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CHINA ENVIRONMENTAL TECHNOLOGY HOLDINGS LIMITED
中國環保科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 646)

ANNOUNCEMENT OF ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

	Year ended 31 December 2024 HK\$'000	Year ended 31 December 2023 HK\$'000	Percentage Change %
Revenue	28,229	15,721	79.56%
Loss attributable to owners of the Company	(30,741)	(43,163)	(28.78%)

The board (the “**Board**”) of directors (the “**Directors**”) of China Environmental Technology Holdings Limited (the “**Company**”) announces the audited consolidated annual results of the Company and its subsidiaries (the “**Group**”) for the year ended 31 December 2024 together with the comparative figures for the year ended 31 December 2023.

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

For the year ended 31 December 2024

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Revenue	4	28,229	15,721
Cost of sales		<u>(20,445)</u>	<u>(9,195)</u>
Gross profit		7,784	6,526
Other income	6	1,286	65
Other gain, net	7	13,890	6,024
Distribution costs		(897)	(1,363)
Reversal of impairment loss on various assets	9	505	277
Administrative expenses		<u>(29,346)</u>	<u>(26,715)</u>
Loss from operations		(6,778)	(15,186)
Finance costs	8	<u>(25,992)</u>	<u>(28,151)</u>
Loss before tax	9	(32,770)	(43,337)
Income tax expense	10	<u>—</u>	<u>—</u>
Loss for the year		<u>(32,770)</u>	<u>(43,337)</u>
Other comprehensive income for the year, net of tax:			
<i>Items that be reclassified to profit or loss:</i>			
Exchange differences on translation of financial statements of foreign operations		<u>6,821</u>	<u>5,486</u>
		<u>6,821</u>	<u>5,486</u>
Total comprehensive expenses for the year		<u>(25,949)</u>	<u>(37,851)</u>

	2024	2023
<i>Notes</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the year attributable to:		
Owners of the Company	(30,741)	(43,163)
Non-controlling interests	<u>(2,029)</u>	<u>(174)</u>
	<u>(32,770)</u>	<u>(43,337)</u>
Total comprehensive expenses for the year attributable to:		
Owners of the Company	(23,810)	(37,554)
Non-controlling interests	<u>(2,139)</u>	<u>(297)</u>
	<u>(25,949)</u>	<u>(37,851)</u>
Loss per share		
	<i>12</i>	
– Basic (HK cent per share)	<u>(11.01)</u>	<u>(19.49)</u>
– Diluted (HK cent per share)	<u>(11.01)</u>	<u>(19.49)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	Notes	2024 HK\$'000	2023 HK\$'000
Non-current assets			
Property, plant and equipment		790	637
Right-of-use assets		1,243	178
Intangible assets		652	751
Interests in an associate		—	—
		<u>2,685</u>	<u>1,566</u>
Current assets			
Trade and other receivables	13	23,439	21,174
Contract assets and contract costs		10,211	15,773
Bank and cash balances		892	2,061
		<u>34,542</u>	<u>39,008</u>
Current liabilities			
Trade and other payables	14	357,612	358,407
Contract liabilities		11,572	15,006
Borrowings		81,286	74,508
Convertible bonds		—	69,662
Lease liabilities		786	182
		<u>451,256</u>	<u>517,765</u>
Net current liabilities		<u>(416,714)</u>	<u>(478,757)</u>
Total assets less current liabilities		<u>(414,029)</u>	<u>(477,191)</u>
Non-current liabilities			
Trade and other payables	14	78,068	61,263
Borrowings		69,642	73,171
Convertible bonds		10,738	—
Lease liabilities		471	—
		<u>158,919</u>	<u>134,434</u>
NET LIABILITIES		<u>(572,948)</u>	<u>(611,625)</u>

	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
Capital and reserves		
Share capital	171,349	102,849
Reserves	<u>(747,527)</u>	<u>(719,843)</u>
Equity attributable to owners of the Company	(576,178)	(616,994)
Non-controlling interests	<u>3,230</u>	<u>5,369</u>
TOTAL DEFICIT	<u>(572,948)</u>	<u>(611,625)</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 31 August 2001 and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The registered office and principal place of business of the Company are located at Vistra (Cayman) Limited, P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands and Unit 901, New Tech Plaza, 34 Tai Yau Street, San Po Kong, Kowloon, Hong Kong respectively.

The principal activity of the Company is investment holding.

At 31 December 2024, the Directors consider the direct parent of the Company to be Gentle International Holdings Limited, which is incorporated in the British Virgin Islands; and the ultimate parent of the Company to be Classy Jade Limited, which is incorporated in the Republic of Seychelles and controlled by Mr. Xu Zhongping, the executive Director of the Company. The direct and ultimate parent company do not produce consolidated financial statements available for public use.

