金茂源

Kimou Environmental Holding Limited
金茂源環保控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 6805)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

	For the year ended 31 December 2024 *RMB'000*	For the year ended 31 December 2023 *RMB'000*
Revenue	**1,394,084**	1,178,414
Profit from operations	**305,045**	254,265
Profit attributable to equity shareholders of the Company	**122,611**	91,167
Basic earnings per share *(Note)* *(RMB)*	**0.11**	0.08
Diluted earnings per share *(Note)* *(RMB)*	**0.11**	0.08
Total assets	**5,222,749**	4,934,102
Net assets	**1,375,091**	1,242,575
Operating profit margin	**21.9%**	21.6%
Net profit margin	**7.6%**	7.0%

The Board of the Company has resolved to recommend a final dividend of HK15 cents per share (equivalent to approximately RMB13.9 cents) (2023: HK10 cents per share).

Note:

The calculation of earnings per share is based on the profit attributable to the equity shareholders of the Company for each of the years ended 31 December 2024 and 2023 and the weighted average number of ordinary shares during the respective year. The Company had no dilutive ordinary shares for each of the years ended 31 December 2024 and 2023.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Kimou Environmental Holding Limited (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 (the "**Year**"), together with the comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Expressed in Renminbi)

	Note	**For the year ended 31 December 2024** *RMB'000*	For the year ended 31 December 2023 *RMB'000*
Revenue	*2*	**1,394,084**	1,178,414
Other revenue	*3*	**29,315**	21,503
Depreciation and amortisation	*5(c)*	**(265,994)**	(264,263)
Cost of inventories	*5(c)*	**(474,897)**	(362,791)
Staff costs	*5(b)*	**(168,633)**	(139,622)
Utility costs	*5(c)*	**(40,096)**	(37,918)
Other expenses		**(166,487)**	(136,377)
Other net gain/(loss)	*4*	**6,921**	(825)
Share of profit or loss of associates		**367**	26
Impairment losses on trade and other receivables		**(9,535)**	(3,882)
Profit from operations		**305,045**	254,265
Finance costs	*5(a)*	**(138,968)**	(136,957)
Profit before taxation	*5*	**166,077**	117,308
Income tax	*6*	**(59,548)**	(35,216)
Profit for the year		**106,529**	82,092
Attributable to:			
Equity shareholders		**122,611**	91,167
Non-controlling interests		**(16,082)**	(9,075)
Profit for the year		**106,529**	82,092
Earnings per share (RMB)	*7*		
Basic and diluted		**0.11**	0.08

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	For the year ended 31 December 2024 *RMB'000*	For the year ended 31 December 2023 *RMB'000*
Profit for the year	**106,529**	82,092
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of entities not using Renminbi ("**RMB**") as functional currency	**(5,339)**	(1,595)
Total comprehensive income for the year	**101,190**	80,497
Attributable to:		
Equity shareholders	**117,272**	89,572
Non-controlling interests	**(16,082)**	(9,075)
Total comprehensive income for the year	**101,190**	80,497

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	**At 31 December 2024** *RMB'000*	At 31 December 2023 *RMB'000*
Non-current assets			
Property, plant and equipment	*9*	**1,989,235**	1,976,986
Investment property	*10*	**1,443,269**	1,533,286
Construction in progress		**441,515**	109,522
Right-of-use assets	*11*	**499,257**	362,523
Intangible assets		**6,688**	4,483
Interests in associates		**3,741**	2,974
Other financial assets		**3,064**	3,914
Other receivables	*12*	**38,426**	69,682
Deferred tax assets		**44,095**	47,982
		4,469,290	4,111,352
Current assets			
Inventories		**28,840**	29,254
Trade and other receivables	*12*	**457,390**	313,152
Restricted deposits with banks		**47,824**	49,907
Cash and cash equivalents		**219,405**	276,752
		753,459	669,065
Non-current assets held for sale		**–**	153,685
		753,459	822,750
Current liabilities			
Trade and other payables	*13*	**622,679**	793,076
Contract liabilities		**13,532**	8,583
Bank loans and other borrowings	*14*	**864,857**	938,923
Lease liabilities		**1,882**	1,762
Current taxation		**14,975**	17,711
		1,517,925	1,760,055
Net current liabilities		**(764,466)**	(937,305)
Total assets less current liabilities		**3,704,824**	3,174,047

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi)

(Continued)

	Note	**At 31 December 2024** *RMB'000*	At 31 December 2023 *RMB'000*
Non-current liabilities			
Bank loans and other borrowings	*14*	**2,210,861**	1,811,757
Lease liabilities		**11,564**	13,446
Deferred income		**99,808**	100,419
Deferred tax liabilities		**7,500**	5,850
		2,329,733	1,931,472
Net assets		**1,375,091**	1,242,575
CAPITAL AND RESERVES			
Share capital		**97,283**	97,412
Reserves		**1,052,465**	1,035,578
Total equity attributable to equity shareholders		**1,149,748**	1,132,990
Non-controlling interests		**225,343**	109,585
Total equity		**1,375,091**	1,242,575

NOTES TO THE FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated results set out in this announcement do not constitute the consolidated financial statements of the Group for the year ended 31 December 2024 but are extracted from those consolidated financial statements.

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**"). Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments during the current accounting periods.

(b) Basis of preparation of the financial statements

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

At 31 December 2024, the Group's current liabilities exceeded its current assets by RMB764,466,000. The Directors of the Company consider that, based on the projection of the Group's future cash flows from operations and the anticipated ability of the Group to renew or rollover its banking facilities and other financing sources to finance its continuing operations and its planned and/or committed capital expenditure for the next fifteen months from the end of the reporting period of this annual financial statement, the Group has adequate resources to continue to operate as a going concern throughout the next fifteen months and that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that financial assets at fair value through profit or loss are stated at fair value.

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

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

(c) Changes in accounting policies

(i) Adoption of new or amendments to HKFRSs

In the current year, the Group has applied for the first time the following standards and amendments issued by the HKICPA, which are effective for the Group's financial statements for the annual period beginning on 1 January 2024.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Amendments to Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS 16	Lease Liability in Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The application of these new or amendments to HKFRSs has no material impact on the Group's results and financial position for the current or prior period.

The Group has not applied any new or amendments to HKFRSs that is not yet effective for the current accounting period.

(ii) New or amendments to HKFRSs that have been issued but are not yet effective

The following new or amendment to HKFRSs have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current plan is to apply these changes on the date they become effective.

Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability[1]
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments[2]
Amendments to HKFRS 9 and HKFRS 7	Contracts Referencing Nature-dependent Electricity[2]
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11[2]
HKFRS 18	Presentation and Disclosure in Financial Statements[3]
HKFRS 19	Subsidiaries without Public Accountability: Disclosures[3]
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]

[1] Effective for annual periods beginning on or after 1 January 2025;
[2] Effective for annual periods beginning on or after 1 January 2026;
[3] Effective for annual periods beginning on or after 1 January 2027;
[4] No mandatory effective date yet determined but available for adoption;

2. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are industrial park property development and management, electroplating wastewater treatment and sales of goods and ancillary business. Further details regarding the Group's principal activities are disclosed in note 2(b).

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major business lines is as follows:

	For the year ended 31 December 2024 *RMB'000*	For the year ended 31 December 2023 *RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by types of good or service		
— Facilities usage and management service		
Property management services	**29,951**	26,972
Environmental protection technical service fee	**293,464**	283,489
	323,415	310,461
— Wastewater treatment and utilities		
Wastewater treatment services	**290,350**	239,223
Utility services	**235,130**	204,067
	525,480	443,290
— Sales of goods and ancillary business	**406,767**	294,210
	1,255,662	1,047,961
Revenue from other sources		
Gross rentals from investment properties	**138,422**	130,453
	1,394,084	1,178,414

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in note 2(b)(i) and note 2(b)(iii), respectively.

