

*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 the contents of this announcement.*



## **China Conch Environment Protection Holdings Limited**

**中國海螺環保控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 587)**

### **ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2024**

#### **HIGHLIGHTS**

- Revenue of the Group for 2024 amounted to approximately RMB1,686.99 million (2023: RMB1,881.56 million), representing a decrease of 10.34% as compared with that of 2023.
- Net profit for the year attributable to equity shareholders of the Group for 2024 amounted to approximately RMB6.28 million (2023: RMB264.13 million), representing a decrease of 97.62% as compared with that of 2023.
- The Board did not recommend the payment of a final dividend for the year ended 31 December 2024.

The board (the “**Board**”) of directors (the “**Directors**”) of China Conch Environment Protection Holdings Limited (the “**Company**”) hereby presents the audited consolidated results of operation and financial position of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”).

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2024

(Expressed in Renminbi Yuan)

	<i>Note</i>	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>Revenue</b>	2	<b>1,686,990</b>	1,881,556
Cost of sales		<u>(1,057,717)</u>	<u>(987,986)</u>
<b>Gross profit</b>		<b>629,273</b>	893,570
Other net income	3	<b>42,600</b>	32,966
Distribution costs		<b>(169,827)</b>	(145,658)
Administrative expenses		<b>(339,243)</b>	(312,539)
Impairment loss on trade and bills receivables		<b>(19,630)</b>	(15,258)
Impairment loss on property, plant and equipment		<b>(10,370)</b>	–
<b>Profit from operations</b>		<b>132,803</b>	453,081
Finance costs	4(a)	<b>(117,259)</b>	(101,503)
Share of (losses)/profits of associates	7	<u><b>(5,517)</b></u>	<u>689</u>
<b>Profit before taxation</b>	4	<b>10,027</b>	352,267
Income tax	5	<u><b>(15,395)</b></u>	<u>(48,254)</u>
<b>(Loss)/profit for the year</b>		<u><b>(5,368)</b></u>	<u>304,013</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>6,275</b>	264,130
Non-controlling interests		<u><b>(11,643)</b></u>	<u>39,883</u>
<b>(Loss)/profit for the year</b>		<u><b>(5,368)</b></u>	<u>304,013</u>
<b>Earnings per share</b>	6	<i>RMB cents</i>	<i>RMB cents</i>
Basic and diluted		<u><b>0.34</b></u>	<u>14.46</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME**

*for the year ended 31 December 2024  
(Expressed in Renminbi Yuan)*

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>(Loss)/profit for the year</b>	<b>(5,368)</b>	304,013
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>	<u>—</u>	<u>—</u>
<b>Total comprehensive income for the year</b>	<u><b>(5,368)</b></u>	<u>304,013</u>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>6,275</b>	264,130
Non-controlling interests	<u><b>(11,643)</b></u>	<u>39,883</u>
<b>Total comprehensive income for the year</b>	<u><b>(5,368)</b></u>	<u>304,013</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 31 December 2024

(Expressed in Renminbi Yuan)

	<i>Note</i>	<b>2024</b> <b>RMB'000</b>	2023 <b>RMB'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>7,396,978</b>	7,057,252
Right-of-use assets		<b>319,818</b>	298,214
Intangible assets		<b>129,784</b>	139,463
Goodwill		<b>10,254</b>	10,254
Interests in associates	7	<b>73,943</b>	72,860
Non-current portion of trade and other receivables	8	<b>293,991</b>	414,360
Deferred tax assets		<b>17,339</b>	10,991
		<u><b>8,242,107</b></u>	<u>8,003,394</u>
<b>Current assets</b>			
Inventories		<b>38,525</b>	31,465
Trade and other receivables	8	<b>998,218</b>	1,042,136
Financial assets measured at fair value through profit or loss (“ <b>FVPL</b> ”)		–	45,000
Restricted bank deposits		<b>125,906</b>	39,975
Bank deposits with original maturity over three months		–	4,044
Cash and cash equivalents		<b>345,622</b>	246,254
		<u><b>1,508,271</b></u>	<u>1,408,874</u>
<b>Current liabilities</b>			
Loans and borrowings		<b>867,687</b>	1,277,159
Trade and other payables	9	<b>1,382,760</b>	1,378,744
Contract liabilities		<b>16,825</b>	13,621
Lease liabilities		<b>1,537</b>	1,144
Income tax payables		<b>3,128</b>	5,658
		<u><b>2,271,937</b></u>	<u>2,676,326</u>
<b>Net current liabilities</b>		<u><b>(763,666)</b></u>	<u>(1,267,452)</u>
<b>Total assets less current liabilities</b>		<u><b>7,478,441</b></u>	<u>6,735,942</u>

	<i>Note</i>	<b>2024</b> <b>RMB'000</b>	2023 <i>RMB'000</i>
<b>Non-current liabilities</b>			
Loans and borrowings		<b>2,280,178</b>	2,980,831
Unsecured medium-term notes (“MTN”)		<b>1,500,000</b>	–
Lease liabilities		<b>8,929</b>	6,709
Deferred tax liabilities		<b>30,410</b>	38,212
		<u><b>3,819,517</b></u>	<u>3,025,752</u>
<b>NET ASSETS</b>		<u><b>3,658,924</b></u>	<u>3,710,190</u>
<b>CAPITAL AND RESERVES</b>			
	<i>10</i>		
Share capital		<b>14,837</b>	14,837
Reserves		<b>2,933,143</b>	2,978,200
<b>Total equity attributable to equity shareholders of the Company</b>		<b>2,947,980</b>	2,993,037
<b>Non-controlling interests</b>		<b>710,944</b>	717,153
<b>TOTAL EQUITY</b>		<u><b>3,658,924</b></u>	<u>3,710,190</u>

## NOTES TO THE FINANCIAL STATEMENTS

*(Expressed in Renminbi Yuan unless otherwise indicated)*

### 1 MATERIAL ACCOUNTING POLICIES

#### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). IFRS Accounting Standards include all individual International Financial Reporting Standards, International Accounting Standards (“IASs”) and related interpretations. These financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance, and the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

#### (b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

The measurement basis used in the preparation of the financial statements is the historical cost except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— financial assets stated at their fair value.

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) **Changes in accounting policies**

The Group has applied the following amendments to IFRS Accounting Standards issued by the IASB to these financial statements for the current accounting period:

- Amendments to IAS 1, Presentation of financial statements — Classification of liabilities as current or non-current (“**2020 amendments**”) and amendments to IAS 1, Presentation of financial statements — Non-current liabilities with covenants (“**2022 amendments**”)
- Amendments to IFRS 16, Leases — Lease liability in a sale and leaseback
- Amendments to IAS 7, Statement of cash flows and IFRS 7, Financial instruments: Disclosures — Supplier finance arrangements

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. The amendments do not have a material impact on these financial statements as the Group’s approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

**2 REVENUE AND SEGMENT REPORTING**

(a) **Revenue**

The principal activities of the Group are provision of treatment solutions for industrial solid and hazardous waste.

