

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) 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.



ELL Environmental Holdings Limited

強泰環保控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1395)

ANNOUNCEMENT OF FINAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL SUMMARY

- Revenue for FY2024 amounted to HK\$121.6 million (FY2023: HK\$113.3 million), representing an increase of 7.4% as compared with FY2023.
- Gross profit for FY2024 was HK\$62.0 million (FY2023: HK\$40.7 million), representing an increase of 52.5% as compared with FY2023.
- Profit before tax for FY2024 was HK\$1.2 million (FY2023: HK\$0.7 million), representing an increase of 65.0% as compared with FY2023.
- Net loss for FY2024 was HK\$9.3 million (FY2023: net loss of HK\$8.1 million).
- No final dividend has been recommended by the Board for FY2024 (FY2023: Nil).

The board of directors of ELL Environmental Holdings Limited (the “**Board**”, the “**Directors**” and the “**Company**”, respectively) is pleased to announce the audited annual consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (“**FY2024**” or the “**Year**”).

The audited annual consolidated results of the Group for FY2024, together with the comparative figures for the year ended 31 December 2023 (“FY2023”), are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	NOTES	2024 HK\$'000	2023 HK\$'000
Revenue	3	121,616	113,279
Cost of sales		(59,595)	(72,609)
Gross profit		62,021	40,670
Other income and net other gains and losses		(1,334)	234
Impairment losses under expected credit loss model	6	(3,556)	(1,023)
Administrative expenses		(34,105)	(26,471)
Research and development expenses		(3,201)	–
Other operating expenses		(6,553)	–
Finance costs	5	(12,117)	(12,710)
Profit before tax	7	1,155	700
Income tax expense	8	(10,478)	(8,818)
Loss for the year		(9,323)	(8,118)
(Loss)/profit for the year attributable to:			
Owners of the Company		(8,728)	(8,265)
Non-controlling interests		(595)	147
		(9,323)	(8,118)
		HK cent	HK cent
Loss per share	10		
– Basic		(0.79)	(0.75)
– Diluted		(0.79)	(0.75)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
Loss for the year	(9,323)	(8,118)
Other comprehensive expense		
<i>Items that will not be reclassified to profit or loss:</i>		
Actuarial loss of defined benefit retirement plan	(31)	(5)
Fair value loss on investments in equity instruments at fair value through other comprehensive income	(18)	–
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(16,723)	(3,360)
Reclassification of cumulative exchange reserve to profit or loss upon deregistration of a subsidiary	–	(34)
Net fair value loss on debt instrument at fair value through other comprehensive income	–	(502)
Impairment loss for debt instrument at fair value through other comprehensive income included in profit or loss	–	997
Other comprehensive expense for the year, net of nil income tax	(16,772)	(2,904)
Total comprehensive expense for the year	(26,095)	(11,022)
Total comprehensive (expense)/income for the year attributable to:		
– Owners of the Company	(25,582)	(11,147)
– Non-controlling interests	(513)	125
	(26,095)	(11,022)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		55,405	65,204
Receivables under service concession arrangements	<i>11</i>	327,455	336,599
Financial assets at fair value through other comprehensive income		6,162	–
Other financial assets at amortised cost		–	–
Prepayments and other receivables		300	316
		389,322	402,119
CURRENT ASSETS			
Inventories		4,287	5,430
Trade receivables	<i>12</i>	2,277	3,670
Receivables under service concession arrangements	<i>11</i>	36,738	28,182
Prepayments and other receivables		18,109	29,064
Debt instrument at fair value through other comprehensive income		81	81
Other financial assets at amortised cost		–	–
Restricted bank deposits		30,809	27,480
Cash and cash equivalents		35,091	30,075
		127,392	123,982
CURRENT LIABILITIES			
Trade payables	<i>13</i>	3,522	2,970
Other payables and accruals		12,296	14,786
Amounts due to related parties	<i>14</i>	7,261	31,676
Borrowings	<i>15</i>	84,392	64,067
Lease liabilities		342	451
Income tax payable		3,129	3,377
		110,942	117,327
NET CURRENT ASSETS		16,450	6,655
TOTAL ASSETS LESS CURRENT LIABILITIES		405,772	408,774

		2024	2023
	<i>NOTES</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
CAPITAL AND RESERVES			
Share capital		111	111
Reserves		258,690	284,272
		<hr/>	<hr/>
Equity attributable to owners of the Company		258,801	284,383
Non-controlling interests		(5,996)	(5,483)
		<hr/>	<hr/>
TOTAL EQUITY		252,805	278,900
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Amounts due to related parties	14	94,634	70,389
Borrowings	15	15,825	18,000
Lease liabilities		188	290
Deferred tax liabilities		25,971	24,963
Provision for major overhauls		14,594	15,088
Retirement benefit obligations		1,755	1,144
		<hr/>	<hr/>
		152,967	129,874
		<hr/>	<hr/>
		405,772	408,774
		<hr/>	<hr/>