The Group's customer base is diversified, and the Group did not have any customer with whom transactions have exceeded 10% of the Group's aggregate revenue for the year ended 31 December 2024 (2023: Nil).

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource 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.

— Rental and facilities usage: this segment conducts industrial park property development and management business.

— Wastewater treatment and utilities: this segment operates electroplating wastewater treatment plants and provides services of utilities.

— Sales of goods and ancillary business: this segment includes sales of materials and others.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

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 or amortisation of assets attributable to those segments. However, other than reporting inter-segment rentals of properties and sales of raw materials, assistance provided by one segment to another, including sharing of assets, is not measured.

The Group's senior executive management is provided with segment information concerning segment revenue and profit. Segment assets and liabilities are not reported to the Group's senior executive management regularly.

The measure used for reporting segment profit is "**Adjusted EBITDA**" (i.e. "adjusted earnings before finance costs, interest income, taxes, depreciation and amortisation"). To arrive at Adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 are set out below.

	Rental and facilities usage		Wastewater treatment and utilities		Sales of goods and ancillary business		Total	
For the year ended 31 December	**2024**	2023	**2024**	2023	**2024**	2023	**2024**	2023
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*	***RMB'000***	*RMB'000*
Revenue from external customers	**461,837**	440,914	**525,480**	443,290	**406,767**	294,210	**1,394,084**	1,178,414
Inter-segment revenue	**54,422**	36,063	**1,779**	703	**28,242**	68,246	**84,443**	105,012
Reportable segment revenue	**516,259**	476,977	**527,259**	443,993	**435,009**	362,456	**1,478,527**	1,283,426
Reportable segment profit (Adjusted EBITDA)	**413,624**	401,422	**157,173**	114,883	**24,675**	28,502	**595,472**	544,807
Depreciation and amortisation for the year	**(230,343)**	(240,848)	**(33,307)**	(21,716)	**(2,344)**	(1,699)	**(265,994)**	(264,263)

(ii) Reconciliations of reportable segment profit

	For the year ended 31 December 2024 *RMB'000*	For the year ended 31 December 2023 *RMB'000*
Reportable segment profit derived from the Group's external customers	**595,472**	544,807
Depreciation and amortisation	**(265,994)**	(264,263)
Finance costs	**(138,968)**	(136,957)
Interest income	**8,628**	3,158
Unallocated head office and corporate expenses	**(33,061)**	(29,437)
Consolidated profit before taxation	**166,077**	117,308

(iii) Geographic information

Substantially all of the Group's revenue and non-current assets are generated and located in the People's Republic of China (the "**PRC**").

(c) Revenue expected to be recognised in the future arising from contracts in existence at the reporting date

(i) Contracts with customers within in the scope of HKFRS 15

As at 31 December 2024, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group' s existing contracts is RMB974,843,000 (2023: RMB1,016,216,000). This amount represents revenue expected to be recognised in the future from contracts of property management, facilities usage and other services entered into by the customers with the Group. The Group will recognise the expected revenue in future when the services are rendered, which is mainly expected to occur over the next one to twenty years.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its service and sales contracts of raw materials such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under these contracts that had an original expected duration of one year or less.

(ii) Operating leases

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Less than 1 year	**148,488**	126,502
1 to 2 years	**135,480**	121,313
2 to 3 years	**69,670**	107,667
3 to 4 years	**47,810**	40,985
4 to 5 years	**20,015**	21,175
More than 5 years	**99,772**	71,750
Total undiscounted lease payments	**521,235**	489,392

3. OTHER REVENUE

	For the year ended 31 December 2024	For the year ended 31 December 2023
	RMB'000	*RMB'000*
Interest income	**8,628**	3,158
Government grants		
— Unconditional subsidies	**8,851**	5,140
— Conditional subsidies	**10,099**	10,449
Others	**1,737**	2,756
	29,315	21,503

Government grants represent various forms of incentives and subsidies granted to the Group by the local government authorities in the PRC.

4. OTHER NET GAIN/(LOSS)

	For the year ended 31 December 2024 *RMB'000*	For the year ended 31 December 2023 *RMB'000*
Loss arising from disposal of property, plant and equipment and construction in progress	**(5,945)**	(730)
Gain arising from disposal of investment property, construction in progress, right-of-use assets and non-current assets held for sale	**12,704**	1,171
Changes in fair value of other financial assets through profit or loss	**(850)**	(597)
Net foreign exchange gain/(loss)	**2,297**	(769)
Others	**(1,285)**	100
	6,921	(825)

5. PROFIT BEFORE TAXATION

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

(a) Finance costs

	For the year ended 31 December 2024 *RMB'000*	For the year ended 31 December 2023 *RMB'000*
Interest on bank loans and other borrowings	**138,525**	149,067
Interest on lease liabilities	**881**	759
Interest expense on deferred consideration payable	**–**	6,059
Less: interest expenses capitalised into properties and plant under development	**(438)**	(18,928)
	138,968	136,957

The borrowing costs have been capitalised at a rate of 3.20% to 4.25% per annum (2023: 4.87% to 6.20%).

(b) Staff costs (including Directors' emoluments)

	For the year ended 31 December 2024	For the year ended 31 December 2023
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**155,172**	127,723
Retirement scheme contributions	**13,461**	11,899
	168,633	139,622

The PRC entities participate in defined contribution retirement benefit schemes (the "**Schemes**") organised by the PRC municipal and provincial government authorities, whereby the PRC entities are required to make contribution at the rates required by different local government authorities. The local government authorities are responsible for the pension payable to the retired employees covered under the Schemes.

According to the Hong Kong Mandatory Provident Fund Scheme (the "**MPF Scheme**"), except for exempted persons under the MPF Scheme, employers and their employees are each required to contribute 5% of the employees' relevant income to the MPF Scheme, and the relevant highest income (currently HK$30,000 per month or HK$1,000 per day) is used as the upper limit for calculating contributions.

The Group has no other material obligations for payments of pension benefits beyond the contributions described above.

(c) Other items

	For the year ended 31 December 2024	For the year ended 31 December 2023
	RMB'000	*RMB'000*
Depreciation and amortisation		
— Property, plant and equipment	**159,194**	168,230
— Investment property	**95,024**	85,985
— Right-of-use assets	**10,548**	9,161
— Intangible assets	**1,228**	887
	265,994	264,263
Cost of inventories (i)		
— Cost of inventories — sold	**343,242**	242,590
— Cost of inventories — consumed	**131,655**	120,201
	474,897	362,791
Auditors' remuneration		
— Audit related	**1,684**	2,186
— Non-audit related	**858**	830
	2,542	3,016
Utility costs	**40,096**	37,918
Research and development expenses	**14,458**	13,918

(i) Cost of inventories mainly represented goods sold to customers and raw materials consumed during the provision of electroplating wastewater treatment services.

6. INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	2024	2023
	RMB'000	*RMB'000*
Current tax — PRC income tax		
Provision for the year	**48,011**	39,813
Withholding tax on distribution of dividends for the year	**6,000**	900
Refund of withholding tax on distribution of dividends in respect of prior years	**–**	(6,345)
	54,011	34,368
Deferred tax		
Origination and reversal of temporary differences	**11,537**	4,024
Effect on distribution of dividends for the year	**(6,000)**	(900)
Effect on deferred tax balances at 1 January resulting from a change in tax rate	**–**	(2,276)
	5,537	848
	59,548	35,216

(i) 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.