(i) *Disaggregation of revenue*

Disaggregation of revenue from contracts with customers by each significant category is as follows:

	2024 <i>RMB’000</i>	2023 <i>RMB’000</i>
<b>Revenue from contracts with customers within the scope of IFRS 15, recognised over time</b>		
<b>Solid and hazardous waste solutions</b>		
Industrial solid waste treatment services	407,976	568,674
Industrial hazardous waste treatment services		
— General hazardous waste	958,226	1,047,377
— Oil sludge	107,583	80,796
— Fly ash	85,890	91,990
	<u>1,559,675</u>	<u>1,788,837</u>
<b>Revenue from contracts with customers within the scope of IFRS 15, recognised at point in time</b>		
<b>Solid and hazardous waste solutions</b>		
Comprehensive resource utilization	127,315	92,719
	<u>1,686,990</u>	<u>1,881,556</u>

- (ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date:

The Group has applied the practical expedient in paragraph 121 of IFRS 15 and does not disclose revenue that the Group will be entitled to when it satisfies the remaining performance obligations as the Group recognises revenue in the amount to which it has a right to invoice, which corresponds directly to the fixed price per volume of services provided during the contract period.

**(b) Segment reporting**

- (i) *Services from which reportable segments derive their revenue:*

Information reported to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance is more focused on the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on industrial solid and hazardous waste solutions. Resources are allocated based on what is beneficial for the Group in enhancing its industrial solid and hazardous waste solutions activities as a whole rather than any specific service. Performance assessment is based on the results of the Group as a whole. Therefore, management considers there is only one operating segment under the requirements of IFRS 8, *Operating segments*.

- (ii) *Geographic information*

The geographical location of revenue is based on the selling location. All of the Group's revenue from external customers is from the People's Republic of China (the "PRC"). The geographical location of the specified non-current assets (primarily property, plant and equipment, right-of-use assets, intangible assets and interests in associates) is based on the physical location of the assets, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interests in associates. Substantially all of the Group's specified non-current assets are physically located in the PRC.



### 3 OTHER NET INCOME

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest income on bank deposits	5,690	10,137
Government grants (i)	32,781	23,851
Net loss on disposal of property, plant and equipment	(323)	(15)
Others	4,452	(1,007)
	<u>42,600</u>	<u>32,966</u>

- (i) Government grants mainly represented subsidies received from the local government authorities for encouraging the Group's development in the industrial solid and hazardous waste solutions in the respective PRC cities.

### 4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on loans and borrowings	137,301	148,822
Interest on lease liabilities	454	298
Interest on unsecured MTN	13,046	–
*Less: interest expense capitalised in construction in progress	(33,542)	(47,617)
	<u>117,259</u>	<u>101,503</u>

- \* For the year ended 31 December 2024, the borrowing costs were capitalised at a rate of 2.31%–4.3% per annum (2023: 2.80%–4.85%).

**(b) Staff costs:**

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Salaries, wages and other benefits	<b>412,566</b>	374,275
Contributions to defined contribution plans (i)	<b>53,948</b>	49,025
	<b><u>466,514</u></b>	<u>423,300</u>

- (i) Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

**(c) Other items:**

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Cost of services provided	<b>1,057,717</b>	987,986
Depreciation of owned property, plant and equipment	<b>289,863</b>	234,773
Depreciation of right-of-use assets	<b>10,943</b>	7,445
Amortisation of intangible assets	<b>17,724</b>	15,040
Loss allowance for trade receivables	<b>19,630</b>	15,258
Short-term lease payments not included in the measurement of lease liabilities	<b>3,462</b>	4,634
Auditors' remuneration	<b>1,900</b>	1,900
Impairment loss on property, plant and equipment	<b>10,370</b>	–

## 5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

### (a) Current taxation in the consolidated statement of profit and loss represents:

	2024 RMB'000	2023 RMB'000
<b>Current tax — Hong Kong Profits Tax</b>		
Provision for the year	—	—
<b>Current tax — PRC income tax</b>		
Provision for the year	32,367	49,018
Over provision in respect of prior years	(2,822)	(525)
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	(14,150)	(239)
	<u>15,395</u>	<u>48,254</u>

- (1) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (2) The Company's subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at 16.5% of the estimated assessable profits. No provision for Hong Kong profit tax has been made for the year ended 31 December 2024 (2023: Nil) as there are no assessable profits during the years ended 31 December 2024 and 2023.
- (3) The provision for PRC income tax is based on a statutory rate of 25% of the assessable income of the Company's mainland China subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC.
- (4) Pursuant to Notice No.23 issued by the State Administration of Taxation on 23 April 2020 and relevant local tax authorities' notices, certain subsidiaries are entitled to a preferential income tax rate of 15% as qualifying companies located in western areas in the PRC.
- (5) Pursuant to the PRC Enterprise Income Tax Law Implementing Regulations issued by State Council of the PRC, certain subsidiaries engaged in industrial solid and hazardous waste solutions are eligible for income tax exemption for the first three years starting from the year in which revenue is generated and 50% income tax reduction for the next three years.

## 6 EARNINGS PER SHARE

The calculation of basic and diluted earnings per share for the twelve months ended 31 December 2024 is based on the profit attributable to shareholders of the Company for the twelve months ended 31 December 2024 of RMB6,275,000 (2023: RMB264,130,000) and the weighted average number of ordinary shares of 1,826,765,059 in issue (31 December 2023: 1,826,765,059).

Diluted earnings per share for the twelve months ended 31 December 2024 and 2023 is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

## 7 INTERESTS IN ASSOCIATES

The following list contains associates of the Group, which are unlisted corporate entities, whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and operation	Registered capital/ authorised and paid-in capital	Proportion of ownership interest Group's effective interest		Principal activities
				As at 31 December		
				2024	2023	
Jiangsu Jiexia Environmental Protection Technology Co., Ltd. (江蘇傑夏環保科技有限公司)	Incorporated as limited liability Company	The PRC	RMB80,000,000/ RMB80,000,000	35%	35%	Industrial solid and hazardous waste treatment
Yunfu Guangjia Haizhong Environmental Protection Technology Co., Ltd. (雲浮光嘉海中環保科技有限公司)	Incorporated as limited liability Company	The PRC	RMB60,000,000/ RMB40,000,000	40%	40%	Industrial solid and hazardous waste treatment
Chongqing Nantong Environmental Protection Technology Co., Ltd. (重慶南桐環保科技有限公司)	Incorporated as limited liability Company	The PRC	RMB30,000,000/ RMB30,000,000	35%	35%	Industrial solid and hazardous waste treatment
Nanchen Nuoke Haizhong Environmental Protection Technology Co., Ltd. (南城諾客海中環保科技有限責任公司)	Incorporated as limited liability Company	The PRC	RMB18,000,000/ RMB18,000,000	49%	49%	Industrial solid and hazardous waste treatment
Shanghai Conch Venture Dixin Environmental Protection Development Co., Ltd. (上海海創德鑫環保發展有限公司)	Incorporated as limited liability Company	The PRC	RMB50,000,000/ –	40%	40%	Industrial solid and hazardous waste treatment

The information of associates is as below:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Carrying amount of the associates	<u>73,943</u>	<u>72,860</u>
Amounts of the Group's share of associates (Losses)/profits from continuing operations	(5,517)	689
Other comprehensive income	<u>—</u>	<u>—</u>
Total comprehensive income	<u>(5,517)</u>	<u>689</u>
Dividend received	1,400	3,148

## 8 TRADE AND OTHER RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables		
— Third parties	808,542	897,583
— Related parties	82,112	35,216
Bills receivable, carried at amortised cost	78,526	44,671
Bills receivable, carried at FVOCI	6,337	18,382
Less: allowance for doubtful debts	<u>(70,381)</u>	<u>(50,751)</u>
Trade and bills receivables	905,136	945,101
Other receivables		
— Deposits	16,534	18,155
— VAT recoverable	41,860	53,649
— others	12,847	3,292
Prepayments	<u>21,841</u>	<u>15,662</u>
	998,218	1,035,859
Amounts due from related parties		
— Others	<u>—</u>	<u>6,277</u>
Current portion of trade and other receivables	<u>998,218</u>	<u>1,042,136</u>
Non-current portion of trade and other receivables	<u>293,991</u>	<u>414,360</u>
Total current and non-current trade and other receivables	<u>1,292,209</u>	<u>1,456,496</u>

All of the current portion of trade and other receivables are expected to be recovered within one year.