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PREPARATION

ELL Environmental Holdings Limited (the “**Company**”) is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The addresses of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is Unit 2304, 23rd Floor, Westlands Centre, 20 Westlands Road, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

The consolidated financial statements have been prepared in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

2. APPLICATION OF NEW AND AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

Amendments to HKFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Company and its subsidiaries (collectively referred to as the “**Group**”) has applied the following amendments to HKFRS Accounting Standards as issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024, for the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)
Amendments to HKAS 1	Non-current Liabilities with Covenants
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

Except as described below, the application of the amendments to HKFRS Accounting Standards in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

IMPACTS ON APPLICATION OF AMENDMENTS TO HKAS 1 CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT AND RELATED AMENDMENTS TO HONG KONG INTERPRETATION 5 (2020) (THE “2020 AMENDMENTS”) AND AMENDMENTS TO HKAS 1 NON-CURRENT LIABILITIES WITH COVENANTS (THE “2022 AMENDMENTS”)

The Group has applied the amendments for the first time in the current year.

The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or non-current, which

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying HKAS 32 Financial Instruments: Presentation.

For rights to defer settlement for at least twelve months from reporting date which are conditional on the compliance with covenants, the 2022 Amendments specifically clarify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity's right to defer settlement of a liability for at least twelve months after the reporting date, even if compliance with the covenant is assessed only after the reporting date. The 2022 Amendments also specify that covenants with which an entity must comply after the reporting date (i.e. future covenants) do not affect the classification of a liability as current or non-current at the reporting date. However, if the entity's right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants, the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

In accordance with the transition provision, the Group has applied the new accounting policy to the classification of liability as current or non-current retrospectively. The application of the amendments in the current year had no material impact on the consolidated financial statements.

New and amendments to HKFRS Accounting Standards in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRS Accounting Standards that have been issued but are not yet effective:

Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments ³
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity ³
Amendments to HKFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11 ³
Amendments to HKAS 21	Lack of Exchangeability ²
HKFRS 18	Presentation and Disclosure in Financial Statements ⁴

¹ Effective for annual periods beginning on or after a date to be determined.

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

³ Effective for annual periods beginning on or after 1 January 2026.

⁴ Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to HKFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

AMENDMENTS TO HKFRS 9 AND HKFRS 7, AMENDMENTS TO THE CLASSIFICATION AND MEASUREMENT OF FINANCIAL INSTRUMENTS

The amendments to HKFRS 9 clarify the recognition and derecognition for financial asset and financial liability and add an exception which permits an entity to deem a financial liability to be discharged before the settlement date if it is settled in cash using an electronic payment system if, and only if certain conditions are met.

The amendments also provide guidance on the assessment of whether the contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments specify that an entity should focus on what an entity is being compensated for rather than the compensation amount. Contractual cash flows are inconsistent with a basic lending arrangement if they are indexed to a variable that is not a basic lending risk or cost. The amendments state that, in some cases, a contingent feature may give rise to contractual cash flows that are consistent with a basic lending arrangement both before and after the change in contractual cash flows, but the nature of the contingent event itself does not relate directly to changes in basic lending risks and costs. Furthermore, the description of the term “non-recourse” is enhanced and the characteristics of “contractually linked instruments” are clarified in the amendments.

The disclosure requirements in HKFRS 7 in respect of investments in equity instruments designated at fair value through other comprehensive income are amended. In particular, entities are required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately those related to investments derecognised during the reporting period and those related to investments held at the end of the reporting period. An entity is also required to disclose any transfers of the cumulative gain or loss within equity related to the investments derecognised during the reporting period. In addition, the amendments introduce the requirements of qualitative and quantitative disclosure of contractual terms that could affect the contractual cash flow based on a contingent event not directly relating to basic lending risks and cost.

The Group has various subsidiaries operating in jurisdictions where the electronic payment systems are not instantaneous. Upon the application of the amendments, the Group will apply the exception to derecognise financial liabilities settled via such electronic payment systems when the payment instruction is initiated. On the other hand, for the settlement by the subsidiaries’ customers via electronic settlement systems, the Group can only derecognise the financial assets when cash is deposited in the bank accounts of the subsidiaries, which is different from the current accounting policies where the Group derecognise the financial assets at the date the payment instructions were initiated by the customers.

HKFRS 18 PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS

HKFRS 18 Presentation and Disclosure in Financial Statements, which sets out requirements on presentation and disclosures in financial statements, will replace HKAS 1 Presentation of Financial Statements. This new HKFRS Accounting Standard, while carrying forward many of the requirements in HKAS 1, introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. In addition, some HKAS 1 paragraphs have been moved to HKAS 8 and HKFRS 7. Minor amendments to HKAS 7 Statement of Cash Flows and HKAS 33 Earnings per Share are also made.

HKFRS 18, and amendments to other standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted. The application of the new standard is expected to affect the presentation of the statement of profit or loss and disclosures in the future financial statements. The Group is in the process of assessing the detailed impact of HKFRS 18 on the Group's consolidated financial statements.