2. BASIS OF PREPARATION

Going Concern

The Group incurred loss attributable to owners of the Company of approximately HK\$30,741,000 for the year ended 31 December 2024 and the Group had net current liabilities and net liabilities of approximately HK\$416,714,000 and approximately HK\$572,948,000 respectively as at 31 December 2024. These conditions indicate the existence of a material uncertainty which cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors have been undertaking a number of plans and measures to improve the Group’s liquidity and financial position, including:

- (i) the Directors have reviewed the Group’s cash flow projection prepared by management, which covered a period of not less than twelve months from 31 December 2024. In the opinion of the Directors, the Group will have sufficient working capital to meet its financial obligations as and when they fall due and carry on its business without a significant curtailment of operations not less than twelve months from 31 December 2024. Accordingly, the consolidated financial statements have been prepared on a going concern basis;
- (ii) an investor (“**Investor**”) confirmed to provide an adequate financial support of amount not less than HK\$140,000,000 (including the amounts for which loan agreements had been entered by the date of the letter of support) to the Group as it is necessary to ensure its continuing operation for a period of at least fifteen months from 31 March 2025 (the “**Relevant Period**”);

the Investor also confirms that during the Relevant Period, when the Company is required to make any payment to the holder of the 8% 3-year convertible bond due 2027 in aggregate principal amount of US\$1,200,000 issued by and convertible into ordinary shares of the Company (“CB1”) according to the terms of CB1, the Investor would fund the Company to enable the Company to make such payment at the time and in the amount specified in the relevant terms of CB1;

- (iii) the Investor executed a letter agreed to extend the maturity date of other loan principal of HK\$800,000 under a loan agreement executed on 27 March 2019 to 30 September 2026 and not to demand for repayment for other loan principal of HK\$800,000 and the accrued interest of approximately HK\$432,000 as at 31 December 2024 before July 2026, and all interests accrued from this other loan are to be repaid on the new maturity date or if such date is not a business day, the next business day;

the Investor also agreed to extend the maturity date of other loan principal of approximately HK\$19,158,000 executed on 23 September 2019 to 31 December 2026 and not to demand for repayment for other loan principal of approximately HK\$19,158,000 and the accrued interest of approximately HK\$10,036,000 as at 31 December 2024 before July 2026, and all interests accrued from this other loan are to be repaid on the new maturity date or if such date is not a business day, the next business day;

the Investor also agreed to extend the maturity date of other loan principal of approximately HK\$9,684,000 executed on 25 January 2021 to 31 December 2026 and not to demand for repayment for other loan principal of approximately HK\$9,684,000 and the accrued interest of approximately HK\$5,778,000 as at 31 December 2024 before July 2026, and all interests accrued from this other loan are to be repaid on the new maturity date or if such date is not a business day, the next business day;

the Investor also agreed to extend the maturity date of other loan principal of approximately HK\$40,000,000 executed on 27 March 2019 to 27 September 2026 and not to demand for repayment for other loan principal of approximately HK\$40,000,000 and the accrued interest of approximately HK\$38,434,000 as at 31 December 2024 before July 2026, and all interests accrued from this other loan are to be repaid on the new maturity date or if such date is not a business day, the next business day;

the Investor also agreed not to demand for repayment for a car rental fee of approximately RMB200,000 (approximately HK\$213,000) before July 2026;

the Investor also agreed not to demand for repayment for the interest of approximately HK\$11,997,000 before July 2026 related to the 8% 3-year convertible bond which the Investor had converted to share of the Company during the year;

the Investor also agreed not to demand for repayment for working capital of approximately RMB3,180,000 (approximately HK\$3,382,000) lent to the Group by certain companies controlled by the Investor and approximately HK\$954,000 lent to the Group by the Investor before July 2026;

- (iv) Classy Jade Limited agreed not to demand for repayment for the interest of approximately HK\$2,269,000 before July 2027 related to the 8% 3-year convertible bond which Classy Jade Limited had converted to share of the Company during the year;
- (v) the executive Director agreed not to demand for repayment for working capital of approximately RMB4,300,000 (approximately HK\$4,573,000) lent to the Group before July 2026;

- (vi) the Directors will consider to carry out debt and group restructuring for the Company's certain subsidiaries in capital deficiencies to release the certain level of liabilities when necessary; and
- (vii) the Group shall implement cost-saving measures to maintain adequate cash flows for the Group's operations.

Based on the cash flow projection of the Group and having taken into account the available financial resources of the Group and the above measures, the Directors consider that the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due in the foreseeable future, and accordingly, are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

Should the Group be unable to continue as a going concern, adjustments would have to be made to restate the values of assets to their recoverable amounts, to provide for any further liabilities which might arise and to classify non-current assets and liabilities as current assets and liabilities respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) that are relevant to its operations and effective for its accounting year beginning on 1 January 2024. HKFRSs comprise Hong Kong Financial Reporting Standards (“HKFRS”); Hong Kong Accounting Standards (“HKAS”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised HKFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised HKFRSs but is not yet in a position to state whether these new and revised HKFRSs would have a material impact on its results of operations and financial position.

