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China Boqi Environmental (Holding) Co., Ltd.

中國博奇環保（控股）有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 2377)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

FINANCIAL AND OPERATION HIGHLIGHTS

For the six months ended 30 June 2025, the revenue of the Group amounted to RMB1,058 million, representing an increase of 11.5% as compared to RMB949 million for the same period last year.

For the six months ended 30 June 2025, the gross profit of the Group amounted to RMB243 million, representing an increase of 22.1% as compared to RMB199 million for the same period last year. The Group's gross profit margin was 23.0%, representing an increase of 2.0 percentage points as compared with the same period last year.

For the six months ended 30 June 2025, the Group's net profit was RMB145 million with a net profit margin of 13.7%, representing an increase of 25.0% and 1.5 percentage points respectively as compared to RMB116 million and 12.2% for the same period last year.

The board (the **"Board"**) of directors (the **"Directors"**) of China Boqi Environmental (Holding) Co., Ltd. (the **"Company"**) announces the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively referred to as the **"Group"**) for the six months ended 30 June 2025 (the **"Reporting Period"**). The audit committee of the Company (the **"Audit Committee"**) has reviewed the unaudited interim condensed consolidated financial statements of the Group for the six months ended 30 June 2025.

In this interim results announcement, certain amounts and percentage figures have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any tables, charts or elsewhere between total and sums of amounts listed therein are due to rounding.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2025

		For the six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
	Notes	(Unaudited)	(Unaudited)
Revenue	3	1,058,485	949,415
Cost of sales and services		(815,446)	(750,145)
Gross profit		243,039	199,270
Other income and gains	4	21,250	11,874
Other expenses and losses	4	(8,547)	(1,359)
Selling and distribution expenses		(9,184)	(10,039)
Administrative expenses		(47,612)	(48,409)
Research and development expenses		(28,302)	(23,595)
Impairment losses on financial assets and contract assets, net		(8,113)	2,922
Share of profit of associates		3,337	5,647
Finance costs	5	(7,424)	(7,944)
Profit before tax		158,444	128,367
Income tax expense	6	(13,657)	(12,470)
Profit for the period		144,787	115,897
Total comprehensive income for the period		144,787	115,897
Profit for the period attributable to:			
Owners of the Company		142,709	113,665
Non-controlling interests		2,078	2,232
		144,787	115,897
Total comprehensive income for the period attributable to:			
Owners of the Company		142,709	113,665
Non-controlling interests		2,078	2,232
		144,787	115,897
Earnings per Share			
– Basic (RMB)	9	0.17	0.11
– Diluted (RMB)	9	0.17	0.11

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2025

		As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
	Notes		
Non-current assets			
Property, plant and equipment		960,331	965,623
Investment properties		8,017	8,339
Goodwill		6,567	6,567
Other intangible assets		469,516	493,079
Receivables under service concession arrangement	10	383,786	414,362
Investment in associates		73,334	69,996
Equity investment designated at fair value through other comprehensive income		5,664	5,664
Long-term receivables		396,768	163,697
Contract assets	11	80,896	88,062
Amounts due from related parties	17	81,993	81,993
Deferred tax assets		74,147	65,693
Other non-current assets		89,870	87,739
		<u>2,630,889</u>	<u>2,450,814</u>
Total non-current assets			
		<u>2,630,889</u>	<u>2,450,814</u>
Current assets			
Receivables under service concession arrangement	10	44,926	38,697
Debt instruments at fair value through other comprehensive income		210,232	183,556
Inventories		43,259	38,352
Financial assets at fair value through profit or loss		319	319
Contract assets	11	241,061	306,499
Trade receivables	12	1,046,996	1,117,355
Prepayments, deposits and other receivables		242,135	266,508
Amounts due from related parties	17	206,761	237,335
Pledged time deposits and bank balances		102,377	139,304
Cash and cash equivalents		322,474	629,018
		<u>2,460,540</u>	<u>2,956,943</u>

		As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
	Notes		
Current liabilities			
Trade and notes payables	13	853,444	1,063,158
Other payables, deposits received and accrued expenses		470,275	402,566
Contract liabilities	11	77,564	81,094
Income tax payable		56,062	56,218
Interest-bearing bank and other borrowings		111,290	164,350
Lease liabilities		6,606	6,748
Amounts due to related parties	17	25,006	31,056
		<u>1,600,247</u>	<u>1,805,190</u>
Net current assets		<u>860,293</u>	<u>1,151,753</u>
Total assets less current liabilities		<u><u>3,491,182</u></u>	<u><u>3,602,567</u></u>
Non-current liabilities			
Interest-bearing bank and other borrowings		217,587	262,498
Lease liabilities		18,769	21,635
Deferred tax liabilities		34,472	33,554
Contingent consideration		439	439
		<u>271,267</u>	<u>318,126</u>
Net assets		<u><u>3,219,915</u></u>	<u><u>3,284,441</u></u>
Capital and reserves			
Share capital	14	56	67
Treasury shares	15	(1)	(1)
Reserves		<u>3,185,515</u>	<u>3,252,108</u>
Equity attributable to owners of the Company		<u>3,185,570</u>	<u>3,252,174</u>
Non-controlling interests		<u>34,345</u>	<u>32,267</u>
		<u><u>3,219,915</u></u>	<u><u>3,284,441</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2025

	Attributable to owners of the Company											
	Share capital	Treasury shares	Merger reserve	Other reserve	Other comprehensive income	Share premium reserve	Statutory surplus reserve	Retained profits	Investment revaluation reserve	Sub-total	Non-controlling interests	Total equity
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
							(Note (i))				(Note (ii))	
As at 1 January 2025 (audited)	67	(1)	371,500	(127,893)	1,414	869,227	347,185	1,790,675	-	3,252,174	32,267	3,284,441
Profit for the period	-	-	-	-	-	-	-	142,709	-	142,709	2,078	144,787
Other comprehensive income for the period, net of tax	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	-	142,709	-	142,709	2,078	144,787
Transfer to statutory surplus reserve	-	-	-	-	-	-	25,951	(25,951)	-	-	-	-
Dividends recognized as distribution	-	-	-	-	-	-	-	(35,837)	-	(35,837)	-	(35,837)
Repurchase of ordinary shares	(11)	11	-	-	-	(173,363)	-	-	-	(173,363)	-	(173,363)
Cancellation of treasury shares	-	(11)	-	-	-	-	-	-	-	(11)	-	(11)
Share-based payment	-	-	-	-	-	(102)	-	-	-	(102)	-	(102)
As at 30 June 2025 (unaudited)	56	(1)	371,500	(127,893)	1,414	695,762	373,136	1,871,596	-	3,185,570	34,345	3,219,915

	Attributable to owners of the Company										Non-controlling interests	Total equity
	Share capital	Treasury shares	Merger reserve	Other reserve	Other comprehensive income	Share premium reserve	Statutory surplus reserve	Retained profits	Investment revaluation reserve	Sub-total		
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (Note (i))	RMB'000	RMB'000	RMB'000	RMB'000 (Note (ii))	RMB'000
As at 1 January 2024 (audited)	67	(1)	371,500	(127,893)	923	869,303	325,400	1,608,172	–	3,047,471	21,462	3,068,933
Profit for the period	–	–	–	–	–	–	–	113,665	–	113,665	2,232	115,897
Other comprehensive income for the period, net of tax	–	–	–	–	–	–	–	–	–	–	–	–
Total comprehensive income for the period	–	–	–	–	–	–	–	113,665	–	113,665	2,232	115,897
Transfer to statutory surplus reserve	–	–	–	–	–	–	9,336	(9,336)	–	–	–	–
Dividends recognized as distribution	–	–	–	–	–	–	–	–	–	–	–	–
Repurchase of ordinary shares	–	–	–	–	–	–	–	–	–	–	–	–
Cancellation of treasury shares	–	–	–	–	–	–	–	–	–	–	–	–
Share-based payment	–	–	–	–	–	402	–	–	–	402	–	402
Capital injection from non-controlling shareholders	–	–	–	–	–	–	–	–	–	–	3,430	3,430
As at 30 June 2024 (unaudited)	67	(1)	371,500	(127,893)	923	869,705	334,736	1,712,501	–	3,161,538	27,124	3,188,662

Notes:

- (i) In accordance with the articles of association of all subsidiaries established in the People's Republic of China (the “**PRC**” or “**China**”), the PRC subsidiaries are required to set aside 10% of their profit after tax as per statutory financial statements determined under the PRC laws and regulations for the statutory surplus reserve fund until the reserve reach 50% of their registered capital. Transfer to this reserve must be made before distributing dividends to equity owners of the subsidiaries. The statutory surplus reserve can be used to make up previous years' losses, expand the existing operations or convert into additional capital of the respective subsidiaries.
- (ii) The Group did not have material non-controlling interests during the Report Period and hence disclosure of material non-controlling interests is not made.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2025

	For the six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
NET CASH (USE IN)/GENERATED FROM OPERATING ACTIVITIES	<u>(47,981)</u>	<u>33,337</u>
Cash flows from investing activities		
Placement of pledged bank deposits	–	(92,764)
Withdrawal of pledged bank deposits	–	84,328
Interest received	1,356	1,870
Purchase of property, plant and equipment	(29,722)	(135,018)
Proceeds from disposal of property, plant and equipment	7,005	2
Proceeds from disposal of BOT facilities	–	20,000
Purchase of intangible assets and costs capitalized under service concession arrangements	<u>(4,170)</u>	<u>(5,131)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(25,531)</u>	<u>(126,713)</u>
Cash flows from financing activities		
Repayment of lease liabilities	(2,960)	(2,053)
Repayment of bank borrowings	(119,105)	(26,320)
New bank borrowings raised and proceeds from other borrowings	49,726	120,000
Interest paid	(5,861)	(4,539)
Proceeds from discounted notes receivable from banks	18,285	–
Proceeds from issuance of Shares	–	–
Repurchase of ordinary shares	(172,172)	–
Capital contributions from a non-controlling shareholder	<u>–</u>	<u>3,430</u>
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	<u>(232,087)</u>	<u>90,518</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(305,599)	(2,858)
EFFECTS OF EXCHANGE RATE CHANGES	(945)	329
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	<u>629,018</u>	<u>348,558</u>
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	<u><u>322,474</u></u>	<u><u>346,029</u></u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2025

1 BASIS OF PREPARATION

The condensed consolidated financial statements have been prepared in accordance with International Accounting Standard 34 (IAS 34) *Interim Financial Reporting* issued by the International Accounting Standards Board (“IASB”) as well as the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”).

2. PRINCIPAL ACCOUNTING POLICIES

The condensed consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments, which are measured at revalued amounts or fair values, as appropriate.