3. REVENUE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Types of goods and services		
Operation services under service concession arrangements	55,915	36,165
Construction services under service concession arrangements	18,979	41,943
Sales of wood pellets	15,596	14,190
Information technology services	12,499	3,688
	<hr/>	<hr/>
Revenue from contracts with customers	102,989	95,986
Imputed interest income on receivables under service concession arrangements	18,627	17,293
	<hr/>	<hr/>
	121,616	113,279

4. SEGMENTAL INFORMATION

The Group is engaged in the construction and operation of wastewater treatment facilities, construction and operation of biomass power plants, sales of wood pellets and provision of information technology services. Information reported to the executive directors of the Company, being the chief operating decision maker (“**CODM**”) for the purposes of resource allocation and assessment of segment performance focuses on geographical locations of its manpower and customers, including Hong Kong, The People's Republic of China (the “**PRC**”) and the Republic of Indonesia (“**Indonesia**”). No operating segments have been aggregated in arriving at the reporting segments of the Group.

Segment Revenue and Results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the year ended 31 December 2024

	Hong Kong <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Indonesia <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue – external sales	<u>–</u>	<u>48,107</u>	<u>73,509</u>	<u>121,616</u>
Segment profit/(loss)	<u>(24,432)</u>	<u>22,439</u>	<u>3,148</u>	<u>1,155</u>
Unallocated expenses				<u>–</u>
Profit before tax				<u>1,155</u>

For the year ended 31 December 2023

	Hong Kong <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Indonesia <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment revenue – external sales	<u>–</u>	<u>44,090</u>	<u>69,189</u>	<u>113,279</u>
Segment profit/(loss)	<u>(19,830)</u>	<u>20,295</u>	<u>235</u>	<u>700</u>
Unallocated expenses				<u>–</u>
Profit before tax				<u>700</u>

Segment profit/(loss) represents the profit earned by/loss from each segment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

As at 31 December 2024

	Hong Kong <i>HK\$'000</i>	PRC <i>HK\$'000</i>	Indonesia <i>HK\$'000</i>	Total <i>HK\$'000</i>
Assets				
Segment and total consolidated assets	<u>23,871</u>	<u>215,548</u>	<u>277,295</u>	<u>516,714</u>
Liabilities				
Segment and total consolidated liabilities	<u>194,396</u>	<u>45,217</u>	<u>24,296</u>	<u>263,909</u>

As at 31 December 2023

	Hong Kong HK\$'000	PRC HK\$'000	Indonesia HK\$'000	Total HK\$'000
Assets				
Segment and total consolidated assets	26,798	219,276	280,027	526,101
Liabilities				
Segment and total consolidated liabilities	188,743	34,926	23,532	247,201

OTHER SEGMENT INFORMATION

Amounts included in the measure of segment profit or loss or segment assets:

For the year ended 31 December 2024

	Hong Kong HK\$'000	PRC HK\$'000	Indonesia HK\$'000	Total HK\$'000
Additions to non-current assets (<i>note</i>)	–	4	1,106	1,110
Depreciation of property, plant and equipment	343	95	5,197	5,635
Impairment losses under expected credit loss model	–	3,508	48	3,556
Loss on disposal of property, plant and equipment	–	–	1,904	1,904
Reversal of write-down of inventories	–	–	812	812
Bank interest income	66	353	129	548
Finance costs	12,058	27	32	12,117
Income tax expense	850	6,927	2,701	10,478

For the year ended 31 December 2023

	Hong Kong HK\$'000	PRC HK\$'000	Indonesia HK\$'000	Total HK\$'000
Additions to non-current assets (<i>note</i>)	–	14	6,121	6,135
Depreciation of property, plant and equipment	343	245	4,983	5,571
Impairment losses under expected credit loss model	997	26	–	1,023
Impairment losses on prepayments	–	420	–	420
(Gain)/loss on disposal of property, plant and equipment	–	21	(44)	(23)
Write-down of inventories	–	–	812	812
Interest income from advance to a third party	–	139	–	139
Bank interest income	131	325	204	660
Finance costs	11,914	789	7	12,710
Income tax expense	291	5,410	3,117	8,818

Note: Non-current assets excluded receivables under service concession arrangements, financial assets at FVTOCI, other financial assets at amortised cost and prepayments and other receivables.

Geographical Information

The Group's non-current assets by geographical locations of the assets are detailed below:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Hong Kong	171	514
PRC	290	394
Indonesia	54,944	64,296
	55,405	65,204

Note: Non-current assets excluded receivables under service concession arrangements, financial assets at FVTOCI, other financial assets at amortised cost and prepayments and other receivables.