4. REVENUE

The Group's revenue is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Sales of complete sets of equipment	27,000	14,570
Sales of wastewater treatment consumables, equipment accessories, and related services	410	1,151
Power technical service	819	–
	<u>28,229</u>	<u>15,721</u>

5. SEGMENT INFORMATION

The Group manages its business by divisions which are organised from the products/services perspective.

Operating segments are identified on the basis of internal reports which provide information about components of the Group. These information are reported to and reviewed by the executive Directors, being the chief operating decision-maker (“**CODM**”) for the purposes of resources allocation and performance assessment. The Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments:

i. Wastewater treatment

This segment engages in the provision of wastewater treatment plants construction and operation services, as well as the trading of wastewater treatment facilities and machineries and the provision for related services.

ii. Healthcare

This segment engages in the provision of healthcare services.

iii. Energy management

This segment engages in the provision of services relating to electricity trading and power system operation and management.

For the purposes of assessing segment performance and allocating resources between segments, the Group’s CODM monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

The accounting policies of the reportable segments follow the Group’s accounting policies. Segment (loss)/profit represents the (loss)/profit from each segment without allocation of central administration costs such as directors’ salaries and unallocated other income. This is the measure reported to the CODM for purposes of resources allocation and performance assessment. Income tax expenses is not allocated to reportable segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation and amortisation of assets attributable to those segments.

The revenue from external parties reported to the CODM is measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income.

All assets are allocated to reportable segments other than unallocated cash and cash equivalents and corporate assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments.

All liabilities are allocated to reportable segments, borrowings not attributable to individual segments and corporate liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

(a) Disaggregation of revenue from contracts with customers:

Disaggregation of revenue from contracts with customers by major products or service and geographical location of customers is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Disaggregated by major products or service		
– Wastewater treatment	27,410	15,721
– Energy management	819	–
	<u>28,229</u>	<u>15,721</u>
Revenue from contracts with customers	28,229	15,721
	<u>28,229</u>	<u>15,721</u>
Disaggregated by geographical location of customers		
– The PRC (except for Hong Kong)	28,229	15,721
	<u>28,229</u>	<u>15,721</u>
Timing of revenue recognition under HKFRS 15		
– At a point in time	27,410	15,721
– Over time	819	–
	<u>28,229</u>	<u>15,721</u>

Wastewater treatment

Revenue from wastewater treatment includes construction and operation services and equipment trading.

Wastewater treatment services are normally made with credit terms of 30 days. A receivable is recognised by reference to the progress towards complete satisfaction of that performance obligation as this is the over time.

For construction services and trading of wastewater treatment facilities and machineries and the provision for related services to the customers, the customers pay the contract prices to the Group according to the payment schedules as stipulated in the contracts. Sales are recognised when the acceptance is passed. If the service rendered by the Group exceeds the payments, a contract asset is recognised. If the payments exceed the service rendered, a contract liability is recognised.

The contract price is allocated to the performance obligations based on the relative stand-alone selling prices of the performance obligations. The stand-alone selling prices are determined by applying the expected cost plus a margin approach.

Healthcare

Revenue from healthcare is recognised when the services are rendered.

Healthcare services are normally made with credit terms of 30 days. A receivable is recognised when the services are provided to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Energy management

Revenue from energy management is recognised when the services are rendered.

Energy management services are normally made with credit terms of 30 days. A receivable is recognised by reference to the progress towards complete satisfaction of that performance obligation as this is the over time.

(b) Information about reportable segment profit or loss, assets and liabilities:

	Energy management <i>HK\$'000</i>	Wastewater treatment <i>HK\$'000</i>	Healthcare <i>HK\$'000</i>	Subtotal <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2024						
Revenue from external customers	<u>819</u>	<u>27,410</u>	<u>-</u>	<u>28,229</u>	<u>-</u>	<u>28,229</u>
Segment (loss)/profit	(4,093)	(12,734)	5,207	(11,620)	(21,150)	(32,770)
Interest income	1	1	-	2	-	2
Finance costs	28	7,776	-	7,804	18,188	25,992
Depreciation of property, plant and equipment and right-of-use assets, and amortisation	411	128	-	539	178	717
Reversal of impairment loss on trade receivables	<u>-</u>	<u>(505)</u>	<u>-</u>	<u>(505)</u>	<u>-</u>	<u>(505)</u>
As at 31 December 2024						
Reportable segment assets	<u>2,784</u>	<u>33,001</u>	<u>323</u>	<u>36,108</u>	<u>1,119</u>	<u>37,227</u>
Reportable segment liabilities	<u>6,794</u>	<u>195,169</u>	<u>214,726</u>	<u>416,689</u>	<u>193,486</u>	<u>610,175</u>