The Group has applied the following new and amendments to International Financial Reporting Standards (“IFRSs”) issued by IASB for the first time in the current year:

Amendments to IAS 21

Lack of Exchangeability

The application of new and amendments to IFRSs and the aforesaid revised IFRSs in the current year has no material impact on the disclosure of financial statements of the Group for the interim period and prior year.

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 18

*Presentation and Disclosure in Financial Statements*¹

IFRS 19

*Subsidiaries without Public Accountability: Disclosures*²

Amendments to IFRS 9 and IFRS 7

*Amendments to the Classification and Measurement of Financial Instruments*³

Amendments to IFRS 9 and IFRS 7

*Contracts Referencing Nature-dependent Electricity*³

Amendments to IFRS 10 and IAS 28

*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*⁴

Annual Improvements to IFRS

Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7

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

² Reporting periods beginning on or after 1 January 2027

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

⁴ No mandatory effective date yet determined but available for adoption

Except for the application of the revised IFRSs for the first time in the current year as described above, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2025 are consistent with those presented in the Group’s annual financial statements for the year ended 31 December 2024.

3. REVENUE AND SEGMENT INFORMATION

Revenue is mainly generated from four business segments, namely flue gas treatment business, water treatment business, hazardous and solid waste treatment/disposal business and dual-carbon new energy⁺ business. Revenue is recognized after deducting sales-related taxes.

Specifically, the Group's reportable segments under IFRS 8 are as follows:

Flue Gas Treatment Business:

EPC: project design, procurement of equipment and materials, project construction and equipment installment and testing services

Operation and maintenance (“O&M”): operation service and regular maintenance service for desulfurization and denitrification facilities and dust removal facilities

Investment projects: providing services in a variety of business models, including concession business and operation of self-owned assets. Concession business consists of “Build-Operate-Transfer” or “BOT”, and “Build-Own-Operate” or “BOO”, i.e. construction of infrastructure according to the concession contract or acquisition of existing infrastructure from grantor, operation and maintenance of flue gas treatment project in a pre-defined period and transferring the ownership of the infrastructure to the grantor at the end of the period. Operation of self-owned assets consists of flue gas treatment services such as desulfurization, denitrification and dust removal services provided to customers by self-owned facilities

Others: sales of by-products and others

Water Treatment Business:

mainly involves in project engineering and design, procurement of equipment and materials, project construction, equipment installation, commissioning services and the sewage treatment service

**Hazardous and Solid Waste Treatment/
Disposal Business:**

mainly involves in the detoxification, reduction and resource treatment and disposal of bulk solid waste and industrial hazardous waste

Dual-Carbon New Energy⁺ Business:

mainly involves project services such as project engineering and design, procurement of equipment and materials, project construction, equipment installation, commissioning services, new energy power generation and comprehensive utilization of waste heat

Disaggregation of revenue

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Over time	1,057,789	945,712
A point in time	696	3,703
	1,058,485	949,415
Types of goods and services		
Provision of services	1,057,789	945,712
Sales of goods	696	3,703
	1,058,485	949,415
Nature of goods and services		
<i>Flue gas treatment business</i>		
EPC	326,229	221,640
O&M	300,609	248,091
Investment projects	261,749	268,132
Others	696	3,703
Water treatment business	75,685	89,849
Hazardous and solid waste treatment/disposal business	23,900	22,146
Dual-carbon new energy+ business	69,617	95,854
	1,058,485	949,415

Transaction price allocated to the remaining performance obligations for contracts with customers

The performance obligations for the EPC services and construction services under service concession arrangements have an original expected duration of one year or less. Therefore the transaction price allocated to these unsatisfied contracts is not disclosed as permitted by IFRS 15.

For certain O&M services and the O&M service under service concession arrangements, the Group applies the practical expedient by recognizing revenue in the amount to which the Group has right to invoice. The transaction price allocated to these unsatisfied contracts is not disclosed as permitted by IFRS 15.

Geographical information

The Group primarily operates in the PRC. Substantially all non-current assets and revenue of the Group are located in and generated from the PRC.

The analysis of the Group's revenue and results by operating and reportable segment is as follows:

	Segment revenue		Segment profit	
	For the six months ended 30 June		For the six months ended 30 June	
	2025	2024	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Flue gas treatment business				
EPC	326,229	221,640	32,937	10,059
O&M	300,609	248,091	68,022	57,864
Investment projects	261,749	268,132	92,065	78,482
Others	696	3,703	694	3,703
Water treatment business	75,685	89,849	16,256	24,022
Hazardous and solid waste treatment/disposal business	23,900	22,146	8,851	6,700
Dual-carbon new energy+ business	69,617	95,854	24,214	18,440
Total	<u>1,058,485</u>	<u>949,415</u>	<u>243,039</u>	<u>199,270</u>
Unallocated other income and other gains and losses			12,703	10,515
Unallocated selling and distribution expenses			(9,184)	(10,039)
Unallocated administrative expenses			(47,612)	(48,409)
Unallocated research and development expenses			(28,302)	(23,595)
Unallocated impairment losses on financial assets and contract assets			(8,113)	2,922
Unallocated share of profit of associates			3,337	5,647
Unallocated finance costs			(7,424)	(7,944)
Profit before tax			<u>158,444</u>	<u>128,367</u>

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales for the six months ended 30 June 2025 (2024: Nil).

Segment profit represents the gross profit of each segment. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

No segment assets and liabilities are presented as the chief operating decision maker does not regularly review segment assets and liabilities.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group during the Reporting Period are as follows:

		For the six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
	Business segment		
Customer A	EPC	134,032	*
Customer B	Investment projects and O&M	109,240	120,321
Customer C	EPC	*	97,548
		<u> </u>	<u> </u>

* Revenue from these major customers was less than 10% in the relevant period presented.

4. OTHER INCOME AND OTHER GAINS AND LOSSES

		For the six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Interest income		6,127	3,189
Government grants		9,449	5,324
Rental income, net		(116)	(109)
Foreign exchange gain/(losses)		1,875	(245)
Gain on disposal of property, plant and equipment		—	511
Others		(4,632)	1,845
		<u> </u>	<u> </u>
		<u>12,703</u>	<u>10,515</u>

5. FINANCE COSTS

		For the six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings		6,487	6,645
Interest on lease liabilities		497	548
Discounted bills payable		440	751
		<u> </u>	<u> </u>
		<u>7,424</u>	<u>7,944</u>

6. INCOME TAX EXPENSE

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
PRC enterprise income tax (“EIT”)	21,193	13,659
Deferred tax	(7,536)	(1,189)
Total	<u>13,657</u>	<u>12,470</u>

The Company and CBEE Holdings Co., Ltd. (“CBEE”), a subsidiary of the Company, were incorporated in the Cayman Islands and the British Virgin Islands (“BVI”), respectively. Both entities did not have tax assessable profits in Cayman Islands, BVI or other jurisdiction during the Reporting Period.

Pursuant to the Enterprise Income Tax Law (the “EIT Law”) effective on 1 January 2008, Beijing Boqi Electric Power SCI-TECH Co., Ltd. (北京博奇電力科技有限公司) (“Beijing Boqi”) obtained a “High and New Technology Enterprise” (the “HNTE”) certificate in 2008, pursuant to which Beijing Boqi was entitled to a preferential tax rate of 15% from 2008 to 2010 and could be re-applied every three years; the current active HNTE certificate is effective until October 2026.

In October 2015, Shanxi Hejin Boqi Environmental Technology Co., Ltd. (山西河津博奇環保科技有限公司) (“Hejin Boqi”) obtained the approval for being designated as the HNTE for the year ended 31 December 2015, pursuant to which Hejin Boqi was entitled to a preferential tax rate of 15% from 2015 to 2017 and could be re-applied every three years; the current active HNTE certificate is effective until November 2027.

In November 2016, Jiangxi Jinggangshan Boqi Environmental Technology Co., Ltd. (江西井岡山博奇環保科技有限公司) (“Jinggangshan Boqi”) obtained the approval for being designated as the HNTE for the year ended 31 December 2016, pursuant to which Jinggangshan Boqi was entitled to a preferential tax rate of 15% from 2016 to 2018 and could be re-applied every three years, and the current active HNTE certificate is effective until November 2025.

In December 2017, Shanxi Puzhou Boqi Environmental Technology Co., Ltd. (山西蒲洲博奇環保科技有限公司) (“Puzhou Boqi”) obtained an approval, pursuant to which the desulfurization program of Puzhou Boqi was fully exempted from income tax for three years starting from 2017, and thereafter will be entitled to a three-year preferential rate of 12.5%. In January 2023, Puzhou Boqi obtained an approval, by which its third-party anti-pollution treatment program was entitled to a preferential rate of 15% from 2023 to 2027.

In November 2024, Changzhi Boqi Environmental Technology Co., Ltd. (長治市博奇環保科技有限公司) (“Changzhi Boqi”) obtained the approval for being designated as an HNTE for the year ended 31 December 2024, pursuant to which Changzhi Boqi was entitled to a preferential tax rate of 15% from 2024 to 2026 and could be re-applied every three years, and the current active HNTE certificate is effective until November 2027.

In May 2019, Laibin Boqi Environmental Technology Co., Ltd. (來賓博奇環保科技有限公司) (“Laibin Boqi”) obtained an approval, pursuant to which the desulfurization business program of Laibin Boqi was fully exempted from income tax for three years starting from 2019, and thereafter will be entitled to a three-year preferential rate of 12.5%. In January 2024, Laibin Boqi was approved to enjoy a preferential tax rate of 15% from 2024 to 2030 for its western development plan.

In January 2020, Changjizhou Boqi Environmental Technology Co., Ltd. (昌吉州博奇環保科技有限公司) (“**Changjizhou Boqi**”) obtained an approval, pursuant to which the desulfurization business program in Changjizhou Boqi was fully exempted from income tax for three years starting from 2020, and thereafter will be entitled to a three-year preferential rate of 12.5%.

Qinghai Boqi Ecological Environmental Technology Co., Ltd. (青海博奇生態環境科技有限公司) (“**Qinghai Boqi**”) obtained an approval, whereby the industrial solid waste utilisation and disposal project and hazardous waste utilisation and disposal project in Qinghai Boqi were fully exempted from income tax for three years starting from 2019, and thereafter will be entitled to a three-year preferential rate of 12.5%. In January 2021, Qinghai Boqi was approved to enjoy a preferential tax rate of 15% from 2021 to 2030 for its western development plan.

Handan Boqi Environmental Technology Co., Ltd. (邯鄲博奇環保科技有限公司) (“**Handan Boqi**”) obtained an approval, pursuant to which its environmental protection program was fully exempted from income tax for three years starting from 2022, and thereafter will be entitled to a three-year preferential rate of 12.5%.

In May 2022, Wuxi Huadong No. 2 Smart Energy Co., Ltd. (無錫華東二號智慧能源有限公司) (“**Huadong No. 2**”) obtained an approval, pursuant to which its photovoltaic power generation program was fully exempted from income tax for three years starting from 2022, and thereafter will be entitled to a three-year preferential rate of 12.5%.

