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**中國水業集團有限公司\***  
**CHINA WATER INDUSTRY GROUP LIMITED**

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

**(Stock code: 1129)**

## **ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024**

### **FINANCIAL HIGHLIGHTS**

	<b>Year ended 31 December</b>		
	<b>2024</b>	<b>2023</b>	<b>Change</b>
	<b>HK\$'000</b>	<b>HK\$'000</b>	<b>%</b>
<b>Financial Result</b>			
Revenue	<b>536,631</b>	748,973	(28.35)
Gross Profit	<b>87,125</b>	182,521	(52.27)
Loss for the year	<b>(334,025)</b>	(213,635)	56.35
Loss attributable to owners of the Company	<b>(322,282)</b>	(243,451)	36.49
Loss per share (HK cents) — Basic and diluted	<b>(112.15)</b>	(84.72)	32.38
EBITDA ( <i>Note</i> )	<b>(80,144)</b>	27,643	(389.93)
	<b>2024</b>	<b>2023</b>	
	<b>HK\$'000</b>	<b>HK\$'000</b>	
<b>Financial Position</b>			
Gearing ratio	<b>54.51%</b>	51.31%	
Current ratio	<b>1.26 times</b>	1.17 times	
Cash and cash equivalents	<b>45,156</b>	148,785	
Net asset value	<b>1,055,032</b>	1,641,244	
Equity attributable to owners of the Company	<b>796,204</b>	1,129,387	
Equity attributable to owners of the Company per share (HK\$)	<b>2.77</b>	3.93	

*Note:* Loss before finance costs, income tax, depreciation and amortisation.

The board (the “**Board**”) of Directors (the “**Directors**”) of China Water Industry Group Limited (the “**Company**”) hereby announces the audited consolidated results of the Company and its subsidiaries (collectively referred to as the “**Group**”) for the year ended 31 December 2024 together with comparative figures for the year ended 31 December 2023 as follows:

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
<b>Revenue</b>	3	<b>536,631</b>	748,973
Cost of sales		<u>(449,506)</u>	<u>(566,452)</u>
<b>Gross profit</b>		<b>87,125</b>	182,521
Other operating expenses, net		(4,780)	(7,452)
Gain on disposal of subsidiaries		43,143	2,961
Selling and distribution expenses		(29,061)	(40,872)
Administrative expenses		(173,144)	(201,910)
Finance costs	5	(53,606)	(46,203)
Change in fair value of investment properties		(14,490)	(9,298)
Net gain on financial assets at fair value through profit or loss		382	1,730
Impairment loss recognised on:			
property, plant and equipment		(62,599)	(4,784)
goodwill		(21,737)	–
concession intangible assets		(1,333)	–
other intangible assets		(9,862)	–
trade and other receivables, net		(14,210)	(73,387)
right-of-use assets		(50,760)	(1,737)
Share of loss of associates, net		(47)	(912)
Share of profit of joint ventures		<u>131</u>	<u>1,139</u>
<b>Loss before taxation</b>		<b>(304,848)</b>	(198,204)
Income tax	6	<u>(29,177)</u>	<u>(15,431)</u>
<b>Loss for the year</b>	7	<u><b>(334,025)</b></u>	<u>(213,635)</u>
<b>Attributable to:</b>			
Owners of the Company		(322,282)	(243,451)
Non-controlling interests		<u>(11,743)</u>	<u>29,816</u>
		<u><b>(334,025)</b></u>	<u>(213,635)</u>
		<i>HK cents</i>	<i>HK cents</i> (Restated)
<b>Loss per share:</b>	9		
Basic		<u>(112.15)</u>	<u>(84.72)</u>
Diluted		<u>(112.15)</u>	<u>(84.72)</u>

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 HK\$'000	2023 HK\$'000
<b>Loss for the year</b>	<b>(334,025)</b>	<b>(213,635)</b>
<b>Other comprehensive loss for the year</b>		
Items that may be reclassified subsequently to profit or loss:		
Exchange difference on translation of financial statements of foreign operations		
Exchange difference arising during the year	<u>(20,764)</u>	<u>(24,565)</u>
	<b>(20,764)</b>	<b>(24,565)</b>
<b>Financial assets at fair value through other comprehensive income:</b>		
Net gain/(loss) arising on revaluation of financial assets at fair value through other comprehensive income during the year	<b>763</b>	<b>(1,973)</b>
Release of reserve upon disposal of subsidiaries	<b>5,204</b>	<b>2,764</b>
Release of reserve upon disposal of an associate	<b>(8)</b>	<b>–</b>
Release of reserve upon disposal of a joint venture	<b>223</b>	<b>–</b>
Share of other comprehensive loss of associates	<b>(5)</b>	<b>(32)</b>
Share of other comprehensive income/(loss) of joint ventures	<u><b>111</b></u>	<u><b>(315)</b></u>
<b>Other comprehensive loss for the year, net of income tax</b>	<u><b>(14,476)</b></u>	<u><b>(24,121)</b></u>
<b>Total comprehensive loss for the year</b>	<u><b>(348,501)</b></u>	<u><b>(237,756)</b></u>
<b>Attributable to:</b>		
Owners of the Company	<b>(333,183)</b>	<b>(266,253)</b>
Non-controlling interests	<u><b>(15,318)</b></u>	<u><b>28,497</b></u>
	<u><b>(348,501)</b></u>	<u><b>(237,756)</b></u>

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

*At 31 December 2024*

	<i>Note</i>	<b>2024</b> <b>HK\$'000</b>	<b>2023</b> <b>HK\$'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>446,588</b>	597,683
Deposits paid for acquisition of property, plant and equipment		<b>130,236</b>	134,164
Deposits paid for acquisition of right-of-use assets		–	8,945
Deposits paid for acquisition of additional interests in a subsidiary		<b>55,878</b>	55,878
Right-of-use assets		<b>193,057</b>	317,275
Operating concessions		<b>210,403</b>	625,296
Receivables under service concession arrangements		<b>6,587</b>	8,538
Investment properties		<b>175,052</b>	201,389
Other intangible assets		<b>81,643</b>	135,937
Financial assets at fair value through other comprehensive income		<b>2,633</b>	1,870
Interests in associates		<b>1,380</b>	1,913
Interests in a joint venture		–	22,336
Deferred tax assets		<b>5,612</b>	6,764
		<b>1,309,069</b>	2,117,988
<b>Current assets</b>			
Inventories		<b>57,589</b>	56,008
Receivables under service concession arrangements		<b>1,769</b>	2,102
Financial assets at fair value through profit or loss		<b>11,274</b>	12,103
Trade and other receivables	<i>10</i>	<b>893,724</b>	935,223
Contract assets		<b>590</b>	91,323
Cash held by financial institutions		<b>162</b>	661
Pledged bank deposits		<b>20,334</b>	15,969
Restricted bank deposits		<b>3,236</b>	–
Bank balances and cash		<b>21,424</b>	132,155
Amounts due from associates		–	5,965
Amount due from a joint venture		–	1,180
		<b>1,010,102</b>	1,252,689

	<i>Note</i>	<b>2024</b> <b>HK\$'000</b>	<b>2023</b> <b>HK\$'000</b>
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>359,523</b>	435,596
Contract liabilities		<b>22,374</b>	166,854
Bank borrowings		<b>107,755</b>	124,207
Other loans		<b>137,153</b>	168,869
Lease liabilities		<b>157,166</b>	147,528
Amounts due to non-controlling shareholders of subsidiaries		<b>1,598</b>	2,825
Amount due to an associate		<b>233</b>	—
Income tax payables		<b>16,459</b>	24,322
		<b>802,261</b>	1,070,201
<b>Net current assets</b>		<b>207,841</b>	182,488
<b>Total assets less current liabilities</b>		<b>1,516,910</b>	2,300,476
<b>Capital and reserves</b>			
Share capital		<b>28,736</b>	28,736
Share premium and reserves		<b>767,468</b>	1,100,651
<b>Equity attributable to owners of the Company</b>		<b>796,204</b>	1,129,387
Non-controlling interests		<b>258,828</b>	511,857
<b>TOTAL EQUITY</b>		<b>1,055,032</b>	1,641,244
<b>Non-current liabilities</b>			
Trade and other payables	<i>11</i>	<b>26,226</b>	29,768
Bank borrowings		<b>257,058</b>	318,957
Other loans		<b>61,084</b>	17,279
Lease liabilities		<b>86,885</b>	205,389
Government grants		<b>1,179</b>	31,923
Deferred tax liabilities		<b>29,446</b>	55,916
		<b>461,878</b>	659,232
		<b>1,516,910</b>	2,300,476

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2024*

## 1. GENERAL

China Water Industry Group Limited (the “**Company**”) was 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**”). Its principal place of business is located at Office H, 8/F., Kingston International Centre, 19 Wang Chiu Road, Kowloon Bay, Hong Kong. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the “**Group**”), the Group’s interests in associates and joint ventures. These consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”). Other than those subsidiaries established in the People’s Republic of China (the “**PRC**”) and Indonesia, whose functional currency is Renminbi (“**RMB**”) and Rupiah respectively, the functional currency of the Company and its subsidiaries is HK\$.

The Group is principally engaged in (i) provision of sewage treatment; (ii) exploitation and sales of renewable energy; (iii) property investment and development and (iv) waste management and recycling.

The consolidated financial statements have been prepared on the going concern basis which assumes the continuity of normal business activity and the settlement of liabilities in the normal course of business. The directors have given careful consideration of the future liquidity and operating performance of the Group and its available source of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern.

After the end of the reporting period, the Group obtained a standby loan facility of up to HK\$150,000,000 from the substantial shareholder of the Company, covering a period up to 31 December 2027. The directors of the Company are also undertaking a number of plans and measures to improve the Group’s liquidity and financial position, including, actively negotiating with the existing banks on the terms and financial covenants of loan agreements and communicating with banks on the renewal of existing bank loans and refinancing arrangements; implementing measures to speed up the collection of outstanding receivables; and various strategies to enhance the Group’s revenue and financial performance.

The directors have reviewed the cash flow projection of the Group prepared by management covering a period of not less than twelve months from 31 December 2024. The directors of the Company are confident that, taking into account of the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and meet its financial obligations as and when they fall due within the next twelve months from 31 December 2024. Accordingly, the directors of the Company are satisfied that it is appropriate to prepare these consolidated financial statements on a going concern basis.

## 2. APPLICATION OF AMENDMENTS TO HKFRS ACCOUNTING STANDARDS

The Group has applied the following amendments to HKFRS Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) to these financial statements for the current accounting period for the first time, which are mandatorily effective for the Group’s financial annual period beginning on or after 1 January 2024, to the consolidated financial statements for the current accounting year:

Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the “ <b>2020 Amendments</b> ”)
Amendments to HKAS 1	Non-current Liabilities with Covenants (the “ <b>2022 Amendments</b> ”)
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The Group has not applied any amendments to HKFRS Accounting Standards that are not yet mandatorily effective for the current accounting period. 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.

### **Amendments to HKAS 1 Classification of Liabilities as Current or Non-current (the “2020 Amendments”) and Amendments to HKAS 1 Non-current Liabilities with Covenants (the “2022 Amendments”)**

The 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 amendments clarify that;
  - (i) the classification should not be affected by management intentions or expectations to settle the liability within twelve months; and
  - (ii) if the right is conditional on the compliance with covenants, the right exists if the conditions are met on or before the end of the reporting period, even if the lender does not test compliance until a later date. Covenants which are required to comply with only after the reporting period do not affect whether that right exists at the end of the reporting period.
- clarify that 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* (“**HKAS 32**”).

The amendments also specify the disclosure requirements about information that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, if the entity classifies liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period. The disclosure includes 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.

The amendments have no material impact on the consolidated financial statements for the current and prior years.

## Amendments to HKAS 7 and HKFRS 7 Supplier Finance Arrangements

The amendments add a disclosure objective to HKAS 7 *Statement of Cash Flows* stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, HKFRS 7 *Financial Instruments: Disclosures* was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

The amendments provide transition relief by not requiring disclosure of comparative information in the first year of application, and also not requiring disclosure of specified opening balances.

The amendments have no material impact on the consolidated financial statements for the current year.

## Amendments to HKFRS 16 Lease Liability in a Sale and Leaseback

The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of HKFRS 15 *Revenue from Contracts with Customers* to be accounted for as a sale. The amendments require a seller-lessee to determine "lease payments" or "revised lease payments" such that the seller-lessee would not recognise a gain or loss that relates to the right of use retained by the seller-lessee. The amendments also clarify that applying the requirements does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to subsequent partial or full termination of a lease.

The amendments have no material impact on the consolidated financial statements for the current and prior years.

## 3. REVENUE

### Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or services lines is as follows:

	2024 HK\$'000	2023 HK\$'000 (Restated)
Revenue from contracts with customers within the scope of HKFRS 15:		
Disaggregated by major products or service lines:		
Water supply services	83,091	122,776
Sewage treatment services	83,413	85,197
Water supply related installation and construction income	68,398	135,880
Water supply and sewage treatment infrastructure construction income	56,758	69,993
Sale of electricity	170,958	289,691
Sale of compressed natural gas	13,343	11,032
Service income from collection of landfill gas	1,679	18,353
Sale of solid organic fertilizer	5,206	866
Service income from collection and recycling of glass bottles	34,600	15,185
Service income from collection of food waste	19,185	—
	<u>536,631</u>	<u>748,973</u>

Sales of electricity to provincial power grid companies included tariff adjustment received and receivable from the relevant government authorities.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in note 4.



#### 4. SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the board of directors of the Company being the chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

During the year ended 31 December 2024, the Board of the Company has reassessed the Group's operation and measurement of financial performance assessment and identified waste management and recycling as a separate and reportable segment of the Group. Comparative figures have been reclassified to conform to the current year's segment presentation of the Group.

The Group has identified the following reportable segments:

- (i) "Provision of water supply, sewage treatment and construction services" segment, which derives revenues primarily from the provision of water supply and sewage treatment operations and related construction services;
- (ii) "Exploitation and sales of renewable energy" segment, which derives revenues primarily from sales of electricity and compressed natural gas from biogas power plants and solid organic fertilizer from comprehensive utilisation of straw and livestock and poultry waste; and
- (iii) "Property investment and development" segment, which derives revenues primarily from sale of commercial and residential units.
- (iv) "Waste management and recycling" segment, which derives revenue primarily from services income from collection and recycling of glass bottles and service income from collection of food waste.

Information regarding the Group's reportable segments as provided to the board of directors of the Company for the purposes of resource allocation and assessment of segment performance is set out below.

##### **Segment revenue and results**

Disaggregation of revenue from contracts with customers by the timing of revenue recognition as well as information regarding the Group's reportable and operating segments, are set out below.

*For the year ended 31 December 2024*

	Provision of water supply, sewage treatment and construction services <i>HK\$'000</i>	Exploitation and sale of renewable energy <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Waste management and recycling <i>HK\$'000</i>	Total <i>HK\$'000</i>
<b>Reportable segment revenue</b>					
Disaggregated by timing of revenue recognition:					
Point in time	166,504	191,186	–	53,785	411,475
Over time	125,156	–	–	–	125,156
<b>Reportable segment revenue</b>	<b>291,660</b>	<b>191,186</b>	<b>–</b>	<b>53,785</b>	<b>536,631</b>
<b>Reportable segment profit/(loss)</b>	<b>22,371</b>	<b>(269,533)</b>	<b>(21,720)</b>	<b>485</b>	<b>(268,397)</b>
Unallocated corporate expenses					(77,852)
Interest income					34
Interest on fixed coupon bonds					(2,158)
Net gain on financial assets at fair value through profit or loss					382
Gain on disposal of subsidiaries					43,143
<b>Loss before taxation</b>					<b>(304,848)</b>

*For the year ended 31 December 2023*

	Provision of water supply, sewage treatment and construction services <i>HK\$'000</i>	Exploitation and sale of renewable energy <i>HK\$'000</i>	Property investment and development <i>HK\$'000</i>	Waste management and recycling <i>HK\$'000</i>	Total <i>HK\$'000</i> (Restated)
<b>Reportable segment revenue</b>					
Disaggregated by timing of revenue recognition:					
Point in time	207,973	319,942	–	15,185	543,100
Over time	205,873	–	–	–	205,873
<b>Reportable segment revenue</b>	<b>413,846</b>	<b>319,942</b>	<b>–</b>	<b>15,185</b>	<b>748,973</b>
<b>Reportable segment profit/(loss)</b>	<b>41,292</b>	<b>(68,449)</b>	<b>(46,289)</b>	<b>(7,428)</b>	<b>(80,874)</b>
Unallocated corporate expenses					(120,583)
Interest income					110
Interest on fixed coupon bonds					(1,548)
Net gain on financial assets at fair value through profit or loss					1,730
Gain on disposal of subsidiaries					2,961
<b>Loss before taxation</b>					<b>(198,204)</b>

## Other segment information

For the year ended 31 December 2024

	Provision of water supply, sewage treatment and construction services HK\$'000	Exploitation and sales of renewable energy HK\$'000	Property investment and development HK\$'000	Waste management and recycling HK\$'000	Corporate HK\$'000	Unallocated HK\$'000	Total HK\$'000
Interest income	868	231	2	766	34	-	1,901
Interest expenses	(7,086)	(32,630)	(2)	(1,474)	(12,414)	-	(53,606)
Share of profit/(loss) of associates	64	(111)	-	-	-	-	(47)
Share of profit of a joint venture	131	-	-	-	-	-	131
Depreciation of:							
— Property, plant and equipment	(3,243)	(57,849)	(3)	(693)	(1,448)	-	(63,236)
— Right-of-use assets	(1,115)	(35,960)	(585)	(3,124)	(1,210)	-	(41,994)
Amortisation of:							
— Concession intangible assets	(33,162)	(12,166)	-	-	-	-	(45,328)
— Other intangible assets	(5)	(20,535)	-	-	-	-	(20,540)
Gain/(Loss) on disposal of property, plant and equipment, net	(15)	(11,892)	-	-	2	-	(11,905)
Gain/(Loss) on disposal of:							
— Subsidiaries, net	-	(350)	-	-	-	43,493	43,143
Loss on disposal of concession intangible assets	9	-	-	-	-	-	9
Impairment loss recognised on:							
— Property, plant and equipment	-	(62,599)	-	-	-	-	(62,599)
— Trade and other receivables, net	-	(9,378)	-	-	(4,832)	-	(14,210)
— Right-of-use assets	-	(50,760)	-	-	-	-	(50,760)
— Concession intangible assets	-	(1,333)	-	-	-	-	(1,333)
— Other intangible assets	-	(9,862)	-	-	-	-	(9,862)
— Goodwill	-	(16,949)	-	-	(4,788)	-	(21,737)
Reportable segment assets	<u>255,480</u>	<u>1,487,216</u>	<u>397,439</u>	<u>56,784</u>	<u>122,252</u>	<u>-</u>	<u>2,319,171</u>
Additions to non-current assets	<u>61,292</u>	<u>25,737</u>	<u>-</u>	<u>2,320</u>	<u>643</u>	<u>-</u>	<u>89,992</u>
Reportable segment liabilities	<u>(104,325)</u>	<u>(622,736)</u>	<u>(261,972)</u>	<u>(34,751)</u>	<u>(216,212)</u>	<u>(24,143)</u>	<u>(1,264,139)</u>