No provision was made for Hong Kong Profits Tax as the Group did not earn income subject to Hong Kong Profits Tax for the year ended 31 December 2024 (2023: Nil).

Taxable income for the subsidiaries of the Company in the PRC is subject to PRC income tax rate of 25%, unless otherwise specified below.

Huizhou Jinmaoyuan Environmental Technology Co., Ltd.* ("**Huizhou Jinmaoyuan**"), Tianjin Bingang Electroplating Enterprises Management Co., Ltd.* ("**Tianjin Bingang**") and Jinyuan (Jingzhou) Environmental Technology Co., Ltd. ("**Jingzhou Jinyuan**") were qualified as High and New Technology Enterprises and entitled to the preferential income tax rate of 15% from 2024 to 2026, 2022 to 2024 and 2022 to 2024, respectively.

Huizhou Jinmaoyuan was engaged in the operation of environmental protection, energy and water conservation, related taxable income was qualified for income tax exemption for the year ended 31 December 2024 and 2023.

(ii) During the year ended 31 December 2024, Huizhou Jinmaoyuan, Tianjin Bingang, Jingzhou Jinyuan and Sichuan Jinmaoyuan Environmental Technology Co., Ltd. ("**Sichuan Jinmaoyuan**") were eligible to claim additional deduction on research and development expenses when determined the assessable profits. Accordingly, the income tax was reduced by RMB9,820,000 in total for the year ended 31 December 2024 (2023: RMB6,896,000).

(iii) Pursuant to the relevant law in the PRC, from 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business in the PRC but whose relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax at the rate of 10% (unless reduced by tax treaty) on various types of passive income such as dividends derived from sources within the PRC. Pursuant to the Mainland China-Hong Kong Double Tax Arrangement and the related regulations, a qualified Hong Kong tax resident will be liable to a reduced withholding tax rate of 5% on dividends from a PRC enterprise if the Hong Kong tax resident is the beneficial owner and holds 25% or more of the equity interest of the PRC enterprise. During the year ended 31 December 2023, the Group's subsidiary in Hong Kong has obtained the Certificate of Resident Status of the Hong Kong Special Administrative Region and therefore has adopted the withholding tax rate at 5% for PRC withholding tax.

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB122,611,000 (2023: RMB91,167,000) and the weighted average number of 1,107,750,000 ordinary shares (2023: 1,109,469,000 shares) in issue during the year, calculated as follows:

	2024	2023
	'000	*'000*
Issued ordinary shares at 1 January	**1,109,176**	1,113,014
Effect of shares repurchased	**(1,426)**	(3,545)
Weighted average number of ordinary shares at 31 December	**1,107,750**	1,109,469

(b) Diluted earnings per share

During the years ended 31 December 2024 and 2023, there were no dilutive potential ordinary shares issued.

8. DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the Year

	2024	2023
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of HK$0.15 per ordinary share (2023: HK$0.10)	**153,866**	100,514

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period. and it is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the Year

	2024	2023
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the Year, of HK$0.10 per ordinary share (2023: HK$0.05)	**100,514**	49,289

9. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2024, the Group acquired items of property, plant and equipment with a cost of RMB13,271,000 and RMB164,092,000 transfer from construction in progress (2023: RMB5,425,000 and RMB569,775,000 transfer from construction in progress).

As at 31 December 2024, certain property, plant and equipment with carrying value of RMB886,818,000 (2023: RMB854,445,000) were pledged to secure the Group's bank loans and other borrowings (note 14(iii)).

10. INVESTMENT PROPERTY

During the year ended 31 December 2024, additions to investment property RMB13,154,000 and RMB2,873,000 transfer from construction in progress (2023: RMB454,884,000 transfer from construction in progress and right-of-use-assets) mainly represented properties in the industrial parks. The Group's investment property are stated at cost less accumulated depreciation.

As at 31 December 2024, the fair value of the Group's investment property, excluding leased properties to earn rental income, was approximately RMB2,614,720,000 (2023: RMB2,660,690,000). The fair value is determined by the Directors of the Company with reference to mainly the valuation performed, using the income capitalisation approach with reference to the term value and the reversionary value calculated by discounting the contracted annual rent at the capitalisation rate over the existing lease period and the sum of average unit market rent at the capitalisation rate after the existing lease period, by an independent qualified professional valuer.

As at 31 December 2024, certain investment property with carrying value of RMB1,050,577,000 (2023: RMB1,054,064,000) were pledged to secure the Group's bank loans and other borrowings (note 14(iii)).

11. RIGHT-OF-USE ASSETS

During the year ended 31 December 2024, the additions to right-of-use assets of RMB153,957,000 (2023: RMB16,433,000) were mainly due to the acquisition of land use right assets.

As at 31 December 2024, certain land-use rights with carrying value of RMB309,873,000 (2023: RMB177,754,000) were pledged to secure the Group's bank loans and other borrowings (note 14(iii)).

12. TRADE AND OTHER RECEIVABLES

	At 31 December 2024	At 31 December 2023
	RMB'000	*RMB'000*
Current		
Trade debtors	**196,116**	171,641
Bills receivables	**18,500**	4,070
Less: Allowance for expected credit losses	**(7,723)**	(3,997)
	206,893	171,714
Deductible input VAT	**134,663**	122,954
Prepayments	**10,163**	11,054
Other receivables	**5,078**	2,708
Advances to third parties	**104,005**	–
Less: Allowance for expected credit losses	**(4,188)**	–
	99,817	–
Amounts due from related parties	**776**	4,722
	457,390	313,152
Non-current		
Prepayments for purchase of property, plant and equipment	**38,426**	7,132
Deposits for other borrowings	**–**	8,550
Deposits for acquisition of land-use rights	**–**	54,000
	38,426	69,682
Total	**495,816**	382,834

All of the trade and other receivables, apart from those classified as non-current portion, are expected to be recovered or recognised as expense within one year.

As at 31 December 2024, the Group endorsed certain bank acceptance bills totalling RMB1,135,000 (2023: RMB15,986,000) to suppliers and contractors for settling payables of the same amount on a full recourse basis. These bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of the directors, the Group have transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group have limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable. Accordingly, the Group has derecognised these bills receivable and the payables in their entirety.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable based on the invoice date or bill acceptance date and net of loss allowance, is as follows:

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Within 1 month	**170,368**	143,138
1 to 3 months	**22,850**	20,503
4 to 6 months	**7,813**	5,833
Over 6 months	**5,862**	2,240
	206,893	171,714

Trade debtors and bills receivable are due within 15 to 90 days from the date of billing or bills receivable issuance.

13. TRADE AND OTHER PAYABLES

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Trade payables	**88,618**	79,489
Deposits due to tenants	**241,020**	214,386
Payables for equipment and construction	**217,819**	260,562
Interest payable	**3,926**	6,704
Payroll payable	**35,752**	29,866
Amounts due to related parties	**703**	1,170
Receipts in advance for properties prepaid by third parties	**–**	175,449
Consideration for acquisition of non-controlling interests	**655**	655
Other tax payables	**10,949**	6,208
Lease payment received in advance	**26**	181
Others	**23,211**	18,406
Total	**622,679**	793,076

Deposits due to tenants represented the rental and facilities usage deposits, which might be repayable to customers after more than one year. All of the other trade payables, other payables, accruals and amounts due to related parties are expected to be settled within one year or are repayable on demand.