In October 2021, Zhongxie power Energy Wuxi Co., Ltd. (中協電力能源無錫有限公司) (“**Zhongxie Power**”) obtained an approval, pursuant to which its photovoltaic power generation program was fully exempted from income tax for three years starting from 2021, and thereafter will be entitled to a three-year preferential rate of 12.5%.

In June 2022, Wuxi Huaxin Energy Development Co., Ltd. (無錫華鑫能源開發有限公司) (“**Wuxi Huaxin**”) obtained an approval, pursuant to which its photovoltaic power generation program was fully exempted from income tax for three years starting from 2022, and thereafter will be entitled to a three-year preferential rate of 12.5%.

In March 2024, Yangxi Boqi Environmental Protection Technology Co., Ltd. (陽西博奇環保科技有限公司) (“**Yangxi Boqi**”) obtained an approval, pursuant to which its desulfurization and denitrification program was fully exempted from income tax for three years starting from 2024, and thereafter will be entitled to a three-year preferential rate of 12.5%.

In January 2024, Tangshan Boqi Environmental Technology Co., Ltd. (唐山博奇環保科技有限公司) (“**Tangshan Boqi**”) obtained an approval, pursuant to which its environmental protection program was fully exempted from income tax for three years starting from 2024, and thereafter will be entitled to a three-year preferential rate of 12.5%.

In January 2025, Guangxi Qinzhou Boqi Energy Saving and Environmental Protection Service Co., Ltd. (廣西欽州博奇節能環保服務有限公司) (“**Qinzhou Boqi**”) was approved to enjoy a preferential income tax rate of 15% from 2025 to 2030 for its western development plan. In January 2025, Qinzhou Boqi was granted a preferential tax rate of 9% in 2025 in accordance with the provisions for the reduction or exemption of the local share of corporate income tax.

The applicable tax rate of other PRC subsidiaries of the Company was 25% for the six months ended 30 June 2025 (2024: 25%).

According to the relevant tax law in the PRC, dividend distributed to foreign investors out of the profit generated from 1 January 2008 onwards shall be subject to withholding tax at 10% and withheld by the PRC entities, pursuant to Articles 3 and 37 of the EIT Law and Article 91 of its Detailed Rules for the Implementation of the Regulation.

7. PROFIT FOR THE PERIOD

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Profit for the periods has been arrived at after charging (crediting):		
Staff costs (including directors' remuneration)		
Salaries and other benefits	141,593	136,260
Contributions to retirement benefits scheme	10,068	9,789
Share-based payment expenses	(102)	402
Total staff costs	151,559	146,451
Gross rental income from investment properties	(223)	(305)
Less: Direct operating expense (including depreciation) incurred for investment properties that generated rental income during the periods (included in other income and other gains and losses)	339	414
	116	109
Cost of inventories recognized as expenses (included in cost of sales and services)	292,710	276,317
Depreciation of property, plant and equipment	34,810	30,940
Depreciation of investment properties	322	322
Amortization of intangible assets	27,408	32,064
Research and development expenses	28,302	23,595
Auditor's remuneration	1,344	1,370

8. DIVIDENDS

For the six months ended 30 June 2025, a final dividend of HK\$0.046 per share in respect of the year ended 31 December 2024 (first half of 2024: a final dividend of HK\$0.035 per share in respect of the year ended 31 December 2023) was declared, which was still unpaid by the end of the interim period. The Directors have resolved not to declare and pay for 2025 interim dividend (six months ended 30 June 2024: Nil).

9. EARNINGS PER SHARE

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

Earnings figures are calculated as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Earnings:		
Earnings for the purpose of calculating earnings per share (profit for the periods attributable to owners of the Company)- basic and diluted	142,709	113,665
Number of shares:		
Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	857,377,768	996,668,799
Weighted average number of ordinary shares for the purpose of calculating diluted earnings per share	857,377,768	999,779,931

10. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENT

	As at 30 June 2025	As at 31 December 2024
	RMB'000	RMB'000
	(Unaudited)	(Audited)
Current portion	44,926	38,697
Non-current portion	383,786	414,362
	428,712	453,059
Expected collection schedule is analyzed as follows:		
Within one year	44,926	38,697
More than one year, but not more than two years	52,790	51,175
More than two years but not more than five years	179,355	173,867
More than five years	151,641	189,320
	428,712	453,059

11. CONTRACT ASSETS AND CONTRACT LIABILITIES

The Group has rights to considerations from customers for the provision of construction, operation and maintenance services. Contract assets arise when the Group has rights to considerations for completion of such services and not yet billed under the relevant contracts, and their rights are conditioned on factors other than passage of time. Any amount previously recognized as a contract assets are transferred to trade receivables when the rights become unconditional. Remaining rights and performance obligations in a particular contract are accounted for and presented on a net basis, as either a contract asset or a contract liability.

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Construction contracts analyzed for reporting purposes as follows:		
Contract assets	321,957	394,561
Contract liabilities	(77,564)	(81,094)
	<u>321,957</u>	<u>394,561</u>
Contract assets are analyzed for reporting purposes as follows:		
Current	241,061	306,499
Non-current	80,896	88,062
	<u>321,957</u>	<u>394,561</u>
Contract liabilities are analyzed for reporting purposes as follows:		
Current	77,564	81,094
	<u>77,564</u>	<u>81,904</u>

12. TRADE RECEIVABLES

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Trade receivables	1,114,214	1,182,627
Less: Allowance for doubtful debts	(67,218)	(65,272)
	<u>1,046,996</u>	<u>1,117,355</u>

The Group generally grants credit period between 30 to 90 days which are agreed with each of its trade customers. The extension of credit period to the customers may be granted on a discretionary basis by considering customer type, the current creditworthiness and the customer's financial condition and payment history with the Group.

Trade receivables relate to a number of independent customers that have a good track record with the Group. The allowance for doubtful debts of the Group is based on the evaluation of collectability and aging analysis of individual trade debts performed by the Directors. A considerable amount of judgment is required in assessing the ultimate realization of these receivables, including the current creditworthiness and the past collection history of each customer.

Notes receivables are bank acceptance notes and the aging is generally within 90 days to 180 days, which the Directors believe that no impairment allowance is necessary as there is no significant change in credit quality and the balances are considered fully recoverable.

Aging analysis of trade receivables net of allowance for credit losses based on invoice date or notes receiving dates is as follows:

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
1-90 days	461,568	478,802
91-180 days	171,067	213,797
181-365 days	121,086	175,657
1-2 years	227,370	175,632
2-3 years	16,214	27,604
Over 3 years	49,691	45,863
	1,046,996	1,117,355

13. TRADE AND NOTES PAYABLES

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Trade payables	745,339	850,258
Notes payables	108,105	212,900
Total	853,444	1,063,158

The credit period on purchases of goods and services is generally 30 to 90 days. The table below sets forth the aging analysis of trade and notes payables as at the end of the reporting periods indicated:

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Less than 90 days	272,623	375,798
91-180 days	126,321	258,375
181-365 days	176,454	77,059
1-2 years	114,035	150,898
2-3 years	72,877	90,124
Over 3 years	92,134	110,904
Total	853,444	1,063,158

14. SHARE CAPITAL

Details of the movement of share capital are as follows:

		Number of shares			Nominal value per share US\$		Share capital US\$
Authorized							
As at 31 December 2024 and 30 June 2025 (Unaudited)		5,000,000,000			0.00001		50,000
		Class A ordinary shares	Class B convertible ordinary shares	Class C convertible ordinary shares	Total	Nominal value per share US\$	Share capital of ordinary shares and Class A ordinary shares US\$
Issued	Ordinary shares						
As at 31 December 2024							
(Audited)	1,005,720,799.00				1,005,720,799.00	0.00001	10,057
Repurchased and cancelled	(150,858,120.00)	—	—	—	(150,858,120.00)	0.00001	(1,508)
As at 30 June 2025							
(Unaudited)							
Issued	854,862,679.00	—	—	—	854,862,679.00	0.00001	8,549
						As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Presented as						56	67

15. TREASURY SHARES

The Company adopted the Pre-IPO Share Award Scheme pursuant to a resolution passed by the Directors on 15 April 2016, through which a total of 25,000,000 shares at a par value of USDD.00001 each were issued to Tricor Trust (Hong Kong) Limited (the “**Trust**”) on 11 May 2016, who will hold the Awarded Shares for the benefit of the eligible employees and facilitate the purchase, holding and/or vesting of such Awarded Shares as a trustee pursuant to the trust deed (“**Trust Deed**”) signed by the Company.

In accordance with the Trust Deed, the Company has the control over the Trust. Therefore, the Trust is consolidated by the Group. Accordingly, the shares issued and held by the Trust should be treated as treasury shares.

16. SHARE OPTION SCHEME

(a) Share Option Scheme

No option was granted by the Company from 1 January 2025 to 30 June 2025.

The Company adopted a share option scheme (the “**Scheme 2020**”) on 29 December 2020, i.e. the date on which the Scheme 2020 was adopted by resolution of the Shareholders at general meeting (the “**Adoption Date**”). The purpose of the Scheme 2020 is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group. The Scheme 2020 shall be valid and effective for a period of ten years from the Adoption Date.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The period within which the options must be exercised will be specified by the Company at the time of grant. This period must expire no later than ten years from the relevant date of grant. The board may also provide restrictions on the exercise of an option during the period an option may be exercised.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

Date of grant	Number of options outstanding as at 30 June 2025 (unaudited)	Exercise price HK\$ per share	Exercise period
7 April 2021	2,028,000	1.51	7 April 2022 to 6 April 2031
28 June 2021	2,940,000	1.88	28 June 2022 to 27 June 2031
	<u>4,968,000</u>		

The fair value of equity-settled share options was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	7 April 2021	28 June 2021
Dividend yield (%)	4.32	4.21
Expected volatility (%)	61.62	61.57
Historical volatility (%)	61.62	61.57
Risk-free interest rate (%)	1.38	1.37
Expected life of options (year)	10.00	10.00
Spot price (HK\$ per share)	1.51	1.88
Exercise price (HK\$ per share)	<u>1.51</u>	<u>1.88</u>

Movement of the share options

	1 January 2025 to 30 June 2025 (Unaudited)	1 January 2024 to 30 June 2024 (Unaudited)
At the beginning of the period	6,538,500	8,632,500
Forfeited during the period	<u>(1,570,500)</u>	<u>(2,094,000)</u>
At the end of the period	<u>4,968,000</u>	<u>6,538,500</u>

During the six months ended 30 June 2025, 1,570,500 options lapsed due to the unfulfillment of vesting condition under the Scheme 2020, of which the Group reversed a share option expense of RMB102,000 in the unaudited interim consolidated statement of profit or loss during the six months ended 30 June 2025. The Group recognized a share option expense of RMB402,000 in the unaudited interim consolidated statement of profit or loss during the six months ended 30 June 2024.