	Wastewater treatment <i>HK\$'000</i>	Healthcare <i>HK\$'000</i>	Subtotal <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
For the year ended 31 December 2023					
Revenue from customers	<u>15,721</u>	<u>–</u>	<u>15,721</u>	<u>–</u>	<u>15,721</u>
Segment (loss)/profit	(14,917)	4,162	(10,755)	(32,582)	(43,337)
Interest income	1	–	1	–	1
Finance costs	7,840	–	7,840	20,311	28,151
Depreciation of property, plant and equipment and right-of-use assets, and amortisation	628	1	629	178	807
Reversal of impairment loss on trade receivables	(229)	–	(229)	–	(229)
Reversal of impairment loss on amount due from an associate	<u>(48)</u>	<u>–</u>	<u>(48)</u>	<u>–</u>	<u>(48)</u>
As at 31 December 2023					
Reportable segment assets	<u>37,503</u>	<u>330</u>	<u>37,833</u>	<u>2,741</u>	<u>40,574</u>
Reportable segment liabilities	<u>191,262</u>	<u>222,091</u>	<u>413,353</u>	<u>238,846</u>	<u>652,199</u>

(c) **Reconciliations of reportable segment profit or loss:**

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Total loss of reportable segments	(11,620)	(10,755)
Unallocated depreciation of property, plant and equipment, right-of-use assets, and amortisation	(178)	(178)
Unallocated head office and corporate expenses	<u>(20,972)</u>	<u>(32,404)</u>
Consolidated loss after tax	<u>(32,770)</u>	<u>(43,337)</u>

(d) **Reconciliations of reportable segment assets and liabilities:**

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Assets		
Total assets of reportable segments	36,108	37,833
Unallocated		
– cash and cash equivalents	76	1,519
– corporate assets	1,043	1,222
Consolidated total assets	37,227	40,574
Liabilities		
Total liabilities of reportable segments	416,689	413,353
Unallocated		
– corporate liabilities	193,486	238,846
Consolidated total liabilities	610,175	652,199

(e) **Geographical information**

The Group's revenue from external customers by location of operations and information about its non-current assets by location of assets are detailed below. The geographical location of customers refers to the location at which the services were provided or the goods delivered. The geographical location of property, plant and equipment is based on the physical location of the asset under consideration. In the case of the intangible assets and goodwill, it is based on the location of the operation to which they are allocated.

	Revenue from		Non-current assets	
	2024	2023	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hong Kong	–	–	–	178
The PRC (except for Hong Kong)	28,229	15,721	2,685	1,388
	28,229	15,721	2,685	1,566

(f) **Revenue from major customers**

Revenue from customers contributing 10% or more of the total revenue of the Group are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Wastewater treatment		
Customer A	4,611	–
Customer B	4,611	–
Customer C	4,583	2,024
Customer D	3,718	–
Customer E	–	3,132
Customer F	–	2,585
Customer G	–	2,217
Customer H	–	1,892
	<u> </u>	<u> </u>

6. OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest income on bank deposits	2	1
Waiver of trade and other payables	1,230	–
Others	54	64
	<u> </u>	<u> </u>
	<u>1,286</u>	<u>65</u>

7. OTHER GAIN, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Gain on foreign exchange difference	6,449	5,614
Gain on loan settlement	7,540	410
Loss due to modification of convertible bonds	(99)	–
	<u> </u>	<u> </u>
	<u>13,890</u>	<u>6,024</u>

8. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Lease interests	33	21
Interest expenses on:		
– Bank loans	653	540
– Entrusted loan	6,091	6,430
– Other loans	13,427	12,979
– Bonds	240	240
– Convertible bonds	<u>5,548</u>	<u>7,941</u>
Total borrowing costs	<u><u>25,992</u></u>	<u><u>28,151</u></u>

9. LOSS BEFORE TAX

The Group's loss before tax is stated after (crediting)/charging the following:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Amortisation of intangible assets	75	79
Staff costs (including Directors' emoluments)		
– Salaries, wages and other benefits	14,887	12,737
– Pension costs-defined contribution plans	1,904	1,330
	<u>16,791</u>	<u>14,067</u>
Reversal of impairment on trade receivables	(505)	(229)
Reversal of impairment on amount due from an associate	–	(48)
	<u>(505)</u>	<u>(277)</u>
Depreciation of property, plant and equipment and right-of-use assets	642	728
Auditors' remuneration	1,100	1,050
Legal and professional fee	4,756	4,730
Expenses related to short-term leases	<u>1,446</u>	<u>740</u>

10. INCOME TAX EXPENSE

Income tax has been recognised in consolidated profit or loss as following:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Current tax – Corporate Income Tax in the PRC		
Provision for the year	<u>–</u>	<u>–</u>

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits arising in Hong Kong for the years ended 31 December 2024 and 2023. No provision for PRC Corporate Income Tax has been made since the Group did not generate any assessable profits in the PRC for the years ended 31 December 2024 and 2023.