For the year ended 31 December 2023

	Provision of water supply, sewage treatment and construction services HK\$'000	Exploitation and sales of renewable energy HK\$'000	Property investment and development HK\$'000	Waste management and recycling HK\$'000	Corporate HK\$'000 (Restated)	Unallocated HK\$'000	Total HK\$'000
Interest income	1,090	416	4	367	110	–	1,987
Interest expenses	(4,008)	(28,425)	(35)	(841)	(12,894)	–	(46,203)
Share of profit/(loss) of associates	13	(925)	–	–	–	–	(912)
Share of profit of a joint venture	1,139	–	–	–	–	–	1,139
Depreciation of:							
— Property, plant and equipment	(3,831)	(58,062)	(34)	(176)	(1,669)	–	(63,772)
— Right-of-use assets	(1,775)	(36,916)	(593)	(3,158)	(1,409)	–	(43,851)
Amortisation of:							
— Concession intangible assets	(37,572)	(13,156)	–	–	–	–	(50,728)
— Other intangible assets	–	(20,798)	–	–	(495)	–	(21,293)
Loss on disposal of property, plant and equipment, net	(13)	(6)	–	–	(5)	–	(24)
Gain on disposal of:							
— Subsidiary	–	–	–	–	2,961	–	2,961
Loss on disposal of concession intangible assets	(17)	–	–	–	–	–	(17)
Write off of:							
— Property, plant and equipment	–	(30,253)	–	–	–	–	(30,253)
Impairment loss recognised on:							
— Property, plant and equipment	–	(4,784)	–	–	–	–	(4,784)
— Trade and other receivables, net	(4,894)	(672)	(1,304)	(1,866)	(64,651)	–	(73,387)
— Right-of-use assets	–	(1,737)	–	–	–	–	(1,737)
Reportable segment assets	<u>968,112</u>	<u>1,808,961</u>	<u>428,758</u>	<u>46,233</u>	<u>118,613</u>	<u>–</u>	<u>3,370,677</u>
Additions to non-current assets	<u>83,566</u>	<u>144,751</u>	<u>24,723</u>	<u>1,766</u>	<u>58,701</u>	<u>–</u>	<u>313,507</u>
Reportable segment liabilities	<u>(418,041)</u>	<u>(805,415)</u>	<u>(257,488)</u>	<u>(25,981)</u>	<u>(179,060)</u>	<u>(43,448)</u>	<u>(1,729,433)</u>

Segment assets include all tangible, intangible assets and current assets with the exception of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income and other unallocated corporate assets. Segment liabilities include all current liabilities and non-current liabilities with the exception of other unallocated corporate liabilities.

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.

Segment revenue reported above represents revenue generated from external customers. There were no inter-segments sales in the current year (2023: Nil).

The measure used for reporting segment profit is “adjusted profit before tax”. To arrive at adjusted profit before tax, the Group’s earnings are further adjusted for items not specifically attributed to individual segments, such as interest on overdraft held at financial institutions, change in fair value of financial assets at fair value through profit or loss, directors’ and auditors’ remuneration and other head office or corporate administration costs.

## Geographical information

The following is an analysis of geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets. The geographical locations of customers refer to the locations at which the customers reside. The geographical locations of property, plant and equipment, right-of-use assets, investment properties and operating concessions are based on the physical locations of the assets or place of operation.

	Revenue from external customers		Non-current asset	
	2024 HK\$'000	2023 HK\$'000	2024 HK\$'000	2023 HK\$'000
PRC (country of domicile)	482,965	733,788	1,008,495	1,721,885
Hong Kong	53,666	15,185	16,604	19,758
	<u>536,631</u>	<u>748,973</u>	<u>1,025,099</u>	<u>1,741,643</u>

## Information about major customers

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

	2024 HK\$'000	2023 HK\$'000
Customer A — revenue from exploitation and sale of renewable energy	64,501	102,256
Customer B — revenue from waste management and recycling	<u>53,666</u>	<u>—*</u>

\* The corresponding revenue did not contribute over 10% of the total revenue of the Group for the relevant year.

## 5. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest on:		
— bank borrowings	20,282	16,600
— other loans	16,682	18,651
— lease liabilities	<u>21,527</u>	<u>23,610</u>
Total borrowing costs	58,491	58,861
Less: interest capitalised included in construction in progress	<u>(4,885)</u>	<u>(12,658)</u>
	<u>53,606</u>	<u>46,203</u>

Included in construction in progress under concession intangible assets and property, plant and equipment are interest capitalised during the year of approximately HK\$4,885,000 (2023: HK\$12,658,000) at the capitalisation rate of 6.52% (2023: 6.69%) per annum.

## 6. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current tax — Hong Kong Profits Tax		
— Provision for the year	—	—
Current tax — PRC Enterprise Income Tax (“EIT”)		
— Provision for the year	35,744	19,218
— Under-provision in respect of prior years	50	1,274
Deferred tax	(6,617)	(5,061)
	<u>29,177</u>	<u>15,431</u>

No provision for Hong Kong profits tax has been made for the years ended 31 December 2024 and 2023 as the Company and its subsidiaries did not have assessable profit subject to Hong Kong profits tax for these 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% from 1 January 2008 onwards. Accordingly, provision for PRC EIT for the PRC subsidiaries is calculated at 25% on the estimated assessable profits for both years, except disclosed as follows.

Certain subsidiaries of the Group, being engaged in provision of electricity supply and sales of renewable energy, under the EIT Law and its relevant regulations, are entitled to tax concession of 3-year full exemption and subsequent 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived.

## 7. LOSS FOR THE YEAR

Loss for the year has been arrived at after charging/(crediting):

	2024 HK\$'000	2023 HK\$'000
Staff costs excluding directors' and chief executive's emoluments		
— Salaries, wages and other benefits	126,071	153,744
— Retirement benefits scheme contributions	13,492	17,039
Total staff costs	<u>139,563</u>	<u>170,783</u>
Amortisation of:		
— concession intangible assets	45,328	50,728
— other intangible assets	20,540	21,293
Depreciation of:		
— owned property, plant and equipment	63,236	63,772
— right-of-use assets	41,994	43,851
Lease payments not included in the measurement of lease liabilities	2,149	4,144
Write off of:		
— property, plant and equipment	—	30,253
Loss on disposal of property, plant and equipment, net	11,905	24
(Gain)/Loss on disposal of concession intangible assets	(9)	17
Auditor's remuneration		
— audit services	2,800	2,700
— other services	1,650	10
Cost of inventories	(5,788)	(267)
Gross rental income from investment properties less direct outgoings of approximately HK\$126,000 (2023: HK\$206,000)	<u>(4,373)</u>	<u>(3,797)</u>

## 8. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period (2023: Nil).

## 9. LOSS PER SHARE

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

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Loss attributable to the owners of the Company, used in the basic and diluted loss per share	<u>(322,282)</u>	<u>(243,451)</u>
	<b>No. of shares</b>	<b>No. of shares (Restated)</b>
Weighted average number of ordinary shares — basic and diluted	<u>287,360,964</u>	<u>287,360,964</u>
	<b>HK cents</b>	<b>HK cents (Restated)</b>
Loss per share Basic	<u>(112.15)</u>	<u>(84.72)</u>
Diluted	<u>(112.15)</u>	<u>(84.72)</u>

On 11 December 2024, the share consolidation became effective on the basis that (i) every ten (10) existing shares of par value of HK\$0.01 each in the issued and unissued share capital of the Company be consolidated into one (1) consolidated share of par value of HK\$0.1 each; and (ii) every ten (10) existing preference shares of par value of HK\$0.1 each in the unissued share capital be consolidated into one (1) consolidated preference share of par value of HK\$1.0 each. (the “**Share Consolidation**”).

Comparative figures of the weighted average number of shares for calculating basic loss per share and diluted loss per share have been adjusted as if the Share Consolidation have been effective from 1 January 2023.

For the years ended 31 December 2024 and 2023, diluted loss per share equals basic loss per share as there was no dilutive potential share.

## 10. TRADE AND OTHER RECEIVABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade receivables	794,061	789,326
Less: Loss allowances	<u>(14,920)</u>	<u>(8,628)</u>
	<u>779,141</u>	<u>780,698</u>
Other receivables	95,605	96,544
Less: Loss allowances	<u>(42,895)</u>	<u>(43,898)</u>
	<u>52,710</u>	<u>52,646</u>
Loan receivables	243,884	258,552
Less: Loss allowances	<u>(243,295)</u>	<u>(253,162)</u>
	<u>589</u>	<u>5,390</u>
Deposits and prepayments	<u>61,284</u>	<u>96,489</u>
	<u>893,724</u>	<u>935,223</u>

## Trade receivables

The Group allows an average credit period of 0 day to 180 days (2023: 0 day to 180 days) to its customers.

The aging analysis of the trade receivables, net of loss allowances, as at the end of the reporting period, based on invoice date which approximates the respective revenue recognition date, is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 90 days	53,618	89,340
91 to 180 days	20,933	32,382
181 to 365 days	46,058	64,591
Over 1 year	658,532	594,385
	<u>779,141</u>	<u>780,698</u>

## 11. TRADE AND OTHER PAYABLES

	2024 HK\$'000	2023 HK\$'000
Trade payables	143,779	205,878
Receipts in advance	23,164	23,832
Construction payables	32,983	42,922
Interest payables	14,573	10,474
Accrued expenses	14,593	20,000
Guarantee deposits from a subcontractor	–	788
Sewage treatment fees received on behalf of certain government authorities	–	718
Other payables	156,657	160,752
	<u>385,749</u>	<u>465,364</u>
Analysed as:		
Non-current	26,226	29,768
Current	359,523	435,596
	<u>385,749</u>	<u>465,364</u>

The aging analysis of the trade payables as at the end of the reporting period based on invoice date is as follows:

	2024 HK\$'000	2023 HK\$'000
Within 30 days	10,852	5,833
31 to 90 days	8,161	60,917
91 to 180 days	7,785	11,594
181 to 365 days	29,268	58,948
Over 1 year	87,713	68,586
	<u>143,779</u>	<u>205,878</u>

The credit terms of trade payables vary according to the terms agreed with different suppliers. The Group has financial risk management policies in place to ensure that all payables are settled within the time frame agreed with the respective suppliers.



## 12. CAPITAL COMMITMENTS

Significant capital expenditure contracted for at the end of the reporting period but not recognised as liabilities is as follows:

	2024 HK\$'000	2023 HK\$'000
Contracted but not provided for:		
— Acquisition of concession intangible assets and property, plant and equipment	<u>1,484</u>	<u>68,275</u>

## 13. MATERIAL LITIGATIONS AND ARBITRATION

### (a) Swift Surplus Holdings Limited, an indirect wholly-owned subsidiary of the Company

On 21 August 2012, the Company and its subsidiary of Swift Surplus Holdings Limited (“**Swift Surplus**”) (collectively as the “**Lenders**”) entered into repayment agreements (the “**Repayment Agreements**”) with the Sihui Sewage Treatment Co. Ltd.\* (四會市城市污水處理有限公司) and Top Vision Management Limited (“**Top Vision**”) (collectively as the “**Borrowers**”) together with their respective guarantors, pursuant to which, the Borrowers shall repay to the Lenders the loan receivables of approximately HK\$58,430,000 together with interest accrued thereon (the “**Loan Receivables**”). HK\$5,000,000 of the Loan Receivables will be repaid on or before 30 September 2012 and the remaining Loan Receivables shall be repaid on or before 31 December 2012. On 29 August 2012, the Company only received HK\$5,000,000 of the Loan Receivables. However, the remaining Loan Receivables of HK\$53,430,000 (the “**Remaining Loan Receivables**”) plus underlying interests were not yet received on 31 December 2012. On 22 March 2013, the Lenders have entered into supplemental deeds with the Borrowers together with their respective guarantors, pursuant to which, approximately HK\$18,030,000 of the Remaining Loan Receivables and underlying interests shall be repaid to the Lenders on or before 21 March 2014 (the “**Partial Payment of the Remaining Loan Receivables**”). Nevertheless, Swift Surplus and Top Vision and its guarantors could not reach an agreement in respect of the terms and date of the repayment of the outstanding balance of HK\$35,400,000 of the Remaining Loan Receivables and underlying interests (the “**Outstanding Balance**”). Despite the Company several requests and demands, Top Vision failed to effect payment of the Outstanding Balance. On 14 May 2013, the Company instructed its legal counsel to file the writ of summons (the “**Writ**”) to the High Court of Hong Kong Special Administrative Region (the “**High Court**”) to recover the Outstanding Balance from Top Vision. On 25 June 2013, the High Court adjudged a final judgment that Top Vision shall pay the Outstanding Balance to Swift Surplus (the “**Final Judgment**”). Top Vision has not performed the repayment obligation under the judgment issued by the High Court. The Company cannot locate any assets of Top Vision in Hong Kong. As advised by the legal counsel, without information on the assets of Top Vision in Hong Kong, the Company cannot enforce the Final Judgment against Top Vision. As the major assets owned by the subsidiaries of Top Vision are located in Guangdong Province, the PRC, the Company had undertaken recovery actions including but not limited to legal actions taken in PRC to collect the Remaining Loan Receivables.

On 20 August 2014, a petition was filed by Galaxaco Reservoir Holdings Limited (“**Galaxaco**”) to wind up Top Vision, one of the creditors of Top Vision. Top Vision has now been wound up by the High Court by a Winding up Order under Companies Winding-up Proceedings No.157/2014 and the first meeting of creditors of Top Vision was held on 30 October 2014 for the appointment of provisional of liquidator. On 14 January 2015, the solicitors act for Galaxaco requested the High Court to have the hearing adjourned for the appointment of liquidators (the “**Appointment**”) pending the alleged negotiation settlement between Top Vision and all creditors including the Company and its subsidiary of Swift Surplus and Galaxaco (“**Creditors**”). On 4 May 2015, The High Court appointed SHINEWING Specialist Advisory Services Limited as liquidators (“**Liquidators**”). The Liquidators have carried out the site visits and performed the investigation on PRC subsidiary of Top Vision.

On 16 July 2015, the Zhaoqing Intermediate People's Court adjudged that the Final Judgment recognised and accepted to execute in Mainland China for the recovering the Outstanding Balance and the underlying interest from Top Vision ("**PRC Judgment**"). On 27 January 2016, the PRC Judgment was announced on the website of The People's Court Announcement for 60 days ("**Announcement Period**"). If Top Vision has not appealed for the PRC Judgment within 30 days after the Announcement Period, the PRC Judgment will be automatically effective thereafter, the Company can enforce the PRC Judgment. On 10 August 2016, Sihui City People's Court\* (四會市人民法院) accepted to execute the PRC Judgment in Mainland China and requested Swift Surplus to provide the financial position statement relating to Top Vision. On 30 August 2016, Sihui City People's Court adjudged to freeze the entire equity interest held by Top Vision on Sihui Sewage for 3 years from 30 August 2016 to 29 August 2019. On 28 June 2020, Sihui City People's Court accepted the "resumption implementation application" which was submitted by Swift Surplus to resume the execution of the final judgement and continued to freeze the entire equity interest on Sihui Sewage for another 3 years till July 2022.

In 2016, the Company instructed the legal counsel to institute arbitral proceedings against the Borrowers and the guarantees under the supplemental loan agreements and their respective guarantees by filing the notices of Arbitration to HKIAC. HKIAC has confirmed the filing of such notices and the institution of respective arbitral proceedings.

On 6 March 2018, Liquidators informed Creditors that Top Vision sold its entire shareholding in Top Vision Huizhou to Tai Heng Construction Holding Ltd. ("**Tai Heng**") without payment of purchase consideration of RMB1 million. The Liquidator obtained a judgement from the High Court under the action of HCA 2448/2017 on 7 January 2019 against Tai Heng in favour of Top Vision, under which Tai Heng should repay approximately HK\$3,900,000 being principal and interest, and the Court further awarded judgement interest at a rate of 8% p.a. from 23 October 2017 to 31 December 2018 and 8.08% p.a. from 1 January 2019 to the date of payment (the "**Judgement Debts**"). The Liquidator proposed a demand letter of the Judgement Debt to Tai Heng on 29 January 2019 but failed to receive any reply from Tai Heng. Therefore, the Liquidators are prepared to issue a statutory demand against Tai Heng. If Tai Heng fails to reply, the Liquidators may further pursue a winding-up application against Tai Heng. On 16 April 2019, the Company filed the witness statements and documentary evidence (collectively known as "**Evidence**") to the High Court. But the Borrowers failed to file and serve their respective Defence & Counterclaim as well as their Evidence. The Company applied to the Tribunal to arrange the arbitral hearing. On 16 March 2020, the arbitrator of HKIAC made an arbitration award that each guarantor shall jointly and severally liable to repay the principals together with the interest accrued thereon to the Lenders. On 29 March 2020, HKIAC has appointed a sole arbitrator for these arbitration proceedings. On 30 November 2021, the Swift Surplus had submitted the application to the Sihui City People's Court for the resumption of civil enforcement on Top Vision. In January 2022, Swift Surplus re-submitted the application to the Sihui City People's Court again for the resumption of execution of the final judgement granted in July 2015 to continue to freeze the entire equity interest on Sihui Sewage for another 3 years till July 2025. In January 2022, the Lenders petitioned to the Shenzhen Intermediate People's Court and the Zhaoqing Intermediate People's Court for recognition and enforcement of Hong Kong awarded arbitrations in order to collect the debt from the guarantors. But the guarantor refused to recognise the verdict of the Zhaoqing Intermediate People's Court, they filed an appeal with the Guangdong Province Higher People's Court. In June 2022, Sihui City People's Court accepted the application and adjudged to freeze the entire equity interest held by Top Vision on Sihui Sewage for addition 2 years from June 2022 to June 2024. On 22 May 2023, the Zhaoqing Intermediate People's Court and the Guangdong Higher People's Court recognised and acknowledged for enforcement in Mainland China the arbitral award of the guarantors (the "**Guarantor's Award**"). The Guangdong Province Higher People's Court issued a judgement efficacy certificate on 8 August 2023, allowing the Company to enforce the Guarantor's Award in China. The Zhaoqing Intermediate People's Court acknowledged the enforcement of the Guarantors' Award in mainland China on 11 August 2023. In March 2024, Swift Surplus had submitted the application to Sihui City People's Court again for the purpose of continuing to freeze all equity interests in Sihui Sewage. The Sihui City People's Court ruled to freeze all equity interest in Sihui Sewage for an additional two years for the period from June 2024 to June 2026. On May 17, 2024, the Zhaoqing Intermediate People's Court failed to locate any executable assets from Sihui Sewage and ruled to terminate the execution of the case. The court stated that it would resume the execution in accordance with the law if any executable assets are identified in the future. On September 6, 2024, the Shenzhen Intermediate People's Court recognized and confirmed the arbitration award against the enforcement guarantors, Yang Weihua and Yang Weiguang, in China. On October 17, 2024, the Shenzhen Intermediate People's Court issued the arbitration ruling against the guarantors Yang Weihua and Yang Weiguang. Subsequently, on February 21,

2025, the Shenzhen Intermediate People's Court failed to locate any executable assets from Yang Weihua and ruled to terminate the execution. The court noted that the execution would resume in accordance with the law upon discovering any executable assets. Up to the date of this announcement, the legal processing in PRC is still in progress. The loan receivables from Top Vision of HK\$43.60 million were fully impaired.