The credit period granted by the suppliers is 30 to 90 days.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Within 1 month	**67,002**	64,605
1 to 3 months	**14,885**	10,483
4 to 6 months	**4,805**	3,102
Over 6 months	**1,926**	1,299
	88,618	79,489

14. BANK LOANS AND OTHER BORROWINGS

At 31 December 2024, the bank loans and other borrowings were as follows:

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Secured and guaranteed bank loans (iii)(iv)	**2,801,241**	2,679,963
Secured other borrowings (i)(iii)(iv)	**273,333**	69,573
Unsecured and unguaranteed other borrowings (ii)	**1,144**	1,144
	3,075,718	2,750,680

At 31 December 2024, the bank loans and other borrowings were repayable as follows:

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Within 1 year or on demand	**864,857**	938,923
After 1 year but within 2 years	**493,581**	356,004
After 2 years but within 5 years	**1,285,987**	1,026,750
After 5 years	**431,293**	429,003
Sub-total	**2,210,861**	1,811,757
Total	**3,075,718**	2,750,680

(i) Secured other borrowings represent loans received from financial institutions other than banks in the PRC.

(ii) As at 31 December 2024, unsecured and unguaranteed other borrowings represented loan from a non-controlling shareholder of a subsidiary with a fixed-interest rate at 6% per annum, and are repayable in December 2028.

(iii) Secured bank loans and other borrowings as at 31 December 2024 and 31 December 2023 were secured by certain of the Group's charge rights of rental income, equity interests of certain subsidiaries of the Group in the PRC, property, plant and equipment (note 9), investment property (note 10), land-use rights (note 11), deposits for other borrowings (note 12) and pledged deposits. As at 31 December 2024, bank loans and other borrowings amounted to RMB3,074,574,000 (2023: RMB2,746,889,000) were guaranteed by certain directors of the Company, close family members of directors, non-controlling shareholders of the Company or non-controlling shareholders of certain subsidiaries of the Group in the PRC.

(iv) As at 31 December 2024, bank loans and other borrowings amounted to RMB3,075,718,000 (2023: RMB2,749,486,000) were subject to the fulfillment of covenants, which are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. In addition, pursuant to the terms of the bank loan agreements, certain subsidiaries are not allowed to distribute profit and/or to obtain other external financing prior to the lenders' approval. As at 31 December 2024, none of the covenants relating to drawn down facilities had been breached.

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2024, the global political and economic landscape underwent further development. Geopolitical tensions eased somewhat, but regional conflicts still impacted energy and supply chains. The global economy advanced, despite fluctuating conditions, with the United States economy gradually decelerating due to inflationary pressures, Europe's economic recovery remaining fragile, and emerging market economies exhibiting varied performance. China maintained a focus on high-quality development, and China's economy demonstrated robust resilience. The gross domestic product (GDP) growth remained within a reasonable range, the consumer market showed signs of recovery, and technological innovation and green transformation became key drivers of economic growth, thereby impacting the profits of our Group and our clients.

BUSINESS REVIEW

The Group develops and operates large-scale Surface Treatment Recycling Eco-industrial Parks (formerly described as "**Electroplating Industrial Park**") in the PRC which are specifically designed for the electroplating industry providing electroplating wastewater treatment and other ancillary services. For the Year, the Group's revenue was approximately RMB1,394.1 million (2023: RMB1,178.4 million), representing an increase of approximately 18.3% from that of 2023 and the profit attributable to the equity shareholders of the Company was approximately RMB122.6 million (2023: RMB91.2 million), representing an increase of approximately 34.5% from that of 2023.

OUR SURFACE TREATMENT RECYCLING ECO-INDUSTRIAL PARKS

The Group currently operates five Surface Treatment Recycling Eco-industrial Parks which are strategically located in Guangdong Province ("**Guangdong Huizhou Park**"), Tianjin ("**Tianjin Bingang Park**"), Jingzhou, Hubei Province ("**Huazhong Park**"), Qingshen, Sichuan Province ("**Qingshen Park**") and Taixing, Jiangsu Province ("**Huadong Park**") in order to enjoy convenient transportation network and be in close proximity to its customers where most of the PRC electroplating enterprises are located.

Total leasable area and occupancy rate

Set out below is the total leasable area and occupancy rate of the Group's five Surface Treatment Recycling Eco-industrial Parks:

	As at 31 December											
	2024						2023					
	Guangdong Huizhou Park	Tianjin Bingang Park	Huazhong Park	Qingshen Park	Huadong Park	Total	Guangdong Huizhou Park	Tianjin Bingang Park	Huazhong Park	Qingshen Park	Huadong Park	Total
Total leasable area (sq.m.)(Note)	**501,000**	**316,000**	**141,000**	**97,000**	**127,000**	**1,182,000**	501,000	309,000	143,000	105,000	120,000	1,178,000
Total leased area (sq.m.)(Note)	**471,000**	**272,000**	**76,000**	**50,000**	**125,000**	**994,000**	480,000	281,000	56,000	49,000	104,000	970,000
Occupancy Rate	**94.0%**	**86.1%**	**53.9%**	**51.5%**	**98.4%**	**84.1%**	95.8%	90.9%	39.2%	46.7%	86.7%	82.3%

Note: Rounded to the nearest thousand. The total leased area includes the area for which a formal lease agreement has been signed and the area for which a reservation agreement has been made.

The Group offers factory premises in standard floor areas in which the tenants can choose to lease or purchase single or multiple floors according to their operational needs. The Group can also lease land to tenants to construct their own plants according to the requirements of the Group. As at 31 December 2024, the total leasable area of Guangdong Huizhou Park, Tianjin Bingang Park, Huazhong Park, Qingshen Park and Huadong Park were approximately 501,000 sq.m., 316,000 sq.m., 141,000 sq.m., 97,000 sq.m. and 127,000 sq.m. respectively while their occupancy rates were 94.0%, 86.1%, 53.9%, 51.5% and 98.4%, respectively.

Wastewater treatment capabilities

Set out below is the wastewater treatment capability of the Group's five Surface Treatment Recycling Eco-industrial Parks:

	For the year ended 31 December											
	2024						2023					
	Guangdong Huizhou Park	Tianjin Bingang Park	Huazhong Park	Qingshen Park	Huadong Park	Total	Guangdong Huizhou Park	Tianjin Bingang Park	Huazhong Park	Qingshen Park	Huadong Park	Total
Fresh water used (tonnes)(Note)	**2,847,000**	**767,000**	**256,000**	**56,000**	**280,000**	**4,206,000**	2,651,000	745,000	103,000	22,000	N/A	3,521,000
Daily wastewater treatment capacity (tonnes)(Note)	**10,000**	**6,000**	**2,500**	**5,000**	**4,000**	**27,500**	10,000	6,000	2,500	5,000	N/A	23,500
Annual average daily wastewater treatment handling capacity (tonnes)	**7,909**	**2,102**	**702**	**156**	**778**	**11,647**	7,363	2,040	282	62	N/A	9,747
Annual average utilisation rate of daily wastewater treatment capacity	**79.1%**	**35.0%**	**28.1%**	**3.1%**	**19.5%**	**42.4%**	73.6%	34.0%	11.3%	1.2%	N/A	41.5%

Note: Rounded to the nearest thousand.