The reconciliation between the income tax expense and the product of loss before tax multiplied by the applicable tax rates is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss before tax	<u>(32,770)</u>	<u>(43,337)</u>
Notional tax on loss before tax, calculated at the rates applicable to losses in the tax jurisdictions concerned	(6,904)	(7,099)
Tax effect of		
– non-deductible expenses	8,451	7,928
– non-taxable income	(2,300)	(869)
– temporary differences not recognised	<u>753</u>	<u>40</u>
Income tax expense	<u>–</u>	<u>–</u>

As at 31 December 2024, subject to agreement by tax authority, the Group had estimated tax losses of approximately HK\$145,856,000 (2023: approximately HK\$145,856,000) in Hong Kong which are available for offsetting against future taxable profits of the companies in which the losses arose. The tax losses do not expire under the current Hong Kong tax legislation. Tax losses of approximately HK\$77,109,000 (2023: approximately HK\$100,926,000) in the PRC are available for offsetting against future profits that be carried forward for five years for PRC enterprise income tax purpose. Deferred tax assets have not been recognised as it is not probable that future taxable profits against which the losses can be utilised will be available for the companies in which the losses arose.

11. DIVIDENDS

The Board of Directors does not recommend the payment of any dividend for the year ended 31 December 2024 (2023: HK\$Nil).

12. LOSS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss		
Loss for the year for the purpose of calculating basic and diluted loss per share	<u>(30,741)</u>	<u>(43,163)</u>
Number of shares	'000	'000
Weighted average number of ordinary shares for the purpose of calculating basic and diluted loss per share	<u>279,307</u>	<u>221,480</u>

Basic and diluted loss per share for the years ended 31 December 2024 and 2023 were the same as the Company had no dilutive potential shares in during the years.

13. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	23,444	25,801
Bills receivables	364	–
Less: allowance for doubtful debts	<u>(6,725)</u>	<u>(7,469)</u>
	17,083	18,332
Other receivables	1,642	1,281
Prepayments and deposits	<u>4,714</u>	<u>1,561</u>
	<u>23,439</u>	<u>21,174</u>

Trade receivables are due in accordance with contract terms.

As at 31 December 2024 and 2023, the ageing analysis of the trade and bill receivables, based on the invoice date, and net of allowance were as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Within 3 months	2,623	3,243
More than 3 months but within 12 months	4,091	6,992
More than 12 months	<u>10,369</u>	<u>8,097</u>
	<u>17,083</u>	<u>18,332</u>

As at 31 December 2024, trade receivables of the Group amounting to approximately HK\$6,725,000 (2023: approximately HK\$7,469,000) were individually determined to be impaired. The individually impaired receivables were outstanding for more than 12 months at the end of the reporting period.

Movements in the allowance for doubtful debts

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
At 1 January	7,469	7,901
Reversal of allowance for the year	(505)	(229)
Exchange adjustments	<u>(239)</u>	<u>(203)</u>
At 31 December	<u>6,725</u>	<u>7,469</u>

The Group applies the simplified approach under HKFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

	Current	Up to 3 months past due	3 to 12 months past due	Over 12 months past due	Total
At 31 December 2024					
Weighted average expected loss rate	–	–	–	39%	
Receivable amount (HK\$'000)	1,953	306	4,091	17,094	23,444
Loss allowance (HK\$'000)	<u>–</u>	<u>–</u>	<u>–</u>	<u>(6,725)</u>	<u>(6,725)</u>
At 31 December 2023					
Weighted average expected loss rate	–	–	–	48%	
Receivable amount (HK\$'000)	2,859	384	6,992	15,566	25,801
Loss allowance (HK\$'000)	<u>–</u>	<u>–</u>	<u>–</u>	<u>(7,469)</u>	<u>(7,469)</u>

14. TRADE AND OTHER PAYABLES

	<i>Notes</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
Trade payables		32,291	36,417
Other payables	<i>(i)</i>	369,491	353,182
Other tax payable		12,038	13,420
Amounts due to directors	<i>(ii)</i>	16,276	10,875
Amounts due to a related party	<i>(ii)</i>	5,584	5,776
		435,680	419,670
Analysed as:			
Current liabilities		357,612	358,407
Non-current liabilities		78,068	61,263
		435,680	419,670

Note:

- (i) As at 31 December 2024, other payables included rent payable of approximately HK\$7,832,000 (2023: HK\$8,087,000), non-contractual loan of approximately HK\$37,617,000 (2023: HK\$38,914,000), amounts due to the Investor and companies controlled by the Investor of approximately HK\$4,549,000 (2023: HK\$5,223,000), interest payables of approximately HK\$101,534,000 (2023: HK\$76,350,000), and legal and professional fee payables of approximately HK\$14,113,000 (2023: HK\$13,287,000).