As of the end of the reporting periods, the ageing analysis of trade receivables and bills receivable (which are included in trade and other receivables), based on the past due aging and net of loss allowance, is as follows:

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Current	<b>781,455</b>	665,677
Less than 1 year	<b>118,023</b>	279,319
1 to 2 years	<b>5,658</b>	105
	<b><u>905,136</u></b>	<u>945,101</u>

## 9 TRADE AND OTHER PAYABLES

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Trade payables		
— Third parties	<b>271,506</b>	257,263
— Related parties	<b>66,253</b>	58,286
Bills payable	<b>93,744</b>	80,939
	<b><u>431,503</u></b>	<u>396,488</u>
Trade and bills payables		
Other payables and accruals		
— Construction and equipment payables	<b>434,863</b>	381,063
— Deposits	<b>33,132</b>	30,605
— Other taxes and surcharges payables	<b>10,339</b>	5,458
— Accrued payroll and other benefits	<b>107,924</b>	140,340
— Accrued expenses	<b>65,023</b>	67,708
— Others	<b>42,706</b>	76,815
	<b><u>1,125,490</u></b>	<u>1,098,477</u>
Dividends payable	<b>31,219</b>	27,182
Amounts due to related parties		
— Construction and equipment payables	<b>224,777</b>	251,833
— Others	<b>1,274</b>	1,252
	<b><u>1,382,760</u></b>	<u>1,378,744</u>
Trade and other payables		

An ageing analysis of trade and bills payables of the Group is as follows:

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Within 1 year	<b><u>431,503</u></b>	<u>396,488</u>

The amounts due to related parties are unsecured, non-interest bearing and repayable on demand.

## **10 DIVIDENDS**

Pursuant to a resolution passed at the annual general meeting on 26 June 2024, a final dividend in respect of previous financial year of HKD3 cents per share totaling HKD54,803,000 (equivalent to approximately RMB51,332,000) was approved (2023: HKD Nil, equivalent to approximately RMB Nil), which was paid in July 2024.

No final dividends were proposed after the end of reporting period (2023: HKD3 cents per ordinary share).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **MACRO ENVIRONMENT**

In 2024, the international environment remained intricate and complex, the momentum of global economy growth stayed weak and the geopolitical conflicts intensified along with insufficient effective domestic demand. Facing complex and severe situation with intensified external pressure and increasing internal difficulties, China actively advanced high-quality development and accelerated green and low-carbon transformation under the guidance of national macro policies. The national economy maintained overall stability and demonstrated steady progress, with an increase of approximately 5% in GDP over last year.

During the Reporting Period, in the face of numerous adverse factors such as intensified competition in the hazardous waste treatment market and a continuous downturn in operating rate of cement kiln, the Group focused on the development of external market, and continuously strengthened internal management, optimized production organization and strengthened production management coordination with cement enterprises and factories, with an increase in “total treatment volume” and a year-on-year decrease in trade receivables. Although the Group’s consolidated profitability declined due to the ongoing decrease in treatment prices of solid and hazardous wastes, the overall operating situation was basically stable and all work was carried out in an orderly manner.

### **BUSINESS REVIEW**

Since 2024, under the leadership of the Board, the Group has closely focused on the development plan and seized the policy opportunity of “green and low-carbon transformation”. While consolidating its leading position in cement kiln co-treatment for solid and hazardous waste business, the Group continued to increase research and development and innovation of technologies, and focused on resource utilization, energy saving and carbon reduction and other key areas, further deepening and improving the Group’s presence in environmental protection industry.

At the end of the Reporting Period, the Group put into operation and constructed a total of 85 environmental protection projects in 21 provinces, municipalities, and autonomous regions across the country, including 41 general hazardous waste projects, 6 fly ash washing projects, 6 oil sludge treatment projects, 26 industrial solid waste projects and 6 comprehensive resource utilization projects. The treatment scale of the projects was approximately 12,042,300 tonnes/year (excluding projects subject to approval and to be constructed).



## **Industrial hazardous waste treatment and comprehensive resource utilization**

### *1) Project expansion*

In terms of fly ash treatment, the Group successfully secured a project in Taizhou, Zhejiang Province (50,000 tonnes/year). During the Reporting Period, the Wuhu project of the Group was successfully selected as one of the first batch national-level regional hazardous waste (fly ash) centralized treatment centers, which fully demonstrated the Group's advanced treatment process, extensive technology expertise and strong industrial influence in the fly ash treatment area.

In terms of resource utilization, the Group fully leveraged results of market investigation to continuously expand alternative fuel business and enhance control over the source of alternative fuel business. During the Reporting Period, the Group successfully secured two alternative fuel projects: one in Shenzhen, Guangdong Province (200,000 tonnes/year) and another in Xuancheng, Anhui Province (50,000 tonnes/year).

### *2) Project operation*

In terms of market expansion, the Group placed great emphasis on customers at the source, achieving further increase in the “number of customers and contracts”; continuously strengthened bidding management as to key waste-generating companies and successively obtained the treatment franchise of barium residue, oil sludge of oil production plants and other key projects; and proactively promoted cross-provincial transportation, successfully opening up the channel for cross-provincial transition of fly ash from Zhejiang Province to Anhui Province.

In terms of operation and management, the Group continuously strengthened production management of cement enterprises and plants, strengthened production organization, optimized cost control in production, procurement and other management processes and solidly promoted technological reforms and measures, thereby steadily improving its treatment efficiency.

During the Reporting Period, the total treatment volume of industrial hazardous waste of the Group was approximately 1,165,700 tonnes, representing a year-on-year increase of approximately 8.27%, among which approximately 991,000 tonnes were general hazardous waste, approximately 108,000 tonnes were oil sludge, and approximately 66,700 tonnes were fly ash. Approximately 2,800 tonnes of comprehensive resource utilization matte products were sold, and approximately 302,400 tonnes of alternative fuels were produced and sold, representing a year-on-year increase of approximately 198%.

### **Industrial solid waste treatment**

#### *1) Project expansion*

The Group conducted in-depth market research on sludge market, fully promoted the launch of high-quality projects and continuously strengthened investigation exchanges of resource utilization technologies of sludge. Combining the energy-saving and consumption-reducing effect of sludge and leveraging the successful operating experience of its existing sludge drying projects, the Group actively explored new cooperation and development model with cement enterprises.

During the Reporting Period, the Group successfully entered into a solid waste treatment project in Qingxin, Guangdong Province (300,000 tonnes/year).

#### *2) Project operation*

The Group actively expanded its presence in industrial solid waste treatment and obtained the treatment franchise for a number of key sludge projects, further enhancing the operating efficiency of the Company. During the Reporting Period, the total treatment volume of industrial solid waste of the Group was approximately 1,815,100 tonnes, representing a year-on-year decrease of approximately 12.38%.