(b) **Award Share Scheme**

The Company adopted the Pre-IPO Share Award Scheme (the “**Scheme 2016**”) pursuant to a resolution passed by the Directors on 15 April 2016, through which a total of 25,000,000 shares (the “**Awarded Shares**”) at a par value of US\$0.00001 each were issued to Tricor Trust (Hong Kong) Limited (“**Tricor Trust**”, formerly known as Acheson) on 11 May 2016, who will hold the Awarded Shares for the benefit of the eligible employees (the “**Selected Employees**”) and facilitate the purchase, holding and/or vesting of such Awarded Shares as a trustee pursuant to the trust deed (the “**Trust Deed**”) signed by the Company. The Trust was established pursuant to the Trust Deed dated 2 September 2016 with retrospective effect from 10 May 2016.

A management committee has been established and authorised by the Directors to make all determination and provide directions to the Trustee in relation to the Scheme 2016 (the “**Committee**”). The Scheme 2016 is valid and effective for a period of ten years from the date of adoption.

Pursuant to the Scheme 2016, the Selected Employees are entitled to subscribe for the Awarded Shares at the price of RMB0.85 per Awarded Share by way of a loan provided by the Company. On 7 September 2016, the Company granted 23,170,000 Awarded Shares to the Selected Employees. The details of the Awarded Shares granted for the year ended 31 December 2016 are as follows:

Number of Awarded Shares granted	Date of grant	Expiry date	Purchase price RMB
23,170,000	7 September 2016	7 September 2026	0.85

The Group has determined the fair value of the Awarded Shares based on the binominal option-pricing model as of the grant date. The valuation model requires the input of highly subjective assumptions, including the entity risk premium and the discount rate due to lack of control, and changes in the subjective input assumptions can materially affect the fair value estimate of the Awarded Shares.

	7 September 2016
Weighted average grant date fair value per share	RMB1.94
Weighted average exercise price	RMB0.85
Detailed forecast period	5 years
Weighted average cost of capital	16.83%
Leveraged beta	1.04
Entity risk premium	0.5%
Discount rate due to lack of control	10%

The Company adopted the Supplementary Scheme of the Scheme 2016 (the “**Supplementary Scheme**”) pursuant to a resolution passed by the Directors on 28 August 2019, which authorises the chief executive officer to complete the selection of grantees, the allocation of shares and the signing of agreements and other related work to grant the shares withdrawn and had not been granted on 7 September 2016.

Pursuant to the Supplementary Scheme, the Selected Employees are entitled to subscribe for the Awarded Shares without a consideration. On 24 February 2021 and 31 March 2021, the Company granted 3,100,000 and 1,040,000 Awarded Shares to the Selected Employees, respectively. The expected vesting date is 30 June 2022. The details of the Awarded Shares granted for the year ended 31 December 2021 are as follows:

Number of Awarded Shares granted	Date of grant	Expiry date	Purchase price
3,100,000	24 February 2021	28 August 2029	—
1,040,000	31 March 2021	28 August 2029	—

The Group has determined the fair value of the Awarded Shares based on the binominal option-pricing model as of the grant date, taking into account the terms and conditions upon which the options were granted. The following table lists the significant inputs to the model used:

	24 February 2021	31 March 2021
Dividend yield (%)	4.32	4.32
Expected volatility (%)	61.92	61.68
Historical volatility (%)	61.92	61.68
Risk-free interest rate (%)	1.10	1.30
Expected life of options (year)	10.00	10.00
Spot price (HK\$ per share)	1.36	1.38

Movement of the Award Shares (Unaudited)

	1 January 2025 to 30 June 2025	1 January 2024 to 30 June 2024
At the beginning of the period	5,780,200	6,130,200
Forfeited during the period	—	(331,250)
At the end of the period	5,780,200	5,798,950

The Group did not recognize any shared-based payment expenses of Award Shares (six months ended 30 June 2024: nil) in the unaudited interim consolidated statement of profit or loss during the six months ended 30 June 2025 in relation to the Awarded Shares granted by the Company.

17. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Amounts due from related parties

Amounts due from related parties

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Yangxi Haibin Electric Power Development Co., Ltd. ("Yangxi Electric") (Note (i))	243,139	270,851
Jijiantou Shouyang Thermal Power Company Limited ("Shouyang Power")	30,661	31,360
Beijing Caigi New Energy Technology Co., LTD ("Caigi New Energy")	9,652	9,652
Wuxi Huadong Electric Power Equipment Co., Ltd. ("Huadong Electric Power")	3,293	–
Hainan Boyuan Zhongying Enterprise Management Partnership (Limited Partnership) ("Boyuan Zhongying")	1,467	1,467
Shengyu Guangdong New Energy Development Co., Ltd. ("Shengyu New Energy")	471	–
China Boqi Environmental Engineering Co., Ltd. ("Boqi Environmental Engineering")	61	62
Best Environmental Solutions	10	10
Chongqing Chuanwei Petrochemical Engineering Company Limited ("Chongqing Chuanwei")	–	5,926
	288,754	319,328
	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Analyzed for reporting purpose as:		
Current assets	206,761	237,335
Non-current assets	81,993	81,993
	288,754	319,328
Trade balances	203,950	234,268
Non-trade balances	84,804	85,060
	288,754	319,328

- (i) On 28 August 2017, the Group entered into a revised management service agreement with Guangdong Huaxia Electric and Yangxi Electric to extend the O&M service term from 1 January 2017 to 31 December 2017 to a term from 1 January 2017 to 31 December 2025 and require a deposit of RMB139,690,000, which was unsecured and was paid by the Group on 31 December 2017. In November 2023, Beijing Boqi and Yangxi Electric entered into an asset acquisition agreement for No. 1-2 Yangxi Facilities. The asset delivery was completed on 5 February 2024, and the corresponding deposit of RMB66,519,000 was repaid. The remaining deposit of RMB73,171,000 is repayable upon expiry of the O&M service term.

The Group generally grants a credit period of 90 days to its related parties. Aging analysis of amounts due from related parties — trade nature, based on invoice date, is as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
1-90 days	53,029	46,932
91-180 days	53,699	80,234
181-365 days	56,338	96,993
1-2 years	40,884	10,109
	<u>203,950</u>	<u>234,268</u>

(b) Amounts due to related parties

Amounts due to related parties

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
Huadong Electric Power	18,529	20,199
Sinopec Fifth Construction Co., Ltd.	6,477	6,512
Shengyu New Energy	—	4,169
Boqi Environmental Engineering	—	176
	<u>25,006</u>	<u>31,056</u>

The credit period granted by the related parties is ranging from 30 to 90 days. Aging analysis of amounts due to related parties — trade nature is as follows:

	As at 30 June 2025 RMB'000 (Unaudited)	As at 31 December 2024 RMB'000 (Audited)
1-90 days	5,776	15,469
91-180 days	3,646	308
181-365 days	2,119	49
1-2 years	9,820	11,154
2-3 years	—	299
Over 3 years	3,645	3,777
	<u>25,006</u>	<u>31,056</u>

(c) The transactions with related parties during the Reporting Period are listed out below:

	For the six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Yangxi Electric (<i>note (i)</i>)		
– O&M and desulfurization and denitrification service	58,103	47,294
– O&M service	51,137	73,027
– Interest income	1,152	1,301
– Water and electricity, labor, spare parts and miscellaneous items for O&M and desulfurization and denitrification service	17,073	15,735
– Water and electricity, labor, spare parts and miscellaneous items for O&M service	13,863	22,847
Shouyang Power (<i>note (ii)</i>)		
– O&M and EPC service	46,929	18,526
– Water and electricity fees for O&M service	31,901	–
Huadong Electric Power		
– Purchase of equipment (<i>note (iii)</i>)	3,326	–
Shengyu New Energy		
– EPC Service (<i>note (iv)</i>)	1,379	–
PetroChina Northwest Oilfield		
– O&M service	–	86

Notes:

- (i) In December 2016, January 2022 and 29 December 2023, the Group entered into various management service agreements, pursuant to which the Group shall provide O&M service to Yangxi Electric. On 27 October 2023, the Group entered into a management service agreement to terminate the Group's provision of No. 1-2 Yangxi Facilities O&M service and replace it with the operation and desulfurization and denitrification services provided by the Group through the utilization of No. 1-2 Yangxi Facilities, and a total of RMB110,392,000 was recognised as revenue during the six months ended 30 June 2025 (first half of 2024: RMB121,622,000). The Group also purchases water and electricity, labour, space parts and miscellaneous items from Yangxi Electric to support the O&M service. During the six months ended 30 June 2025, the Group purchased RMB30,936,000 (first half of 2024: RMB38,582,000) of water and electricity, labour, space parts and miscellaneous items from Yangxi Electric.
- (ii) In 2022, the Group entered into an O&M service contract with Shouyang Power. In 2024, the Group entered into a Photovoltaic EPC contract with Shouyang Power. RMB46,929,000 was recognised as revenue during the six months ended 30 June 2025 (first half of 2024: RMB18,526,000). The Group also purchases water and electricity from Shouyang Power to support the O&M service. For the six months ended 30 June 2025, the Group purchased RMB31,901,000 (first half of 2024: Nil) of water and electricity from Shouyang Power.
- (iii) In 2025, the Group purchased equipment from Huadong Electric Power, of which RMB3,326,000 of equipment was purchased for the six months ended 30 June 2025 (first half of 2024: Nil).
- (iv) In 2024, the Group entered into a photovoltaic EPC service contract with Shengyu New Energy with a total contract amount of RMB60,161,000, of which RMB1,379,000 was recognised as revenue for the six months ended 30 June 2025 (first half of 2024: Nil).

18. COMMITMENT FOR CAPITAL EXPENDITURE

	As at 30 June 2025 <i>RMB'000</i> (Unaudited)	As at 31 December 2024 <i>RMB'000</i> (Audited)
Contracted, but not provided for:		
Property, plant and machinery	45,932	43,623

19. SUBSEQUENT EVENTS

There has been no material events subsequent to the Reporting Period, which require adjustment or disclosure in accordance with IFRSs.

MANAGEMENT DISCUSSION AND ANALYSIS

The Group is a green ecological governance enterprise that provides environmental governance and comprehensive services for dual-carbon new energy⁺ to industrial enterprises and cities. Our business mainly focuses on flue gas treatment, water treatment, hazardous and solid waste treatment/disposal and dual-carbon new energy⁺ sectors. We are customer-oriented to meet customers' all-round needs for ecological and green environmental protection. We always adhere to the philosophy of "service builds trust, and professionalism creates value", closely follow the development trend of the national environmental protection industry and the objectives of dual-carbon development, and are committed to developing into a highly competitive and first-class enterprise in the country, with integrated platforms comprising "environmental protection and dual-carbon management platform, operation service technology platform, and capital investment and financing platform", aiming to make positive contributions to the environmental protection and ecological civilization construction in the PRC and the world.