Information About Major Customers

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Customer A from the Indonesia segment	N/A*	12,579
Customer B from the PRC segment	48,107	44,090
Customer C from the Indonesia segment	45,414	51,311

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. FINANCE COSTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Interest on borrowings	4,910	4,244
Interest on loans from related parties	7,182	7,655
Interest on lease liabilities	25	26
Increase in discounted amounts of provision for major overhauls arising from the passage of time	–	785
	12,117	12,710

6. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

	2024 HK\$'000	2023 HK\$'000
Impairment losses recognised on:		
– Trade receivables	47	–
– Other receivables	3,509	26
– Debt instrument at FVTOCI	–	997
	<u>3,556</u>	<u>1,023</u>

7. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging/(crediting):

	2024 HK\$'000	2023 HK\$'000
Staff costs (including directors' remuneration):		
Salaries, allowances and benefits in kind	14,771	14,060
Discretionary bonus	491	471
Defined contributions retirement plan (<i>note (a)</i>)	1,101	1,278
Less: Amount capitalised in inventories	(40)	(277)
	<u>16,323</u>	<u>15,532</u>
Depreciation of property, plant and equipment	5,666	5,812
Less: Amount capitalised in inventories	(31)	(241)
	<u>5,635</u>	<u>5,571</u>
Auditor's remuneration		
– Audit services	1,082	1,082
– Non-audit services	160	160
	<u>1,242</u>	<u>1,242</u>
Cost of operation services	24,176	16,571
Cost of construction services	16,604	37,034
Cost of inventories recognised as an expense (including reversal of write-down of inventories of HK\$812,000 (2023: write-down of inventories of HK\$812,000)) (<i>note (b)</i>)	18,326	15,772
Provision for major overhauls	–	1,325

Notes:

- (a) As at 31 December 2024, the Group had no forfeited contributions available to reduce its contributions to the retirement benefits scheme in future years (2023: Nil).
- (b) Reversal of write-down of inventories HK\$812,000 has been recognised and included in cost of sales during the year ended 31 December 2024 due to an increase in the estimated net realisable value.

8. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current tax:		
Hong Kong	3	5
PRC Enterprise Income tax	7,496	6,303
	<u>7,499</u>	<u>6,308</u>
Under/(over) provision in prior years:		
Hong Kong	(3)	(6)
PRC Enterprise Income tax	929	(36)
	<u>926</u>	<u>(42)</u>
Deferred tax	<u>2,053</u>	<u>2,552</u>
	<u>10,478</u>	<u>8,818</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong Profits Tax is calculated at 16.5% (2023: 16.5%) on the estimated assessable profit for both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The withholding tax on distributable profits is calculated at the rate of 5% (2023: 5%) on total dividend distributed from the Group’s subsidiaries in the PRC.

No provision for Indonesian income tax had been made as the Group did not generate any assessable profits arising in Indonesia during the year (2023: Nil).

9. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2024 and 2023, nor has any dividend been proposed since 31 December 2024.

10. LOSS PER SHARE

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

	2024 HK\$'000	2023 HK\$'000
Loss for the purposes of basic loss per share	(8,728)	(8,265)
Number of shares		

	2024 '000	2023 '000
Weighted average number of ordinary shares for the purpose of basic loss per share	1,107,300	1,107,300

The diluted loss per share is the same as the basic loss per share for both years ended 31 December 2024 and 2023 as there were no potential ordinary shares in issue for both years.

11. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

The Group's receivables under service concession arrangements are as follows:

	2024 HK\$'000	2023 HK\$'000
Receivables under service concession arrangements	364,193	364,781
Less: portion classified as current assets	(36,738)	(28,182)
Portion classified as non-current assets	327,455	336,599

The following is an aged analysis of receivables under service concession arrangements, presented based on the invoice date:

	2024 HK\$'000	2023 HK\$'000
Billed within 3 months	19,700	13,777
Billed between 4 to 6 months	–	4,503
Unbilled (<i>note</i>)	344,493	346,501
	364,193	364,781

Note: The balance included contract assets from construction contracts as the rights to considerations have not yet to be unconditional.

12. TRADE RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	2,324	3,670
Less: Allowance for credit losses	(47)	–
	<u>2,277</u>	<u>3,670</u>

The following is an aged analysis of trade receivables net of allowance for credit losses at the end of reporting period presented based on the invoice date:

	2024 HK\$'000	2023 HK\$'000
0–60 days	2,277	3,663
Over 60 days	–	7
	<u>2,277</u>	<u>3,670</u>

13. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date:

	2024 HK\$'000	2023 HK\$'000
0–60 days	3,382	2,398
61–90 days	–	102
Over 90 days	140	470
	<u>3,522</u>	<u>2,970</u>

14. AMOUNTS DUE TO RELATED PARTIES

	2024 HK\$'000	2023 HK\$'000
Non-trading in nature:		
A related company	34,810	33,631
A close family member of a shareholder	21,235	20,244
Close family members of directors	19,500	21,840
A shareholder	26,350	26,350
	<u>101,895</u>	<u>102,065</u>
Less: Amount that is expected to settle after 12 months shown under non-current liabilities	<u>(94,634)</u>	<u>(70,389)</u>
Amount that is expected to settle within 12 months shown under current liabilities	<u>7,261</u>	<u>31,676</u>