As at 18 November 2019, the Group has undergone an early cessation arrangement for a lease contract with the lessor, who is entitled to bring legal actions against a subsidiary of the Company for the early cessation claims. As at 31 December 2024, the Directors estimated that a provision for claims in relation to the early cessation on arrangement after deducted the rental deposits would be approximately HK\$168,023,000 (2023: HK\$173,725,000).

- (ii) Amounts due to directors and a related party are unsecured, non-interest bearing and has no fixed repayment terms.

The ageing analysis of the trade payables based on the date of receipt of goods/services, is as follows:

	2024 HK\$'000	2023 <i>HK\$'000</i>
Within 1 month	4,194	4,646
After 1 month but within 3 months	616	4,400
After 3 months but within 4 months	35	1,166
After 4 months but within 1 year	1,110	2,672
After 1 year	26,336	23,533
	32,291	36,417

EXTRACT OF INDEPENDENT AUDITOR'S REPORT ON THE COMPANY'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with HKFRSs issued by HKICPA and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Material Uncertainty Related to the Going Concern

We draw attention to note 2 to this result announcement which states that the Group incurred loss attributable to owners of the Company of approximately HK\$30,741,000 for the year ended 31 December 2024 and as at 31 December 2024 the Group had net current liabilities and net liabilities of approximately HK\$416,714,000 and approximately HK\$572,948,000 respectively. These conditions indicate a material uncertainty which cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

RESULTS

For the year ended 31 December 2024, the Group recorded a revenue of approximately HK\$28,229,000 (2023: approximately HK\$15,721,000), representing an increase of about 79.56% compared to that of 2023. The Group's loss attributable to owners of the Company was approximately HK\$30,741,000 (2023: approximately HK\$43,163,000), representing a decrease of about 28.78% as compared to that of 2023. The gross profit margin for the year was approximately 27.57% (2023: approximately 41.51%).

BUSINESS REVIEW

WASTERWATER TREATMENT

In 2024, the Group's revenue from wasterwater treatment business increased significantly compared to the previous year, up 74.35% year-on-year. Due to intensified competition, the average gross profit margin decreased to 27.62% in this year. This year, the Group's main contribution still came from the wasterwater treatment business segment, and the overall loss was lower than that of the previous year. As a traditional business in the environmental protection water sector, the growth of the incremental market has gradually slowed down. The Group's wasterwater treatment business subsidiary is actively developing new technologies and combining them with current technologies to form a portfolio. It will focus on technological transformation and renewal of the existing market and continue to develop steadily.

ENERGY MANAGEMENT

In 2024, the Group actively responded to the country's "dual carbon" strategy and the needs of new power system construction, formed a technical team led by experts returning from Europe, and officially entered the field of power trading and virtual power plants (VPP). Based on the digital and market-oriented transformation trend of the energy industry, the Group focuses its business on power trading services, aggregation of distributed energy and adjustable loads, and demand response, aiming to create an industry benchmark for flexible energy scheduling and value mining through technology-driven and resource integration. At present, substantial breakthroughs have been achieved in the business connection with Ningxia, Inner Mongolia and airport systems. Among them, Inner Mongolia has achieved a breakthrough in zero revenue, which is of milestone significance.

OUTLOOK

Based on the new development trend in the wastewater treatment business, environmental water business will focus more on the renewal and transformation business of the existing market, relying on the new technologies applied last year and the combination of new technologies under development. The Group will actively explore the market, develop steadily, and expand market share to achieve double-digit revenue growth in the new year.

At the same time, the Group will vigorously develop virtual power plants, smart microgrids and electricity sales businesses, taking the energy management business as the most important tool for the Group's transformation, fully understanding the policy dividends of the current national power reform and the clear trend of the dual carbon goals, seizing opportunities, taking root in new energy business, and realizing "second entrepreneurship" in the field of environmental protection technology. The Group plans to achieve the established goals of operating the Ningxia project, expanding the scale of Inner Mongolia, and implementing the Heshangyuan system in several airports within the year, laying the foundation for the Group's future development.

