, mainly due to the increase in the disposal volume of hazardous and solid waste.

For the six months ended 30 June 2024, the gross profit of the Group's dual-carbon new energy⁺ business segment was RMB18 million, representing an increase of 20.0% from RMB15 million for the first half of 2023, mainly due to the increase of business scale resulting from active market expansion.

Other Income and Gains and Other Expenses and Losses

For the six months ended 30 June 2024, 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 2024 RMB'000	For the six months ended 30 June 2023 RMB'000
Interest income	3,189	4,058
Government grants	5,324	10,992
Rental income, net	(109)	(166)
Foreign exchange (Losses)/gains	(245)	4,355
Gain on disposal of equity investments at FVTPL	–	5,046
Gain on disposal of property, plant and equipment	511	3,728
Others	1,845	(218)
	<u>10,515</u>	<u>27,795</u>

For the six months ended 30 June 2024, the Group's other income and gains and other expenses and losses amounted to a gain of RMB11 million, representing a decrease of RMB17 million from RMB28 million for the first half of 2023, mainly due to (i) the decrease in government grants and foreign exchanges gains; and (ii) the decrease in investment income of financial assets at fair value through profit or loss.

Selling and Distribution Expenses

For the six months ended 30 June 2024, the Group's selling and distribution expenses were RMB10 million, representing a decrease of RMB1 million from RMB11 million for the first half of 2023, basically stable as compared with last year.

Administrative Expenses

For the six months ended 30 June 2024, the Group's administrative expenses amounted to RMB48 million, representing an increase of RMB6 million from RMB42 million for the first half of 2023, and the ratio of administrative expenses to revenue increased from 4.2% for the same period last year to 5.1%, which was mainly due to (i) the increase in leasing expenses and labor costs; and (ii) the increase in administrative expenses because of the addition of new operating entities.

Research and Development ("R&D") Expenses

For the six months ended 30 June 2024, the Group's R&D expenses amounted to RMB24 million, remaining unchanged as compared to RMB24 million for the first half of 2023, and the ratio of R&D expenses to revenue increased from 2.4% for the same period last year to 2.5%.

Finance Costs

The Group's finance costs consisted of interest expenses on bank and other borrowings, lease liabilities and discounted bills payable. For the six months ended 30 June 2024, the Group's finance costs were RMB8 million, representing an increase of RMB1 million from RMB7 million for the first half of 2023, mainly due to the increase of borrowing by the Group in line with the investment on projects 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 2024, the Group's gearing ratio was 37.5%, dropped by 1.4 percentage points from 38.9% as of 31 December 2023.

Income Tax Expenses

The income tax expenses of the Group for the six months ended 30 June 2024 were RMB12 million, increased by 20.0% from RMB10 million for the first half of 2023, mainly due to tax rebates for special environmental protection equipment in the previous year in accordance with the national tax preferential policies.

Profit for the Reporting Period

For the six months ended 30 June 2024, the Group recorded a profit of RMB116 million for the period, representing a decrease of RMB20 million from RMB136 million for the first half of 2023, mainly due to (i) the decrease in share of profit of associates and government grants; and (ii) the decrease in the gains on disposal of financial assets at fair value through investment gains.

Profit Attributable to the Owners of the Company

Profit attributable to the owners of the Company was RMB114 million for the six months ended 30 June 2024, representing a decrease of RMB20 million from RMB134 million for the first half of 2023.

Cash Flows

The following table sets forth the cash flow position of the Group in the first half of 2024 and the first half of 2023:

	For the six months ended 30 June 2024 (RMB '000)	For the six months ended 30 June 2023 (RMB '000)
Net cash generated from/(used in) operating activities	33,337	(105,966)
Net cash (used in) investing activities	(126,713)	(25,100)
Net cash generated from/(used in) financing activities	90,518	(50,399)
Net decrease in cash and cash equivalents	(2,858)	(181,465)

For the six months ended 30 June 2024, the Group's bank balances and cash amounted to RMB346 million, representing a decrease of RMB3 million as compared with RMB349 million at the beginning of 2024, basically stable as compared to the beginning of 2024.