At the end of the Reporting Period, details of general hazardous waste treatment projects of the Group in operation and under construction are set out in the following table:

No.	Status of Construction	Region	Project Location	Treatment Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date
1	In operation	East China	Wuhu, Anhui Province	266,000 tonnes/year	130,000 tonnes/year	December 2017
2			Suzhou, Anhui Province	200,000 tonnes/year	125,000 tonnes/year	August 2018
3			Yixing, Jiangsu Province	190,000 tonnes/year	100,000 tonnes/year	December 2019
4			Wuhu, Anhui Province	16,500 tonnes/year	16,500 tonnes/year	January 2021
5			Ningguo, Anhui Province	100,000 tonnes/year	70,000 tonnes/year	January 2022
6			Nanjing, Jiangsu Province	100,000 tonnes/year	94,600 tonnes/year	January 2022
7		Zhejiang	Fuyang, Zhejiang Province	200,000 tonnes/year	90,000 tonnes/year	June 2022
8		Jiangxi	Yiyang, Jiangxi Province	300,000 tonnes/year	170,000 tonnes/year	May 2018
9			Sanming, Fujian Province	200,000 tonnes/year	40,500 tonnes/year	August 2019
10			Fuzhou, Jiangxi Province	100,000 tonnes/year	75,000 tonnes/year	October 2022
11		Hunan	Qiyang, Hunan Province	270,000 tonnes/year	69,500 tonnes/year	January 2020
12			Linxiang, Hunan Province	190,000 tonnes/year	88,500 tonnes/year	January 2021
13			Wuhan, Hubei Province	18,000 tonnes/year	18,000 tonnes/year	December 2023
14		South China	Xingye, Guangxi Region	320,000 tonnes/year	161,500 tonnes/year	August 2018
15			Yangchun, Guangdong Province	205,000 tonnes/year	85,300 tonnes/year	August 2020
16			Chongzuo, Guangxi Region	100,000 tonnes/year	85,000 tonnes/year	March 2021
17			Long'an, Guangxi Region	100,000 tonnes/year	70,000 tonnes/year	March 2021
18			Guilin, Guangxi Region	230,000 tonnes/year	50,000 tonnes/year	July 2021
19			Shaoguan, Guangdong Province	430,000 tonnes/year	180,600 tonnes/year	April 2023
20			Qingyuan, Guangdong Province	70,000 tonnes/year	67,500 tonnes/year	August 2023
21			Luoding, Guangdong Province	300,000 tonnes/year	100,000 tonnes/year	April 2024
22		Southwest China	Zhong County, Chongqing Municipality	448,000 tonnes/year	143,500 tonnes/year	June 2019
23			Wenshan, Yunnan Province	71,000 tonnes/year	66,000 tonnes/year	August 2019
24			Qingzhen, Guizhou Province	150,000 tonnes/year	100,000 tonnes/year	September 2019
25			Nantong, Chongqing Municipality	160,000 tonnes/year	50,000 tonnes/year	December 2022
26		Northwest China	Fuping, Shaanxi Province	100,000 tonnes/year	100,000 tonnes/year	April 2016
27			Qian County, Shaanxi Province	80,100 tonnes/year	80,100 tonnes/year	April 2017
28			Qianyang, Shaanxi Province	100,000 tonnes/year	78,000 tonnes/year	October 2018
29			Tongchuan, Shaanxi Province	100,000 tonnes/year	81,500 tonnes/year	August 2019
30			Pingliang, Gansu Province	130,000 tonnes/year	60,000 tonnes/year	June 2022
31			Jiayuguan, Gansu Province	200,000 tonnes/year	100,000 tonnes/year	June 2022
32			Tongchuan, Shaanxi Province	200,000 tonnes/year	147,000 tonnes/year	April 2024
33		Shandong	Sishui, Shandong Province	200,000 tonnes/year	100,000 tonnes/year	January 2020
34			Dezhou, Shandong Province	100,000 tonnes/year	75,000 tonnes/year	December 2020
35			Tai'an, Shandong Province	160,000 tonnes/year	100,000 tonnes/year	December 2020
36		Henan	Luoyang, Henan Province	138,000 tonnes/year	72,000 tonnes/year	December 2020
37			Jiyuan, Henan Province	80,000 tonnes/year	50,000 tonnes/year	December 2020
38			Dengfeng, Henan Province	100,000 tonnes/year	80,000 tonnes/year	July 2021
39		Northeast China	Hulunbuir, Inner Mongolia	50,000 tonnes/year	35,000 tonnes/year	June 2022
40			Arong Qi, Inner Mongolia	100,000 tonnes/year	85,000 tonnes/year	June 2022
<b>Subtotal</b>				<b>6,572,600 tonnes/year</b>	<b>3,490,600 tonnes/year</b>	
41	Under construction	Northwest China	Yongdeng, Gansu Province	100,000 tonnes/year	/	April 2025
<b>Subtotal</b>				<b>100,000 tonnes/year</b>	<b>/</b>	
<b>Total</b>				<b>6,672,600 tonnes/year</b>	<b>3,490,600 tonnes/year</b>	

At the end of the Reporting Period, details of fly ash washing projects of the Group in operation and under construction are set out in the following table:

No.	Status of Construction	Region	Project Location	Treatment Capacity	Actual/Expected Completion Date
1	In operation	East China	Wuhu, Anhui Province	100,000 tonnes/year	December 2020
2			Quanjiao, Anhui Province	100,000 tonnes/year	May 2023
3		Jiangxi	Yiyang, Jiangxi Province	100,000 tonnes/year	March 2022
4		Hunan	Yiyang, Hunan Province	49,500 tonnes/year	March 2022
5		Northwest China	Qian County, Shaanxi Province	50,000 tonnes/year	December 2023
<b>Subtotal</b>				<b>399,500 tonnes/year</b>	
6	Under construction	Zhejiang	Taizhou, Zhejiang Province	50,000 tonnes/year	January 2026
<b>Subtotal</b>				<b>50,000 tonnes/year</b>	
<b>Total</b>				<b>449,500 tonnes/year</b>	

At the end of the Reporting Period, details of oil sludge treatment projects of the Group in operation and under construction are set out in the following table:

No.	Status of Construction	Region	Project Location	Treatment Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date
1	In operation	Northwest China	Yulin, Shaanxi Province	225,000 tonnes/year	225,000 tonnes/year	May 2020
2			Qingyang, Gansu Province	96,000 tonnes/year	88,000 tonnes/year	April 2024
3		Shandong	Binzhou, Shandong Province	100,000 tonnes/year	100,000 tonnes/year	May 2021
4			Dongying, Shandong Province	160,000 tonnes/year	160,000 tonnes/year	January 2022
5		Northeast China	Jinzhou, Liaoning Province	Oil sludge treatment: 20,000 tonnes/year Incineration: 42,000 tonnes/year	62,000 tonnes/year	September 2023
<b>Subtotal</b>				<b>643,000 tonnes/year</b>	<b>635,000 tonnes/year</b>	
6	Under construction	Southwest China	Zhong County, Chongqing Municipality (Phase 1)	50,000 tonnes/year	/	January 2025
<b>Subtotal</b>				<b>50,000 tonnes/year</b>		
<b>Total</b>				<b>693,000 tonnes/year</b>	<b>635,000 tonnes/year</b>	

At the end of the Reporting Period, details of industrial solid waste treatment projects of the Group in operation and under construction are set out in the following table:

No.	Status of Construction	Region	Project Location	Treatment Capacity	Actual/Expected Completion Date
1	In operation	East China	Huaining, Anhui Province	66,000 tonnes/year	September 2017
2			Huaipei, Anhui Province	132,000 tonnes/year	December 2017
3			Fanchang, Anhui Province	210,000 tonnes/year	July 2020
4			Chizhou, Anhui Province	200,000 tonnes/year	November 2020
5			Quanjiao, Anhui Province	60,000 tonnes/year	July 2021
6			Zongyang, Anhui Province	100,000 tonnes/year	July 2021
7			Chaohu, Anhui Province (sludge drying)	200,000 tonnes/year	January 2023
8			Wuhu, Anhui Province (sludge drying)	146,000 tonnes/year	February 2023
9			Tongling, Anhui Province	650,000 tonnes/year	March 2023
10			Hunan	Yiyang, Hunan Province	66,200 tonnes/year
11		Xinhua, Hunan Province		66,000 tonnes/year	January 2022
12		South China	Yunfu, Guangdong Province	160,000 tonnes/year	June 2023
13			Changjiang, Hainan	100,000 tonnes/year	January 2024
14		Southwest China	Liangping, Chongqing Municipality	235,000 tonnes/year	September 2019
15			Guangyuan, Sichuan Province	120,000 tonnes/year	January 2020
16			Shuicheng, Guizhou Province	66,000 tonnes/year	October 2023
17			Mianyang, Sichuan Province	100,000 tonnes/year	March 2024
18			Dazhou, Sichuan Province	155,000 tonnes/year	May 2024
19		Northwest China	Mian County, Shaanxi Province	16,500 tonnes/year	October 2017
20		Shandong	Baoding, Hebei Province	100,000 tonnes/year	March 2021
21			Jining, Shandong Province	50,000 tonnes/year	April 2024
22		Henan	Xin'an, Henan Province	49,500 tonnes/year	June 2022
23		Non-regional projects	Lin'an, Zhejiang Province	100,000 tonnes/year	March 2022
24			Changshou, Chongqing Municipality	149,000 tonnes/year	April 2022
25			Xiangtan, Hunan Province	200,000 tonnes/year	May 2023
26			Changshan, Zhejiang Province	250,000 tonnes/year	January 2024
<b>Subtotal</b>				<b>3,747,200 tonnes/year</b>	

At the end of the Reporting Period, details of alternative fuel processing projects of the Group in operation and under construction are set out in the following table:

No.	Status of Construction	Region	Project Location	Treatment Capacity	Actual/Expected Completion Date
1	In operation	South China	Qingyuan, Guangdong Province	30,000 tonnes/year	July 2023
2		East China	Wuhu, Anhui Province	100,000 tonnes/year	November 2023
3			Chizhou, Anhui Province (Phase 1)	100,000 tonnes/year	May 2024
<b>Subtotal</b>				<b>230,000 tonnes/year</b>	
4	Under construction	East China	Xuancheng, Anhui Province	50,000 tonnes/year	January 2025
5			Chizhou, Anhui Province (Phase 2)	100,000 tonnes/year	January 2025
<b>Subtotal</b>				<b>150,000 tonnes/year</b>	
<b>Total</b>				<b>380,000 tonnes/year</b>	

At the end of the Reporting Period, details of the comprehensive utilization project of other resource of the Group are set out in the following table:

No.	Status of Construction	Region	Project Location	Treatment Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date
1	In operation	Zhejiang	Ninghai, Zhejiang Province	100,000 tonnes/year	100,000 tonnes/year	May 2021
2	Under construction	South China	Changjiang, Hainan Province	15,000 vehicles/year	/	January 2025

At the end of the Reporting Period, the treatment capacity of the Group's projects in operation and under construction was approximately 12,042,300 tonnes/year, the details of which are set out in the following table:

*Unit: 10,000 tonnes/year*

Category	General hazardous waste		Fly ash washing		Oil sludge treatment		Solid waste	Comprehensive resource utilization	
	In operation	Under construction	In operation	Under construction	In operation	Under construction	In operation	In operation	Under construction
Treatment capacity	657.26	10	39.95	5	64.3	5	374.72	33	15

## FINANCIAL PROFITABILITY

Item	2024	2023	Change between
	Amount (RMB'000)	Amount (RMB'000)	the Reporting Period and of last year (%)
Revenue	1,686,990	1,881,556	-10.34
Profit before taxation	10,027	352,267	-97.15
(Loss)/profit for the year	-5,368	304,013	-101.77
Net profit attributable to the equity Shareholders of the Company	<u>6,275</u>	<u>264,130</u>	<u>-97.62</u>

During the Reporting Period, the Group recorded revenue of RMB1,686.99 million, representing a year-on-year decrease of 10.34%. Profit before taxation amounted to RMB10.03 million, representing a year-on-year decrease of 97.15%. Loss for the year amounted to RMB5.37 million, representing a year-on-year decrease of 101.77%. Net profit attributable to equity shareholders of the Company amounted to RMB6.28 million, representing a year-on-year decrease of 97.62%.

### Revenue by business stream

Item	2024		2023		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
<b>Industrial hazardous</b>						
waste treatment services	1,151,699	68.27	1,220,163	64.85	-5.61	3.42
General hazardous waste	958,226	56.80	1,047,377	55.67	-8.51	1.13
Oil Sludge	107,583	6.38	80,796	4.29	33.15	2.09
Fly ash	85,890	5.09	91,990	4.89	-6.63	0.20
<b>Industrial solid waste</b>						
treatment services	407,976	24.18	568,674	30.22	-28.26	-6.04
<b>Comprehensive resource</b>						
utilization	127,315	7.55	92,719	4.93	37.31	2.62
<b>Total</b>	<u>1,686,990</u>	<u>100.00</u>	<u>1,881,556</u>	<u>100.00</u>	<u>-10.34</u>	<u>-</u>

During the Reporting Period, revenue of the Group was derived from three main business streams, namely (i) industrial hazardous waste treatment services; (ii) industrial solid waste treatment services; and (iii) comprehensive resource utilization. With a breakdown by business streams:

- (i) Revenue from **industrial hazardous waste treatment services** was RMB1,151.70 million, representing a year-on-year decrease of 5.61%, of which:

Revenue from **general hazardous waste** was RMB958.23 million, representing a year-on-year decrease of 8.51%. The decrease in revenue was mainly attributable to the following reasons: firstly, the intensified market competition resulting in the decrease of the market prices in Jiangxi, Chongqing, Hunan, Henan and other provinces and municipalities; and secondly, the additional time of shifting suspension of cement kilns, affecting the treatment of the hazardous waste from companies in Fuyang, Qianyang, Longan and Xingye.

Revenue from **oil sludge treatment** was RMB107.58 million, representing a year-on-year increase of 33.15%. This was primarily due to the faster year-on-year growth of the Dongying project.

Revenue from **fly ash treatment** was RMB85.89 million, representing a year-on-year decrease of 6.63%. This was primarily due to the insufficient treatment volume of fly ash projects, resulting in a decrease in revenue.

- (ii) Revenue from **industrial solid waste treatment services** was RMB407.98 million, representing a year-on-year decrease of 28.26%. This was primarily due to the delays in the execution of certain planned orders for disposal of contaminated soil by the Group, which resulted in insufficient treatment volume.
- (iii) Revenue from **comprehensive resource utilization** was RMB127.32 million, representing a year-on-year increase of 37.31%. This was primarily due to the commencement of operation of alternative fuel projects in Wuhu and Chizhou.