1. INDUSTRY OVERVIEW

In the first half of 2025, the State intensively introduced guiding policies for the environmental protection industry and new energy fields, focusing on "ultra-low emission transformation", "full-process supervision of hazardous waste" and "green power marketization" to promote the green and low-carbon transformation of the industry. The Company's core business has been conducted in line with policy directions and is expected to continue to benefit from industry expansion and advantages brought by technological upgrading, while the related policies also provided clear direction and continuous momentum for the development of the Company's core business.

For the field of flue gas treatment business, the Ministry of Industry and Information Technology has revised and issued the "Standard Conditions for Steel Industry (2025 Edition)", which has significantly raised environmental protection standards, mandated the completion of ultra-low emission transformation of the entire process by 2026, and promoted the elimination of traditional high-pollution equipment and the transformation to low-carbon processes, thus directly driving the expansion of demand for flue gas purification technology in the steel industry and creating structural market opportunities for the flue gas treatment business.

For the field of hazardous and solid waste treatment/disposal, the Ministry of Ecology and Environment issued the "Guiding Opinions on Further Strengthening Environmental Management of Hazardous Waste and Strictly Preventing Environmental Risks", which has mandated full coverage of information-based supervision of the whole process of hazardous waste treatment by 2027, and set a rigid target of reducing the proportion of hazardous waste landfill disposal to less than 10% by 2030, thus directly promoting the upgrading of technologies in hazardous waste treatment/disposal and the growth of demand for compliant operations.

In the new energy business sector, policy synergies are particularly prominent. The “Management Measures for the Development and Construction of Distributed Photovoltaic Power Generation” and the “Action Plan for High-Quality Development of New Energy Storage Manufacturing” have jointly built a development framework for “integrated photovoltaic and energy storage”, clarified the operation model of new energy storage and power stations under the unified deployment of the power grid, and promoted the large-scale application of distributed photovoltaics and energy storage in public facilities and microgrid scenarios. Breakthroughs have also been made in the market-oriented reform of resource elements. The “Opinions on Improving the Market-Oriented Allocation System of Resources and Environmental Elements” issued by the CPC Central Committee and the State Council established a timetable for the construction of a trading system of carbon emission rights and pollution discharge rights. As such, a national unified trading market will be built by 2027, opening up new sources of growth for the development of carbon assets in new energy projects and the trading of environmental rights. Besides, the National Energy Administration issued the “Notice on Implementing Measures to Promote the Development of Private Economy in the Energy Sector” to support the development of new business models in energy sectors. Such policy explicitly encourages the development of virtual power plants, smart microgrids, the models of new energy storage and direct connection of green power, as well as supports enterprises to expand their overseas business to participate in power storage project cooperation in wind, solar and hydrogen energy, thereby directly driving the Company to promote its energy storage system integration, waste heat power generation technology output and overseas new energy market expansion.

In the meantime, financial support policies have also been strengthened. The General Office of the State Financial Supervision and Administration Bureau and the General Office of the People’s Bank of China have issued a notice on the “Implementation Plan for the High-Quality Development of Green Finance in the Banking and Insurance Industries”. The plan proposes that banking and insurance institutions should support the prevention and control of pollution, promote ultra-low emission transformation of key industries such as steel, cement and coking and coal-fired boilers, comprehensive governance of major rivers, significant lakes and key sea areas, prevention and control of pollution on soil source and heavy metal pollution, as well as the governance of solid waste and new pollutants, in order to help secure a blue sky, unpolluted water and clean soil. Hence, a stable financing environment was provided to support the Company’s flue gas treatment, water treatment and hazardous and solid waste treatment/disposal businesses.

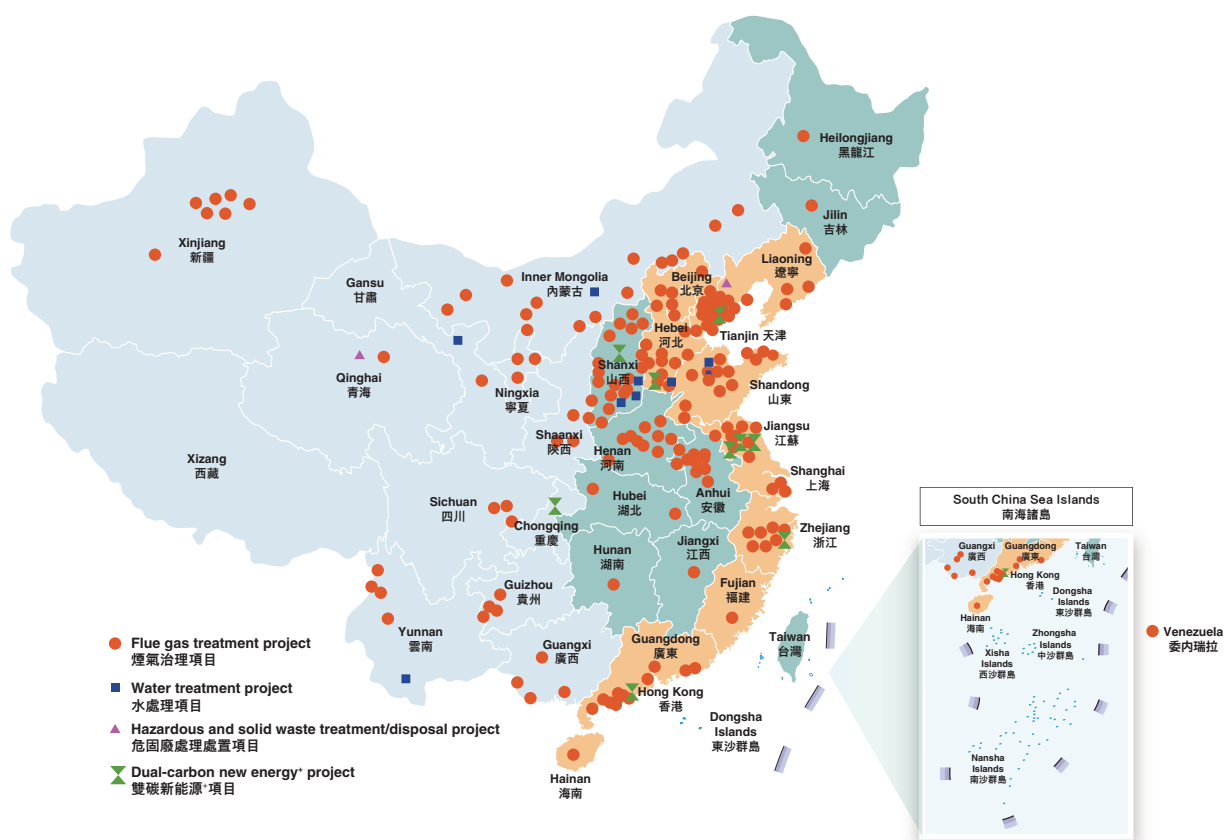
2. BUSINESS REVIEW

At the critical juncture when the “14th Five-Year Plan” is coming to an end and the “15th Five-Year Plan” is about to begin, environmental protection companies are altogether facing a very challenging transformation test. Following the passing of the era of high growth driven and benefited by policies and capital, the environmental protection industry is entering an era of deep cultivation relying on strategic layout and in-depth operations.

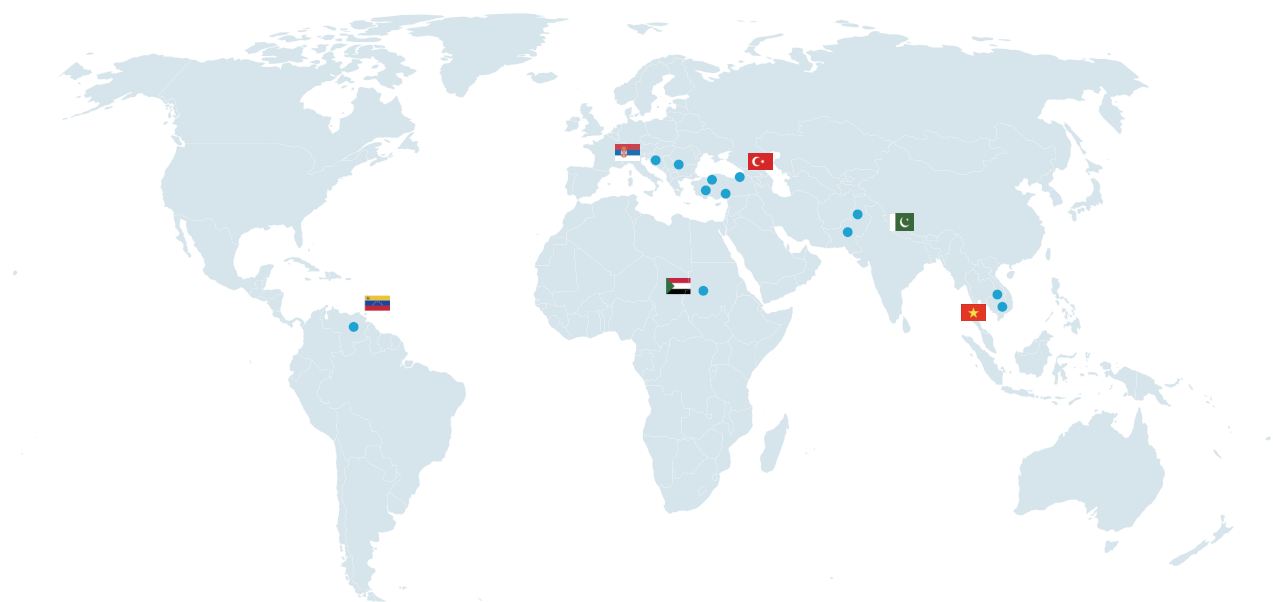
In the first half of 2025, the Group has worked intensively in the domestic market, steadily maintaining its fundamental basis; meanwhile it has actively carried out planning and deployment in the international market, striving to explore new growth pole.

As at 30 June 2025, the Group’s projects have a wide coverage in China, covering 31 provinces, municipalities and autonomous regions in China. Meanwhile, our overseas businesses are also distributed in Europe, South Asia, Latin America, Africa and Southeast Asia.