**(b) Guangzhou Hyde Environmental Protection Technology Co., Ltd., an indirect wholly-owned subsidiary of the Company**

Guangzhou Hyde Environmental Protection Technology Co., Ltd.\* (廣州市海德環保科技有限公司) (“**Guangzhou Hyde**”) (an indirect wholly-owned subsidiary of the Company) and Yunnan Chaoyue Gas Company Limited\* (雲南超越燃氣有限公司) (“**Yunnan Chaoyue Gas**”) entered into the cooperation contract dated 13 October 2010, pursuant to which Guangzhou Hyde shall paid a refundable deposit of HK\$10 million (“**Deposit**”) to Yunnan Chaoyue Gas for the purpose of obtaining the operation and management right of the Yunnan Dian Lake project (“**Project**”).

Pursuant to the cooperation contract, Yunnan Chaoyue Gas shall refund the Deposit to Guangzhou Hyde within nine months once it was unsuccessfully to obtain the Project. Yunnan Chaoyue Gas has failed to repay the aforesaid Deposit to Guangzhou Hyde when it fell due despite Guangzhou Hyde's repeated requests and demands.

The dispute over cooperative contract between Guangzhou Hyde and Yunnan Chaoyue Gas was applied to Guangzhou Arbitration Commission (“**Commission**”) for arbitration on 24 February 2012. The Commission accepted the case and started a trail on 5 June 2012. After the trail, arbitration tribunal ruled an award on 12 June 2012, adjudging that Yunnan Chaoyue Gas should pay Guangzhou Hyde the principal of RMB8,560,000 and overdue interests thereon; and the relevant arbitration fees.

The above award confirmed the amount to be paid by Yunnan Chaoyue Gas to Guangzhou Hyde should be settled in one-off manner within 10 days from the date on which this award is served. Late payment will result in proceedings set out in article 229 of Civil Procedure Laws of the People's Republic of China. As Yunnan Chaoyue Gas has not performed repayment obligation under the award on time, Guangzhou Hyde applied to Kunming Intermediate People's Court (the “**Kunming Court**”) for civil enforcement on 21 July 2012, and Kunming Court has accepted such application.

On 13 May 2013, Yunnan Chaoyue Gas provided loan repayment plan (the “**Repayment Plan**”) to Guangzhou Hyde. On 1 September 2014, Kunming Court has approved the civil enforcement against Yunnan Chaoyue Gas. Finally, Yunnan Chaoyue Gas has not performed the repayment obligation according to the Repayment Plan.

On 21 August 2017, Guangzhou Hyde, Yunnan Chaoyue Gas, Yunnan Chaoyue Oil & Gas Technology Co., Ltd.\* (雲南超越油氣科技有限公司), Yunnan Chaoyue Oil and Gas Exploration Co., Ltd.\* (雲南超越油氣勘探有限公司), Yunnan Transcend Pipeline Investment Co., Ltd.\* (雲南超越管道投資有限公司) and Yunnan Transcend Energy Co., Ltd.\* (雲南超越能源股份有限公司) and Mr. Liu Jinrong (collectively as the “**Guarantors**”) entered into a settlement agreement which Yunnan Chaoyue Gas shall pay the Principal and overdue interests to Guangzhou Hyde on or before 31 December 2017 (the “**Settlement Agreement**”). On 14 September 2017, Guangzhou Hyde applied to Kunming Court for the resumption of civil enforcement which adjudged in 2014. On 13 August 2019, Yunnan Chaoyue Gas and Guarantors failed to fulfil the Settlement Agreement, Kunming Court accepted the application relating to the resumption of civil enforcement which submitted by Guangzhou Hyde. On 20 November 2019, the Kunming Court adjudged the Guarantors to repay the arbitration fee, the principal together with the underlying interest to Guangzhou Hyde within 10 days. On 8 January 2021, the Kunming Court failed to locate any assets from Yunnan Chaoyue Gas and Guarantors even taken exhaustive enforcement measures, and ruled to terminate this execution. The Kunming Court will resume the execution of this case in accordance with the law once any assets available for execution being found. On 21 June 2023, the Kunming Municipal Court has not yet decided whether to accept the case after the hearing on the bankruptcy liquidation of Yunnan Chaoyue Gas. Up to the date of this announcement, Yunnan Chaoyue Gas and the Guarantors had not performed court judgement and no significant progress on this legal proceeding. The Deposit was classified as loan receivable and fully impaired in 2011.

(c) **New China Water (Nanjing) Energy Company Limited\*** (新中水(南京)能源有限公司) **an indirect wholly-owned subsidiary of the Company**

In October 2018, New China Water (Nanjing) Energy Company Limited (“**New China Water Energy**”), New China Water (Nanjing) Carbon Company Limited (“**New China Water Carbon**”) and Jinling Construction Group of Jiangsu Province Co. Ltd.\* (江蘇省金陵建工集團有限公司) (“**Jinling Construction**”) entered into the construction contract for construction works, pursuant to which Jinling Construction became the construction contractor for Nanjing Space Big Data Industry Base which was developed by New China Water Energy and New China Water Carbon. On 26 January 2022, Jinling Construction filed a lawsuit to Nanjing City Jiangning District People’s Court\* (南京市江寧區人民法院) (the “**Jiangning Court**”) regarding the allegedly unsettled payment of construction fee by New China Water Energy and New China Water Carbon as co-defendants to Jinling Construction in the sum of approximately RMB151.59 million. The disposal of New China Water Carbon was completed in June 2023.

On 26 January 2022, Jinling Construction filed a lawsuit to Nanjing City Jiangning District People’s Court\* (南京市江寧區人民法院) (the “**Jiangning Court**”) regarding the allegedly unsettled payment of construction fee by New China Water Energy and New China Water Carbon as co-defendants to Jinling Construction in the sum of approximately RMB151.59 million.

In February 2022, despite the parties were in negotiations to reach an agreement to settle the claims, the land use rights of the property were seized by Jiangning Court for the period from 18 February 2022 to 17 February 2025. On 21 March 2022, Jiangning Court decided to refer the case to the People’s Court of Xuanwu District, Nanjing City, Jiangsu Province\* (江蘇省南京市玄武區人民法院) (“**Xuanwu People’s Court**”) for trial. In May 2022, the parties have reached a preliminary settlement agreement. As both parties have the intention to resolve the contract dispute, Xuanwu People’s Court decided to suspend the trial on 24 June 2022. Such construction debts amounted to RMB99.91 million have been recognized as other payable of the Group since the financial year ended 31 December 2021.

In August 2022, the involved parties signed the settlement agreement (the “**Settlement Agreement**”) that affirmed the unpaid construction debts of RMB99.91 million and the repayment plan. The aforementioned Settlement Agreement was submitted to the Xuanwu People’s Court for the withdrawal of the relevant land use rights seizure. New China Water Energy and New China Water Carbon had fulfilled a portion of their contractual responsibilities in accordance with the Settlement Agreement. According to the Settlement Agreement, Xuanwu People’s Court issued a civil mediation letter (the “**Civil Mediation Letter**”) confirming that New China Water Energy and New China Water Carbon should jointly and severally pay the outstanding construction debts in the amount of RMB89.91 million including a default claim of RMB8 million which was recognised as default claim payable. The Xuanwu People’s Court subsequently removed the relevant seizure of the land use right.

In June 2023, the parties involved signed Settlement Agreement 1 (the “**Settlement Agreement 1**”) and fulfilled their obligations. The Xuanwu People’s Court ruled to halt New China Water Carbon’s execution. New China Water Carbon was no longer a subsidiary of the Company upon the completion of disposal in June 2023. The relevant parties signed Settlement Agreement 2 (the “**Settlement Agreement 2**”) in August 2023, and then Jinling Construction has petitioned the Xuanwu People’s Court to withdraw enforcement against New China Water Energy. The Xuanwu People’s Court ruled to terminate the execution of the case. As of the date of this announcement, New China Water Energy has not fully satisfied its obligations under the Civil Mediation Letter, but partial payments have been made. The Settlement Agreement 2 is currently undergoing implementation, and the PRC legal proceeding is still ongoing.



(d) **Huizhou Swan Heng Chang Property Development Company Limited\*** (惠州鴻鵠恒昌置業有限公司) and **Swan (Huizhou) Investment Company Limited\*** (鴻鵠(惠州)投資有限公司), **indirect wholly-owned subsidiaries of the Company**

- (i) In January 2018, Huizhou Swan Heng Chang Property Development Company Limited\* (惠州鴻鵠恒昌置業有限公司) (“**Swan Heng Chang**”) entered into the construction contract for construction works (the “**Construction Contract I**”) with China Minsheng Drawin Construction Technology Group Company Limited (formerly known as China Minsheng Drawin Construction Co., Ltd) (“**CMDC**”), under which CMDC shall act as the construction contractor of the construction project of Honghu Blue Valley Wisdom Square\* (鴻鵠藍谷智慧廣場) developed by Swan Heng Chang. To further clarify the rights and obligations of both parties, both parties signed a supplemental agreement in January 2018 to further define the payment terms and other rights and obligations, and the contract price was agreed to be subject to actual settlement based on the actual quantities of work.

On 14 May 2019, Swan Heng Chang entered into the contract termination agreement with CMDC, under which the Construction Contract and the supplemental agreement were agreed to terminate. On 1 August 2019, both parties signed the settlement agreement, which determined the final settlement amount of RMB82.51 million.

In September 2020, CMDC filed a lawsuit with the Huicheng District People’s Court of Huizhou City (“**Huicheng District People’s Court**”) against Swan Heng Chang and its shareholder of Swan (Huizhou) Investment Company Limited\* (鴻鵠(惠州)投資有限公司) (“**Swan Investment**”) as co-defendants, requesting Swan Heng Chang to settle the construction payment and demanding Swan Investment to bear joint and several liabilities. The court heard the case on 6 January 2021.

On 14 April 2021, under the mediation of the court, Swan Heng Chang reached a settlement agreement with CMDC, under which the court issued a civil mediation order, which confirmed that the total amount payable by Swan Heng Chang to CMDC was RMB28.42 million and that Swan Investment was jointly and severally liable for the settlement of the debt. Such construction debts amounted to RMB28.42 million have been recognised as an other payable of the Group since the financial year ended 31 December 2020.

On 3 December 2021, Swan Heng Chang and Swan Investment were served by the court as defendants subject to enforcement for failing to fulfill their obligations under the civil mediation order. On 10 March 2022, upon application by CMDC, the land use right legally owned by Swan Heng Chang was seized by the Huizhou Court for the period from 10 March 2022 to 9 March 2025. According to the civil mediation letter, the default payment including interest in total of RMB11.38 million recorded as an other payable during the year. Up to the date of this announcement, the parties are negotiating the settlement agreement and the relevant legal proceeding is still in process.

- (ii) In July 2021, Swan Heng Chang entered into a construction contract for construction works (the “**Construction Contract II**”) with Shenzhen Zhongrongyu Construction Engineering Limited\* (深圳市中榮煜建築工程有限公司) (“**Zhongrongyu Construction**”), pursuant to which Zhongrongyu Construction shall act as the construction contractor of the construction project of Honghu Square developed by Swan Heng Chang.

Zhongrongyu Construction and Swan Heng Chang are recently in dispute of certain construction payments in respect of the Construction Contract II and Zhongrongyu Construction has filed a lawsuit with the Huicheng District People’s Court of Huizhou City against Swan Heng Chang and Swan Investment as co-defendants, claiming for the settlement of the construction payments and liquidated damages. In December 2024, the Huicheng District People’s Court of Huizhou City ruled that: 1. Swan Heng Chang shall pay construction costs amounting to RMB15.67 million (the “**Construction Cost**”), along with liquidated damages and appraisal fees. 2. Swan Investment shall bear joint and several liability for the debt. 3. Zhongrongyu Construction holds a priority right to compensation within the scope of Construction Cost for the completed construction work at the project of Honghu Blue Valley Wisdom Square project, whether through negotiated sale or auction proceeds. Such Construction Cost recorded as an other payable during the year. Up to the date of this announcement, the PRC legal proceeding is still ongoing.

(iii) In March 2019, Swan Heng Chang entered into a loan agreement and a mortgage and guarantee agreement with Huicheng Sub-branch of Huizhou Rural Commercial Bank Co., Ltd. (the “**Huicheng Sub-branch**”), pursuant to which Swan Heng Chang borrowed RMB45,000,000 (the “**Loan**”) from Huicheng Sub-branch. To secure the Loan, Swan Investment entered into a share pledge agreement with Huicheng Sub-branch, while Swan Investment, China Ace Investment Co., Ltd. (“**China Ace**”), the Company, and Ms. Deng Xiaoting (“**Ms. Deng**”) entered into a guarantee agreement with Huicheng Sub-branch. Recently, Huicheng Sub-branch filed a lawsuit with the Huicheng District People’s Court of Huizhou City against Swan Heng Chang, Swan Investment, China Ace, the Company, and Ms. Deng (collectively referred to as the “**Co-Defendants**”), demanding repayment of the outstanding loan balance of approximately RMB36,080,000 and related interest which recorded as the bank loan during the year. As at the date of this announcement, the legal proceedings in the PRC remain ongoing.

(e) **China Water Industry Group Limited (中國水業集團有限公司\*), the Company, and Onfar International Limited (安發國際有限公司), an indirect wholly-owned subsidiary of the Company**

On 25 March 2024, 海天水務集團股份公司(for transliteration purpose only, Haitian Water Group Company Limited\*) (“**Haitian Water**”), as purchaser, Billion City Investments Limited, as vendor and the Company entered into an equity transfer agreement in relation to the transfer of equity interests in the Vendor (the “**Previous Disposal**”).

Yichun Municipal Development Co., Ltd.\* (宜春市市政發展有限公司) (the “**Plaintiff**”) has subsequently applied to Yichun City Yuanzhou District People’s Court of Jiangxi Province (the “**Court**”) for the property attachment (the “**Property Attachment**”), which aims to freeze the Vendor’s 51% equity interests in the Disposal Company. The application for the Property Attachment has been accepted by the said court.

As disclosed in the announcement of the Company dated 17 June 2024, the Company has received a statement of claim (民事起訴狀) from the Court regarding the civil claim by the Plaintiff against (i) the Company, as 1st defendant; (ii) Haitian Water, as 2nd defendant; (iii) the vendor, as 3rd defendant; and (iv) the Disposal Company, as third party, in respect of the Previous Disposal.

On 26 July 2024, the Plaintiff has given an undertaking in favour of the Vendor that it will, following the execution of the Equity Transfer Agreement and prior to the handover procedures and Registration of equity transfer, file with the Intermediate People’s Court of Yichun City to withdraw the civil claim and discharge the property attachment.

The Company has recently received a civil judgement (民事裁定書) from the Intermediate People’s Court of Yichun City approving to discharge the Property Attachment. For details, please refer to the announcement of the Company dated 16 September 2024.

(f) **China Water Industry Group Limited (中國水業集團有限公司) and China Water Industry (HK) Limited (中國水業(香港)有限公司), an indirect wholly-owned subsidiary of the Company.**

In December 2019, the Company, China Water Industry (HK) Limited (the “**China Water (HK)**”), New China Water (Nanjing) Renewable Resources Investment Company Limited\* (the “**New China Water Nanjing**”), SZQH Energy-saving Environmental Protection Investment Fund Management Company Limited\* (深圳前海粵財節能環保投資基金管理有限公司) (“**SZQH**”) entered into an investment agreement, pursuant to which SZQH agreed to invest RMB60 million for 3.8462% of equity interests in New China Water Nanjing. SZQH has subsequently assigned all its rights and obligations under the investment agreement to Guangdong Yuecai Small and Medium-sized Enterprises Equity Investment Fund Partnership (Limited Partnership)\* (廣東粵財中小企業股權投資基金合夥企業(有限合夥)) (“**Guangdong Yuecai**”), being an associate of SZQH. For details, please refer to the announcements of the Company dated 27 December 2019 and 1 March 2023.

In March 2020, the Company, China Water Industry (HK), New China Water Nanjing, and Zhuhai Hengqin Yixingbanyue Investment Partnership (Limited Partnership)\* (珠海橫琴依星伴月投資合夥企業(有限合夥)) (“**Zhuhai Hengqin**”, together with Guangdong Yuecai, the “**Investors**”) entered into an investment agreement, pursuant to which Zhuhai Hengqin agreed to invest RMB0.42 million for 0.0269% of equity interests in New China Water Nanjing.