The factory premises of the Group's five Surface Treatment Recycling Eco-industrial Parks have pre-installed conduits which direct the electroplating wastewater generated by the tenants to the Group's centralised wastewater treatment facilities. The Group has also built the systems for (i) recycling the treated wastewater to produce pure water for tenants to reuse; and (ii) discharging the rest of the treated wastewater through channels. These facilities are fundamental and of core importance to the daily operations of the tenants.

As at 31 December 2024, the total daily maximum wastewater treatment capacity of the Group reached 27,500 tonnes. The annual average daily wastewater treatment handling volume was approximately 11,647 tonnes and the annual average utilisation rate of wastewater treatment was approximately 42.4%. The Group's annual average utilisation rate of wastewater treatment has shown a slight increase compared to 2023. It was mainly due to the significantly increase in the annual average utilisation rate of Guangdong Huizhou Park and Huazhong Park.

As at 31 December 2024, the total daily maximum wastewater treatment handling capacity of Guangdong Huizhou Park reached 10,000 tonnes. The annual average daily wastewater treatment handling volume was 7,909 tonnes and the annual average utilisation rate of wastewater treatment was 79.1%, which was a increase compared to the corresponding period in 2023. It was mainly due to the increased use of fresh water by tenants.

As at 31 December 2024, the total daily maximum wastewater treatment handling capacity of Tianjin Bingang Park reached 6,000 tonnes. The annual average daily wastewater treatment handling volume was 2,102 tonnes and the annual average utilisation rate of wastewater treatment was 35.0%, representing a slight increase over the corresponding period in 2023.

As at 31 December 2024, the total daily maximum wastewater treatment handling capacity of Huazhong Park reached 2,500 tonnes. The annual average daily wastewater treatment handling volume was 702 tonnes and the annual average utilisation rate of wastewater treatment was 28.1%. This represents an increase of 16.8% over the corresponding period in 2023. It was mainly due to the increase in fresh water consumption as a result of the additional leased area in 2024 and the increased production capacity of customers.

As at 31 December 2024, the total daily maximum wastewater treatment handling capacity of Qingshen Park reached 5,000 tonnes. The annual average daily wastewater treatment handling volume was 156 tonnes mainly because the occupancy rate of Qingshen Park and the business of the tenants did not meet expectations, resulting in low freshwater usage.

As at 31 December 2024, the total daily maximum wastewater treatment handling capacity of Huadong Park reached 4,000 tonnes. The annual average daily wastewater treatment handling volume was 778 tonnes, mainly due to its trial operation in January 2024 and a lower usage of fresh water by most of its customers during their renovation period.

RESEARCH AND DEVELOPMENT

To keep enhancing the effectiveness of wastewater treatment process and reuse rate is the long term objective and the social responsibility of the Group. With our experienced and knowledgeable research and development team and the cooperation of Tsinghua Shenzhen International Graduate School, the Group has been gradually transforming itself into an integrated wastewater treatment service provider. The Group had obtained 173 registered patents and 63 patent applications were in the progress of registration as at 31 December 2024.

SALES AND MARKETING

The Group conducts marketing and promotion activities and builds customers relationship through participation in domestic exhibitions and seminars. During the Year, the Group participated in nine exhibitions and six seminars.

OUTLOOK

In recent years, as the country's emphasis on the construction of ecological civilisation continues to rise, environmental protection policies have been continuously strengthened, placing higher demands on the electroplating while also welcomed new development opportunities. On the one hand, the environmental protection policy is becoming more and more stringent, forcing the electroplating industry to green transformation; on the other hand, electroplating environmental protection industrial park as an important carrier of the industry intensification, green development, the future will welcome a wide range of development space. Electroplating industrial park through centralised construction, unified management, can effectively solve the environmental pollution problems brought about by the scattered distribution of electroplating enterprises, to achieve the intensive use of resources and pollution centralised treatment, resource reuse, with the ability of the circular economy of the enterprises will be dominant in the market competition. At the same time, enterprises in the park can share infrastructure, technical services and market information, reduce operating costs and improve production efficiency.

The electroplating industrial park will develop towards greening, intelligence and high-end development. The park will adopt advanced clean production technology and pollution control facilities to achieve zero or ultra-low emission of wastewater, waste gas and solid waste to create a green and environmentally friendly modern electroplating industrial park; it will also introduce a new generation of information technology such as the Internet of Things, big data, cloud computing, Deepseek, etc., to achieve intelligent control of the production process and real-time monitoring of the environmental data, and to enhance the efficiency of the park's management and the efficiency of the enterprise's production. The park will also focus on the development of high-end plating technology and high value-added products to meet the demand for high-performance and high-reliability plating products from strategic emerging industries such as electronic information, aviation and aerospace, and new energy vehicles.

We will actively grasp the historical opportunity of the development of electroplating industrial park, increase the investment in environmental protection, enhance the technical level, and create a green, intelligent and high-end modern electroplating industrial park, so as to make positive contribution to the development of the industry and create greater value for our shareholders.

Circular economy and resource reuse mode will become the important development direction of electroplating industry. Through wastewater recycling, precious metal extraction and other technologies, electroplating enterprises can achieve efficient use of resources, reduce production costs, while reducing the impact on the environment. To this end, we are also actively exploring the hazardous solid waste business to achieve green, low-carbon and circular development, thereby increasing the Group's revenue and rewarding to shareholders.

Increasing the gross floor area available for leasing

As announced by the Company on 11 March 2024, the Group has acquired the land-use rights in Taixing City, Jiangsu Province, the PRC for the further development of factories in the Huadong Park. It is estimated that there is 180,000 sq.m of factory premises will be completed and available for lease in 30 June 2025. For details of the acquisition, please refer to the announcement of the Company dated 11 March 2024.

Enhancing wastewater treatment capabilities

During the Year, to cope with the construction of the second phase of factory premises and customer demand, the construction of the second phase of wastewater treatment plant in Huadong Park has been commenced. Following the completion and commencement of operations at the plant, the Group's daily wastewater treatment capacity has increased by 8,000 tonnes.

The Group has applied to the relevant government authorities to increase the daily maximum wastewater treatment capacity in the Guangdong Huizhou Park from 10,000 tonnes to 15,000 tonnes per day. As at the date of this announcement, the local government authorities are still considering the Group's application.

The increase in both lease areas and wastewater treatment capacity will further increase the revenue and profit of the Group as well as return to shareholders.

RESULTS OF OPERATION

Revenue

The Group's business mainly involves the provision of factory premises and centralised wastewater treatment services to the tenants at the Guangdong Huizhou Park, the Tianjin Bingang Park, the Huazhong Park, the Qingshen Park and the Huadong Park. The Group's main business can be categorised into three business segments, namely, (1) rental and facilities usage; (2) wastewater treatment and utilities; and (3) sales of goods and ancillary business. For the Year, the Group's total revenue amounted to approximately RMB1,394.1 million, representing an increase of 18.3% over that in 2023, primarily due to the increase in revenue for each of the three business segments of the Group.