The following map shows the distribution of the projects of the Group within the PRC as at 30 June 2025:



The following map shows the distribution of the projects of the Group outside the PRC as at 30 June 2025:



2.1 Flue Gas Treatment Business

As a provider of comprehensive green ecological treatment services for the industrial environment, the Group's business of flue gas treatment services is mainly conducted through various business models including EPC, operation and maintenance ("O&M") and investment projects (including "Build-Operate-Transfer" or "BOT", and "Build-Own-Operate" or "BOO" and operation of self-owned assets). During the Reporting Period, through continuously strengthening the construction of the customer service system and relying on our sound project implementation experience, we continued to expand the scale of the electricity and non-electricity markets by seizing the opportunities arisen from favorable policies, among them:

EPC

EPC business mainly involves providing project design, equipment and materials procurement, project construction and equipment installment services in relation to SO₂ or NO_x emission control and dust removal for industrial customers such as power plants, steel factories, chemical plants, refining and building material companies. The Group continued to step up its efforts in the market of flue gas treatment business, and secured numerous high-quality orders from the chemical and power industries during the Reporting Period. During the Reporting Period, the Group had newly added 6 EPC projects, with a total contract value of approximately RMB407 million.

The following table sets forth the status of the Group's newly added EPC projects during the Reporting Period:

No.	Environmental protection facilities projects under construction	Type of project	Newly built/upgraded	Date of contract (Month/Year)	Aggregate contract value RMB million
1.	EPC General Contracting Project for Desulfurization System of 2×660MW Unit of China Coal New Energy Co., Ltd.'s Lu'an Power Plant	Desulfurization	Newly built	January 2025	107
2	Coal-fired Power and Desulfurization Island Procurement Project for 2.64 MW New Energy and Supporting Coal-fired Power, Carbon Capture Integrated Project (Phase I) of Xinjiang Oilfield	Desulfurization	Newly built	January 2025	122
3	Desulfurization Island Design, Procurement and Construction (EPC) General Contracting Project for 2×1,000MW Coal-fired Power Project of Huainan Luohe Power Plant Phase IV	Desulfurization	Newly built	January 2025	161
4	Desulfurization Ultra-low Emission Transformation Project of Unit #1 of Jiangsu Guoxin Jingjiang Power Generation Co., Ltd.	Desulfurization	Upgraded	February 2025	6

No.	Environmental protection facilities projects under construction	Type of project	Newly built/upgraded	Date of contract (Month/Year)	Aggregate contract value RMB million
5	Denitrification Precision Ammonia Injection System Procurement Project for Replacing the Minsheng Thermal Power Project of Henan Nengxin Thermal Power	Denitrification	Upgraded	March 2025	5
6	Spare Parts Procurement Project for the JW3 Project of CMEC Venezuela	Desulfurization	Upgraded	March 2025	6

O&M

O&M services mainly includes operation services, regular maintenance services for desulfurization, denitrification and dust removal facilities owned by the customers. Under the O&M projects, our customers are either charged (i) service fees based on the total amount of on-grid electricity or tonnes of sintering iron ore generated during the service period, or (ii) a fixed price determined based on the pre-agreed scope of work. Revenues from the O&M business can be a sustainable one, generating stable cash flow for the Group.

As at 30 June 2025, the Group had a total of 35 O&M projects under operation, covering industrial sectors such as electricity and steel, which have operated consistently with their emissions in compliance with required standards, providing a stable source for business growth of the Group.

The following table sets forth the installed capacities and status of the O&M projects of the Group under operation during the Reporting Period:

No.	Project name	Type of project	Starting date of service (Month/Year)	Expiry date of service contract (Month/Year)	Installed capacity
1	O&M Project for Yangcheng #1-6 Unit Flue Gas Desulfurization	Desulfurization and dust removal	July 2018	March 2026	6×350MW
2	O&M Project for Yangcheng #7-8 Unit Flue Gas Desulfurization	Desulfurization, dust removal and slag removal	June 2018	March 2026	2×600MW
3	O&M Project for Jingjiang Flue Gas Desulfurization and Dust Removal	Desulfurization and dust removal	March 2016	December 2025	2×660MW
4	O&M Project for Flue Gas Desulfurization and Denitrification of Yangxi Power Plant Unit #3-4	Desulfurization and denitrification	January 2017	December 2028	2×660MW
5	O&M Project of Jinxi Steel	Denitrification, desulfurization and dust removal	March 2019	August 2026	265m ² sintering machines
6	O&M Project for Denitrification, Desulfurization and Dust Removal on 350m ² Sintering Machines of Tianjin Iron Plant	Denitrification, desulfurization and dust removal	November 2019	November 2025	350m ² sintering machines
7	O&M Project for Denitrification on 360m ² Sintering Machines of Tianjin Iron Plant	Denitrification	December 2019	December 2025	360m ² sintering machines

No.	Project name	Type of project	Starting date of service (Month/Year)	Expiry date of service contract (Month/Year)	Installed capacity
8	O&M Project for Desulfurization, Denitrification and Wastewater Zero-discharge System Equipment Maintenance Works of #5 & 6 units of Yangxi Plant	Desulfurization, denitrification and wastewater zero discharge	January 2022	August 2027	2×1,240MW
9	Operation and Maintenance Service Project for Environmental Protection Facilities of Shanxi Yuguang Power Generation Co., Ltd.	Denitrification, desulfurization and dust removal	December 2021	July 2026	2×300MW+ 2×350MW
10	Contract Operation Project for Desulfurization and Denitrification System of No. 2 Sintering Plant of Jinxi Iron and Steel Group Co., Ltd.	Denitrification, desulfurization and dust removal	July 2021	August 2026	265m ² sintering machines
11	O&M Project for Sintering Machine Flue Gas Purification Device relating to the Integrated Project of Removing the Old District of HBIS Hansteel from Urban Area of Handan Steel Group Co., Ltd.	Denitrification, desulfurization and dust removal	April 2023	April 2028	435m ² sintering machines
12	O&M Project for Environmental Protection Facilities of Shanxi International Energy Yuguang Coal and Electricity Co., Ltd.	Desulfurization and dust removal	April 2022	March 2025	2×1,000MW
13	Outsourcing Operation Project for Desulfurization and Denitrification of Sintering Plant 450 of Hebei Jinxi Steel Group Co., Ltd.	Desulfurization, denitrification and dust removal	September 2022	August 2026	450m ² sintering machines
14	Auxiliary Control Operation and Auxiliary Production Service Project for Ash Vulcanization of Qingyuan Power Plant of Guangdong Company	Auxiliary control operation and auxiliary production service for ash vulcanization	October 2022	October 2025	2×1,000MW
15	O&M Project (Excluding Desulfurization and Denitrification) for 135 MW Generator Unit of Jinxi Steel	O&M for generator unit	October 2022	October 2026	135MW
16	O&M Project for 299,000 Vertical Blast Furnace Gas Tank of Jinxi Steel	O&M for gas cabinet equipment for vertical blast furnace	October 2022	October 2026	299,000
17	Operation Project for Desulfurization and Denitrification of No. 1 Sintering Plant of Jinxi Iron and Steel Group Co., Ltd.	Desulfurization, denitrification and dust removal	September 2023	August 2026	265m ² sintering machines
18	Outsourcing Contracting project for Pellet Desulfurization of Sintering Plant of Jinxi Iron and Steel Group Co., Ltd.	Desulfurization and dust removal	September 2023	August 2026	265m ² sintering machines

No.	Project name	Type of project	Starting date of service (Month/Year)	Expiry date of service contract (Month/Year)	Installed capacity
19	O&M Project for #1, #2 and #3, 250 Rolling Line Heating Furnace Denitrification System of Jinxi Steel Company	Denitrification	September 2023	August 2026	1,390,000 tons+ 2,200,000 tons+ 378,000 tons
20	O&M Project for Heating Furnace Denitrification System of Jinxi Steel Sheet Pile Technology Co., Ltd.	Denitrification	September 2023	August 2026	545,000 tons
21	O&M Project for Denitrification System of the First and Second Rolling Heating Furnaces of Jinxi Iron and Steel Strip Plant	Denitrification	September 2023	August 2026	2,686,000 tons
22	O&M Project for Green Island of 2×350MW Low Heating Value Coal Power Generation Project of Jijiantou Shouyang Thermal Power Co., Ltd.	Desulfurization, denitrification and dust removal	July 2023	October 2043 (settlement to be adjusted according to actual situation every 3 years)	2×350MW
23	Equipment Maintenance Project Contract for #1-#6 units of Yangxi Power Plant (maintenance of coal transportation system of the whole plant and dock system)	Coal transportation/terminal	December 2023	December 2028	2×600MW+ 2×660MW+ 2×1,240MW
24	O&M and Contracting Project for Jingjiang Flue Gas Desulfurization and Dust Removal	Desulfurization and dust removal	January 2024	December 2025	2×660MW
25	Operation and Cleaning Project for 2024-2025 Desulfurization System of SDIC Beijing	Desulfurization	March 2024	December 2025	4×1,000MW
26	O&M Service Project for the Desulfurization System of the Power Center of Shandong Yulong Thermal Power Co., Ltd.	Desulfurization (including wet electrostatic precipitator)	March 2024	March 2027	6×670t/h
27	Supplementary Project for O&M and Gypsum Treatment of Yangcheng #1-6 units	Desulfurization	May 2024	March 2025	6×350MW
28	Supplementary Project for O&M and Gypsum Treatment of Yangcheng #7-8 units	Desulfurization	May 2024	March 2025	2×600MW
29	Contract for the O&M Project of Flue Gas Desulfurization and Denitrification of two 230m ² Sintering Machine Heads in the Sintering Plant of Tianjin Xintian Steel United Special Steel Co., Ltd.	Desulfurization and denitrification	April 2024	April 2030	2×230m ²
30	O&M Services for Ash Removal, Desulfurization and Ammonia Production System of Unit #1&2 of Huaihe Energy Huainan Panji Power Generation Co., Ltd.	Desulfurization, denitrification and dust removal	December 2024	December 2026	2×660MW
31	O&M Services for Ash Removal, Desulfurization and Ammonia Production System of 2×660MW Ultra-supercritical Coal-fired Unit Project of Huainan Mining Group Panji Power Plant Phase II	Desulfurization, denitrification and dust removal	April 2025	December 2026	2×660MW

No.	Project name	Type of project	Starting date of service (Month/Year)	Expiry date of service contract (Month/Year)	Installed capacity
32	Operation Project for 2×1,000MW Unit Desulfurization System of Jiangsu Guoxin Binhai Port Power Generation Co., Ltd.	Desulfurization	December 2024	December 2025	2×1,000MW
33	Ash Removal, Desulfurization and Urea Preparation System O&M Service Project for 2×660MW Ultra-supercritical Coal-fired Unit Power Generation Project of Xieqiao Power Plant of Huaihe Energy Holding Group	Desulfurization	June 2025	June 2027	2×660MW
34	201C Maintenance Project (Ash Sulfur Outsourcing) of Huaihe Energy Huainan Panji Power Generation Co., Ltd.	Desulfurization	May 2025	May 2025	2×660MW
35	Auxiliary Control System Operation Project of Jiangsu Guoxin Binhai Port Power Generation Co., Ltd.	Desulfurization, denitrification and dust removal	June 2025	June 2026	2×1,000MW

Investment projects

The Group's investment projects business comprises concession operation business model and operation of self-owned assets.