In March 2023, the Company received the repurchase notice from the Investors, requiring China Water (HK) and the Company (collectively, the **“Purchasers”**) to repurchase an aggregate of 3.872% equity interests (the **“Aggregate Sale Capital”**) of New China Water Nanjing. On the same date, the Purchasers and Investors entered into the equity transfer agreement, pursuant to which the Investors have agreed to sell, and the Purchasers have agreed to purchase, the Aggregate Sale Capital, at a total consideration of RMB81.76 million (the **“Repurchase Equity Consideration”**). For the details, please refer to the announcement of the Company dated 1 March 2023.

Each of the Investors have filed a lawsuit with the Shenzhen Qianhai Cooperation District People’s Court against the Company and China Water (HK) as co-defendants, claiming for the repayment of the outstanding balance of the Repurchase Equity Consideration in the aggregate sum of approximately RMB22.90 million and the underlying interest. Up to the date of this announcement, the PRC legal proceedings is still ongoing.

(g) **Changsha New China Water Environmental Technology Company Limited, Qingyuan City Greenspring Environmental Technology Company Limited, Shenzhen City New China Water Environmental Technology Company Limited and Hainan Camda New Energy Company Limited, all being indirect non-wholly owned subsidiaries of the Company**

In February 2023, each of Changsha New China Water Environmental Technology Company Limited\* (長沙新中水環保科技有限公司) (**“Changsha New China Water”**), Qingyuan City Greenspring Environmental Technology Company Limited\* (清遠市青泓環保科技有限公司) (the **“Qingyuan City Greenspring”**), Shenzhen City New China Water Environmental Technology Company Limited\* (深圳市新中水環保科技有限公司) (**“Shenzhen City New China Water”**), all being indirect non-wholly owned subsidiaries of the Company, entered into a finance lease agreement with Sinopharm Holding (China) Finance Leasing Co., Ltd. (國藥控股(中國)融資租賃有限公司) (**“Sinopharm Leasing”**), pursuant to which (i) Sinopharm Leasing shall purchase the respective landfill gas power generating facilities from Changsha New China Water, Qingyuan City Greenspring and Shenzhen City New China Water for the purchase price of RMB30 million, RMB14 million and RMB29 million respectively; and (ii) Sinopharm Leasing shall lease back the same to Changsha New China Water, Qingyuan City Greenspring and Shenzhen City New China Water respectively. In March 2023, Hainan Camda New Energy Company Limited\* (海南康達新能源有限公司) (**“Hainan Camda”**), being an indirect non-wholly owned subsidiary of the Company, entered into the finance lease agreement with Sinopharm Leasing, pursuant to which (i) Sinopharm Leasing shall purchase landfill gas power generating facilities for the purchase price of RMB7 million and then lease back the same to Hainan Camda. For details, please refer to the announcements of the Company dated 24 February 2023 and 8 March 2023.

In August 2024, Changsha New China Water, Qingyuan City Greenspring, Shenzhen City New China Water and Hainan Camda (collectively known as **“Lessees”**) together with the relevant guarantors (the **“Guarantors”**) under the respective finance lease agreements had reached settlement agreements with Sinopharm Leasing through the mediation by the Shanghai Pudong New Area People’s Court (the **“Pudong Court”**). The Pudong Court issued civil mediation agreements (the **“Civil Mediation Agreements”**), which required Changsha New China Water, Qingyuan City Greenspring, Shenzhen City New China Water and Hainan Camda shall repay Sinopharm Leasing the outstanding balance of lease consideration of RMB18.70 million, RMB8.73 million, RMB18.08 million and RMB4.37 million respectively. In November 2024, as the Lessees and the Guarantors failed to repay the outstanding sums in accordance with the Civil Mediation Agreements, Sinopharm Leasing had applied to Pudong Court for the enforcement of the Civil Mediation Agreements. In December 2024, the case was terminated due to statutory reasons. The aforesaid outstanding lease consideration recorded as the lease liabilities during the year. Up to the date of this announcement, the Lessees and the Guarantors are in the course of negotiating with Sinopharm Leasing in respect of the settlement of the outstanding sums and the relevant legal proceedings are still ongoing.

- (h) **Anqiu City New China Water Environmental Technology Limited, Datang Huayin Xiangtan Environmental Electricity Generation Company Limited, Datang Huayin Heng Yang Environmental Power Company Limited, Baoji City Electric Power Development Co., Limited, Wuzhou City New China Water New Renewable Resources Company Limited, Hunan Liuyang New China Water Environmental Technology Limited, all being indirect non-wholly owned subsidiaries of the Company**

On 2 August 2023, Anqiu City New China Water Environmental Technology Limited\* (安丘市新中水環保科技有限公司) (the “**Lessee A**”), Datang Huayin Xiangtan Environmental Electricity Generation Company Limited\* (大唐華銀湘潭環保發電有限責任公司) (the “**Lessee B**”), Datang Huayin Heng Yang Environmental Power Company Limited\* (大唐華銀衡陽環保發電有限公司) (the “**Lessee C**”), Baoji City Electric Power Development Co., Limited\* (寶雞市易飛明達電力發展有限公司) (the “**Lessee D**”), Wuzhou City New China Water New Renewable Resources Company Limited\* (梧州市新中水新能源科技有限公司) (the “**Lessee E**”), Hunan Liuyang New China Water Environmental Technology Limited\* (湖南瀏陽新中水環保科技有限公司) (the “**Lessee F**”), (collectively known as “**Lessees**”), all being indirect non-wholly owned subsidiaries of the Company, entered into the respective finance lease agreements with Haitong Unitrust International Financial Leasing Co., Limited (海通恒信國際融資租賃股份有限公司) (the “**Haitong Leasing**”), pursuant to which (i) Haitong Leasing shall purchase biogas and landfill gas power generating facilities (the “**Leased Assets**”) from the Lessees and then shall lease back the Leased Assets to them. The purchase price for the respective lease assets offered by Haitong Leasing to Lessee A, Lessee B, Lessee C, Lessee D, Lessee E and Lessee F were RMB20 Million, RMB20 million, RMB15 million, RMB15 million, RMB10 million and RMB10 million, respectively. For details, please refer to the announcement of the Company dated 2 August 2023.

Haitong Leasing has filed lawsuits with the Shanghai Huangpu District People’s Court and the Shenzhen Qianhai Cooperation Zone People’s Court against Lessee A, Lessee B, Lessee C, Lessee D, Lessee E and Lessee F and the guarantors, demanding repayment of outstanding principal amounts of RMB14 million, RMB14 million, RMB11 million, RMB7 million, RMB7 million, RMB11 million, respectively, along with related interest. The aforesaid outstanding principal amounts recorded as the lease liabilities during the year. Up to the date this announcement, the legal proceedings in the PRC remain ongoing.

Save as disclosed above, the Group is not aware of any other significant proceedings instituted against the Group.

The Board believed that there will be no significant financial impact on the Group as sufficient impairment loss on the loan receivables has been provided and the unsettled construction costs and debts liabilities have been recorded in the total liabilities of the Group.

#### **14. COMPARATIVE FIGURES**

As mentioned in note 4, the Group identified waste management and recycling as a separate and reportable segment as a result of the reassessment of the Group’s operations and measurement of financial performance, certain comparative figures, including revenue, cost of sales, other operating income and expenses have been reclassified to conform to current year’s performance and to provide comparative amounts in respect of items disclosed.



## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

#### Net loss for the year

Net loss for the year ended 31 December 2024 (the “**FY2024**”) was approximately HK\$334.03 million (the “**Net Loss**”), representing an increase of HK\$120.39 million as compared with the net loss of HK\$213.64 million for the year ended 31 December 2023 (the “**FY2023**”). Loss attributable to owners of the Company for the FY2024 was HK\$322.28 million (FY2023: loss attributable to owners of the Company of HK\$243.45 million).

Comparing with the FY2023, the Board considered that the increase in net loss attributable to owners of the Company was mainly attributable to, among others, net impact of the following factors: (i) the decline in revenue and gross profit derived from the renewable energy business, mainly resulting from the decrease in number of landfill site in operation and the substantial reduction in the volume of on-grid electricity due to less available new garbage being delivered to the landfill sites for generation of electricity as local incineration projects being in operation; and (ii) the impairment losses on non-financial assets mainly including goodwill, right-of-use assets, other intangible assets and property, plant and equipment (the “**PPE**”) of the Group’s renewable energy projects due to the continued decline in the volume of on-grid electricity generated resulting in the continuous operating losses of certain renewable energy projects. The effects of the aforesaid factors were partially offset by (a) the decrease in administrative and selling expenses by implementing measures to tighten cost controls over various operating and corporate expenses; (b) the net contribution from the disposal of Yichun Water Industry Group Company Limited together with its subsidiaries (the “**Yichun Water Group**”); (c) the decrease in the provision of expected credit loss on loans receivable; and (d) the decrease in income tax as a result of the decrease in taxable profit generated in FY2024.

#### Revenue and gross profit

On 26 July 2024, the Group had entered into the equity transfer agreement with 宜春市市政發展有限公司 (Yichun Municipal Development Co., Ltd\*) for the purpose of disposing 51% equity interest in the Yichun Water Group. Following completion of the disposal of Yichun Water Group in September 2024, the Group no longer held any equity interest in Yichun Water Group which ceased to be a subsidiary of the Company thereafter and the financial performance of the Yichun Water Group is no longer consolidated into that of the Group. The principal activities of Yichun Water Group are mainly engaged in the provision of water supply, sewage treatment services and related construction services. The Group has ceased the businesses operated by the Yichun Water Group but there is no change to the principal business of the remaining group (the “**Remaining Group**”). The Remaining Group have continued to carry out its existing businesses including (i) provision of sewage treatment services; (ii) exploitation and sale of renewable energy in the PRC; (iii) property investment and development; and (iv) waste management and recycling.

For the FY2024, overall the Group's revenue and gross profit recorded HK\$536.63 million and HK\$87.13 million respectively which dropped by HK\$212.34 million and HK\$95.39 million respectively as compared with FY2023 (FY2023: revenue HK\$748.97 million and gross profit HK\$182.52 million) mainly due to the disposal of Yichun Water Group and substantial decline in the performance of renewable energy business which mainly due to (i) the substantial reduction in the volume of on-grid electricity caused by local incineration projects being developed and the decrease in landfill sites in operation; and (ii) fewer service contracts from the collection of landfill gas awarded, which was partially offset by the increase in income arising from the sewage treatment business due to the new tariff rate adopted and classified the waste management and recycling as one of the business segments of the Group.

The gross profit recorded a decline as a result of (a) the disposal of Yichun Water Group; (b) the decline in business performance from the renewable energy business; and (c) the magnitude of the decrease in cost of sales was smaller than the decrease in revenue due to certain fixed expenses included in the cost of sales.

### **Other operating expenses, net**

For the FY2024, the overall other operating expenses, net amounted to HK\$4.78 million, (FY2023: other operating expenses, net of HK\$7.45 million) decreased by HK\$2.67 million due to write off of PPE in FY2023.

For the FY2024, excluding the operating income, net of HK\$6.41 million from Yichun Water Group the Remaining Group's other expenses, net amounting to HK\$11.19 million mainly consisted of income generated from VAT refund of HK\$13.42 million, government grants of HK\$1.53 million, rental income of HK\$4.14 million from investment properties, the sale of carbon emission of HK\$2.16 million, gain on disposal of equipment of HK\$1.48 million, net service income of HK\$1.35 million from the operation of landfill gas projects and interest income of HK\$1.03 million after the deduction of loss on disposal of PPE of HK\$11.89 million and the construction cost and default interest payment in total of HK\$22.32 million arising from the litigation on Swan Heng Chang.

### **Selling and distribution expenses and administrative expenses**

For the FY2024, the overall selling and distribution expenses of HK\$29.06 million, together with administrative expenses of HK\$173.14 million ("**Total Expenses**") of the Group collectively have dropped by HK\$40.58 million to HK\$202.21 million (FY2023: HK\$242.78 million) due to implementing different measures to tighten cost controls over various operating and corporate expenses and only nine months of Yichun Water Group's expenses consolidated into the Group but consolidated full year expenses of Yichun Water Group in FY2023.

Total Expenses of the Remaining Group excluding the Total Expenses of HK\$63.19 million for Yichun Water Group, recorded HK\$139.01 million which mainly consisted of staff costs including social insurance and redundancy payments of HK\$57.48 million, legal and professional fee (including audit fees) of HK\$20.61 million, repair and maintenance of HK\$5.66 million and depreciation (including amortization) of HK\$13.62 million (FY2023 of the Remaining Group: HK\$153.42 million). As at 31 December 2024, the Remaining Group had 376 full-time employees, compared with 592 full-time employees as at 31 December 2023. The decrease in the number of staff was mainly due to the continued closure of certain landfill sites in 2024. In this regard, the Group has provided the one-off redundancy payment. Total Expenses of the Remaining Group accounted for 43.41% of the total revenue of the Remaining Group, which was comparable to FY2023 of the Remaining Group of 37.18%, as most of the Total Expenses were non-variable in nature and would not decrease in the same magnitude when revenue decrease.

#### **Impairment loss recognised on other intangible assets, Concession Intangible Assets (“CIA”), goodwill, right-of-use assets and PPE**

For FY2024, the Remaining Group recorded the impairment losses on PPE of HK\$62.60 million (FY2023: HK\$4.78 million), other intangible assets of HK\$9.86 million (FY2023: Nil), CIA of HK\$1.33 million (FY2023: Nil), goodwill of HK\$21.74 million (FY2023: Nil), right of use assets of HK\$50.76 million (FY2023: HK\$1.74 million), respectively, mainly provided for the renewable energy projects. The reasons for making provision on impairment losses on these projects were (i) the local incineration projects being developed caused less new garbage being delivered to landfill sites as a result of the volume of landfill gas collected and the electricity generated dropped; and (ii) the continued decline in the volume of on-grid electricity generated resulting in the continuous operating losses of certain renewable energy projects. Since recoverable amounts of the relevant cash-generating units for the aforesaid projects were less than their carrying amount of assets, this resulted in an impairment loss in FY2024. In this regard, independent professional valuers were engaged by the Company to perform the impairment assessment.

#### **Impairment loss recognised on trade, loans and other receivables**

For the FY2024, the Remaining Group recorded an allowance for expected credit loss (the “ECL”) of HK\$14.21 million (the “**Impairment Loss**”), which consists of HK\$8.60 million for trade receivable, HK\$4.83 million for loans and interest receivables and HK\$0.77 million for prepayment (FY2023 of the Remaining Group: HK\$68.35 million excluding HK\$5.04 million for Yichun Water Group). The decrease of Impairment Loss by HK\$54.14 million was mainly due to the balance of Loan Receivables and Other Receivables decreased as compared to prior year. For further details, please refer to section headed “**TRADE AND OTHER RECEIVABLES**” below in this announcement.

Based on the evaluation of collectability and ageing analysis of trade, loan and other receivable as well as certain forward-looking factors, the Group applied different ECL rates to different classes of receivables according to their respective risk characteristics and business nature.

## ***Assessment of ECL***

The Company has engaged an independent valuer (the “**Valuer**”), to conduct a valuation (the “**Valuation**”) on potential default or defaulted receivables to support the relevant impairment assessment in estimating the Impairment Loss.

For the Trade Receivables, Loan Receivables and Advances, the Valuer adopted the probability of default and loss given default method (the “**PD Model**”) to measure the ECL allowance. Major inputs of the PD Model include (i) probability of default (“**PD**”); (ii) loss given default (“**LGD**”); and (iii) exposure at default (“**EAD**”). The ECL rate has been adjusted for forward-looking factors by taking into account of the expected change in future economic conditions, events and environment, and evaluating the debtor’s past default history and the debtor’s credit, presence of collaterals, as well as the debtor’s financial position. The Group’s trade receivables as at 31 December 2024 had an ECL rate ranging from 0.47% to 1.89%, depending on the assessed credit risk of the counterparties. Meanwhile, the rate of ECL of the Group’s loan receivables and advance as at 31 December 2024 ranged from 72.10% to 100% (as at 31 December 2023: ranged from 72.10% to 100%) depending on the nature, probability of default and loss incurred in respect of the defaulted loan receivables and advances. Owing to the deteriorating credit status, certain debtors failed to repay their loans and advances which led to the Group proceed with legal actions to recover the outstanding balances (the “**Default Events**”) as compared to the previous year. Once the loans and advances resulted in Default Events, a maximum default probability up to 100% will apply as it will indicate a higher probability of default as well as loss.

## **Share of results from associates**

For the FY2024, excluding a gain of HK\$0.06 million for Yichun Water Group, the Remaining Group’s share of loss amounted to HK\$0.11 million which was arising from Ziyang Oasis Xinzhong Water Environmental Protection Technology Co., Ltd.\* (the “**Ziyang Oasis**”) (資陽市綠州新中水環保科技有限公司) (FY2023 of the Remaining Group: loss of HK\$0.92 million excluding a gain of HK\$0.01 million for Yichun Water Group). As at 31 December 2024, the Group has one associated company of 49% equity interests in Ziyang Oasis.

## **Finance costs**

For the FY2024, the finance costs for the Remaining Group were HK\$55.04 million, an increase of HK\$6.64 million as compared to last year (FY2023 of the Remaining Group: HK\$48.40 million). The increase was mainly attributable to borrowing a new bank loan in the second half of 2023 and less interest being capitalized on construction in progress due to number of construction projects being reduced during the year as compared with the last year.

## **Income Tax**

For the FY2024, excluding HK\$13.47 million for Yichun Water Group, the Remaining Group recorded income tax expense of HK\$15.71 million including tax paid of HK\$18.88 million for the gain on disposal of Yichun Water Group (the “**Income tax for the disposal**”) (FY2023 of the Remaining Group: HK\$5.81 million excluding HK\$9.62 million for Yichun Water Group), the Income tax credit was HK\$3.17 million after excluding the Income tax for the disposal, which was in line with the substantial dropped operating performance in the renewable energy business. No provision for Hong Kong Profits Tax has been made as the Group’s operations in Hong Kong did not have any assessable profits subject to Hong Kong Profits Tax. Taxation for the PRC operations is charged at the statutory rate of 25% of the assessable profits under taxation ruling in the PRC. During the year under review, certain renewable energy companies in PRC are still subject to tax concessions of 3-year full exemption and subsequent 3-year 50% exemption commencing from their respective years in which their first operating incomes were derived under the relevant tax rules and regulation.