	For the year ended 31 December											
	2024						2023					
	Guangdong Huizhou Park	**Tianjin Bingang Park**	**Huazhong Park**	**Qingshen Park**	**Huadong Park**	**Total**	Guangdong Huizhou Park	Tianjin Bingang Park	Huazhong Park	Qingshen Park	Huadong Park	Total
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Rental and facilities usage												
Rental of factory premises	**82,352**	**32,109**	**6,101**	**5,007**	**12,853**	**138,422**	84,046	34,837	6,810	2,878	1,882	130,453
Property management fee	**16,290**	**7,099**	**2,069**	**1,433**	**3,060**	**29,951**	16,853	7,200	1,581	883	455	26,972
Environmental protection technical service fee	**177,741**	**79,088**	**11,221**	**7,646**	**17,768**	**293,464**	181,158	88,398	10,170	3,730	33	283,489
Sub-total	**276,383**	**118,296**	**19,391**	**14,086**	**33,681**	**461,837**	282,057	130,435	18,561	7,491	2,370	440,914
Wastewater treatment and utilities												
Wastewater treatment fee	**193,292**	**52,092**	**24,619**	**3,309**	**17,038**	**290,350**	178,901	49,907	8,939	1,358	118	239,223
Steam charge	**76,169**	**39,875**	**8,695**	**2,081**	**8,534**	**135,354**	72,218	39,892	4,799	797	39	117,745
Utility systems maintenance fee	**59,607**	**28,568**	**4,603**	**931**	**6,067**	**99,776**	55,663	27,782	2,464	367	46	86,322
Sub-total	**329,068**	**120,535**	**37,917**	**6,321**	**31,639**	**525,480**	306,782	117,581	16,202	2,522	203	443,290
Sales of goods and ancillary business												
Sales of consumables	**353,192**	**15,538**	**3,062**	**2,052**	**23**	**373,867**	242,095	12,463	3,643	431	77	258,709
Other income	**18,711**	**11,346**	**1,660**	**107**	**1,076**	**32,900**	24,816	9,076	1,583	26	–	35,501
Sub-total	**371,903**	**26,884**	**4,722**	**2,159**	**1,099**	**406,767**	266,911	21,539	5,226	457	77	294,210
Total	**977,354**	**265,715**	**62,030**	**22,566**	**66,419**	**1,394,084**	855,750	269,555	39,989	10,470	2,650	1,178,414

Revenue from rental and facilities usage service

Revenue from rental and facilities usage service includes rental of factory premises, environmental protection technical service fee and property management fee, such fees are charged on its tenants based on the gross floor area of their leased factory premises.

The revenue from rental and facilities usage services increased by approximately RMB20.9 million or 4.7% from approximately RMB440.9 million for the year ended 31 December 2023 to approximately RMB461.8 million for the Year. The increase was primarily attributable to the increase in average daily leased area.

Revenue from wastewater treatment and utilities

Income from this business segment comprises of wastewater treatment fee, steam charge and utility systems maintenance fee, which are chargeable on our tenants based on the actual volume of fresh water, steam and utility consumed, respectively.

(i) Wastewater treatment fee

Wastewater treatment fee increased by approximately RMB51.1 million or 21.4% from approximately RMB239.2 million for the year ended 31 December 2023 to approximately RMB290.4 million for the Year. The increase was primarily attributable to the combined effects of the increase in volume of fresh water used by the tenants in Guangdong Huizhou Park and Huazhong Park during the Year and the start of the use of fresh water by the tenants in Huadong Park after its commencement of operation during the Year.

(ii) Steam charge

Steam charge increased by approximately RMB17.6 million or 15.0% from approximately RMB117.7 million for the year ended 31 December 2023 to approximately RMB135.4 million for the Year. The increase was primarily attributable to the combined effects of the increase in volume of steam used by the tenants in Guangdong Huizhou Park and Huazhong Park during the Year and the start of the use of steam by the tenants in Huadong Park after its commencement of operation during the Year.

(iii) Utility systems maintenance fee

The Group charges its tenants for using its electricity and water supply systems, based on their consumption volume of those utilities. During the Year, over 99% of the utility systems maintenance fee was derived from utilisation of the electricity system.

The utility systems maintenance fee increased by approximately RMB13.5 million or 15.6% from approximately RMB86.3 million for the year ended 31 December 2023 to approximately RMB99.8 million for the Year. The increase was primarily attributable to the combined effects of the increase in volume of electricity consumed and fresh water used by the tenants in Guangdong Huizhou Park and Huazhong Park during the Year and the start of the use of electricity by the tenants in Huadong Park after its commencement of operation during the Year.

Revenue from sales of goods and ancillary business

Sales of goods and ancillary business is mainly comprised of sales of consumables which accounted for 91.9% (2023: 87.9%) of this business segment.

Sales of consumables increased by approximately RMB115.2 million from approximately RMB258.7 million for the year ended 31 December 2023 to approximately RMB373.9 million for the Year. The increase was primarily attributable to the combined effects of (i) the increase in demand of tenants; and (ii) the increase in the volume of sale of precious metal as a result of the increase of credit line during the Year.

Operating costs

The Group's operating costs primarily consist of depreciation and amortisation, cost of inventories, staff costs, utility costs and other expenses.

Operating costs increased by approximately RMB175.1 million or 18.6% from approximately RMB941.0 million for the year ended 31 December 2023 to approximately RMB1,116.1 million for the Year.

Depreciation and amortisation

The Group's depreciation and amortisation increased by approximately RMB1.7 million or 0.7% from approximately RMB264.3 million for the year ended 31 December 2023 to approximately RMB266.0 million for the Year. The increase was mainly attributable to the depreciation and amortization charged for the newly acquired and operated investment properties and property, plant and equipment for the Year, offset by a decrease in depreciation and amortization due to reaching or adjusting useful life of some assets.

Cost of inventories

Cost of inventories mainly consisted of materials for wastewater treatment and natural gas for production of steams and consumables for sale to the tenants. Cost of inventories increased by approximately RMB112.1 million or 30.9% from approximately RMB362.8 million for the year ended 31 December 2023 to approximately RMB474.9 million for the Year, primarily attributable to the combined effects of (i) the increased costs by selling more goods to tenants; and (ii) the increase in material consumption due to the increase of waste water treatment.

Staff costs

Staff costs is comprised of staff's salaries, bonus and other benefits as well as Directors' remuneration which amounted to approximately RMB168.6 million for the Year, representing an increase of 20.8% as compared with approximately RMB139.6 million for the year ended 31 December 2023. The increase in the Group's staff costs was mainly attributable to the increase in number of employees due to business development needs during the Year.

Utility costs

Utility costs mainly comprised of costs of electricity and water consumed throughout the Group's wastewater treatment processes, production of steam and for other activities such as lighting and gardening inside the Surface Treatment Recycling Eco-industrial Parks. Utility costs increased by approximately RMB2.2 million or 5.7%, from approximately RMB37.9 million for the year ended 31 December 2023 to approximately RMB40.1 million for the Year. The increase was mainly attributable to the increase in electricity and water consumption due to the increase in volume of wastewater treatment during the Year.

Other expenses

Other expenses primarily consisted of professional service fees, waste treatment expenses, other taxes and surcharges, security charges, maintenance and consumables expenses, research and development expenses and others.

	For the year ended 31 December 2024 *RMB'000*	For the year ended 31 December 2023 *RMB'000*
Professional service fees	**20,201**	16,415
Waste treatment expenses	**18,925**	16,200
Other taxes and surcharges	**48,679**	37,950
Security charges	**7,539**	6,906
Maintenance and consumables expenses	**13,276**	13,003
Research and development expenses	**14,458**	13,918
Consultancy and services fee	**2,984**	4,137
Business entertainment fees	**11,120**	8,810
Cleaning expenses	**5,596**	4,334
Travelling expenses	**4,388**	4,268
Office and seminar expenses	**5,633**	3,725
Landscaping expenses	**1,488**	1,294
Advertising and promotion expenses	**3,502**	1,305
Insurance	**433**	1,084
Others	**8,265**	3,028
Total	**166,487**	136,377

Other expenses increased by approximately RMB30.1 million or 22.1% from approximately RMB136.4 million for the year ended 31 December 2023 to approximately RMB166.5 million for the Year, primarily attributable to (i) the increase in professional and consultancy service fee resulting from the development of Surface Treatment Recycling Eco-industrial Parks; (ii) the increase in business entertainment expenses and advertising and marketing expenses due to the need to seek investments; (iii) the increase in other taxes and surcharges as a result of the addition of revenue and investment properties and plants; and (iv) the increase in waste treatment expenses resulting from the increase in wastewater treatment handling volume.