Under the concession operation business model, the Group is responsible for the financing, investment, construction and operation of a project according to its concession contracts with its customers.

In 2025, the Group continued to carry out its concession operation business, including desulfurization, denitrification and green island. As at 30 June 2025, the Group accumulated 7 concession operation projects and save for Shanxi Puzhou Phase I BOT Project (*Note 1*), all of which have been put into operation smoothly, laying a strong foundation for the Group to operate continuously and develop steadily.

The following table sets forth details of the investment projects of the Group under operation during the Reporting Period:

No.	Project name	Installed capacity	Type of project	Newly built/ Upgraded	Total investment RMB million	Date of entering into contract (Month/Year)	Expiry date of concession period (Month/Year)
1	Jiangxi Jinggangshan BOT Project	2×300MW+ 2×660MW	Desulfurization	Newly built	224	January 2008 (for Phase I) August 2008 (for Phase II)	July 2030 (for Phase I) December 2030 (for Phase II)
2	Shanxi Hejin BOT Project	2×350MW	Denitrification	Newly built	122	June 2012	September 2033 (for Unit #1) May 2033 (for Unit #2)
3	Shanxi Puzhou Phase II BOT Project	2×350MW	Desulfurization	Newly built	112	May 2014	End of 2037
4	Xinjiang Shenhua BOT Project	4×350MW	Green Island	Upgraded	496	June 2017	End of 2032
5	Huainan Guqiao BOT Project	2×330MW	Green Island	Upgraded	173	May 2018	End of 2033
6	Xinjiang Guotai Xinhua BOT Project	2×350MW	Green Island	Upgraded	150	July 2018	June 2028
7	Guangxi Laibin Desulfurization, Denitrification and Dust Removal BOO Project	2×300MW	Green Island	Upgraded	308	December 2018	End of 2033
8	Operation Project for Flue Gas Desulfurization and Denitrification of #1-2 Units of Yangxi Power Plant	2×600MW	Desulfurization and denitrification	Asset acquisition	154	October 2023	December 2039

Note:

1. Shanxi Puzhou Phase I BOT Project has been under negotiation stage for buy-back from the owner, and the related BOT business has been suspended.

2.2 Water Treatment Business

During the Reporting Period, the Group's water treatment projects were in stable operation. Contracts for Wastewater Zero Discharge O&M Project for the Coking Plant of Tianjin Iron Works Co., Ltd. and Sewage Collection and Treatment Project of Changzhi Yuanyan Pharmaceutical Technology Co., Ltd. were renewed. The Engineering Project for Concentrated Water Salt Extraction Zero Discharge System of Lubao Industrial Park Sewage Treatment Center has obtained a 20-year concession operation period, laying a solid foundation for revenue from the Group's water treatment business.

As at 30 June 2025, the Group has 10 water treatment projects in operation.

During the Reporting Period, the water treatment business projects being implemented by the Group are as follows:

No.	Project name	Type of project	Date of entering into contract (Month/Year)	Expiry date of service contract (Month/Year)
1	Sewage Advanced Treatment and Recycle Project for Coking Wastewater/Sewage and Renewable Resource Utilization of Shanxi Lubao Industrial Park	Asset acquisition	June 2019	Equivalent to the service life of the assets of the sewage treatment center
2	Concentrated Water Advanced Treatment System Project of Lubao Industrial Park Sewage Treatment Center	Self-built	November 2020	Equivalent to the service life of the assets of the sewage treatment center
3	Wastewater/Sewage Collection and Treatment Project of Changzhi Yuanyan Pharmaceutical Technology Co., Ltd.	O&M	January 2022	April 2030
4	Sewage Treatment and Renovation EPC Project for Pulp and Paper Production of Shandong Bohui Paper Co., Ltd.	EPC	April 2022	N/A
5	Engineering Project for Concentrated Water Salt Extraction Zero Discharge System of Lubao Industrial Park Sewage Treatment Center	BOO	August 2023	20 years from the date of completion of performance acceptance
6	System Project for Production and Operation Technical Transformation Project of Sewage Treatment SS reduction (Suspended Solids Concentration) in 2023 of Yunnan Yunjing Lin Paper Co., Ltd.	EPC	August 2023	N/A
7	External Drainage Deep Treatment Project Supporting for the Iron Sulfur Titanium Project of Inner Mongolia Guocheng Resources Comprehensive Utilization Co., Ltd.	EPC+O&M	August 2023	The term of O&M is 9 years after EPC completion
8	HRO Concentrated Water Recovery Project for Gansu Baili Jinchang Project	EPC	October 2023	N/A
9	Sewage Treatment Technology Service Project of Shanxi Coking Co., Ltd.	O&M	August 2024	August 2026
10	Wastewater O&M Project for 130m ³ /h Coking of Coking Plant of Tianjin Iron and Steel Co., Ltd. in 2024	O&M	August 2024	February 2026

2.3 Hazardous and Solid Waste Treatment/Disposal Business

During the Reporting Period, focusing on large-scale industrial production enterprises and relying on profound experience on project operation and simple and convenient integrated equipment systems, the Group has completed the construction of the first phase of the Cement Kiln Coprocessing Hazardous and Solid Waste Treatment Project of Tangshan Yandong and plans to finish cement kiln performance testing in the second half of 2025. The disposal business of the Hazardous and Solid Waste Treatment and Disposal Center of Qinghai Boqi has been operating stably and bringing sustainable income to the Group, and the waste packaging and waste photovoltaic panel resource recycling project is currently under construction.

As at 30 June 2025, the Group has 3 hazardous and solid waste treatment/disposal projects in operation.

During the Reporting Period, the hazardous and solid waste treatment/disposal projects being implemented by the Group are as follows:

No.	Project name	Type of project	Date of entering into contract (Month/Year)	Expiry date of service contract (Month/Year)
1	Cement Kiln Co-processing Hazardous and Solid Waste Treatment Project of Tangshan Yandong	Self-built	January 2020	20-year operation period after commissioning
2	Hazardous Waste Landfill Project of Qinghai Boqi	Equity acquisition	November 2021	Equivalent to asset useful life
3	Comprehensive Utilization Project for Hazardous Packaging Waste Material of Qinghai Boqi	Self-built	May 2022	N/A

2.4 Dual-Carbon New Energy+ Business

During the Reporting Period, the Group continued to deepen its business layout of “New Energy+”, and existing projects remained operating in a stable and efficient manner and income have been kept improving. By vigorously promoting the expansion of photovoltaic business, the Group has successfully secured a series of new project opportunities, driving the overall performance to a new level, and strongly demonstrating the Group’s core competitiveness and broad growth prospects in the competitive field of new energy.

During the Reporting Period, the dual-carbon new energy⁺ business projects implemented by the Group are as follows:

No.	Project name	Type of project	Date of entering into contract (Month/Year)	Expiry date of service contract (Month/Year)
1	Equipment Supply Project for Dry Quenching Coke Waste Heat Power Generation of Shanxi Dongyi Coal Power and Aluminum Group Coal Chemical Co., Ltd.	EP	November 2021	N/A
2	BOT Project for Dry Quenching Works of Tianjin Iron Works Co., Ltd.	BOT	July 2022	July 2032
3	Wuxi Photovoltaic Project	Acquisition of equity interest	May 2023	N/A
4	0.63MW+0.63MW Distributed Photovoltaic Project of Jiangsu Deke Environmental Protection Equipment Co., Ltd.	EMC	November 2023	May 2049
5	EPC General Contracting Project for 20.64MWp Distributed Photovoltaic Power Generation of Enjie New Energy in Jinwan District, Zhuhai City	EPC	January 2024	N/A
6	0.63MW Distributed Photovoltaic Project of Wuxi Aohua Energy Saving and Environmental Protection Engineering Co., Ltd.	EMC	January 2024	April 2049
7	0.8MW Distributed Photovoltaic Project for Integrated Smart Zero-carbon Power Plant of Yixing Hudong Foundry Co., Ltd.	EMC	January 2024	20 years from the date of grid connection
8	1.28MW Distributed Photovoltaic Project of Wuxi Huachu New Energy Co., Ltd.	EMC	February 2024	25 years from the day after the acceptance document is issued
9	O&M General Contracting Project for Supporting 2×150t/h CDQ Unit of Coke Power Project of Xinyang Iron and Steel Jingang Energy Co., Ltd.	O&M	March 2024	December 2034
10	EPC General Contracting Project for 0.4991MW Distributed Photovoltaic of Chongqing Ouruo Furniture Co., Ltd.	EPC	June 2024	N/A
11	Industrial and Commercial Distributed Photovoltaic Power Generation Rooftop Leasing and Energy Management Project of Guangdong Foshan Danzao Shihai Steel Logistics Center	EMC	July 2024	November 2048
12	Solar Distributed Photovoltaic Project for Factory Rooftop of Wuxi Longhua Electric Power Equipment Co., Ltd.	EMC	July 2024	25 years from the day after the acceptance document is issued

No.	Project name	Type of project	Date of entering into contract (Month/Year)	Expiry date of service contract (Month/Year)
13	Photovoltaic Power Generation EPC Project of Shouyang Thermal Power Plant	EPC	October 2024	N/A
14	EPC General Contracting Project for 2.4111MW Distributed Photovoltaic Project of Jiangsu Qijian Screw Manufacturing Co., Ltd.	EPC	January 2025	N/A
15	Distributed Photovoltaic Power Generation Project of Phase III of Tianjin Iron and Steel Group Co., Ltd.	EMC	June 2025	25 years after the photovoltaic project is duly put into operation
16	Distributed Photovoltaic power Generation Project of Wuxi Baoyuan Sifang Culture Co., Ltd.	EMC	March 2025	25 years from the day after the acceptance document is issued
17	Distributed Photovoltaic Power Generation project of Wuxi Star Sifang Electric Co., Ltd.	EMC	March 2025	25 years from the day after the acceptance document is issued

3. FINANCIAL POSITION AND OPERATING RESULTS

In 2025, economic environment in China has faced unprecedentedly complex challenges, compounded by multiple domestic and external pressures. The environmental protection industry has experienced difficulty in its structural and long-term sustainable development. Due to shrinking market demand, stagnant technological innovation and intense competition, the development model of the industry can no longer rely on external growth. As such, growth drivers have been shifting towards technological innovation, refined operations and global business deployment. While maintaining the stability of its existing businesses, the Group has been actively pursuing new development directions, accelerating its business transformation and enhancing its market competitiveness. In the first half of 2025, the Group's production and operations remained stable with a sound asset structure.

Revenue

For the six months ended 30 June 2025, the Group's total revenue was RMB1,058 million, representing an increase of 11.5% from RMB949 million for the first half of 2024, which was mainly because (i) certain existing EPC projects entered the concentrated construction stage during the Reporting Period; and (ii) certain business segments experienced an increase in the number of operating projects and the expansion of the scope of certain project contracts during the Reporting Period as a result of market expansion.