## **Change in fair value of investment properties**

For the FY2024, the fair value loss on investment property recorded HK\$14.13 million excluding HK\$0.36 million for Yichun Water Group (FY2023: loss on fair value of HK\$8.27 million excluding HK\$1.03 million for Yichun Water Group) which provided on Nanjing Property Project. As at 31 December 2024, the Remaining Group had one investment property on hand which is located in Nanjing City, the PRC. According to the valuation result, the loss from the change in fair value of Nanjing Property Project for 2024 was mainly due to further decline in the fair value of office buildings resulting from the downturn of the office leasing market in China. The Company has engaged an independent property valuer to conduct a valuation on the investment properties.

## **Net gain on financial assets at fair value through profit or loss**

For the FY2024, net gain on financial assets at fair value through profit or loss (“**FVPL**”) of the Remaining Group amounted to HK\$0.38 million, fell by HK\$1.35 million from the gain of HK\$1.73 million for the FY2023 of the Remaining Group. Included in net gain on FVPL in FY2024 mainly comprised of dividend income received and the unrealised gain on unlisted fund in the PRC.

## **Disposal of subsidiary**

The disposal of Yichun Water Group recorded a gain before taxation of HK\$43.40 million. The disposal was completed in September 2024 (FY2023: 2.96 million).

## **Exposure to Fluctuations in Exchange Rates**

Almost all of the Remaining Group’s operating activities are carried out in the PRC with the most of transactions and assets denominated in RMB but the Company’s financial statements are denominated in HK\$, which is also the functional currency of the Company. The Remaining Group has not adopted any hedging policies. Due to recent fluctuation of RMB exchange rate against HK\$, the Remaining Group had been monitoring the foreign exchange exposures closely and to hedge any significant foreign currency exposure in order to minimize the exchange risk, if necessary.

## **TREASURY MANAGEMENT**

During the year under review, there had been no material change in the Remaining Group’s funding and treasury policies. The Remaining Group continues to manage its financial position carefully and maintains conservative policies in cash and financial management. The Board closely monitors the Remaining Group’s liquidity position to ensure that the Remaining Group can meet its funding requirements for business development and the repayment of financial liabilities when due. The Remaining Group generally finances its business operations and capital expenditure with internally generated cash flow, bank facilities and other borrowings. To support medium to long term funding requirements, the Remaining Group also considers via accessing to funding from capital markets, subject to market conditions. On the other hands, the management of the Remaining Group closely reviews the trade receivable balances and any overdue balances on an ongoing basis and only trade with creditworthy parties. The Remaining Group’s financial risk management strategies include active managing firm level liquidity and interest rate profile via obtaining substantial long term funding sources, with diversifying term structures and funding instruments. In anticipating new investments or maturity of bank and other borrowings, the Remaining Group will consider new financing while maintaining an appropriate level of gearing.



## **CAPITAL STRUCTURE, LIQUIDITY, FINANCIAL RESOURCES AND FINANCIAL POSITION**

### **Financial Position Analysis**

As at 31 December 2024, the Remaining Group financed its operations with internally generated cash flows, bank loans and other borrowings. The Remaining Group recorded a cash and cash equivalents balance of HK\$45.16 million (as at 31 December 2023 of the Remaining Group: HK\$84.11 million excluding HK\$64.68 million for Yichun Water Group) including cash held at financial institutions of HK\$0.16 million, pledged bank deposits of HK\$20.33 million and restricted bank deposits of HK\$3.24 million (as at 31 December 2023 of the Remaining Group: HK\$0.66 million for cash held at financial institutions and HK\$15.97 million for pledged bank deposits). The decrease of HK\$38.95 million was mainly due to the repayment of debt liabilities and the decrease in income arising from renewable energy business. With steady operating cash flows, the Group is expected to have sufficient working capital to meet its financial obligations in full as they fall due in the foreseeable future. The cash and bank balance were denominated in HK\$ and RMB.

The net current assets for the Remaining Group at 31 December 2024 were HK\$207.84 million (as at 31 December 2023 of the Remaining Group: HK\$244.48 million excluding the net current liabilities of HK\$61.99 million for Yichun Water Group). The current ratio of the Remaining Group (current assets over current liabilities) was 1.26 times as at 31 December 2024 (as at 31 December 2023 of the Remaining Group: 1.31 times).

As at 31 December 2024, the net asset value of the Remaining Group amounted to HK\$1,055.03 million (as at 31 December 2023 of the Remaining Group: HK\$1,240.32 million excluding HK\$400.93 million for Yichun Water Group).

As at 31 December 2024, the Remaining Group's consolidated total assets (including both current and non-current) decreased by HK\$315.89 million to HK\$2,319.17 million (as at 31 December 2023 of the Remaining Group excluding HK\$735.62 million for Yichun Water Group: HK\$2,635.06 million). The decrease was primarily due to the decrease in bank and cash balances, amortization on assets, fair value loss on investment property, impairment loss provided on PPE, goodwill, right-of-use assets and other intangible assets and the depreciation of RMB against HK\$.

### **Capital Structure — Share Consolidation**

During the year, the Company completed the share consolidation on the basis that (i) every ten (10) existing shares of par value of HK\$0.01 each in the issued and unissued share capital of the Company be consolidated into one (1) consolidated share of par value of HK\$0.1 each; and (ii) every ten (10) existing preference shares of par value of HK\$0.1 each in the unissued share capital be consolidated into one (1) consolidated preference share of par value of HK\$1.0 each. The share consolidation was approved by the shareholders by way of poll at the EGM on 9 December 2024. The share consolidation became effective on 11 December 2024.

Save as disclosed above, there was no movements in either the Company's authorised or issued share capital during the year under review.

## CAPITAL EXPENDITURES AND CAPITAL RAISING

During the year under review, the Remaining Group incurred capital expenditures amounting to HK\$1.48 million (FY2023 of the Remaining Group: HK\$65.84 million) for acquisition of concession intangible assets.

The Company has not conducted any equity fund raising activities during the year under review. Subsequent to end of FY2024, the Company has completed the issuance of 287,360,964 right shares in January 2025 and raised up to the net proceeds of HK\$90.10 million. Please refer to the **MATERIAL EVENTS DURING / AFTER THE YEAR UNDER REVIEW** under the section of F (III) for further details on the right issue.

## INVESTMENT PROPERTIES

As at 31 December 2024, the Remaining Group held the following investment property in Nanjing for leasing:

Location	Usage	Approximately gross floor area (square meters)	Lease terms	% of occupancy rate	Group's interest (%)
<b>Nanjing Space Big Data Industry Base</b>					
No. 88, Kangyuan Road, Qilin Science and Technology Innovation Park, Nanjing	Commercial	17,808.23	Long	55%	100%

As at 31 December 2024, the carrying value of Nanjing Property Project decreased to HK\$175.05 million (as at 31 December 2023 of the Remaining Group: HK\$193.11 million excluding HK\$8.28 million for Yichun Water Group). The decrease in carrying value of investment property by HK\$18.06 million was due to the fair value loss and exchange loss on investment properties in Nanjing Property Project. As at 31 December 2024 and 31 December 2023, the Nanjing Property Project has a total gross floor area of 17,808.23 square meters. For the FY2024, the gross rental income arising from Nanjing Property Project after deducting the related outgoings amounted to HK\$3.93 million excluding HK\$0.44 million for Yichun Water Group (FY2023 of the Remaining Group: HK\$3.57 million excluding HK\$0.23 million for Yichun Water Group). The increase in rental income was contributed by an increase in the leasing out of the office building of Nanjing Property Project in 2024.

## INVENTORIES

As at 31 December 2024, the inventories of the Remaining Group recorded HK\$57.59 million, which comprised raw materials for the use of renewable energy business (as at 31 December 2023 of the Remaining Group: HK\$50.86 million excluding HK\$5.15 million for Yichun Water Group).

## PORTFOLIOS AND PERFORMANCE OF SECURITIES INVESTMENTS

As at 31 December 2024, the fair value of securities investments of the Remaining Group (including held-for-trading investments and held-for-long term investments) was amounted to HK\$13.91 million (as at 31 December 2023: HK\$13.97 million) representing 0.60% of the total asset value of HK\$2,319.17 million as at 31 December 2024. The securities investments of the Remaining Group comprised listed securities in Hong Kong and investment funds in the PRC. The following analysis was of the Remaining Group's investments at the end of the reporting period:

### List of stocks in terms of market value as at 31 December 2024

Name of stock listed on the Stock Exchange	Stock code	Brief description of the business	Number of shares held as at	No. of issued ordinary share as at	Effective interest held as at	Initial investment cost	Market value as at	Unrealised/Realised gain/(loss) for the year ended	Accumulated unrealised holding gain/(loss) on revaluation	Classification	Dividend received/receivable during the year
			31 December 2024	31 December 2024	31 December 2024			31 December 2024			
						HK\$'000	HK\$'000	HK\$'000	HK\$'000		HK\$'000
China Best Group Holding Ltd	370	Trading of electronic product, building construction contracting business, project management service, centralised heating business and money lending business	6,208,000	2,091,500,991	0.30%	5,157	1,552	–	(3,605)	FVOCI	–
Fy Financial (Shenzhen) Co., Ltd. — H Shares	8452	Provision of financial leasing, factoring, advisory services and customer referral services and the supply of medical equipment in the PRC and leasing of 5G base station and energy storage business	844,000	89,840,000	0.94%	988	329	–	(659)	FVOCI	–
China Tangshang Holdings Limited	674	Money lending business, property sub-leasing and investment business and property development business	3,580,000	3,428,466,570	0.10%	908	752	–	(156)	FVOCI	–
"Chinese Energy Holdings Limited (Note 2)	8009	General trading (including market sourcing of technical and electronic products); trading of LNG products; money lending and investment in financial assets	250	58,900,537	0.00%	2	–	–	(2)	FVPL	–
Sub-total							2,633	–	(4,422)		
Name of unlisted investment		Brief description of the business									
Guangdong Finance Industry Strategic Fund*		Investment in unlisted equity	N/A		N/A	8,777	11,274	225	2,497	FVPL	157
Sub-total							11,274	225	2,497		157
Total							13,907	225	(1,925)	–	157

*Note 1:* The functional currency of the investment is RMB. The initial investment cost is RMB8.13 million (equivalent to HK\$8.78 million). The market value as at 31 December 2024 is RMB10.44 million (equivalent to HK\$11.27 million).

*Note 2:* Chinese Energy Holdings Limited was delisted from the GEM of the Stock Exchange on 29 December 2023.

FVPL: Financial assets at fair value through profit or loss.

FVOCI: Financial asset at fair value through other comprehensive income.



For the FY2024, the Remaining Group recorded a gain of HK\$0.38 million on FVPL (FY2023 of the Remaining Group: HK\$1.73 million). During the year under review, amid the ongoing geopolitical and economic tensions, the global economic recovery was characterised by uncertainty, the Board has scaled down short-term investment in equity trading and managed the investment portfolio in accordance with the Remaining Group's investment objectives and policies with a view to gaining good investment yields for our shareholders. In view of the above, the Board will monitor stock market development closely and capture opportunities in a prudent manner so as to balance the investment risks of the Remaining Group.

## **TRADE AND OTHER RECEIVABLES**

As at 31 December 2024, the Remaining Group's trade and other receivables, (net of loss allowance) were approximately HK\$893.72 million (as at 31 December 2023 of the Remaining Group: HK\$874.37 million excluding HK\$60.87 million for Yichun Water Group), which comprised of: (i) net trade receivables of HK\$779.14 million, (ii) net other receivables of HK\$52.71 million, (iii) net loan receivables of HK\$0.59 million, and (iv) net deposits and prepayments of HK\$61.28 million.

As at 31 December 2024, trade receivables, (net of loss allowance) of the Remaining Group increased by HK\$36.67 million to HK\$779.14 million (as at 31 December 2023 of the Remaining Group: HK\$734.95 million excluding HK\$45.75 million for Yichun Water Group) which was primarily attributable to the addition of government on-grid tariff subsidies, the slowdown in payment of sewage treatment fees, and new contracts awarded resulting in an increase in the revenue in the recycling business of glass and food waste collection, which was partially offset by the depreciation of the exchange rate of RMB and the settlement of property considerations by customers.

### **(A) Trade receivables**

- (i) The net trade receivables from the renewable energy business of HK\$700.11 million which comprised of: (i) the government on-grid tariff subsidies receivable amounted to HK\$686.04 million (as at 31 December 2023: HK\$660.64 million) and (ii) the electricity sales receivable from local grid companies of HK\$14.07 million (as at 31 December 2023: HK\$18.35 million), which in aggregate accounted for 89.86% of net trade receivables of the Group. The above-mentioned tariff subsidies receivables will be settled in accordance with the prevailing government payment policies including (i) Caijian [2020] No. 4 Guidelines on the Stable Development of Non-Water Renewable Energy Generation (關於促進非水可再生能源發電健康發展的若干意見) and Caijian [2020] No. 5 Measures for Administration of Subsidy Funds for Tariff Premium of Renewable Energy (可再生能源電價附加資金管理辦法) updated in January 2020 which jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration; and (ii) Caijian [2020] No. 70 Notice on Accelerating the Review of the List of Renewable Energy Power Generation Subsidy Projects (加快推進可再生能源發電補貼項目清單審核有關工作的通知) published by Ministry of Finance in November 2020 and the prevalent payment trends of Ministry of Finance of the PRC. There were no pre-determined due date for settlement of the tariff subsidies. The trade receivables from renewable energy business were considered as fully recoverable given there were no bad debt experiences with the local grid companies in the past and the above-mentioned tariff subsidies were provided by the relevant PRC government authorities. During the year under review, the management has reassessed the credit risk based on the historical settlement records, the ageing of the tariff subsidies receivables and taking into account prevailing economic conditions as at 31 December 2024, the impairment loss on trade receivable relating to the renewable energy business was provided HK\$8.60 million for the FY2024 (FY2023: HK\$0.67 million).

- (ii) The net trade receivables from the sewage treatment services amounted to HK\$48.91 million (as at 31 December 2023 of the Remaining Group: HK\$45.20 million), representing 6.28% of the net trade receivables of the Remaining Group. The increase of HK\$3.71 million was mainly due to the increase in sewage treatment fees as a result of the completion of upgrading and modification work and the slowdown in payment of sewage treatment fees by the related local PRC government. Generally, trade receivables would be written off if the Group is of the view that the recovery of the amount was remote. In view of the historical repayment record, the Group considered the default risk for such balances to be insignificant and, the ECL to be minimal. No impairment loss was recognized on these trade receivables in FY2024 (FY2023: Nil).
- (iii) The net trade receivables from the sales of completed properties recorded HK\$10.10 million (as at 31 December 2023 of the Remaining Group: HK\$13.30 million), representing 1.30% of the net trade receivables of the Remaining Group. The decrease of HK\$3.20 million was mainly due to customers using the mortgage to settle the considerations. Considerations in respect of the completed properties sold in Nanjing Property Project are payable by the purchasers in accordance with the terms of the related sales and purchase agreements. In the second half of 2022, the property of sales were handed over to customers. Those receivable balances are pending for their mortgage procedures. The Remaining Group considered the default risk for such balances to be insignificant. Accordingly, no impairment loss on this segment was provided for the FY2024 (FY2023: Nil).
- (iv) The net trade receivables from the recycling business of glass and food waste collection amounted to HK\$12.15 million (as at 31 December 2023 of the Remaining Group: HK\$2.40 million), representing 1.56% of the net trade receivables of the Remaining Group. The increase of HK\$9.75 million was mainly due to two new contracts, including a glass management contract and a food waste contract granted by the Environmental Protection Department (the “EPD”) in 2023 and earlier in 2024 respectively. The operation of glass management and food waste collection commenced in October 2023 and March 2024, respectively, resulting in bringing new income to the Remaining Group. The Remaining Group considered the default risk for such balances to be insignificant. For the FY2024, no impairment loss was recognized on these trade receivables (FY2023: Nil).

## **(B) Net other receivables**

As at 31 December 2024, other receivables, (net of loss allowance) of the Remaining Group dropped by HK\$6.31 million to HK\$52.71 million due to a slight increase in tax recoverable and partially offset by the depreciation of exchange rate of RMB (as at 31 December 2023 of the Remaining Group: HK\$46.40 million excluding HK\$6.25 million for Yichun Water Group). The balance of net other receivables represented mainly tax recoverable, refundable of legal enforcement fee, security deposit for research and development projects, advances for promotion activities and income receivable from the construction project. For the FY2024, no impairment allowance was recognized (FY2023: HK\$1.66 million).

### **(C) Net loan receivables**

As at 31 December 2024, loans receivables, (net of loss allowance) of the Remaining Group decreased by HK\$4.52 million to HK\$0.59 million (as at 31 December 2023 of the Remaining Group: HK\$5.10 million excluding HK\$0.29 million for Yichun Water Group) mainly due to the recognition of impairment loss of HK\$4.83 million and the depreciation of exchange rate of RMB (FY2023 of the Remaining Group: HK\$45.16 million).

The loans receivables of the Remaining Group mainly comprised of loans to independent private companies in the PRC and/or Hong Kong and an individual merchant in Hong Kong (the “**Borrowers**”). The loans are interest-bearing with rates ranging from 4% to 24% per annum and maturities ranging from 1 month to 12 months. None of the Borrowers has pledged any of their assets to the Remaining Group to secure the loans. The Remaining Group has obtained the personal guarantee provided by the respective guarantors as security for certain loans.

Prior to granting the respective loans to the Borrowers, the Remaining Group conducted a credit assessment on certain Borrowers and/or guarantors, which included (i) conducting background searches on the respective Borrowers and/or guarantors; (ii) obtaining and reviewing information in relation to the financial background of the Borrowers and/or guarantors; and (iii) assessing whether the Borrowers would provide a pledge and/or guarantee in relation to their respective loans.

Once any loans receivable were overdue and/or defaulted, the Remaining Group adopted collection/recovery actions including, but not limited to issuing demand letters, re-negotiating repayment terms and methods with Borrowers and/or guarantors, and consulting with legal advisers to ascertain whether Borrowers have assets in the HK and/or PRC and considering commencing legal proceedings depending on the results of such searches. Recoverability and impairment assessments would also be carried out accordingly.

The Remaining Group has noticed that many Borrowers failed to repay the loans when due, certain Borrowers and/or guarantor went into. As at 31 December 2024, additional impairment loss was recognized by the Remaining Group on loan receivable amounted to HK\$4.83 million, in relation to a loan provided to an individual merchant in Hong Kong, as such loan have been default and non-responsive to collection activities. After such impairment, the loan receivables were almost fully impaired as at 31 December 2024. For the FY2024, the impairment loss recognized on loan receivable amounted to HK\$4.83 million (FY2023 of the Remaining Group: HK\$45.16 million).