15. BORROWINGS

	2024 HK\$'000	2023 <i>HK\$'000</i>
Bank borrowings	75,392	58,200
Other borrowings	24,825	23,867
	<u>100,217</u>	<u>82,067</u>

The carrying amounts of the above borrowings are analysed based on contractual repayment date as follows:

	Bank borrowings		Other borrowings	
	2024 HK\$'000	2023 <i>HK\$'000</i>	2024 HK\$'000	2023 <i>HK\$'000</i>
On demand or within one year	75,392	40,200	9,000	23,867
Within a period of more than one year but not exceeding two years	<u>–</u>	<u>18,000</u>	<u>15,825</u>	<u>–</u>
	75,392	58,200	24,825	23,867
Less: Amounts due within one year shown under current liabilities	<u>(75,392)</u>	<u>(40,200)</u>	<u>(9,000)</u>	<u>(23,867)</u>
Amounts shown under non-current liabilities	<u>–</u>	<u>18,000</u>	<u>15,825</u>	<u>–</u>

The exposure of the Group's borrowings are as follows:

	2024 HK\$'000	2023 <i>HK\$'000</i>
Fixed-rate borrowings	23,867	23,867
Variable-rate borrowings	<u>76,350</u>	<u>58,200</u>
	<u>100,217</u>	<u>82,067</u>

BUSINESS REVIEW

In FY2024, the Group demonstrated resilience amid operational challenges, achieving revenue growth. Revenue increased by 7.4% year-on-year to HK\$121.6 million, with gross profit rising by 52.5% to HK\$62.0 million, driven primarily by the full operation of the biomass power plant in Bangka, Indonesia (the “**Bangka Project**”) and the full-year revenue contribution from the data centre in PT Rimba Palma Sejahtera Lestari (“**RPSL**”), a non-wholly owned subsidiary of the Company in Jambi, Indonesia, where RPSL provided information technology services to its customers. The business began operations in the last quarter of 2023. However, research and development expenses, repairs and maintenance expenses included in other operating expenses and higher administrative expenses, alongside the depreciation of the Indonesian Rupiah (the “**IDR**”), constrained overall profitability. The Group remains focused on strategic growth initiatives, including the wastewater treatment facility expansion in Rugao, PRC and the planned disposal of its wood pellet production business, while actively managing financial leverage to ensure long-term sustainability.

On 29 September 2024, the Company announced an agreement between the Rugao Economic and Technological Development Zone Administrative Committee (如皋經濟技術開發區管委會) and Everbest Water Treatment Development Company Limited (“**Everbest**”), an indirect wholly-owned subsidiary of the Company. Under this agreement, Rugao Hengfa Water Treatment Company Limited (“**Rugao Hengfa**”), also an indirect wholly-owned subsidiary, will design and construct an expansion and enhancement project for its wastewater treatment facility (the “**Rugao Hengfa Facility**”). This project will increase daily industrial water treatment capacity from 40,000 tons to 50,000 tons per day, with effluent quality upgraded to Standard C under the Jiangsu Provincial Local Standard Urban Wastewater Treatment Plant Pollutant Discharge Standard*《江蘇省地方標準城鎮污水處理廠污染物排放標準》(DB32/4440-2022). The total investment is estimated at approximately RMB20.9 million (equivalent to approximately HK\$23.2 million), with completion expected in the first half of 2025.

The completion of the Bangka Project in late July 2024 has positioned the Group to benefit from long-term revenue stability. The plant supplies electricity to the national grid under a 25-year fixed-price agreement with Perusahaan Listrik Negara, Indonesia’s main electricity provider, ensuring a steady income stream.

The disposal of an 80% interest in the wood pellet production business of RPSL, remains pending due to government approval delays. Despite such setback, the Group aims to complete the transaction in the first half of 2025 and has continued enhancing production capacity and efficiency at the pellet plant.

Regarding arbitration proceedings related to the consideration receivable in relation to the disposal of Haian Hengfa Wastewater Treatment Company Limited (“**Haian Hengfa**”), tribunal hearings concluded in December 2024 but the arbitration outcome has been extended to 28 August 2025.

In FY2024, the Group recorded revenue of HK\$121.6 million, a 7.4% increase from FY2023. Gross profit increased by 52.5% to HK\$62.0 million, leading to an improved gross profit margin of 51.0%, up from 35.9% in FY2023. However, profit before tax saw only a slight increase of HK\$0.5 million, rising from HK\$0.7 million in FY2023 to HK\$1.2 million in FY2024. Increased tax expenses contributed to a net loss of HK\$9.3 million in FY2024, compared to HK\$8.1 million in FY2023, mainly due to higher tax liabilities at Rugao Hengfa.

Profitability was constrained by a 247.6% increase in impairment losses, rising from HK\$1.0 million in FY2023 to HK\$3.6 million in FY2024, due to concerns over the recoverability of a receivable of a loan due from a third party. Additionally, administrative expenses rose by 28.8% from HK\$26.5 million in FY2023 to HK\$34.1 million in FY2024, driven by the increase in staff costs and legal and professional fees.