Other revenue

Other revenue primarily consisted of (i) bank interest income, (ii) government grants and (iii) other income. Other revenue increased by approximately RMB7.8 million or 36.3%, from approximately RMB21.5 million for the year ended 31 December 2023 to approximately RMB29.3 million for the Year. Such increase was mainly due to the increase in interest income and government grants.

Profit from operations and operating profit margin

The Group's profit from operations increased by approximately RMB50.8 million or 20.0%, from approximately RMB254.3 million for the year ended 31 December 2023 to approximately RMB305.0 million for the Year. The operating profit margin increased from 21.6% for the year ended 31 December 2023 to 21.9% for the Year. The increase in profit from operations mainly was attributable to the increase of the revenue of the Group.

Finance costs

Finance costs primarily comprised of interest in bank loans and other borrowings. Finance cost increased by approximately RMB2.0 million or 1.5%, from approximately RMB137.0 million for the year ended 31 December 2023 to approximately RMB139.0 million for the Year which was attributable to the increase in the average balance of bank loans and other borrowings during the Year.

Profit before taxation

The Group's profit before taxation increased by approximately RMB48.8 million from approximately RMB117.3 million for the year ended 31 December 2023 to approximately RMB166.1 million for the Year which was primarily attributable to the factors as described above in this section.

Income tax expense

Income tax expense increased by approximately RMB24.3 million from approximately RMB35.2 million for the year ended 31 December 2023 to approximately RMB59.5 million for the Year, which was primarily attributable to (i) the increase in the Group's taxable income during the Year; and (ii) the combined effect of the increase in withholding tax arising from the dividends distributed by a subsidiary in the PRC to a subsidiary in Hong Kong.

Profit attributable to the equity shareholders of the Company

Profit attributable to the equity shareholders of the Company increased by approximately RMB31.4 million from approximately RMB91.2 million for the year ended 31 December 2023 to approximately RMB122.6 million for the Year, which was mainly attributable to the factors as described above in this section.

Net current liabilities and sufficiency of working capital

The table below sets out our current assets, current liabilities and net current liabilities as at 31 December 2024.

	31 December 2024 *RMB'000*	31 December 2023 *RMB'000*
Current assets	**753,459**	822,750
Current liabilities	**1,517,925**	1,760,055
Net current liabilities	**(764,466)**	(937,305)

As at 31 December 2024 and 31 December 2023, the net current liabilities of the Group amounted to approximately RMB764.5 million and RMB937.3 million, respectively. In light of the Group's current liquidity position, the unutilised banking facilities available to the Group and our projected cash inflows to be generated from operations, the Directors believe that the Group has adequate resources to meet the Group's present requirements and for the next 12 months.

Borrowings and gearing ratio

During the Year, the Group's cash and cash equivalents was mainly used in the development of plants and wastewater treatment facilities of the Guangdong Huizhou Park, Huazhong Park, Qingshen Park and Huadong Park. The Group financed its funding requirements mainly through a combination of cash generated from operating activities and bank loans. As at 31 December 2024, the total interest-bearing borrowings amounted to RMB3,075.7 million were due for repayment as follows:

	As at 31 December	
	2024	2023
	RMB'000	*RMB'000*
Within 1 year or on demand	**864,857**	938,923
After 1 year but within 2 years	**493,581**	356,004
After 2 years but within 5 years	**1,285,987**	1,026,750
After 5 years	**431,293**	429,003
Total	**3,075,718**	2,750,680

As at 31 December 2024, the Group's gearing ratio is approximately 223.7% (31 December 2023: 221.4%). The ratio is calculated based on the total debts (including all borrowings) as of the respective dates divided by the total equity as of the respective dates and multiplied by 100%.

Capital Management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders of the Company, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes bank loans and other borrowings and lease liabilities) less cash and cash equivalents and restricted deposits with banks.

The Group's adjusted net debt-to-equity ratio as at 31 December 2024 was as follows:

	At 31 December 2024 *RMB'000*	At 31 December 2023 *RMB'000*
Current liabilities:		
Bank loans and other borrowings	**864,857**	938,923
Lease liabilities	**1,882**	1,762
	866,739	940,685
Non-current liabilities:		
Bank loans and other borrowings	**2,210,861**	1,811,757
Lease liabilities	**11,564**	13,446
	3,089,164	2,765,888
Less: Cash and cash equivalents	**(219,405)**	(276,752)
Restricted deposits with banks	**(47,824)**	(49,907)
Adjusted net debt	**2,821,935**	2,439,229
Total equity	**1,375,091**	1,242,575
Adjusted net debt-to-equity ratio	**2.05**	1.96

Capital Expenditure

The Group funded its capital expenditure with cash generated from operating activities and bank loans. During the Year, the Group's capital expenditure amounted to approximately RMB669.4 million (for the year ended 31 December 2023: RMB592.1 million), mainly attributable to the expenditures on acquisition of investment property, property, plant and equipment, right-of-use assets and other intangible assets.

Pledged assets

As at 31 December 2024, certain property, plant and equipment and investment property with carrying value of approximately RMB886.8 million and RMB1,050.6 million, respectively (31 December 2023: approximately RMB854.4 million and RMB1,054.1 million, respectively), land-use rights with carrying value of approximately RMB309.9 million (31 December 2023: approximately RMB177.8 million) and restricted deposits with banks with carrying value of RMB47.8 million (31 December 2023: RMB46.8 million) were pledged as security for the bank loans and other borrowings with carrying amount of approximately RMB3,074.6 million (31 December 2023: approximately RMB2,746.9 million).

Please refer to note 14(iii) of the Notes to the Financial Information set out in this announcement for particulars of guarantees made by the connected persons of the Company in favour of the lenders for securing the Group's liabilities. Such guarantees are conducted on normal commercial terms or better and are not secured by the assets of the Group.

Contingent liabilities

The Group did not have any material contingent liabilities as at 31 December 2024.

Significant investments, acquisitions and disposals and other material transactions

On 11 March 2024, Taizhou Jincheng Environmental Protection Technology Co., Ltd.* (泰州金成環保科技有限公司) ("**Taizhou Jincheng**"), an indirect non-wholly owned subsidiary of the Company, successfully bid and won the public tender for the land use right of a parcel of land situated at the south side of Xijiang Road and the west side of Changjiang North Road, Circular Economy Industrial Park (循環經濟產業園西江路南側、長江北路西側), Taixing City, Jiangsu Province,the PRC ("**Taixing Land 3**"), with a total site area of 175,321 square metres. On 11 March 2024, TCNRPB signed the Confirmation Letter confirming the winning of the tender of the land use right of Taixing Land 3. Together with the acquisitions of the land use right of a parcel of land situated at the side of the high-grade highway along the river in the Circular Economy Industrial Park (循環經濟產業園沿江高等級公路側), Taixing City, Jiangsu Province, the PRC by Jinmao Chengxing, an indirect non-wholly owned subsidiary of the Company on 7 February 2024, with a total site area of approximately 2,284 square metres ("**Taixing Land 1**") and 44,608 square metres ("**Taixing Land 2**"), respectively, the acquisitions of Taixing Land 1, Taixing Land 2 and Taixing Land 3 are planned to be used for the development of new surface treatment recycling eco-industrial parks as a strategic move of the Group to expand and consolidate its business in Jiangsu Province and the Yangtze River, Delta, the PRC. For further details, please refer to the announcement of the Company dated 11 March 2024.