### **(D) Net deposits and prepayments**

As at 31 December 2024, deposits and prepayments, (net of loss allowance) of the Remaining Group recorded HK\$61.28 million (as at 31 December 2023 of the Remaining Group: HK\$86.56 million excluding HK\$9.93 million for Yichun Water Group). The balance of net deposits and prepayment represented amortisation of repairing and drilling cost, prepayment relating to advances to suppliers and/or sub-contractors for material procurement and construction works, and consultancy fees for the provision of finance lease arrangements, security deposits paid, including glass management contract, construction service contracts and the finance lease. For the FY2024, impairment loss of HK\$0.77 million was recognised on prepayment for material procurement (FY2023 of the Remaining Group: HK\$20.71 million).

## LIABILITIES AND GEARING

As at 31 December 2024, the Remaining Group's total liabilities (including both current and non-current) amounted to HK\$1,264.14 million (as at 31 December 2023 of the Remaining Group: HK\$1,394.74 million excluding HK\$334.69 million for Yichun Water Group). The decrease of HK\$130.60 million was mainly due to the repayment of bank and other borrowings together with finance lease liabilities in 2024. Except for the issuance of bonds and non-financial institution loan denominated in HK\$, borrowings were mainly denominated in RMB.

The Remaining Group's gearing ratio as at 31 December 2024 was 54.51% (as at 31 December 2023 of the Remaining Group: 52.93%). The ratio was calculated by dividing total liabilities of the Remaining Group of HK\$1,264.14 million (as at 31 December 2023 of the Remaining Group: HK\$1,394.74 million excluding HK\$334.69 million for Yichun Water Group) over total assets of the Remaining Group of HK\$2,319.17 million (as at 31 December 2023 of the Remaining Group: HK\$2,635.06 million excluding HK\$735.62 million for Yichun Water Group).

As at 31 December 2024, the Remaining Group's total bank and other borrowings were HK\$563.05 million (as at 31 December 2023 of the Remaining Group: HK\$627.16 million excluding HK\$2.15 million for Yichun Water Group). For the maturity profile, refer to the table below:

## Debt Analysis

Debt Analysis	The Remaining Group*			
	31-Dec-24		31-Dec-23	
	<i>HK\$ Million</i>	<i>%</i>	<i>HK\$ Million</i>	<i>%</i>
<b>Classified by maturity</b>				
<b>— repayable within one year</b>				
Bank borrowings	107.76	19.14	124.21	19.81
Other loans	137.15	24.36	166.71	26.58
	<u>244.91</u>	<u>43.50</u>	<u>290.92</u>	<u>46.39</u>
<b>Classified by maturity</b>				
<b>— repayable more than one year</b>				
Bank borrowings	257.06	45.65	318.96	50.85
Other loans	61.08	10.85	17.28	2.76
	<u>318.14</u>	<u>56.50</u>	<u>336.24</u>	<u>53.61</u>
<b>Total bank and other borrowings</b>	<u><u>563.05</u></u>	<u><u>100.00</u></u>	<u><u>627.16</u></u>	<u><u>100.00</u></u>
<b>Classified by type of loans</b>				
Secured	447.05	79.40	493.16	78.64
Unsecured	116.00	20.60	133.99	21.36
	<u><u>563.05</u></u>	<u><u>100.00</u></u>	<u><u>627.16</u></u>	<u><u>100.00</u></u>
<b>Classified by type of interest</b>				
Fixed rate	459.62	81.63	513.15	81.82
Variable-rate	72.98	12.96	81.92	13.06
Interest free rate	30.45	5.41	32.09	5.12
	<u><u>563.05</u></u>	<u><u>100.00</u></u>	<u><u>627.16</u></u>	<u><u>100.00</u></u>

\* The Group excluding Yichun Water Group

## OTHER LOANS

### 1. Issuance of bonds through the placing agent

On 18 January 2018, the Company entered into a placing agreement with Prior Securities Limited (the “**Placing Agent**”) pursuant to which the Placing Agent on a best effort basis, arranging independent placees to subscribe for 6% coupon unlisted bonds with a term of 90 months in aggregate principal amount of up to HK\$100.00 million (“**Bond**”). On 17 January 2020, the Company has completed the issuance of the Bond to the placees in an aggregate principal amount of HK\$20.00 million. As at 31 December 2024, the outstanding Bond amounted to HK\$18.54 million and was classified as an other loan (as at 31 December 2023 of the Remaining Group: HK\$17.22 million).

### 2. Loans from related companies

As at 31 December 2024, loans from related companies amounted to approximately of HK\$85.00 million (as at 31 December 2023 of the Remaining Group: HK\$58.22 million).

As at 31 December 2024, the Bond of HK\$18.54 million and loans from related companies of HK\$85.00 million totalled HK\$103.54 million, representing of 52.23% of the other loans, which were utilized as general working capital, repayment of debts, and/or acquisition activities.

## TRADE AND OTHER PAYABLES

As at 31 December 2024, the Remaining Group’s trade and other payables were approximately HK\$385.75 million (as at 31 December 2023 of the Remaining Group: HK\$344.37 million excluding HK\$120.99 million for Yichun Water Group). The increase in trade and other payables of HK\$41.38 million was mainly due to the construction cost and default interest payment arising from the litigation on Swan Heng Chang and the commencement of operation in waste management and recycling business. The credit terms for trade payables vary depending on the terms agreed upon with different suppliers.



## BUSINESS REVIEW BY SEGMENT

The financial performance analysis of the Group by segments is as follows:

	Revenue				Gross Profit/Loss) (GP)						2024 vs 2023		
	HK\$' M	%	HK\$' M	%	HK\$' M	%	%	HK\$' M	%	%	Revenue	Gross Profit	GP Margin
	2024	to the total	2023	to the total	2024	to the total	GP margin	2023	to the total	GP margin	HK\$ M	HK\$ M	%
Water supply business	83.10	15.49	122.77	16.38	25.62	29.40	30.83	43.77	23.98	35.65	(39.67)	(18.15)	-4.82
Sewage treatment business	83.41	15.54	85.20	11.38	35.26	40.47	42.27	34.15	18.71	40.08	(1.79)	1.11	2.19
Construction service business	125.16	23.32	205.87	27.49	30.59	35.11	24.44	62.31	34.14	30.27	(80.71)	(31.72)	(5.83)
<b>Sub-total</b>	<b>291.67</b>	<b>54.35</b>	<b>413.84</b>	<b>55.25</b>	<b>91.47</b>	<b>104.98</b>	<b>31.36</b>	<b>140.23</b>	<b>76.83</b>	<b>33.89</b>	<b>(122.17)</b>	<b>(48.76)</b>	<b>(2.53)</b>
Exploitation and sale of renewable energy business	191.19	35.63	319.94	42.72	(12.75)	(14.63)	(6.67)	43.97	24.09	13.74	(128.75)	(56.72)	(20.41)
Property Development	0.00	0.00	0.00	0.00	0.00	0.00	-	0.00	0.00	-	0.00	0.00	-
Waste Management and Recycling	53.78	10.02	15.19	2.03	8.41	9.65	15.64	(1.68)	(0.92)	(11.06)	38.59	10.09	26.70
<b>Total</b>	<b>536.64</b>	<b>100.00</b>	<b>748.97</b>	<b>100.00</b>	<b>87.13</b>	<b>100.00</b>	<b>16.24</b>	<b>182.52</b>	<b>100.00</b>	<b>24.37</b>	<b>(212.33)</b>	<b>(95.39)</b>	<b>(8.13)</b>

### 1.1 Water supply business

After completion of the disposal of Yichun Water Group, the Remaining Group will no longer engage in the water supply business in the PRC. Compared with the FY2023, the revenue and gross profit of the Remaining Group recorded the decrease of HK\$83.10 million and HK\$25.62 million, respectively due to only 9-month operation performance recorded in 2024 but full year recorded in 2023 and the decrease in water supply volume.

The analysis of financial performance by segment was as follows:

		2024	2023	Variance
		From January to September	From January to December	
<b>Water Supply Business</b>				
Revenue	HK\$'million	83.10	122.77	(39.67)
Gross profit	HK\$'million	25.62	43.77	(18.15)
Designed daily capacity of water supply	Tonne	260,000	260,000	—

Analysis of water supply projects on hand is as follows:

<b>Project name</b>	<b>Equity interest held by the Company (%)</b>	<b>Designed daily capacity of water supply (tonne)</b>	<b>Provincial cities in PRC</b>	<b>Exclusive operating right (expiry in)</b>
Yichun Water	51	260,000	Jiangxi	2034

## 1.2 Sewage treatment business

Yichun Water Group has held equity interests in two projects, namely Yichun Fangke and Yichun Mingyue Mountain (collectively known as “**Yichun Sewage Treatment Projects**”). Following completion of the disposal of the Yichun Water Company, these projects will cease to provide a contribution to the Group. As at 31 December 2024, the number of sewage treatment projects decreased from five projects to three projects, which are located in Guangdong and Shandong Provinces (FY2023: five projects) and the daily aggregate sewage disposal capacity was approximately 80,000 tonne (FY2023: 240,000 tonne). For the FY2024, the revenue and gross profit of the Remaining Group amounted to HK\$36.08 million and HK\$21.98 million respectively. During the year, the Remaining Group processed an aggregate of 28.49 million tonne of waste water (FY2023 of the Remaining Group: 28.94 million tonne), representing a decrease of 1.55% over the last corresponding year. Compared with the FY2023, the revenue and gross profit of the Remaining Group decreased by HK\$2.84 million and increased by HK\$7.54 million, respectively. The rise in gross profit were attributable to the increase in sewage treatment fee as a result of the completion of upgrading and modification work on the Jining Haiyuan project and Jining Haisheng project in December 2024 and January 2024 respectively. The average rates for sewage treatment in the Remaining Group ranged from HK\$1.36 to HK\$2.10 per tonne (FY2023 of the Remaining Group: HK\$1.29 to HK\$1.31 per tonne).

The analysis of financial performance by segment was as follows:

	FY2024			FY2023			FY2024 vs FY2023		
	Yichun Sewage Treatment Projects		The Remaining Group*	Yichun Sewage Treatment Projects		The Remaining Group*	Yichun Sewage Treatment Projects		The Remaining Group*
	The Group	9 months	Group*	The Group	12 months	Group*	The Group	Group	Group*
	HK\$ M	HK\$ M	HK\$ M	HK\$ M	HK\$ M	HK\$ M	HK\$ M	HK\$ M	HK\$ M
Revenue	83.41	36.08	47.33	85.20	46.28	38.92	(1.79)	(10.2)	8.41
Gross profit	35.26	13.28	21.98	34.15	19.71	14.44	1.11	(6.43)	7.54

\* The Group excluding Yichun Water Group

Analysis of sewage treatment projects on hand is as follows:

Project name	Equity interest held by the Company (%)	Designed daily sewage disposal capacity (tonne)	Provincial cities in PRC	Exclusive operating right (expiry in)
1 Jining Haiyuan	70	30,000	Shandong	2036
2 Jining Haisheng	100	30,000	Shandong	2049
3 Gaoming Huaxin	70	20,000	Guangdong	2033
Total		80,000		

### 1.3 Construction services for water supply and sewage treatment infrastructure

Construction services included water meter installation, infrastructure construction and pipeline construction and repair. Upon completion of the disposal of the Yichun Water Group in September 2024, the financial performance of these segments relating to Yichun Water Group ceased to be consolidated into the Group. During the year, the construction services's revenue and gross profit recorded HK\$125.16 million and HK\$30.59 million. (FY2023: revenue of HK\$205.87 million and gross profit of HK\$62.31 million). The decrease was due to only nine months of Yichun Water Group's revenue consolidated into the Group but consolidated full year of Yichun Water Group' revenue in FY2023 and less construction activities in 2024.

The analysis of financial performance by segment was as follows:

	FY2024			FY2023			FY2024 vs FY2023		
	Yichun		The Remaining Group	Yichun		The Remaining Group	Yichun		The Remaining Group
	Construction Projects	9 months		Construction Projects	12 months		Construction Projects	Group	
	The Group			The Group			The Group		
	HK\$ M	HK\$ M	HK\$ M	HK\$ M	HK\$ M	HK\$ M	HK\$ M	HK\$ M	HK\$ M
Revenue	125.16	97.24	27.92	205.87	167.28	38.59	(80.71)	(70.04)	(10.67)
Gross profit	30.59	28.64	1.95	62.31	58.44	3.87	(31.72)	(29.80)	(1.92)

#### 1.4 Exploitation and sales of renewable energy business

Up to the date of this announcement, the Remaining Group has 50 solid waste treatment projects, of which 27 projects have commenced operation with a total installed capacity of 95.28 MW, 9 projects are under construction, with an estimated total installed capacity of 8 MW and 14 projects discontinued operations since 2023. For the FY2024, the revenue and gross loss of the Remaining Group recorded HK\$191.19 million and HK\$12.41 million respectively. Compared with the FY2023, the revenue and gross loss of the Remaining Group decreased by HK\$128.75 million and HK\$56.38 million respectively. The decline in business performance was because (i) the decrease in number of landfill site in operation; (ii) the substantial reduction in the volume of on-grid electricity due to less available new garbage being delivered to the landfill sites for generation of electricity as local incineration projects being in operation; and (iii) most of the operating expenses were non-variable in nature and did not decrease in the same magnitude when revenue decreased. During the year, the Group had 27 projects in operation (FY2023: 35 projects), generating approximately 313,379.26 MWh of on-grid electricity which represented a decrease of 36.12% compared to FY2023 (FY2023: 490,542.24 MWh). As at 31 December 2024, the Group accumulated a total installed capacity of 103.28 MW, representing an decrease of 28.92% compared to the FY2023 (as at 31 December 2023: 145.3 MW). For the FY2024, the average electricity rate of the Group was HK\$0.52 per kilowatt-hour and the average CNG rate was HK\$2.63 per m<sup>3</sup> (FY2023: average electricity rate HK\$0.58 per kilowatt-hour and the average CNG rate HK\$2.32 per m<sup>3</sup>). Included in revenue was HK\$119.10 million (FY2023: HK\$203.14 million) and HK\$49.35 million (FY2023: HK\$81.68 million) derived from the sales of electricity to local grid companies and the government tariff subsidies respectively, representing 62.29% and 25.81% of the total renewable energy revenue respectively.

		For the year ended 31 December			
		2024		2023	Variance
<b>Exploitation and sale of renewable energy business</b>					
— Sale of electricity					
Revenue	<i>HK\$'million</i>	<b>170.96</b>		289.69	(118.73)
Gross (loss)/profit	<i>HK\$'million</i>	<b>(9.13)</b>		39.71	(48.84)
— Sale of compressed natural gas					
Revenue	<i>HK\$'million</i>	<b>13.34</b>		11.03	2.31
Gross (loss)/profit	<i>HK\$'million</i>	<b>(2.51)</b>		3.01	(5.52)
— Service income from collection of landfill gas					
Revenue	<i>HK\$'million</i>	<b>1.68</b>		18.35	(16.67)
Gross (loss)/profit	<i>HK\$'million</i>	<b>(2.01)</b>		1.61	(3.62)
— Sale of solid organic fertilizer					
Revenue	<i>HK\$'million</i>	<b>5.21</b>		0.87	4.34
Gross (loss)/profit	<i>HK\$'million</i>	<b>1.24</b>		(0.36)	1.60
<b>Total</b>					
Revenue	<i>HK\$'million</i>	<b>191.19</b>		319.94	(128.75)
Gross (loss)/profit	<i>HK\$'million</i>	<b>(12.41)</b>		43.97	(56.38)
		<b>2024</b>	<b>% to total</b>	<b>2023</b>	<b>% to total</b>
<b>Summary of revenue</b>					
Government tariff subsidies	<i>HK\$'million</i>	<b>49.35</b>	<b>25.81%</b>	81.68	25.53%
The sale of electricity to local grid companies	<i>HK\$'million</i>	<b>119.10</b>	<b>62.29%</b>	203.14	63.49%
Other	<i>HK\$'million</i>	<b>2.51</b>	<b>1.32%</b>	4.87	1.53%
		<b>170.96</b>	<b>89.42%</b>	289.69	90.55%
Compressed natural gas & service income from collection of landfill gas & sale of solid organic fertilizer	<i>HK\$'million</i>	<b>20.23</b>	<b>10.58%</b>	30.25	9.45%
		<b>191.19</b>	<b>100.00%</b>	319.94	100.00%

## 1.5 Property Investment and development

Yichun Water Group has held equity interests in two property projects namely Wenbifeng Office Building\* (文筆峰辦公樓) and Water Supply Company Datang Water Quality Monitoring and Control Building Construction\* (供水公司大樓水質化驗調度大樓建設).

Following completion of the Disposal of the Yichun Water Company, the aforesaid property projects will cease to provide a contribution to the Group. As at 31 December 2024, the number of property projects decreased from four projects to two projects, which are located in Nanjing and Huizhou City (FY2023: four projects) with a total site area of approximately 56,884 square meters.

The development status of the property projects of the Group was as follows:

	Name of project	Location	Stage of completion	Expected date of completion	Major usage/ purpose	Approximate site area (square meters)	Estimated gross floor area after completion (square meters)	Lease term (years)	Group's interest (%)
1	Nanjing Space Big Data Industry Base (南京空間大數據產業基地)	No. 88, Kangyuan Road, Qilin Science and Technology Innovation Park, Nanjing	Completed	Mar-22	Research and development/ Commercial (50% for sale and 50% for leasing)	26,340	72,853	50 years	100
2	Honghu Blue Valley Wisdom Square* (鴻鵠藍谷智慧廣場)	No. 3 Taihao Road, Block 3 Centre, Gaoxin Science and Technology Industrial, Huinan Road East, Huicheng District, Huizhou City, Guangdong Province, the PRC	Under construction (95%)	Aug-26	Research and development Centre/ Commercial (for sale and/or for lease)	30,544	43,738	50 years	100
						<hr/>	<hr/>		
						<hr/>	<hr/>		
						56,884	116,591		



## 1.6 Waste Management and Recycling

In 2023, Hong Kong Glass Resources Limited (“**Glass Resources**”), an indirect wholly-owned subsidiary of the Company, was awarded two five-year glass management contracts (the “**Glass Management Contracts**”) for the Kowloon and New Territories regions by the EPD, with an aggregate contract value of approximately HK\$319.00 million. In February 2024, Glass Resources was further awarded a 39-month service contract (the “**Food Waste Contract**”) by the EPD to provide food waste collection services in Kowloon West, at a contract sum of approximately HK\$87 million.