As of 31 December 2024, total utilised bank borrowings stood at HK\$75.4 million, with outstanding independent third-party borrowings amounting to HK\$24.8 million and related-party borrowings totalling HK\$101.9 million. The Group's gearing ratio increased from 66.0% in FY2023 to 80.0% in FY2024, reflecting higher borrowing levels.

OUTLOOK

The expansion of the Rugao Hengfa Facility, expected to be completed in the first half of 2025, will enhance service capacity and ensure compliance with stringent environmental regulations. The project will not only increase treatment capacity but also improve wastewater discharge quality, aligning with evolving regulatory standards.

With the Bangka Project now fully operational and supported by a 25-year fixed-price contract, the Group anticipates a stable revenue stream that will reinforce financial stability. Additionally, while the disposal of the 80% interest in RPSL's wood pellet business has faced delays, the Group remains committed to completing the transaction in 2025, unlocking further financial flexibility.

Given the rising gearing ratio, the Group is actively exploring ways to reduce borrowings and lower interest expenses. Strategic debt management will remain a priority as it balances growth investments with financial prudence.

Despite economic uncertainties, the Group is well-positioned for sustainable growth, supported by strong industry fundamentals, regulatory tailwinds, and a commitment to operational excellence. The focus for the coming year will be on executing key expansion projects, optimising financial structure, and reinforcing its leadership in environmental solutions.

FINANCIAL REVIEW

REVENUE

Our total revenue increased by HK\$8.3 million or 7.4% to HK\$121.6 million for FY2024 as compared to HK\$113.3 million for FY2023. Such increase was primarily attributable to the increase in revenue contributed from the full operation of the Bangka Project, which commenced operations in late July 2024 and the full-year revenue contribution from the operation of the data centre in Jambi, which commenced operations in the last quarter of 2023.

COST OF SALES

Our total cost of sales decreased by HK\$13.0 million or 17.9% from HK\$72.6 million for FY2023 to HK\$59.6 million for FY2024, primarily due to (i) the decrease in water and electricity costs arising from the wastewater treatment operation during FY2024, and (ii) the decrease in construction costs arising from the Bangka Project during FY2024 as compared to FY2023.

GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit increased by HK\$21.4 million or 52.5% from HK\$40.7 million for FY2023 to HK\$62.0 million for FY2024, primarily due to the aforementioned fluctuation in revenue and cost of sales. Our gross profit margin increased from 35.9% for FY2023 to 51.0% for FY2024.

OTHER INCOME AND NET OTHER GAINS AND LOSSES

We recorded other loss and net other losses of HK\$1.3 million for FY2024 as compared to other income and net other gains of HK\$0.2 million for FY2023, primarily due to the increase in net foreign exchange loss as compared to FY2023.

IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

Our impairment losses under expected credit loss model increased by HK\$2.5 million or 247.6% from HK\$1.0 million for FY2023 to HK\$3.6 million for FY2024. Such impairment losses were mainly attributable to an other receivable of a loan due from a third party which defaulted on its repayment during the Year and the Group considered the collection to be remote, resulting in the impairment loss of HK\$3.5 million in FY2024 (FY2023: HK\$26,000).

ADMINISTRATIVE EXPENSES

Our administrative expenses increased by HK\$7.6 million or 28.8% from HK\$26.5 million for FY2023 to HK\$34.1 million for FY2024, primarily due to the increase in staff costs and legal and professional fees.

RESEARCH AND DEVELOPMENT EXPENSES AND OTHER OPERATING EXPENSES

The Group incurred research and development expenses of approximately HK\$3.2 million to enhance the production capacity and advancement of the wood pellet business in RPSL. The Group also incurred repair and maintenance expenses of approximately HK\$6.6 million for the biomass power plant in RPSL.

FINANCE COSTS

Our finance costs decreased slightly by HK\$0.6 million or 4.7% from HK\$12.7 million for FY2023 to HK\$12.1 million for FY2024, primarily due to the decrease in interest on loans from related parties and there being no increase in discounted amounts of provision for major overhauls during FY2024.

PROFIT BEFORE TAX

Our profit before tax increased by HK\$0.5 million or 65.0% from HK\$0.7 million for FY2023 to HK\$1.2 million for FY2024, primarily due to the factors mentioned above.

INCOME TAX EXPENSE

Our income tax expense increased by HK\$1.7 million or 18.8% from HK\$8.8 million for FY2023 to HK\$10.5 million for FY2024, mainly due to increase in profit before tax for our subsidiaries in the PRC.

LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company increased slightly by HK\$0.4 million or 5.6% from HK\$8.3 million for FY2023 to HK\$8.7 million FY2024, primarily due to the factors mentioned above.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Our principal liquidity and capital requirements primarily relate to investments in our projects, construction and upgrading of our wastewater treatment facilities, purchases of equipment as well as costs and expenses related to the operation and maintenance of our wastewater treatment and electricity generating facilities.