For the six months ended 30 June 2024, we had net cash generated from operating activities of RMB33 million, representing a year-on-year increase of RMB139 million. The change was mainly attributable to the increased efforts on collection of receivables during the Reporting Period.

For the six months ended 30 June 2024, we had net cash used in investing activities of RMB127 million, representing a year-on-year increase of RMB102 million. Such change was mainly attributable to the increase in investment and transformation expenditures and the increase in deposits paid on asset acquisitions during the Reporting Period as compared with the same period last year.

For the six months ended 30 June 2024, we had net cash generated from financing activities of RMB91 million, representing a period-on-period increase of RMB141 million. The change was mainly attributable to the increase in bank and other borrowings in line with the expenditures on project investment.

Capital Expenditure

The capital expenditure of the Group mainly comprises the expenditures on the acquisition and construction of investment projects as well as equity investment. For the first half of 2024, the total capital expenditure of the Group was RMB111 million, representing an increase of RMB94 million as compared with RMB17 million for the same period last year.

Pledge of the Group's Assets

As of 30 June 2024, the Group's bank borrowings of RMB48 million were secured by mortgage of certain properties and land use rights owned by the Group.

Jinggangshan Boqi Environmental Technology Co., Ltd. (江西井冈山博奇环保科技有限公司) ("**Jinggangshan Boqi**"), a subsidiary of the Group, as the lessee, had entered into a finance lease arrangement (the "**Jinggangshan Finance Lease Agreement**") with CITIC Financial Leasing Co., Ltd. ("**CITIC Leasing**"). Beijing Boqi Electric Power SCI-TECH Co., Ltd. (北京博奇电力科技有限公司) ("**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 Jinggangshan Finance Lease Agreement.

Handan Boqi Environmental Technology Co., Ltd. (邯郸博奇环保科技有限公司) ("**Handan Boqi**"), a subsidiary of the Group, as the lessee, had entered into a finance lease arrangement (the "**Handan 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 Handan Finance Lease Agreement.

Changjizhou Boqi Environmental Technology Co., Ltd. (昌吉州博奇环保科技有限公司) (“**Changjizhou Boqi**”), a subsidiary of the Group, as the lessee, had entered into a finance lease arrangement (the “**Changjizhou Finance Lease Agreement**”) with CITIC Financial Leasing Co., Ltd. (“**CITIC Leasing**”). Beijing Boqi had pledged all its equity interests in Changjizhou Boqi and the service fee receivables under the Changjizhou Boqi service concession agreement to CITIC Leasing to guarantee its liabilities under the Changjizhou Finance Lease Agreement.

Contingent Liabilities

As of 30 June 2024, the Group did not have any material contingent liabilities.

Significant Investments Held, Material Acquisitions and Disposals

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

Save as disclosed in this 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 D2 to the Listing Rules.

Future plans for material investments and capital assets

As of 30 June 2024, 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 C1 to the Listing Rules.

Mr. Zeng Zhijun assumed the dual roles of the chairman and the chief executive officer, which constitutes a deviation from code provision C.2.1 of the CG Code. With extensive experience in the environmental protection industry, Mr. Zeng 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 three executive Directors (including Mr. Zeng), four non-executive Directors and four independent non-executive Directors and therefore has a fairly strong independence element in its composition. Therefore, the Board considers that the deviation from 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 C3 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 2024 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.

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 of listing of the Shares on the Stock Exchange) to 30 June 2024.

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 2024 (2023: 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 2023 Annual Report issued by the Company on 25 April 2024 pursuant to Rule 13.91 and Appendix C2 to the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

On 12 July 2024, the Group entered into a finance lease transaction with a financial institution, whereby the Group obtained a 5-year financing of RMB120 million through the sale of its certain sewage treatment equipment. The transaction has not been completed as of the date of this announcement. For details, please refer to the Company’s announcement dated 12 July 2024 and the circular dated 23 August 2024.

Save as disclosed above and in this 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 of the Company (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 2024.

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 2024 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, 23 August 2024

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. Li Tao, Prof. Yu Wayne W. and Ms. Zhang Fan.

* For identification purpose only