During the year, the Remaining Group recorded revenues of HK\$53.78 million and a gross profit of HK\$8.41 million. Compared to FY2023, these figures represent an increase of HK\$38.59 million in revenue and HK\$10.09 million in gross profit. This growth was attributable to Glass Resources commencing operations under the Glass Management Contracts in October 2023 and the Food Waste Contract in March 2024, both of which have contributed new income streams to the Group.

The analysis of financial performance by segment was as follows:

		For the year ended 31 December		
		2024	2023	Variance
<b>Waste Management and Recycling businesses</b>				
Revenue	<i>HK\$'million</i>	<b>53.78</b>	15.19	38.59
Gross (loss)/profit	<i>HK\$'million</i>	<b>8.41</b>	(1.68)	10.09

## MATERIAL EVENTS DURING/AFTER THE YEAR UNDER REVIEW

### A. Awarded a service contract relating to the provision of food waste collection services in West Kowloon

On 1 February 2024, Glass Resources has been awarded a 39-month service contract (the “**Food Waste Contract**”), by the EPD for a contract sum of approximately HK\$87 million. Under the Food Waste Contract, Glass Resources is obligated to deliver the following services: (i) collecting food waste at designated locations in West Kowloon; (ii) delivering the collected food waste to the approved food waste disposal facilities; (iii) organizing community-based promotion activities; and (iv) expanding the collection network to increase the rate of food waste recycling. The operation of food waste collection commenced in March 2024. For details, please refer to the announcement of the Company dated 1 February 2024.

### B. (I) Disposal of entire equity interests in Onfar International Limited (the “Onfar”)

On 25 March 2024, Haitian Water Group Company Limited\* (海天水務集團股份公司) (the “**Purchaser**”), the Company, Billion City Investments Limited (the “**Vendor**”), being a direct wholly-owned subsidiary of the Company, and Shenzhen Haisheng Environmental Sci-Tech Co., Ltd.\* (深圳市海晟環保科技有限公司), being an indirect wholly-owned subsidiary of the Company entered into the equity transfer agreement (the “**Agreement**”), pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase 100% equity interests in the Onfar International Limited (the “**Onfar**”) and its subsidiaries (the “**Disposal Group**”) for a total consideration of RMB270 million (the “**Disposal**”). The Disposal is subject to the approval of the shareholders by way of poll at the extraordinary general meeting. Upon completion, Onfar will cease to be a subsidiary of the Company, and the financial information of the Disposal Group will cease to be consolidated into the consolidated financial statements of the Group. For details, please refer to the announcement of the Company dated 25 March 2024, 9 May 2024 and 17 June 2024.

### (II) Freeze 51% equity interest in Onfar

宜春市市政發展有限公司 (for transliteration purpose only, Yichun Municipal Development Co., Ltd.) (the “**Applicant**”) has applied to Yichun City Yuanzhou District People’s Court of Jiangxi Province (the “**Court**”) for the property attachment (the “**Property Attachment**”), which aims to freeze the Vendor’s 51% equity interests in the Onfar. The application for the Property Attachment has been accepted by the Court.

The Company received a statement of claim (民事起訴狀) from the Court regarding the claims by the Applicant against (i) the Company, as 1st defendant; (ii) the Purchaser, as 2nd defendant; (iii) Billion City as 3rd defendant; and (iv) Yichun Water, as third party, in respect of the disposal. For details, please refer to the announcement of the Company dated 9 May 2024 and 17 June 2024.

### **(III) Termination of the disposal of Onfar**

On 25 July 2024, Purchaser confirmed in writing that it will not proceed with the transactions contemplated under the Agreement. As the Payment Conditions under the Agreement were not fulfilled or waived by the Purchaser in writing on or before 23 July 2024, the Agreement shall cease and determine and the Disposal has been terminated pursuant to the terms and conditions of the Agreement. On 25 July 2024, following the termination of the Disposal, the Purchaser has issued to the Company a notice of demand for the return of the deposit of RMB54,000,000 (the “**Deposit**”) to the Purchaser in full in accordance with the terms of the Agreement. The Deposit was fully refunded to the Purchaser in August 2024. For details, please refer to the announcement of the Company dated 25 July 2024.

### **(IV) Withdrawal of the civil claim and discharge of the Property Attachment**

The Company received a statement of claim (民事起訴狀) from the Yichun Intermediate People’s Court of Jiangxi Province relating to withdrawing the civil claim and discharge of the Property Attachment. For details, please refer to the announcement of the Company dated 16 September 2024.

## **C. Finance Lease Arrangement**

On 5 July 2024, Foshan City Gaoming Huaxin Sewage Treatment Company Ltd.\* (佛山市高明區華信污水處理有限公司) (as lessee), and Greengold Leasing (as lessor) entered into the transfer agreement and finance lease agreement in relation to the transfer of ownership and leaseback of leased assets, which mainly comprised of sewage treatment equipment situated at Foshan City, Guangdong Province, the PRC, at the consideration of RMB6,000,000 (equivalent to approximately HK\$6,467,000) for a term of 60 months. For details, please refer to the announcement of the Company dated 5 July 2024.

## **D. The disposal of 51% equity interests in Yichun Water Industry Group Company Limited**

On 26 July 2024, Yichun Municipal Development Co., Ltd.\* (宜春市市政發展有限公司) (the “**Purchaser**”) and Onfar International Limited, an indirect wholly-owned subsidiary of the Company (the “**Vendor**”) entered into the Equity Transfer Agreement, pursuant to which the Vendor has conditionally agreed to sell, and the Purchaser has conditionally agreed to purchase, 51% equity interests in Yichun Water Industry Group Co., Ltd\* (宜春水務集團有限公司) (the “**Disposal Company**”) for a total consideration of RMB195,000,000 (equivalent to approximately HK\$211,185,000). The approval of disposal transaction of the Disposal Company was duly passed by the shareholders by way of poll at the EGM on 9 September 2024. For details, please refer to the announcement of the Company dated 26 July 2024, 9 September 2024, 16 September 2024 and the circular dated 23 August 2024.

The aforesaid disposal transaction was completed in September 2024. After completion of the Disposal of the Disposal Company, the Group ceased to engage in the businesses that are operated by Yichun Water Group.

## **E. The First Requisition for convening an extraordinary general meeting (the “October EGM”) by requisitionists**

On 9 August 2024, the Company received a written requisition (the “**Requisition Notice I**”) from Easy Favor Limited, Mr. Yang Tiansheng and Everwell Development Holding Limited (collectively, the “**Requisitionists I**”), holders of an aggregate of 289,476,000 ordinary shares of the Company, representing approximately 10.07% of the issued share capital of the Company as at the date of deposit of the Requisition Notice I, requesting the board of Directors (the “**Board**”) to convene the October EGM pursuant to article 64 of the articles of association of the Company. The resolutions as set out in the October EGM Notice were not passed by the shareholders at the October EGM. For details, please refer to the announcement dated 29 August 2024 and the circular dated 20 September 2024 and the poll results dated 8 October 2024.

## **The Second Requisition for convening an extraordinary general meeting (the “December EGM”) by requisitionists**

On 9 October 2024, the Company received a written requisition (the “**Requisition Notice II**”) from Easy Favor Limited, Mr. Yang Tiansheng and Everwell Development Holding Limited (collectively, the “**Requisitionists II**”), holders of an aggregate of 289,476,000 ordinary shares of the Company, representing approximately 10.07% of the issued share capital of the Company as at the date of deposit of the Requisition Notice II, requesting the board of Directors (the “**Board**”) to convene the December EGM pursuant to article 64 of the articles of association of the Company. The resolutions as set out in the December EGM Notice were not passed by the shareholders at the December EGM. For details, please refer to the announcement dated 29 October 2024 and the circular dated 18 November 2024 and the poll results dated 9 December 2024.

## **F. Capital Reorganization**

### *(I) share consolidation*

The Company completed the share consolidation on the basis that (i) every ten (10) existing shares of par value of HK\$0.01 each in the issued and unissued share capital of the Company be consolidated into one (1) consolidated share of par value of HK\$0.1 each; and (ii) every ten (10) existing preference shares of par value of HK\$0.1 each in the unissued share capital be consolidated into one (1) consolidated Preference Share of par value of HK\$1.0 each. The share consolidation was approved by the shareholders by way of poll at the EGM on 9 December 2024 and became effective on 11 December 2024.

### *(II) change in board lot size*

The change in board lot size for trading of the Company’s shares on the Stock Exchange from 8,000 existing shares to 4,000 consolidated shares which become effective on 11 December 2024,

- (III) *the rights issue on the basis of one (1) rights share for every one (1) existing shares held on the record date on a non-underwritten basis and the compensatory arrangements*

On 22 January 2025, the Company completed a rights issue at a price of HK\$0.326 per rights share (the “**Subscription Price**”) on the basis of one (1) rights share for every one (1) existing shares held by the qualifying shareholders on the record date (i.e. 20 December 2024) (the “**Rights Issue**”) by issuing up to 287,360,964 rights shares.

There were 287,360,964 Rights Shares offered under the Rights Issue, on Friday, 10 January 2025, being the latest time for acceptance, applications of a total of 181,236,446 Rights Shares, representing approximately 63.07% of the total number of the Offered Shares, was received. Accordingly, the Rights Issue was undersubscribed by 106,124,518 Rights Shares, representing approximately 36.93% of the total number of rights shares offered under the Rights Issue. On 20 January 2025, all of the 106,124,518 Unsubscribed Rights Shares under the compensatory arrangements were successfully placed by the placing agent to not less than six independent placees at the price of HK\$0.326 per unsubscribed rights share, which was equivalent to the Subscription Price. As all the conditions with respect to the Rights Issue as set out in the prospectus have been fulfilled, the Rights Issue became unconditional at 4:00 p.m. on Wednesday, 22 January 2025.

The gross proceeds from the Rights Issue were amounted to approximately HK\$93.68 million and the net proceeds from the Rights Issue, after deducting all relevant expenses for the Rights Issue, were estimated to be approximately HK\$90.10 million of which (i) approximately HK\$68.00 million (representing approximately 75% of the net proceeds) for the repayment of debts; and (ii) approximately HK\$15.00 million (representing approximately 17% of the net proceeds) for the investment in biomass gas project; and (iii) approximately HK\$7.10 million (representing approximately 8% of the net proceeds) for general working capital of the Group (including but not limited to the payment of salaries, rental expenses, professional fees and/or other corporate expenses).

For details, please refer to (i) announcements dated 4 October 2024, 7 October 2024, 6 November 2024, 7 November 2024; (ii) circular dated 15 November 2024; and poll results announcement dated 9 December 2024; and (iii) prospectus dated 23 December 2024; and the announcement dated 14 January 2025 and 28 January 2025 in relation to the acceptance of rights shares and the results of the Rights Issue respectively.

#### **G. The Memorandum of understanding (the “MOU”)**

- (I) on 20 March 2025, the Company entered into a MOU with the regional government of Semarang Regency, Indonesia, (the “**Semarang Regency Government**”) in relation to a potential cooperation on the management of a landfill site (the “**Landfill**”) situated at Semarang, including but not limited to utilising landfill gas from the Landfill for power generation, operation and management of the Landfill, and leachate treatment. For details, please refer to the announcement dated 20 March 2025.
- (II) on 24 March 2025, the Company entered into a MOU with the Sidoarjo Regency Government in relation to a potential cooperation on the implementation the Landfill Gas-To-Energy (“**LFG**”) system at a landfill site situated at Sidoarjo. For details, please refer to the announcement dated 24 March 2025.

The signing of the two MOUs with the Semarang Regency Government and Sidoarjo Regency Government respectively, represents significant achievement of the Group in promoting and expanding its landfill and LFG business in overseas.

## **CONTINGENT LIABILITIES**

As at 31 December 2024, the Remaining Group had contingent liabilities in respect of guarantees in the mortgage facilities for certain purchasers of properties in the amount of HK\$0.47 million (as at 31 December 2023: HK\$1.40 million).

## **PLEDGE OF ASSETS**

- (a) The Remaining Group's obligations under finance leases, bank loans and other loans of HK\$606.69 million in total as at 31 December 2024 (as at 31 December 2023 of the Remaining Group: HK\$823.22 million) were secured by charges over:
  - (i) property, plant and equipment in which their carrying amount was HK\$182.41 million (as at 31 December 2023 of the Remaining Group: HK\$191.73 million);
  - (ii) right-of-use assets in which their carrying amount was HK\$162.00 million (as at 31 December 2023 of the Remaining Group: HK\$254.13 million);
  - (iii) investment properties in which their carrying amount was HK\$168.91 million (as at 31 December 2023 of the Remaining Group: HK\$193.11 million);
  - (iv) contractual rights to receive revenue generated by certain of our subsidiaries; and
  - (v) equity interests of certain subsidiaries of the Remaining Group.
- (b) As at 31 December 2024, the Remaining Group's certain bank deposits of HK\$20.33 million (as at 31 December 2023 of the Remaining Group: HK\$15.97 million) were pledged to a bank for granting a banking facility of HK\$21.00 million (as at 31 December 2023 of the Remaining Group: HK\$16.00 million).

## **NO MATERIAL CHANGE**

Save as disclosed in this announcement, during the year, there has been no material change in the Remaining Group's financial position or business since the publication of the latest annual report of the Company for the year ended 31 December 2023.



## EMPLOYEES

As at 31 December 2024, excluding jointly controlled entities and associates, the Remaining Group had 376 employees (as at 31 December 2023 of the Remaining Group: 592 employees), of which 32 are Hong Kong employees (as at 31 December 2023: 27). During the year, total employee benefit expenses, including Directors' emoluments and provident funds, was HK\$91.68 million (FY2023 of the Remaining Group: HK\$109.28 million). The drop in staff costs was a result of the cost control measures implemented by the laid-off employees in connection with the closure of landfill sites. During the FY2024, the Group has provided the one-off redundancy payment for the aforesaid purpose. Employees were remunerated on the basis of their performance and experience. Remuneration packages include salary, a year-end discretionary bonus and the New Option Scheme, which are determined with reference to the Group's operating results, market conditions and individual performance. Remuneration packages of Directors and senior management are normally reviewed as on annual basis by the Remuneration Committee. During the year, all of the Hong Kong employees have participated in the Mandatory Provident Fund Scheme, and a similar benefit scheme is offered to employees in Mainland China. In addition, the Group encourage employees' participation in continuing training programmes, seminars and e-learning through which their career, knowledge and technical skills can be enhanced with the development of individual potential.

## CHANGE IN INFORMATION OF DIRECTORS

Pursuant to rule 13.51B(1) of the Listing Rules, the changes in information of Directors of the Company subsequent to the date of the annual report of the Company for the year ended 31 December 2023 required to be disclosed was as follows:

- At the conclusion of the annual general meeting (the “**AGM**”), the ordinary resolutions regarding the re-election of Mr. Hu Siyun (“**Mr. Hu**”) as executive Director and Ms. Qiu Na (“**Ms. Qiu**”) as independent non-executive (the “**INED**”) were not passed at the AGM, each of Mr. Hu and Ms. Qiu has retired as an executive Director and INED with effect from 14 June 2024.
- Mr. Mak Ka Wing, Patrick (“**Mr. Mak**”) has been appointed as an independent non-executive Director and a member of the audit committee of the Company with effect from 3 September 2024.
- Ms. Chu Yin Yin Georgiana has been appointed as the company secretary and the authorised representative of New Concepts Holdings Limited which is listed on the Main Board of the Stock Exchange with effect from 1 January 2025.

Save as disclosed above, there is no other information required to be disclosed pursuant to rule 13.51B(1) of the Listing Rules.

## SHARE CAPITAL

The Company's issued and fully paid share capital as at 31 December 2024 amounted to HK\$28.74 million divided into 287,360,964 ordinary shares of HK\$0.1 each.

## **DIRECTORS' RIGHTS TO ACQUIRES SHARES OR DEBENTURES**

Save as disclosed under the heading “Share option scheme” below, at no time during the year were the rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or Chief Executive of the Company or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

## **SHARE OPTION SCHEME**

At the annual general meeting (the “**2021 AGM**”) of the Company held on 2 June 2021, the shareholders of the Company approved the adoption of the Company’s New Share Option Scheme (the “**New Option Scheme**”) and the termination of the Company’s then existing Share Option Scheme (the “**Old Option Scheme**”). The adoption date for the New Option Scheme was on 3 June 2021. From the New Option Scheme being adopted up to 31 December 2024, no share options have been granted. Therefore, no share options was exercised or cancelled or has lapsed during the year and there was no outstanding option as at 31 December 2024. The total number of options available for grant under the scheme mandate of the Old Option Scheme after share consolidation was 15,965,397 as at 31 December 2024 representing 5.56% of the issued share capital of the Company as at 31 December 2024. The New Option Scheme was in compliance with Chapter 17 of the Listing Rules. In any event, any grant of options under the New Option Scheme shall comply with the amended provisions of Chapter 17 of the Listing rules which took effect on 1 January 2023 notwithstanding any provisions of the New Option Scheme. The purpose of the New Option Scheme is to enable the Company to grant options to selected participants as incentive and/or rewards for their contribution and support to the Group and any invested entity and/or to recruit and retain high-calibre employees and attract human resources that are valuable to the Group and any invested entity. The New Option Scheme will remain in force for 10 years and expire on 2 June 2031.

## **PRE-EMPTIVE RIGHTS**

There are no provisions for pre-emptive rights under the Company’s articles of association or the laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to its existing shareholders.

## **SUFFICIENT OF PUBLIC FLOAT**

As far as the information publicly available to the Company is concerned and to the best knowledge of the Directors of the Company, at least 25% of the Company’s issued share capital were held by members of the public as at the date of announcement.

## COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Group recognises the importance of transparency and accountability to shareholders. The Board will continually review and enhance its corporate governance practices to ensure that they meet shareholders' expectation and comply with relevant standards. As at 31 December 2024, the Company has complied with the Corporate Governance Code (the “**CG Code**”) set out in Appendix C1 to the Listing Rules throughout the year except for the deviation from the code provision of B(f) of Part 1 and C.2.1 of Part 2 of the CG Code as below:

- Pursuant to the code provision C.2.1 of the CG Code, it is required that the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing. Mr. Zhu Yongjun (“**Mr. Zhu**”), an executive Director of the Company, was appointed as the Chairman of Company on 8 February 2021. Since such arrangements, the role of Chairman is performed by Mr. Zhu and the role of CEO is performed by different members of the Board. As all major decisions are made in consultation with the members of the Board, including the relevant Board Committees, and independent non-executive Directors (the “**INEDs**”) on the Board offering independent perspectives, the Board is therefore of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board. In view of the above, the Company has failed to comply with code provision C.2.1 of the CG Code. The Company has made endeavors however more time is required to identify suitable candidate to be the CEO in order to comply with the CG Code.