As at 31 December 2024, the Group's cash and cash equivalents was HK\$35.1 million, representing an increase of HK\$5.0 million or 16.7% as compared with that of HK\$30.1 million as at 31 December 2023. As at 31 December 2024, the Group's cash and cash equivalents of HK\$18.9 million, HK\$5.5 million, HK\$1.9 million and HK\$8.8 million were denominated in Renminbi (“RMB”), Hong Kong Dollars (“HK\$”), IDR and United States Dollars (“US\$”), respectively (31 December 2023: HK\$16.1 million, HK\$6.5 million, HK\$1.6 million and HK\$5.9 million were denominated in RMB, HK\$, IDR and US\$, respectively).

BORROWINGS

As at 31 December 2024, the total amount of our utilised bank borrowings was HK\$75.4 million, of which HK\$46.8 million was repayable on demand and HK\$28.6 million was repayable within one year. HK\$64.8 million and HK\$10.6 million of the outstanding bank borrowings were denominated in HK\$ and RMB respectively (31 December 2023: HK\$58.2 million were denominated in HK\$). Out of the HK\$75.4 million outstanding bank borrowings, HK\$18.0 million bore a floating interest rate of 1.6% per annum over the Hong Kong Interbank Offered Rate (“HIBOR”), HK\$18.0 million bore a floating interest rate of 2% below Hong Kong Dollar prime rate, HK\$28.8 million bore a floating interest rate of 0.8% per annum over the HIBOR and HK\$10.6 million bore a floating interest rate of 0.9% per annum below China Loan Prime Rate (31 December 2023: HK\$18.0 million bore a floating interest rate of 1.4% per annum over the HIBOR, HK\$20.0 million bore a fixed interest rate of 2% below Hong Kong Dollar prime rate and HK\$20.2 million bore a floating interest rate of 0.8% per annum over the HIBOR). We had HK\$15.3 million unutilised banking facilities as at 31 December 2024 (31 December 2023: HK\$28.7 million).

As at 31 December 2024, the Company had an outstanding borrowing from independent third parties of the Group amounted to HK\$24.8 million (31 December 2023: HK\$23.9 million), which bore interest rates at 8% to 8.3% per annum, of which HK\$9 million was repayable within one year.

As at 31 December 2024, the Company had outstanding amounts due to related parties of the Group amounted to HK\$101.9 million (31 December 2023: HK\$102.1 million), of which HK\$51.3 million bore a fixed interest rate of 8% per annum and HK\$50.6 million bore a fixed interest rate of 6% per annum. Out of the HK\$101.9 million outstanding amounts due to related parties, HK\$7.3 million was repayable within one year and HK\$94.6 million was repayable within two to five years. To the best knowledge of the Directors and management of the Group, all the interest rates of the above borrowings were determined on arm's length basis.

GEARING RATIO

Gearing ratio is calculated by dividing total debt by total equity and then multiplied by 100%, and total debt includes the interest-bearing bank borrowings, amounts due to related parties and other borrowings. Our gearing ratio increased from 66.0% as at 31 December 2023 to 80.0% as at 31 December 2024.

CHARGE ON ASSETS

As at 31 December 2024, cash deposits amounted to HK\$30.8 million were pledged to secure the interest-bearing bank borrowings granted to the Group (31 December 2023: HK\$22.0 million).

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. Surplus cash will be invested appropriately so that the Group's cash requirements for its strategy or direction from time to time can be met.

CAPITAL EXPENDITURES

Our capital expenditures consist primarily of expenditures for construction for our Bangka Project and Rugao Hengfa expansion and enhancement project. During the Year, our capital expenditures amounted to HK\$17.4 million (31 December 2023: HK\$42.2 million), which were funded by our financing activities.

FOREIGN EXCHANGE RISK

Member companies in the PRC and Indonesia within our Group have limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. However, as these principal subsidiaries mainly carry assets and liabilities in RMB and IDR, any appreciation or depreciation of HK\$ against RMB and IDR will affect the Group's consolidated financial position which is presented in HK\$, and will be reflected in the exchange fluctuation reserve.

The Group does not have a foreign currency hedging policy. The Group minimises foreign exchange exposure by converting its cash and cash equivalents in other currencies generated from the operation of its foreign operating subsidiaries to HK\$.

CONTINGENT LIABILITIES

As at 31 December 2024, the Group had no material contingent liabilities (31 December 2023: Nil).

ARBITRATION

As disclosed in the Company's announcement dated 14 February 2024, Everbest applied to the Shenzhen Court of International Arbitration ("SCIA") to initiate arbitration (the "**Arbitration**") against CGN Environmental Protection Industry Co., Ltd, the purchaser, in relation to a dispute arising from the sale and purchase agreement regarding Everbest's disposal of 70% of the equity interest in Haian Hengfa in July 2022 (the "**Sale and Purchase Agreement**").

In the aforementioned Arbitration application, Everbest requested for (i) payment of the third instalment of the consideration amounting to RMB13,633,200 under the Sale and Purchase Agreement, (ii) liquidated damages, exchange loss and legal fees of approximately RMB2.2 million in total, and (iii) all costs of the Arbitration.