Save as disclosed above, there was no other significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures during the Year.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2024, the Group had 1,030 full-time employees (2023: 901 full-time employees) responsible for management, operation, property management, procurement, testing, maintenance, customer services, research and development, finance and administrative matters. The staff costs (including the Directors' remuneration) were approximately RMB168.6 million for the Year, which was an increase of approximately 20.8% as compared with approximately RMB139.6 million for the year ended 31 December 2023. The remuneration for the Directors and senior management members is based on their qualifications, work experience, job duties and position with the Group. The Group has implemented an annual review system to assess the performance of its employees, which forms the basis of the determinations on salary raises, discretionary bonuses and promotion.

The Group has also established various welfare plans including the provision of basic medical insurance, unemployment insurance and other relevant insurance to its employees pursuant to the PRC rules and regulations and the existing policy requirements of the local government. The Group has also made contributions to statutory mandatory provident fund scheme for its employees in Hong Kong.

The Group puts great emphasis on staff training. The Group arranges orientation programs for newly hired staff to familiarise them with the Company's working environment and culture. The Group also regularly provides employees with on-the-job trainings so as to ensure their work performances will meet the Group's strategic goals, operating standards, customer and regulatory requirements. The Company adopted a share option scheme on 18 June 2019 for the purpose of providing incentives and rewards to eligible directors and employees of the Group. During the Year and up to the date of this announcement, no share option under the share option scheme has been granted.

CAPITAL COMMITMENTS

As at 31 December 2024, the Group's total capital expenditure which have been contracted for but not incurred were approximately RMB408.1 million (31 December 2023: RMB186.6 million) for the development of the ancillary facilities of Guangdong Huizhou Park and Huazhong Park and the development of factory premises and wastewater treatment facilities of the Tianjin Bingang Park, Qingshen Park and Huadong Park. These capital expenditures were mainly financed by internal resources and bank loans and other borrowings.

FOREIGN EXCHANGE RISK

Individual companies within the 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 the principal subsidiaries mainly carried out transactions in RMB, therefore any appreciation or depreciation of Hong Kong dollar against RMB will affect the Group's financial position and be reflected in the exchange reserve.

During the Year, the Group did not use any financial derivatives to hedge against any foreign exchange risks.

INTEREST RATE RISK

The Group's interest rate risk arises primarily from bank loans issued at variable rates that expose the Group to interest rate risk. The Group's management closely monitored the Group's loan portfolio in order to manage the Group's interest rate risk exposure.

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, restricted deposits with banks and deposits with a bank with original maturity over three months is limited because the counterparties are banks and financial institutions, for which the Group considers having low credit risk.

LIQUIDITY RISK

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Board when the borrowings exceed certain predetermined amount of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

CORPORATE GOVERNANCE PRACTICES

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders of the Company ("**Shareholders**") as a whole. The Company has adopted and committed to a code of corporate governance, containing the code provisions set out in the Corporate Governance Code ("**CG Code**") contained in the Appendix C1 to the Listing Rules.

The Directors considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the CG Code during the Year.

As always, the Directors will use their best endeavours to procure the Company to comply with the requirements under the CG Code and make disclosure of deviation from such code in accordance with the Listing Rules.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding its Directors' securities transactions. The Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiry, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the Year.

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

On 22 April 2024, the Company cancelled 1,426,000 repurchased shares of the Company for the year of 2023.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year. On 31 December 2024, the Company did not hold any treasury shares (as defined under the Listing Rules).

REVIEW OF ANNUAL RESULTS BY AUDIT COMMITTEE

The Board established the audit committee (the "**Audit Committee**") on 18 June 2019. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Liu Da, Mr. Li Xiaoyan and Ms. Pong Scarlett Oi Lan. Mr. Liu Da was the chairman of the Audit Committee. None of them is a member of the former or existing auditors of the Company. Details of the terms of reference of the Audit Committee are published on the Company's website and the website of the Stock Exchange.

The primary duties of the Audit Committee are to review and supervise the Group's financial report process and internal control and risk management systems, and to formulate or review policies relating to anti-bribery compliances by ensuring regular management review of relevant corporate governance measures and its implementation and to communicate with external auditor on the audit procedures and accounting issues. The Audit Committee has reviewed the annual results of the Group for the Year.

CHANGE OF AUDITORS

KPMG was removed as the auditor of the Company with effect from 19 November 2024. BDO Limited as the new auditor of the Company was appointed with effect from 20 November 2024 to fill the casual vacancy following the removal of KPMG and to hold office until the conclusion of the next annual general meeting of the Company.

SUBSEQUENT EVENTS AFTER THE YEAR

As the Group is aware after having made reasonable enquiries, there were no material subsequent events affecting the Group after 31 December 2024 and up to the date of this announcement.

REVIEW OF PRELIMINARY ANNUAL RESULTS ANNOUNCEMENT

The financial figures in respect of the Group's consolidated statement of financial position as at 31 December 2024, consolidated statement of profit or loss, the 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 compared by the Group's auditor, BDO Limited, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the Year and the amounts were found to be in agreement. The work performed by BDO Limited in this respect did not constitute an audit, review or other 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 BDO Limited on the preliminary announcement.

FINAL DIVIDEND

On 28 March 2025, the Board has resolved to recommend a final dividend of HK15 cents per share for the Year (the "**Proposed Final Dividend**") to Shareholders whose names appear on the register of members of the Company on Friday, 6 June 2025. Based on the 1,107,750,000 shares in issue as at 31 December 2024, it is expected that the final dividend payable will amount to approximately HK$166,162,500 (equivalent to approximately RMB153,866,000) (tax inclusive). The Proposed Final Dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting and the final dividend will be paid on or around 27 June 2025.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 20 May 2025 to Friday, 23 May 2025, both days inclusive and during which period no transfer of shares will be registered, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the annual general meeting of the Company (the "**AGM**") to be held on Friday, 23 May 2025. In order to be eligible to attend and vote at the AGM, all transfer shares accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 19 May 2025.

In order to determine the entitlement of Shareholders to the Proposed Final Dividend, the register of members of the Company will be closed from Tuesday, 3 June 2025 to Friday, 6 June 2025 (both days inclusive), during which no transfer of shares will be registered. All transfer documents together with the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 2 June 2025.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.kimou.com.cn). The annual report of the Company for the Year containing all the information required by the Listing Rules will be despatched to the Shareholders who request for printed copies and published on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Company would like to take this opportunity to thank all our valued Shareholders and various stakeholders of the Company for their continuous support. Also, the Company would like to express its appreciation to all the staff for their efforts and commitments to the Group.

On behalf of the Board
Kimou Environmental Holding Limited
Zhang Lianghong
Chairman

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises Mr. Zhang Lianghong, Mr. Huang Qiyang (Chief Executive Officer), Mr. Lee Kin Ming, Mr. Huang Shaobo and Mr. Cheung Ka Tsun as executive Directors, and Mr. Li Xiaoyan, Mr. Liu Da and Ms. Pong Scarlett Oi Lan BBS, JP as independent non-executive Directors.

* *English names of the PRC established companies or PRC government authorities in this announcement are only translations of their official Chinese names solely for identification purpose. In case of inconsistency, the Chinese names shall prevail.*