## Gross profit and gross profit margin

Item	2024		2023		Change in amount (%)	Change in percentage (Percentage points)
	Gross profit	Gross profit margin	Gross profit	Gross profit margin		
	(RMB'000)	(%)	(RMB'000)	(%)		
<b>Industrial hazardous</b>						
<b>waste treatment services</b>	<b>435,596</b>	<b>37.82</b>	582,865	47.77	-25.27	-9.95
General hazardous waste	360,102	37.58	529,645	50.57	-32.01	-12.99
Oil Sludge	44,264	41.14	24,740	30.62	78.92	10.52
Fly ash	31,229	36.36	28,480	30.96	9.65	5.40
<b>Industrial solid waste</b>						
<b>treatment services</b>	<b>169,553</b>	<b>41.56</b>	282,403	49.66	-39.96	-8.10
<b>Comprehensive resource</b>						
<b>utilization</b>	<b>24,123</b>	<b>18.95</b>	28,302	30.52	-14.76	-11.58
<b>Total</b>	<b>629,273</b>	<b>37.30</b>	893,570	47.49	-29.58	-10.19

During the Reporting Period, the Group recorded a gross profit of RMB629.27 million, representing a year-on-year decrease of 29.58%. With a breakdown by business streams:

- (i) Gross profit margin for **industrial hazardous waste treatment services** was 37.82%, representing a year-on-year decrease of 9.95 percentage points, among which:

Gross profit margin for **general hazardous waste** was 37.58%, representing a year-on-year decrease of 12.99 percentage points, which was mainly due to the declining market prices, coupled with the decrease in the operation rate of the synergistic kiln resulting in restricted treatment, and the failure of fixed cost dilution.

Gross profit margin for **oil sludge treatment** was 41.14%, representing a year-on-year increase of 10.52 percentage points, which was mainly due to the effective utilization of the production capacity following the technical upgrades at the oil sludge treatment companies, and the increase in intake as well as cost dilution, which effectively improved the gross profit margin.

Gross profit margin for **fly ash treatment** was 36.36%, representing a year-on-year increase of 5.40 percentage points.

- (ii) Gross profit margin for **industrial solid waste treatment services** was 41.56%, representing a year-on-year decrease of 8.10 percentage points, which was mainly due to the insufficient intake of contaminated soil, leading to a decrease in revenue.

(iii) Gross profit margin for **comprehensive resource utilization** was 18.95%, representing a year-on-year decrease of 11.58 percentage points, mainly due to the changes in the business structure of comprehensive resource utilization with an increase in the proportion of alternative fuels business, which resulted in a decrease in the overall gross profit margin as a result of its lower gross profit margin.

### **Other net income**

During the Reporting Period, the Group's other net income amounted to RMB42.60 million, representing a year-on-year increase of RMB9.63 million, or 29.20%, primarily due to a year-on-year increase in government subsidies received.

### **Distribution costs**

During the Reporting Period, the Group's distribution costs amounted to RMB169.83 million, representing a year-on-year increase of RMB24.17 million, primarily due to the increase in number of projects in operation and the rise in marketing expenses.

### **Administrative expenses**

During the Reporting Period, the Group's administrative costs amounted to RMB339.24 million, representing a year-on-year increase of RMB26.70 million, or 8.54%, primarily due to the increase in depreciation and amortisation resulting from the capitalization of newly operational projects.

### **Finance costs**

During the Reporting Period, the Group's finance costs amounted to RMB117.26 million, representing a year-on-year increase of RMB15.76 million, or 15.52%, primarily due to the decrease in capitalised finance costs resulting from the capitalization of newly operational projects and the basically unchanged finance costs excluding the capitalisation effect.

### **Profit before taxation**

During the Reporting Period, the Group's profit before taxation amounted to RMB10.03 million, representing a year-on-year decrease of RMB342.24 million, or 97.15%, and share of profits of associates amounted to RMB-5.52 million, representing a year-on-year decrease of RMB6.21 million.

## FINANCIAL POSITION

As at the end of the Reporting Period, the Group's total assets amounted to RMB9,750.38 million, representing an increase of RMB338.11 million as compared to the end of the previous year. The equity attributable to equity shareholders of the Company amounted to RMB2,947.98 million, representing a decrease of RMB45.06 million as compared to the end of the previous year. Gearing ratio (total liabilities/total assets) of the Group was 62.47%, representing an increase of 1.89 percentage points as compared to the end of the previous year. The balance sheet items of the Group are as follows:

Item	As at 31 December 2024 (RMB'000)	As at 31 December 2023 (RMB'000)	Change between the end of the Reporting Period and the end of the previous year (%)
Property, plant and equipment	7,396,978	7,057,252	4.81
Non-current assets	8,242,107	8,003,394	2.98
Current assets	1,508,271	1,408,874	7.06
Non-current liabilities	3,819,517	3,025,752	26.23
Current liabilities	2,271,937	2,676,326	-15.11
Net current liabilities	763,666	1,267,452	-39.75
Equity attributable to equity shareholders of the Company	2,947,980	2,993,037	-1.51
Total assets	9,750,378	9,412,268	3.59
Total liabilities	6,091,454	5,702,078	6.83

### Non-current assets and current assets

As at the end of the Reporting Period, non-current assets of the Group amounted to RMB8,242.11 million, representing an increase of 2.98% as compared to the end of the previous year, primarily due to the increase in property, plant and equipment.

Current assets of the Group amounted to RMB1,508.27 million, representing an increase of 7.06% as compared to the end of the previous year, primarily due to the increase in bank deposits of the Company.

## **Non-current liabilities and current liabilities**

As at the end of the Reporting Period, non-current liabilities of the Group amounted to RMB3,819.52 million, representing an increase of 26.23% as compared to the end of the previous year, primarily due to the issuance of the first tranche 5-year green medium-term notes of RMB1.5 billion by 安徽海螺環保集團有限公司 (Anhui Conch Environment Group Co., Ltd.\*) (“**Anhui Conch Environment**”), a subsidiary of the Company, during the Reporting Period.

Current liabilities of the Group amounted to RMB2,271.94 million, representing a decrease of 15.11% as compared to the end of the previous year, primarily due to the repayment of long-term borrowings due within one year during the Reporting Period.

As at the end of the Reporting Period, current ratio of the Group was 0.66 (compared to 0.53 at the end of the previous year) and debt to equity ratio (calculated by dividing total amount of loans by total equity) was 1.27 (compared to 1.15 at the end of the previous year).

## **Net current liabilities**

As at the end of the Reporting Period, the Group’s net current liabilities amounted to RMB763.67 million, representing a decrease of RMB503.79 million as compared to the end of the previous year, mainly due to the Group’s proactive efforts to expand fundraising channels in order to address liquidity risk. In August 2024, Anhui Conch Environment issued the first tranche green medium-term notes of RMB1.5 billion in the PRC with coupon rate of 2.13% and a term of 5 years, which was mainly used to replace long-term borrowings, in order to optimize capital structure.

## **Equity attributable to equity shareholders of the Company**

As at the end of the Reporting Period, the Group’s equity attributable to equity shareholders of the Company amounted to RMB2,947.98 million, representing a decrease of 1.51% as compared to the end of the previous year, primarily due to the distribution of dividends of the Group.

## **LIQUIDITY AND CAPITAL SOURCES**

During the Reporting Period, the Group enhanced capital planning and management and conducted reasonable allocation of project loans, so as to fully satisfy the Company’s capital needs. As of 31 December 2024, the Group’s cash and cash equivalents amounted to RMB345.62 million, which were mainly denominated in RMB.