On 5 February 2024, Everbest received a Notice of Arbitration issued by the SCIA, and on 28 August 2024, Everbest received an Arbitration Tribunal Formation and Hearing Notice. The first hearing and second hearing were held on 26 September 2024 and 18 December 2024, respectively. The SCIA subsequently issued a notice to Everbest on 5 March 2025, confirming that the arbitral award will be handed down in August 2025.

As at the date of this announcement, the Arbitration is still in progress and the Group is unable to predict the outcome of the Arbitration. The Company will make further announcement(s) to update the shareholders of the Company (the “**Shareholders**”) on any material developments in relation to the Arbitration proceedings as and when appropriate, in compliance with the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 302 employees (31 December 2023: 176 employees). Employee costs, including Directors’ emoluments, amounted to approximately HK\$16.3 million for FY2024 (FY2023: HK\$15.5 million). The remuneration policy for our Directors, senior management members and general staff is based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of our Group and the individual performance of our Directors, senior management members and general staff. The Group encourages the self-development of its employees and provides on-the-job training where appropriate.

The Company adopted a share option scheme on 5 September 2014 (the “**Share Option Scheme**”) for the purpose of providing incentives and rewards to eligible directors and employees of the Group. The Share Option Scheme expired on 4 September 2024. No further share options were offered and no share options remained outstanding under the Share Option Scheme following its expiration.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this announcement, the Group did not have any other significant investments, material acquisitions or disposals of assets, subsidiaries, associates or joint ventures during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in this announcement, the Group has no plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the section headed “ARBITRATION”, the Group had no material event subsequent to 31 December 2024 and up to the date of this announcement.

FINAL DIVIDEND

No final dividend has been recommended by the Board for FY2024 (FY2023: Nil).

ANNUAL GENERAL MEETING

The Company will hold its annual general meeting on Friday, 20 June 2025 (the “AGM”), the notice of which will be published and dispatched to the Shareholders in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders’ entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 17 June 2025 to Friday, 20 June 2025 (both dates inclusive), during which period no transfer of shares of the Company will be effected. In order to qualify for attending and voting at the AGM, the non-registered Shareholders must lodge all transfer documents, accompanied by the relevant share certificates, with the Company’s Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Monday, 16 June 2025.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with all the mandatory disclosure requirements and the applicable code provisions as set out in the section headed “Part 2 – Principles of good corporate governance, code provisions and recommended best practices” of the Corporate Governance Code contained in Appendix C1 (the “CG Code”) to the Listing Rules throughout FY2024.

SCOPE OF WORK OF THE COMPANY’S EXTERNAL AUDITORS

The figures in respect of the Group’s consolidated statement of financial position as at 31 December 2024, consolidated statement of profit or loss and other comprehensive income for FY2024 and the notes thereto as set out in this announcement above have been agreed by the Company’s external auditors to the amounts set out in the Group’s audited consolidated financial statements for FY2024. The work performed by the Company’s external auditors in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently, no assurance has been expressed by the Company’s external auditors on this announcement.

AUDIT COMMITTEE’S REVIEW

The Company has established an audit committee (the “**Audit Committee**”) in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code for the purpose of reviewing and providing supervision over the Group’s financial reporting process, risk management and internal controls. The Audit Committee comprises three members, namely Ms. Ng Chung Yan Linda (who is also the chairlady of the Audit Committee), Mr. Ng Man Kung and Ms. Leung Bo Yee Nancy, all being the independent non-executive Directors. The Audit Committee has reviewed with the Company’s management the accounting principles and practices adopted by the Group and the annual consolidated results of the Group for FY2024.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 to the Listing Rules (the “**Model Code**”) as its own code of conduct governing securities transactions by the Directors. Following specific enquiries made by the Company on the Directors, all of them have confirmed that they had complied with the required standard set out in the Model Code throughout FY2024.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During FY2024, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities (including sale of treasury shares).

As at 31 December 2024, the Company did not hold any treasury shares.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Stock Exchange’s website (<http://www.hkexnews.hk>) and the Company’s website (<http://www.ellhk.com>). The Company’s annual report for FY2024 will be dispatched to the Shareholders, if printed copy is required, and will be available on the respective websites of the Stock Exchange and the Company in due course in the manner as required by the Listing Rules.

APPRECIATION

I would like to take this opportunity to express my most sincere thanks and gratitude to our Shareholders and various parties for their continuous support as well as my fellow Directors and our staff for their dedication and diligence.

By order of the Board
ELL Environmental Holdings Limited
Chan Kwan
Executive Director and Chief Executive Officer

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises Mr. Chau On Ta Yuen (Chairman), Mr. Chan Kwan (Chief Executive Officer), Mr. Radius Suhendra and Mr. Chau Chi Yan Benny as executive Directors, Mr. Chan Pak Lam Brian as a non-executive Director, and Ms. Ng Chung Yan Linda, Mr. Ng Man Kung and Ms. Leung Bo Yee Nancy as independent non-executive Directors.

* *For identification purpose only*