### Non-compliance with the Listing Rules for the insufficient number of INEDs

- Code provision B(f) of Part 1 of the CG Code requires the appointment of a sufficient number of INEDs and appointment of an independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise. Following the retirement of Ms. Qiu in June 2024, the Company (i) only had two INEDs, which is below the minimum requirement under Rule 3.10(1) of the Listing Rules; (ii) did not have independent non-executive Directors representing at least one-third of the Board, which is below the minimum requirement under Rule 3.10A of the Listing Rules; and (iii) had only two audit committee (the “**Audit Committee**”) members, which is below the minimum requirement under Rule 3.21 of the Listing Rules.
- Immediately following the appointment of Mr. Mak as independent non-executive Director on 3 September 2024, the Company is in compliance with (i) Rule 3.10(1) of the Listing Rules, which stipulates that every board of directors of a listed issuer must include at least three INEDs; (ii) Rule 3.10A of the Listing Rules, which stipulates that a listed issuer must appoint INEDs representing of at least one-third of the board; and (iii) Rule 3.21 of the Listing Rules, which stipulates that the Audit Committee of a listed issuer must comprise a minimum of three members. For details, please refer to the announcement of the Company dated 3 September 2024.

## **COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code set out in Appendix C3 of the Listing Rules as the code of the conduct for securities transactions by directors (the “**Model Code**”). The prohibitions on securities dealing and disclosure requirements in the Model Code apply to all Directors and the Group’s senior management and also persons who are privy to price sensitive information of the Group. Having made specific enquiry of all Directors and senior management, the Board confirmed that they had complied with the Model Code regarding directors’ securities transactions throughout the accounting period and up to the date of this announcement.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2024.

## **SCOPE OF WORK OF CROWE (HK) CPA LIMITED**

The figures in respect of the Group’s consolidated statement of financial position, consolidated statement of profit or loss, 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 this results announcement have been agreed by the Company’s auditors, Crowe (HK) CPA Limited, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by Crowe (HK) CPA Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Crowe (HK) CPA Limited on this results announcement.

## **AUDIT COMMITTEE**

The Audit Committee comprises three INEDs of the Company including Mr. Wong Siu Keung, Joe (“**Mr. Wong**”) (Committee Chairman), Mr. Lam Cheung Shing, Richard (“**Mr. Lam**”) and Mr. Mark, have reviewed with the management of the Company, (i) the accounting principles and practices adopted by the Group; (ii) internal controls including relevant internal control measures to govern connected party transactions; and (iii) financial reporting matters including the review of the audited annual results for the year ended 31 December 2024. The term of reference of the Audit Committee is available on the Company’s website and on the Stock Exchange’s website.

## **DIVIDENDS**

The Directors do not recommend the payment of dividend for the year ended 31 December 2024 (31 December 2023: Nil).

## **ANNUAL GENERAL MEETING**

A notice convening the annual general meeting will be published on the websites of the Stock Exchange and the Company and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

## PUBLICATION OF THE ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Company ([www.chinawaterind.com](http://www.chinawaterind.com)) and the Stock Exchange (<http://www.hkex.com.hk>). The annual report of the Company for FY2024 containing all information required by the Listing Rules will be dispatched to shareholders and made available on the above websites in due course.

## CHAIRMAN'S STATEMENT

In 2024, China Water Industry Group Limited (hereinafter referred to as “**Group**” or “**China Water**”) continued its steady development by aligning with its strategic goal of becoming a leading “Chinese Biomass Gas Operation Service Provider”. In the course of industry development, the Company confronted with dozens of daunting challenges, among which the surge in accounts receivable stands out as particularly acute. The cumulative accounts receivable for three sewage treatment plants have soared to over RMB40 million, while electricity subsidies have accumulated to more than RMB600 million. Such a hefty amount of accounts receivable has posed immense pressure on the Group's cash flow. In 2025, the Group will brave the challenges to constantly optimize internal management, enhance operational efficiency, and propel the transformation and development of its business. Externally, the Group will actively explore diversified business models, set its sights on overseas markets and endeavor to promote China's biomass gas technology and services globally.

## BUSINESS REVIEW:

### I. Above-target Performance Achieved in the Sewage Business Segment, with Deepening Public-Private Partnerships Continued

The sewage business segment achieved above-target performance and made significant achievements in deepening Public-Private Partnerships.

1. In 2024, Foshan City Gaoming Huaxin Sewage Treatment Company Ltd.\* (佛山市高明區華信污水處理有限公司) achieved its expected targets. By optimizing operational management processes, the company improved sewage treatment efficiency and reduced production costs. Against the acute background of a shortage of government fiscal funds, the company actively communicated with the local government, and kept abreast of policy dynamics and government needs to ensure production stability.
2. In 2024, Jining City Haisheng Water Treatment Company Limited\* (濟寧市海晟水務有限公司) achieved its expected targets. Over the past year, by intensifying investment in technological innovation, the company improved sewage treatment technology standards, optimized service quality, strengthened internal management, and reduced operating costs, culminating in exceptional performance in revenue and net profit. The Jining Haisheng and Jining Haiyuan upgrading projects successfully passed the acceptance inspection of environmental protection on 1 January 2024 and 1 December 2024, respectively. With the successful completion of the upgrading projects, the unit price of sewage treatment increased to RMB2.06 per tonne, positioning the company for substantial growth in future revenue and net profit.

## II. New China Water Streamlining Business Portfolio to Optimize Resources Deployment

### *(1) Quality Enhancement and Quantity Assurance in Existing Landfill Gas Power Generation Projects*

Under the acute situation of a downward trend in domestic landfill gas volume and intensifying fierce market competition, New China Water conducted comprehensive review and optimization in its production processes, equipment maintenance, and personnel management, etc. As of the end of 2024, carbon dioxide emissions is expected to reduce by over 2,000,000 tonnes, and achieving good environmental benefits. In terms of project construction, two new projects, namely Dashiqiao Project (2MW) and Yunyang Project (1.704MW), were successfully put into operation during the year, adding 3.7MW of installed capacity.

### *(2) Technical Breakthrough in Industrial Biogas Purification*

In the field of industrial biogas resource utilization, New China Water accelerated the transformation of technology and market expansion. The Dezhou Gu Shen Protein Biomass Gas Purification Project, as a key project of the company in the industrial biogas purification sector, maintained a highly efficient and stable operation throughout the year. The project adopted advanced biomass gas purification technology and equipment to purify biogas generated from industrial waste efficiently, converting it into high-quality bio-natural gas. It provides customers with stable and reliable clean energy, effectively reducing reliance on traditional fossil fuels, and lowering carbon emissions. The company also actively promoted project cooperation in multiple regions, strengthened partnerships with enterprises in Jiangsu and Shanxi to jointly advance industrial biogas projects. It is expected that in 2025, the company will achieve further growth in new production capacity in this sector.

### *(3) Pioneering the Industry in Carbon Asset Development and Trading*

Carbon assets have become a critical strategic resource for enterprises. The company has established a dedicated carbon reduction team, conducting sales of carbon emission during the year. New China Water prioritizes the reserve of carbon assets. The company has reserved about 1 million tonnes of VCS-certified carbon assets to date. Concurrently, it is developing four new VCS projects in Ankang, Dashiqiao, etc., continuously enriching the variety and scale of its carbon assets. Additionally, the company joined forces with industry partners to advocate for the inclusion of landfill gas power generation in the CCER methodology and actively participated in domestic pilot programs for green certificate development.



#### *(4) Leading Industry Transformation through Technology R&D*

In the era of rapid technological advancement, New China Water always regards technology R&D as the core driving force for its development and actively pursues innovation. To achieve this goal, New China Water has established in-depth collaborations with leading domestic research institutions to jointly advance the industrial application of “Photon Quantum Kiln Gasification and Pyrolysis Technology”. The “Photon Quantum Kiln Gasification and Pyrolysis Technology” was actually verified in the pilot project at the Huadu Landfill Site in Guangzhou. By upgrading and innovating traditional waste treatment technology, the company achieved a remarkable result of a 40% increase in energy conversion efficiency. Concurrently, the company innovatively proposed the “photovoltaic + ecological restoration” model. This model organically integrates photovoltaic power generation with ecological restoration, fully utilizing the land resources of landfill site while effectively improving the ecological environment. New China Water plans to complete the filing process for one landfill photovoltaic project in 2025 and plans to complete its construction and put it into operation in 2026.

#### *(5) Igniting Endogenous Vitality through Organizational Optimization*

Faced with increasingly fierce market competition and constantly changing industry environment, New China Water made comprehensive and in-depth adjustments to its organization structure, resulting in reduced labor costs. Additionally, to address the impact of policy changes, the company established a dedicated subsidy task force responsible for closely monitoring national and local policy dynamics and staying updated on relevant policy information. By establishing a long-term communication mechanism with the energy bureaus of various provinces, the company can master policy changes in the first place and actively strive for relevant policy support. Throughout 2024, the company obtained more than RMB10 million in electricity price subsidies.

### **III. Prioritizing Overseas Market Layout with a Focus on Resource Reserves**

The Group’s Overseas Division actively engaged in the expansion and development of overseas markets. Among numerous potential market regions, it focused on Southeast Asian countries such as Indonesia and the Philippines, as well as the Middle East. In Davao City, Philippines, the Group developed a landfill biogas power generation project, which received support from the Davao City government. A wholly-owned subsidiary of the Group entered into a joint venture agreement with a local partner. The joint venture will lay the foundation for the Group's further expansion in the Philippine market. In Indonesia, the Group reached preliminary consensus with several city governments on the reuse of landfill biogas and RDF resources and completed feasibility studies for several projects. The project development received strong support from relevant departments of the Indonesian central government and local government authorities, and the Group is expected to sign preliminary cooperation agreements on project development with several local governments in the near future. Meanwhile, in the Middle East, the Group signed a joint venture agreement with a partner in the United Arab Emirates (“UAE”), established a joint venture, and actively participated in the preliminary development work of the regional market, including the UAE, achieving preliminary progress.

#### **IV. Dual Contracts Boosting the Opening-up of a New Chapter in the Environmental Protection Business in Hong Kong**

Hong Kong Glass Resources Limited (“Glass Resources”) achieved leapfrog development in the environmental protection sector. The company successfully won the bid to expand its glass recycling business from the Kowloon area to the New Territories area of Hong Kong. The company established a well-structured business network, covering the rational layout of recycling sites, seamless transport and distribution coordination, and meticulous management of subsequent processing links, ensuring the smooth operation of the entire business process and laying a solid and stable foundation for sustainable business growth. In February 2024, Glass Resources won the bid for the food waste recycling project in West Kowloon, Hong Kong, expanding the company's business scope beyond the single field of glass recycling to achieve diversified resource recycling and utilization.

The glass recycling business and the food waste recycling project complement each other and advance together, securing a pioneering position for the Group in the development of the environmental protection sector in Hong Kong. They not only enhance the Group’s overall competitiveness but also contribute to Hong Kong’s environmental protection efforts.

#### **V. Integrated Water Treatment Business Advancing Steadily with Notable Achievements in Market Expansion**

In 2024, Shanghai RELE secured seven external orders, achieving an increase in operating revenue and net profit compared to last year, further consolidating its market position. Concurrently, the company actively forged collaborations with the pulp and paper industry, leveraging the three-year exclusive agency cooperation agreement with Paques China to vigorously expand into the traditional industrial pulp and paper market, creating new business growth points for the company.

In terms of technological innovation, the company continued to increase research and development (the “**R&D**”) investment and actively advanced membrane technology research projects. The cooperation with Aquaporin, a Danish company, and EvCon, a German company, has been continuously deepened as evidenced by the phased achievements made in the FO forward osmosis membrane project and the multi-effect membrane distillation (MD) technology research. In addition, the company also partnered with AEV, a Danish company, and Aarhus University in Denmark to conduct forward osmosis membrane technology research projects and successfully won the bid for the food waste leachate treatment project in Xixian New Area. While actively exploring overseas markets in Vietnam, the Middle East, and Indonesia, the company also deeply engaged in the preliminary development of the Hong Kong garbage leachate comprehensive treatment project, which is expected to be signed in the near future.

## **VI. Enhancing Engineering Project Operations with Synergistic Development of Diverse Business Segments**

Shenzhen City Li Sai Industrial Development Limited\* (深圳市利賽實業發展有限公司) actively developed new business areas. The company advanced the aged waste excavation and transportation project in Fengcheng County, positioning such project as a strategic focus for future growth. Meanwhile, Li Sai Company also successfully completed well drilling, membrane covering, and other supportive work for various landfill gas power generation projects of New China Water, ensuring the smooth operation of New China Water's landfill gas power generation projects. Leveraging these achievements, the company aims to further expand its business layout, and improve service quality to achieve sustainable development.

## **VII. Accurately Grasping Industry Development Opportunities and Vigorously Promoting the Sustainable Development of Agricultural Organic Waste**

Beijing Zhongying Lihua Technology Development Co., Ltd\* (北京中贏利華科技發展有限公司), as a platform company for agricultural organic waste projects, received tremendous support from the Bureau of Commerce and the Investment Promotion Center of Fengtai District, and the Fengtai Science Park. It was successfully listed as a key project for attracting investment in Beijing for 2024. The Boli County Livestock Manure and Crop Straw Comprehensive Utilization Demonstration Project is progressing smoothly, which officially commenced construction in May 2024, with 30% of the civil engineering work has been completed to date. The project has secured organic fertilizer orders for local high-standard farmland construction and black soil conservation initiatives, providing strong support for the project's subsequent development and making a positive contribution to the sustainable development of local agriculture.

## **VIII. Targeted Efforts in Investment Promotion with Enhanced Quality Services**

For the project in Nanjing Space Big Data Industrial Park, we vigorously carried out publicity and investment promotion campaign through various channels and forms. As of the end of December 2024, occupancy rate has reached 55%, injecting financial support for its further development. In property management, guided by the philosophy of “refined, intelligent, and human-centric,” the Nanjing Space Big Data Industry Park is committed to creating a comfortable, convenient, and efficient working environment for tenants and employees. Notably, idle ground-floor areas across all buildings have been innovatively transformed into featured spaces such as “Sci-Tech Innovation Workstations,” not only making full use of space resources but also providing a vibrant and creative working platform for innovators and entrepreneurs.

## **OUTLOOK AND FUTURE PLANS:**

In 2025, the sustainable development of China's environmental protection industry will still face unprecedented severe challenges. As a key player in the industry, China Water Industry Group Limited will prioritize business transformation, and adhere to the market positioning of "biomass gas operator in China", striving for long-term development amid intensifying market competition.

Hong Kong, as an international financial and trading hub, has a huge potential for its environmental protection market. To this end, the Group will closely monitor the initiatives of the Hong Kong government, follow its policy orientation and development plans, and promptly adjust the Company's market strategies. While consolidating existing businesses such as glass recycling and food waste collection and transportation, we will strive to explore more market opportunities. Simultaneously, to better serve customers, we will extend the service chain. Furthermore, the Group will leverage Hong Kong as a strategic hub to actively participate in overseas environmental protection projects and expand its business footprint into a broader international markets.

In the first half of 2025, while alleviating pressure from accounts receivable, the Group will prioritize the plan to optimize of three sewage treatment companies: Jining Haiyuan, Jining Haisheng, and Foshan Gaoming.

The construction of talent and partner network serves as a crucial pillar for the Company's development. While further recruiting professionals with extensive experience and professional skills, the Group will prioritize cultivating succession teams for key positions. Through various means such as internal training and external learning, the Group will enhance the professional quality and comprehensive capabilities of the team. The Group will also actively strengthen its collaborative alliance relationships with major domestic and international environmental protection companies, seeking to fully leverage their respective advantages for coordinated development in different business areas and regional markets.

The Group will further strengthen communication and cooperation with relevant government authorities where projects are located by establishing a regular communication mechanism to timely understand government needs and policy updates, ensuring the smooth operation of each project. Meanwhile, we will closely monitor various subsidy programs and financing support policies introduced by the government, actively apply for relevant support to alleviate the Group's financial pressure, and make full use of the favorable policy environment for business development.

Going forward, China Water Industry Group Limited will continue to explore new technologies, processes, and models in the environmental protection and new energy sectors. Through continuous R&D investment and technological upgrades, the Company will further enhance its professional technical capabilities in these sectors. At the same time, the Company will focus on model optimization, continuously innovates business models and management approaches by aligning with market demands and its own practical circumstances, to improve its operational efficiency and management standards.

To ensure the sustainable development of the Group and fulfil the capital demands during the development, the Group took the initiative to expand its financing channels and enhanced its funding capability including but not limited to issue of new shares and obtaining of loans financing from various domestic and international commercial banks so as to be well prepared for the future development of our projects. The Group managed to maintain a healthy financial condition with a reasonable gearing ratio.

The Group will adhere to the core values of “taking the company as home, taking pride in performance, taking unity as harmony and taking hard-working as the foundation”. While pursuing its own development, the Group will actively fulfill social responsibilities and strive for harmonious and win-win development among the enterprise, society, and the environment. Anchored on the deep integration of resources, policies, technology, and teams, the Group will fully leverage the synergistic effects of various resources to drive business innovation and upgrading.

#### **ACKNOWLEDGEMENTS:**

On behalf of the Board, I would like to extend our sincerest gratitude to all of our colleagues, investors, and partners. Looking ahead, we will continue to be innovation-driven and aggressive to provide customers with higher-quality services, create greater returns for shareholders, and contribute more value to society.

By order of the Board  
**China Water Industry Group Limited**  
**Mr. Zhu Yongjun**  
*Chairman and Executive Director*

Hong Kong, 28 March 2025

*As at the date of this announcement, the Board comprises Mr. Zhu Yongjun (Chairman) and Ms. Chu Yin Yin Georgiana, all being executive Directors, Mr. Wong Siu Keung, Joe, Mr. Lam Cheung Shing, Richard and Mr. Mak Ka Wing, Patrick, all being independent non-executive Directors.*

\* *For identification purpose only*