CONCLUSION

In 2024, faced with a complex and changing external environment, the entire group worked together, rose to the challenge, and delivered a steady and progressive answer. Relying on refined operations and deep customer development, the traditional business achieved double-digit revenue growth and continued to consolidate its fundamentals. The new energy management business uses electricity trading and virtual power plants as a breakthrough point. Through technical breakthroughs and project implementation, it verifies the feasibility and social value of the business model, achieves a leap from "0 to 1", and injects new impetus into the digital transformation of energy. The Group's dual-track transformation strategy of "traditional upgrading + emerging incubation" has begun to show results. In the future, the Group will deepen the dual-wheel drive strategy of "resource aggregation + digital intelligence" to assist in the construction of new power systems and contribute innovative strength to the low-carbon transformation of energy.

EMOLUMENT POLICY

As at 31 December 2024, the Group had 67 employees (2023: 45 employees). The remuneration policy and packages are reviewed annually by the management and the Remuneration Committee. The Group remunerates its employees based on their performance, work experience and the prevailing market rate. The remuneration packages include basic salary, double pay, commission, insurance and mandatory provident fund. The Group operates a share option scheme for the purpose of providing incentives and rewards to (among others) eligible Directors and employees of the Group to recognise their contribution to the result of the Group.

LIQUIDITY AND FINANCIAL RESOURCES

LIQUIDITY

As at 31 December 2024, the total cash and bank balances of the Group were approximately HK\$892,000 (2023: approximately HK\$2,061,000). The cash and bank balances consisted of about 14.99% in Hong Kong dollars, 85.00% in Renminbi and 0.01% in other currencies.

As at 31 December 2024, the Group had total assets of approximately HK\$37,227,000 (2023: approximately HK\$40,574,000) and total liabilities of approximately HK\$610,175,000 (2023: approximately HK\$652,199,000). As at 31 December 2024, the current ratio was 0.08 (2023: 0.08), calculated on the basis of current assets of approximately HK\$34,542,000 (2023: approximately HK\$39,008,000) over current liabilities of approximately HK\$451,256,000 (2023: approximately HK\$517,765,000).

The Group's borrowings amounted to approximately HK\$161,666,000 (2023: approximately HK\$217,341,000). The Group's borrowings are denominated in Renminbi, Hong Kong dollars and United States dollars, bearing fixed interest rates/coupon rate. The Group's gearing ratio, being the ratio of the total debts to total assets, was 434.27% (2023: 535.67%).

CHARGE ON ASSETS

As at 31 December 2024, the Group did not have any charge on its assets (31 December 2023: Nil).

PURCHASE, SALE OR REDEMPTION OF SHARES

1. On 24 April 2024, the Company entered into i) Subscription Agreement A with Subscriber A, and ii) Subscription Agreement B with Subscriber B. Pursuant to Subscription Agreement A, Subscriber A has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 4,000,000 Subscription Shares at the Subscription Price of HK\$0.500 per Subscription Share. Pursuant to Subscription Agreement B, Subscriber B has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, an aggregate of 25,000,000 Subscription Shares at the Subscription Price of HK\$0.500 per Subscription Share. The subscription of shares was completed on 3 May 2024.

The aggregate gross amount of the Subscription are HK\$14,500,000 and the aggregate net amount of the Subscription, after the deduction of the related expenses, are estimated to be approximately HK\$14,450,000, representing a net issue price of approximately HK\$0.498 per Subscription Share.

For the details of the Subscription above-mentioned and the meanings of relevant defined terms, please refer to the announcements of the Company dated 24 April 2024 and 30 April 2024.

2. On 29 July 2024 (after 4:30 pm), the Company received a conversion notice from the Investor in respect of the exercise of the conversion rights attached to the Convertible Bonds with the principle amount of US\$3,500,000 (equivalent to HK\$27,300,000) at the Conversion Price of HK\$0.5 per Conversion Share. On 30 July 2024, the Company received a conversion notice from Classy Jade Limited in respect of the exercise of the conversion rights attached to the Convertible Bonds with the principle amount of US\$2,300,000 (equivalent to HK\$17,940,000) at the Conversion Price of HK\$0.5 per Conversion Share. Accordingly, 54,600,000 Conversion Shares and 35,880,000 Conversion Shares were allotted and issued to the Investor and Classy Jade Limited respectively on 5 August 2024.

The Conversion Shares shall rank *pari passu* with, and carry the same rights in all aspects (including the rights to dividends) as, the other Shares in issue as at the date of the allotment and among themselves in all respects.

For details and the meanings of relevant defined terms, please refer to the announcements of the Company dated 5 August 2024.

Save as disclosed in this announcement, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of its listing shares during the years ended 31 December 2024.