## Bank loans

Item	As at	As at
	31 December 2024 (RMB'000)	31 December 2023 (RMB'000)
Due within one year	867,687	1,277,159
Due after one year but within two years	882,455	1,218,512
Due after two years but within five years	1,264,658	1,364,472
Due after five years	133,065	397,847
<b>Total</b>	<b>3,147,865</b>	<b>4,257,990</b>

At the end of the Reporting Period, the Group's bank loan balance amounted to RMB3,147.87 million, representing a decrease of RMB1,110.13 million as compared to the end of the previous year. This decrease was primarily due to the Group's issuance of green medium-term notes during the Reporting Period, which were used to replace bank loans. As at 31 December 2024, all of the Group's bank loans were denominated in RMB, and most of the loan interests were subject to variable interest rate.

## Cash flow

At the end of the Reporting Period, the Group's balance of cash and cash equivalents amounted to RMB345.62 million, representing a year-on-year increase of RMB99.37 million.

Item	2024	2023
	(RMB'000)	(RMB'000)
Net cash generated from operating activities	434,083	631,105
Net cash used in investing activities	-540,179	-973,724
Net cash generated from financing activities	205,464	315,815
Net increase/(decrease) in cash and cash equivalents	99,368	-26,804
Cash and cash equivalents at the beginning of the period	246,254	273,058
Cash and cash equivalents at the end of the period	<b>345,622</b>	<b>246,254</b>

## Net cash generated from operating activities

During the Reporting Period, net cash generated from operating activities of the Group amounted to RMB434.08 million, representing a year-on-year decrease of RMB197.02 million, primarily due to the increase in procurement payment as a result of business development.

### Net cash used in investing activities

During the Reporting Period, net cash used in investing activities of the Group amounted to RMB540.18 million, representing a year-on-year decrease of RMB433.55 million, primarily due to the decrease in payment for purchase of property, plant and equipment and construction in progress.

### Net cash generated from financing activities

During the Reporting Period, net cash generated from financing activities of the Group amounted to RMB205.46 million, representing a year-on-year decrease of RMB110.35 million, primarily due to an increase in repayment of loans during the Reporting Period as compared with the corresponding period.

### COMMITMENTS

At the end of the Reporting Period, purchase commitments of the Group in connection with construction contracts were as follows:

<b>Item</b>	<b>As at 31 December 2024 (RMB'000)</b>	<b>As at 31 December 2023 (RMB'000)</b>
Contracted for	77,832	508,872
Authorized but not contracted for	325,836	441,181
<b>Total</b>	<b>403,668</b>	<b>950,053</b>

### FOREIGN EXCHANGE RISK

The Group's functional currency is RMB. Foreign exchange risks faced by the Group were mainly derived from account payables arising from procurement which were mainly denominated in foreign currencies, with the primary currency being HKD. Other than that, most of the assets and transactions of the Group were denominated in RMB, and the capital expenditures of the Group's domestic business were generally funded with the revenue in RMB. As a result, the Group is not exposed to significant foreign exchange risks.

The Group did not use any financial derivatives to hedge against any foreign exchange risks.

## **CONTINGENT LIABILITIES**

At the end of the Reporting Period, the Group has issued guarantees for banking facilities of its associate, 雲浮光嘉海中環保科技有限公司 (Yunfu Guangjia Haizhong Environmental Protection Technology Co., Ltd. \*) amounting to RMB24,000,000 (2023: nil). These facilities remained fully unutilized (2023: nil) as at 31 December 2024. The Directors do not consider it probable that a claim will be made against the Group under any of these guarantees. The Group have not recognised any deferred income of the above guarantees for its associates as their fair value cannot be reliably measured and their transaction price was RMB nil.

## **PLEDGE OF ASSETS**

At the end of the Reporting Period, the bank loans of the Group amounting to RMB77,280,000 (31 December 2023: RMB44,286,000) were secured by right-of-use assets provided by Luoyang Haizhong Environmental Protection Technology Co., Ltd. 洛陽海中環保科技有限責任公司 (Luoyang Haizhong Environmental Protection Technology Co., Ltd. \*), a subsidiary of the Company.

At the end of the Reporting Period, the bank loans of the Group amounting to RMB62,853,000 (31 December 2023: RMB nil) were secured by right-of-use assets provided by 忠縣海螺環保科技有限責任公司 (Zhong County Conch Environmental Protection Technology Co., Ltd.\*), a subsidiary of the Company.

At the end of the Reporting Period, the bank loans of the Group amounting to RMB47,550,000 (31 December 2023: RMB23,206,000) were secured by plant of 寧海馨源泰環保科技有限公司 (Ninghai Xinyuntai Environmental Protection Technology Co., Ltd.\*), a subsidiary of the Company.

## **MATERIAL INVESTMENTS**

During the Reporting Period, the Group had no material investment, acquisitions, or disposals.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS ACQUISITION**

During the Reporting Period, the Board did not approve any future plans for material investment or capital asset acquisition.

## **MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the Reporting Period, the Company did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

## HUMAN RESOURCES

The Group will continue to explore a more optimized employment management model based on the strategic planning for future development and the actual needs of the operation and management, and innovate the employment methods by combining the actual situation of each project; meanwhile, under the existing salary and performance appraisal system of the Group, the appraisal indicators are continuously improved and refined to make them more suitable for the Group's operation and management, so that the performance appraisal can be more effective. In addition, the Group offers competitive remuneration packages and various enriching training programs to its employees, taking into account the salary level of the industry and the local economic development level of the area where the projects are located.

The Group is committed to building a diversified and regularized employee training system. During the Reporting Period, the Group carried out training programs to enhance employee capabilities in areas such as production processes, safety and environmental protection, and finance across various professional lines. The Group also continued to advance the application and evaluation of intermediate and senior technical qualifications in the engineering series, as well as national safety-related qualification training and certification. Additionally, the Group revised its employee re-education policy, strengthened the supporting mechanisms, and promoted the skills improvement of specialized talent and the broadening of talent perspectives. The Group further improved the evaluation system for cadre talent, establishing a ranking mechanism for evaluation and implementing dynamic adjustments to the "outstanding young cadre" pool to foster a positive competitive environment. This aims to build a more layered and specialized cadre and talent team, ensuring human resources support for the Group's high-quality development.

As at the end of the Reporting Period, the Group had 3,288 employees (2023: 3,539 employees). The remuneration of employees is determined by qualifications, experience, work performance and market conditions. As required by the PRC regulations on social insurance, the Group participated in the social insurance schemes operated by local government authorities which include pension insurance, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance.

During the Reporting Period, the total remuneration of employees (including the remuneration of the Directors) was approximately RMB466.51 million (2023: approximately RMB423.30 million).



## FUTURE PLAN AND OUTLOOK

2025 marks the final year of the implementation of the “14th Five-Year” Development Plan and a crucial year for the Group to seek breakthroughs and transformational development. From an industry perspective, promoting the establishment of a robust hazardous waste recycling system and strictly controlling hazardous waste landfill disposal will be key focal points of national environmental policies. In February 2025, the General Office of the Ministry of Ecology and Environment issued the “Guiding Opinions on Further Strengthening Environmental Management of Hazardous Waste and Strictly Preventing Environmental Risks” (《關於進一步加強危險廢物環境治理嚴密防控環境風險的指導意見》), which emphasized the need to steadily reduce the proportion of hazardous waste disposed of in landfills and promote the resource utilization of hazardous waste. By 2030, the proportion of hazardous waste disposed of in landfills nationwide should be controlled to within 10%.

The Group will closely follow the guidance of national policies. Guided by the overarching strategy of “giving full play to production capacity, improving efficiency, and accelerating development”, and adhering to the principles of “focusing on front-end initiatives and innovation-driven efforts”, the Group will further enhance the core competitiveness of the enterprise, cultivate new quality productivity, accelerate the transformation and development of the enterprise, and consolidate our Group’s leading position in the solid and hazardous waste disposal industry. To this end, the Group will focus on the following aspects of work:

### **Adhering to front-end efforts and source-level planning to drive transformation and promote development**

The Group will focus on the development of its main environmental protection business. By implementing the development concepts of “technological advancement, industrial synergy, and sustainable development”, and making efforts simultaneously in new construction and acquisitions, the Group will actively seek strategic cooperation opportunities with leading environmental protection companies, and spare no effort to promote its high-quality development. In terms of the cement kiln co-processing business, the Group will accelerate the implementation of sludge drying and general solid waste projects that require small investment and yield quick results, expand the bulk solid waste industry segment, and consolidate and enhance the advantages of its main business. Leveraging the resource advantages of its partner cement enterprises, the Group will also actively explore opportunities for overseas co-processing projects. In terms of the comprehensive resource utilization business, on the one hand, the Group will take the layout at the source as the breakthrough point. In regions with favorable conditions, the Group will accelerate the construction of urban green sorting centers to expand the source market for alternative fuels. On the other hand, the Group will accelerate the layout of the resource utilization industry, fully demonstrate the carriers of the reserved resource utilization projects, and focus on sub-sectors such as the recycling

of metal resources and the resource utilization of construction waste, further extending, supplementing, and strengthening the industrial chain, as well as enhancing the competitiveness of the enterprise. In terms of fly ash treatment, guided by the principle of prioritizing profitability and aligning with the national management policy orientation of approaching zero landfill for hazardous waste, the Group will focus on promoting the implementation of projects in economically developed regions. In terms of the oil sludge business, the Group will intensify market research in key oil-producing regions and coastal areas where the petroleum industry is located, strengthen the layout of exploring the source market of oil sludge, and seek cooperation opportunities with large oil fields. In terms of the medical waste treatment business, the Group will adopt a market-driven approach, explore the source treatment and source service models, and keep track of the application technologies for the front-end treatment of medical waste in a timely manner. The Group will also focus on capital cities and densely populated urban cities, dynamically track and collect information on the medical waste industry and relevant policies, and actively conduct feasibility demonstrations for investing in high-quality projects.

### **Insisting on increasing prices and volume and coordinating the enhancement of operational quality to reshape core competitiveness**

In terms of market expansion, the Group will further strengthen market development and actively promote price stability alongside price increases. The Group will enhance the market expansion of general solid waste, contaminated soil, and alternative fuels, expand channels for bulk solid waste and increase the volume of general solid waste entering its facilities to boost profitability from solid waste management. The Group will focus on improving service quality, well-coordinate bidding efforts for key waste-generating companies, and enhance client retention among major customers. The Group will continue to expand its alternative fuel business, increase the scale of alternative fuel sourcing business, and boost revenue from this sector. Additionally, the Group will fully leverage the demonstration and emergency response functions of the hazardous waste (fly ash) central disposal center in the East China region to accelerate market development for fly ash in Jiangsu, Zhejiang, and Shanghai, so as to increase its market share in the fly ash business stream.

In operation and management, the Group will deepen integration with cement manufacturers in production management, emphasizing process management, experience summarization, and workflow optimization while focusing on improving real-time efficiency and relative operating rates. The Group will actively advance technical reforms and measures, strengthen coordination management and broaden the co-treatment capacity for solid and hazardous waste. Furthermore, the Group will continuously optimize production and operation cost control to enhance efficiency and reduce costs.

## **Upholding technology-driven and mechanism innovation to fully empower quality and efficiency enhancement as well as industry extension**

The Group will intensify research and development efforts, and focus on new pollutant treatment, sludge deodorization and wall-breaking agents by leveraging its academician workstation and green technology research center to accelerate the conversion of technological achievements into practical applications. The Group will actively advance technical reforms and measures, encourage innovation across all levels, and gradually implement the transformation and upgrading of intelligent and information systems to enhance operational efficiency and drive cost reduction and efficiency improvements. By aligning its development with market demand and using engineering applications as a vehicle, the Group will promote the practical application of scientific research results, such as low-temperature pyrolysis of fly ash, aiming to establish benchmark projects in key business areas.

## **Strengthening compliance management and enhancing risk prevention and diffusion capabilities**

First, the Group will focus on intensifying commercial customer credit development and financial management oversight while establishing a comprehensive risk prevention and control system to continuously ensure stable and secure cash flow for the Company. Second, the Group will enhance its internal control and regulatory frameworks by concentrating on critical risk areas, and effectively address identified issues. Third, the Group will strengthen its safety management system, solidify the foundation of safety management practices and rigorously fulfill its safety management responsibilities.

## **FINAL DIVIDENDS**

The Board did not recommend the payment of the final dividend for the year ended 31 December 2024.

## **ANNUAL GENERAL MEETING**

The Company will arrange for the convening of the forthcoming annual general meeting (“AGM”) as soon as practicable, and the notice convening the AGM will be published and despatched to shareholders of the Company who have already provided instructions indicating their preference to receive hard copies in due course. The closure of register of members will be announced by the Company in the notice of the AGM to be published or in a further announcement.

## **SUBSEQUENT EVENTS**

There are no material subsequent events undertaken by the Group after the end of the Reporting Period and up to the date of this announcement.

## **COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES**

The Company confirmed that it complied with the principles and all applicable code provisions of the Corporate Governance Code (the “**Corporate Governance Code**”) as set out in Appendix C1 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) during the Reporting Period, except for Code Provision F.2.2. Code Provision F.2.2 of the Corporate Governance Code stipulates that the chairman of the board should attend the annual general meeting. Mr. Li Qunfeng (Chairman of the Board) was unable to attend the Company’s annual general meeting held on 26 June 2024 due to other work commitments. Mr. Li Xiaobo, who was serving as an executive Director of the Company at the time, was appointed to preside over the meeting.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as the code for dealing in securities of the Company by the Directors. Having made specific enquiries by the Company, all Directors confirmed that they complied with the Model Code during the Reporting Period.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES**

During the Reporting Period, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares (as defined in the Listing Rules)).

As at the end of the Reporting Period, the Company did not hold any treasury shares (including any treasury shares held or deposited with CCASS (as defined in the Listing Rules)).

## **REVIEW OF ANNUAL RESULTS**

The audit committee of the Board (the “**Audit Committee**”), which comprises three independent non-executive Directors, namely Ms. WANG Jiafen, being the chairperson of the Audit Committee, Mr. DING Wenjiang and Ms. LI Chen, has reviewed the annual results of the Company for the year ended 31 December 2024. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

## **PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT**

This results announcement is available on the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.conchenviro.com](http://www.conchenviro.com)). The 2024 annual report of the Company containing all the information required by the Listing Rules will be published on the above websites and will be despatched to shareholders of the Company who have already provided instructions indicating their preference to receive hard copies in due course.

For and on behalf of the Board  
**China Conch Environment Protection Holdings Limited**  
**Li Qunfeng**  
*Chairman*

Anhui Province, the People's Republic of China  
24 March 2025

*As at the date of this announcement, the Board comprises Mr. WANG Chunjian (General Manager), Ms. LIAO Dan and Mr. FAN Zhan as executive Directors, Mr. LI Qunfeng (Chairman), Mr. JIANG Dehong and Mr. MA Wei as non-executive Directors, and Mr. DING Wenjiang, Ms. WANG Jiafen and Ms. LI Chen as independent non-executive Directors.*