SHARE OPTIONS

2010 SHARE OPTION SCHEME

The Company has, in accordance with Chapter 17 of the Listing Rules, adopted a share option scheme (the “**Share Option Scheme**”), as approved by the shareholders of the Company at the extraordinary general meeting held on 10 September 2010. The Directors are given a general mandate to invite eligible participants to take up options at the subscription price as prescribed under the Share Option Scheme to subscribe for shares of the Company. The purpose of the Share Option Scheme is to enable the Group to grant options to the eligible participants including employees, executive and non-executive Directors, suppliers and customers and shareholders of any members of the Group and any persons or entities that provided research, development or other technical support to the Group or any other group or classes of participants determined by the Directors as incentive or rewards for their contribution to the Group. The Share Option Scheme has become valid and effective for a period of ten years ended on 9 September 2020.

The exercise price of options is the highest of the nominal value of the shares, the closing price of the shares on the Stock Exchange on the date of offer and the average closing price of the shares on the Stock Exchange for the five business days immediately preceding the date of offer. Each option gives the holder the right to subscribe for one ordinary share in the Company.

The total number of securities available for issue under the Share Option Scheme as at 31 December 2024 was 10,808,000 shares which represents 3.15% of the issued share capital of the Company as at 31 December 2024. Among all the options granted, 7,568,000 options are vested from the date of grant and 3,240,000 options are vested in two equal installments with the first and second installments to be vested in one and two years from the date of grant, respectively. The options are exercisable after the vesting date but within a period of ten years from the date of grant. The number of securities issued and to be issued upon exercise of the options granted to each participant in any 12-month period is limited to 1% of the Company’s ordinary shares in issue.

Offer of an option shall have been accepted when the duplicate letter comprising acceptance of the option duly signed by the grantee together with a remittance of HK\$1 is received within such time as be specified in the offer, which shall not be later than 21 days from the date of offer. The Share Option Scheme had expired on 9 September 2020.

CORPORATE GOVERNANCE PRACTICES

The Board recognises that corporate governance practices are crucial to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and stakeholders, and enhance shareholder value. The Company is committed to achieving and maintaining a high standard of corporate governance and leading the Group to attain better results and improve its corporate image with effective corporate governance procedures.

The Company has adopted the code provisions set out in the Corporate Governance Code. Save as to be disclosed in the annual report, the Company has complied with all the code provisions.

The Board is of the view that this management structure is effective for the Group's operations and sufficient checks and balances are in place. The Board will continue to review its corporate governance practices, in order to enhance its corporate governance standard, to comply with regulatory requirements and to meet the growing expectations of the shareholders of the Company and investors.

PUBLICATION OF THE ANNUAL RESULTS AND THE ANNUAL REPORT

This results announcement will be published on the website of HKExnews of the Stock Exchange at <http://www.hkexnews.hk> and the Company's website at <http://www.cethl.com>.

The Company's annual report for the financial year ended 31 December 2024 containing all the information required under the Listing Rules will be published on the websites of the Company and the Stock Exchange in due course.

AUDIT COMMITTEE

As at 31 December 2024, the Audit Committee comprised three members, namely Mr. Tse Chi Wai (Chairman), Prof. Zhu Nanwen and Prof. Li Jun. All of them are independent non-executive Directors (including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

The main duties of the Audit Committee include the following:

- (a) to review the consolidated financial statements and reports and consider any significant or unusual items raised by staff responsible for the accounting and financial reporting function or external auditor before submission to the Board;
- (b) to review the relationship with the external auditor by reference to the work performed by the auditor, their fees and terms of engagement, and make recommendation to the Board on the appointment, re- appointment and removal of external auditor;

- (c) to review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures; and
- (d) to monitor the corporate governance of the Group including compliance with statutory and Listing Rules requirement.

During the year under review, the Audit Committee reviewed the Group's annual results and annual report for the year ended 31 December 2023; and the interim results for the period ended 30 June 2024, the financial reporting and compliance procedures, risk management review and processes and the re-appointment of the external auditor.

There is no different view taken by the Audit Committee regarding the selection, appointment and resignation of the external auditor.

The Audit Committee has reviewed the audited consolidated financial statements for the year ended 31 December 2024. The Audit Committee has also discussed with management and reviewed the accounting principles and practices adopted by the Group, as well as risk management, internal control and financial reporting matters, and found them to be satisfactory.

SCOPE OF WORK OF ZHONGHUI ANDA CPA LIMITED

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditors, ZHONGHUI ANDA CPA Limited, to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 December 2024. The work performed by ZHONGHUI ANDA CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by ZHONGHUI ANDA CPA Limited on the preliminary announcement.

By Order of the Board
China Environmental Technology Holdings Limited
Xu Jingping
Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the executive Directors are Mr. Xu Jingping, Mr. Xu Zhongping and Mr. Yang Baodong; the non-executive Directors are Mr. Ma Tianfu, Ms. Hu Yueyue and Mr. Wang Youming; and the independent non-executive Directors are Mr. Tse Chi Wai, Professor Zhu Nanwen and Professor Li Jun.