The Group generates revenue primarily from four operating segments: (i) flue gas treatment, (ii) water treatment; (iii) hazardous and solid waste treatment/disposal business; and (iv) dual carbon new energy⁺ business. The following table sets forth a breakdown of the revenue of the Group by segment for the periods indicated.

	Segment revenue For the six months ended 30 June	
	2025 RMB'000	2024 RMB'000
Flue gas treatment business	889,283	741,566
EPC	326,229	221,640
O&M	300,609	248,091
Investment projects	261,749	268,132
Of which: Construction	542	6,424
Operation	261,207	261,708
Others	696	3,703
Water treatment business	75,685	89,849
Hazardous and solid waste treatment/disposal business	23,900	22,146
Dual-carbon new energy+ business	69,617	95,854
Total	1,058,485	949,415

For the six months ended 30 June 2025, revenue generated from the Group's flue gas treatment business segment was as follows:

- Revenue from EPC business was RMB326 million, representing an increase of 47.5% from RMB221 million for the first half of 2024, mainly due to (i) certain existing projects entering the concentrated construction stage during the Reporting Period; and (ii) an increase in the scale of EPC project business during the Reporting Period as a result of market expansion;
- Revenue from O&M business was RMB301 million, representing an increase of 21.0% from RMB248 million for the first half of 2024, mainly due to (i) an increase in the number of O&M projects in progress during the Reporting Period as a result of market expansion; and (ii) an increase in production volume and contract scope of certain projects, resulting in an increase in revenue; and
- Revenue from investment projects business was RMB262 million, representing a decrease of 2.2% from RMB268 million for the first half of 2024, mainly due to a decrease in power generation and revenue from certain operating projects.

For the six months ended 30 June 2025, revenue from water treatment business of the Group was RMB75 million, representing a decrease of 16.7% from RMB90 million for the first half of 2024, mainly because certain large-scale EPC projects were basically completed during the Reporting Period, resulting in a decrease in revenue.

For the six months ended 30 June 2025, revenue from the Group's hazardous and solid waste treatment/disposal business segment was RMB24 million, representing an increase of 9.1% from RMB22 million for the first half of 2024, mainly due to the increase in the disposal volume of hazardous and solid waste business during the Reporting Period.

For the six months ended 30 June 2025, revenue from the Group's dual-carbon new energy+ business segment was RMB70 million, representing a decrease of 27.1% from RMB96 million for the first half of 2024, mainly because certain large-scale EPC projects were basically completed during the Reporting Period, resulting in a decrease in revenue.

Cost of Sales and Services

For the six months ended 30 June 2025, the Group's cost of sales and services was RMB815 million, representing an increase of 8.7% from RMB750 million for the first half of 2024, mainly because (i) certain existing EPC projects entered the concentrated construction stage during the Reporting Period; and (ii) certain business segments experienced an increase in the number of operating projects and the expansion of the scope of certain project contracts during the Reporting Period as a result of market expansion, resulting in an overall increase in cost.

For the six months ended 30 June 2025, the cost of sales and services of the Group's flue gas treatment business segment was as follows:

- The cost of sales and services for EPC business amounted to RMB293 million, representing an increase of 38.2% from RMB212 million for the first half of 2024, mainly due to (i) certain existing projects entering the concentrated construction stage during the Reporting Period; and (ii) an increase in the scale of EPC project business as a result of market expansion, resulting in an increase in cost;
- The cost of sales and services for O&M business amounted to RMB232 million, representing an increase of 22.1% from RMB190 million for the first half of 2024, mainly due to (i) an increase in the number of O&M projects in progress during the Reporting Period as a result of market expansion; and (ii) an increase in production volume and contract scope for certain projects; and
- The cost of sales and services for investment projects business amounted to RMB170 million, representing a decrease of 10.1% from RMB189 million for the first half of 2024, mainly due to (i) a decrease in power generation from certain operating projects, resulting in lower energy consumption and lower unit price and consumption of materials and hence a decrease in cost; and (ii) a decrease in fixed costs for certain projects.

For the six months ended 30 June 2025, the cost of sales and services for water treatment business amounted to RMB59 million, representing a decrease of 10.6% from RMB66 million for the first half of 2024, mainly because certain large-scale EPC projects have been basically completed, resulting in a decrease in cost as compared to the same period last year.

For the six months ended 30 June 2025, the cost of sales and services for hazardous and solid waste treatment/disposal business was RMB15 million, unchanged from RMB15 million for the first half of 2024.

For the six months ended 30 June 2025, the cost of sales and services for dual carbon new energy+ business was RMB46 million, representing a decrease of 41.0% from RMB78 million for the first half of 2024, mainly because certain large-scale EPC projects have been basically completed, resulting in a decrease in cost.

Gross Profit and Gross Profit Margin

For the six months ended 30 June 2025, the Group's gross profit was RMB243 million, representing an increase of 22.1% from RMB199 million for the first half of 2024, and the gross profit margin was 23.0%, representing an increase of 2.0 percentage points as compared to the first half of 2024. The year-on-year increase in gross profit was mainly because (i) certain existing EPC projects entered the concentrated construction stage during the Reporting Period; (ii) certain business segments experienced an increase in the number of operating projects and the expansion of the scope of certain project contracts during the Reporting Period as a result of market expansion; and (iii) the optimization of design solutions for certain projects and a decrease in the unit price of equipment and materials purchased have resulted in the overall increase in gross profit.

The following table sets forth the Group's gross profit and gross profit margin for each of the business segments for the periods indicated:

	For the six month ended 30 June 2025		For the six months ended 30 June 2024	
	Gross Profit RMB'000	Gross Profit Margin %	Gross Profit RMB'000	Gross Profit Margin %
Flue Gas Treatment Business	193,718		150,108	
EPC	32,937	10.1	10,059	4.5
O&M	68,022	22.6	57,864	23.3
Investment projects	92,065	35.2	78,482	29.3
Of which: Construction	15	2.8	26	0.4
Operation	92,050	35.2	78,456	30.0
Others	694	99.7	3,703	100.0
Water Treatment Business	16,256	21.5	24,022	26.7
Hazardous and Solid Waste				
Treatment/Disposal Business	8,851	37.0	6,700	30.3
Dual-Carbon New Energy+ Business	24,214	34.8	18,440	19.2
Total	243,039	23.0	199,270	21.0

For the six months ended 30 June 2025, the gross profit of the Group's flue gas treatment business segment was as follows:

- The gross profit of EPC business was RMB33 million, representing an increase of 230.0% from RMB10 million for the first half of 2024, mainly due to (i) certain existing projects entering the concentrated construction stage during the Reporting Period; (ii) an increase in the number of EPC projects in progress during the Reporting Period as a result of market expansion; and (iii) the optimization of design solutions for certain projects and a decrease in the unit price of equipment and materials purchased, leading to an increase in gross profit;
- The gross profit of O&M business was RMB68 million, representing an increase of 17.2% from RMB58 million for the first half of 2024, mainly due to an increase in the number of operating projects and the scope of contracts for O&M business, resulting in an increase in gross profit; and
- The gross profit of investment projects business amounted to RMB92 million, representing an increase of 16.5% from RMB79 million for the first half of 2024, mainly due to (i) the implementation of energy-saving and consumption-reduction measures in certain operating projects, resulting in lower energy consumption; (ii) a reduction in cost due to lower prices for bulk materials; and (iii) lower fixed costs for certain projects.

For the six months ended 30 June 2025, the gross profit of the Group's water treatment business segment was RMB16 million, representing a decrease of 33.3% from RMB24 million for the first half of 2024, mainly because certain large-scale EPC projects have been basically completed.

For the six months ended 30 June 2025, the gross profit of the Group's hazardous and solid waste treatment/disposal business segment was RMB9 million, representing an increase of 28.6% from RMB7 million for the first half of 2024, mainly due to the increase in the disposal volume of hazardous and solid waste.

For the six months ended 30 June 2025, the gross profit of the Group's dual carbon new energy⁺ business segment was RMB24 million, representing an increase of 33.3% from RMB18 million for the first half of 2024, mainly due to the increase in power supply of certain projects during the Reporting Period, which led to an increase in revenue and a decrease in unit energy consumption, resulting in an increase in gross profit.

Other Income and Other Gains and Losses

For the six months ended 30 June 2025, other income and other gains and other expenses and losses consist primarily of interest income, government grants and rental income.

The following table sets forth a breakdown of other income and other gains and losses for the periods stated:

	For the six months ended 30 June 2025 RMB'000	For the six months ended 30 June 2024 RMB'000
Interest income	6,127	3,189
Government grants	9,449	5,324
Rental income, net	(116)	(109)
Foreign exchange loss/gain	1,875	(245)
Gain on disposal of property, plant and equipment	–	511
Others	(4,632)	1,845
	<u>12,703</u>	<u>10,515</u>

For the six months ended 30 June 2025, the Group's other income and gains and other expenses and losses amounted to RMB13 million, representing an increase of RMB2 million from RMB11 million for the first half of 2024, mainly due to the increase in government grants and interest income.

Selling and Distribution Expenses

For the six months ended 30 June 2025, the Group's selling and distribution expenses were RMB9 million, representing a decrease of RMB1 million from RMB10 million for the first half of 2024.

Administrative Expenses

For the six months ended 30 June 2025, the Group's administrative expenses were RMB48 million, unchanged from RMB48 million for the first half of 2024, and the ratio of administrative expenses to revenue decreased from 5.1% for the same period last year to 4.5%, primarily due to the increase in overall revenue, resulting in a decrease in the proportion.

Research and Development (“R&D”) Expenses

For the six months ended 30 June 2025, the Group's R&D expenses were RMB28 million, representing an increase of RMB4 million from RMB24 million for the first half of 2024, and the ratio of R&D expenses to revenue increased from 2.5% for the same period last year to 2.6%.

Finance Costs

The Group's finance costs consisted of interest expenses on bank and other borrowings, lease liabilities and discounted bills payable. For the six months ended 30 June 2025, the Group's finance costs were RMB7 million, representing a decrease of RMB1 million from RMB8 million for the first half of 2024. The decrease was primarily due to the reduction in the Group's borrowings during the Reporting Period.

Gearing Ratio

The gearing ratio is calculated as a percentage of the Group's total liabilities over its total assets. As at 30 June 2025, the Group's gearing ratio was 36.8%, dropped by 3.2 percentage points from 39.3% as at 31 December 2024.

Income Tax Expenses

The income tax expenses of the Group for the six months ended 30 June 2025 were RMB14 million, increased by 16.7% from RMB12 million for the first half of 2024, mainly due to the increase in total profit for the Reporting Period.

Profit for the Reporting Period

For the six months ended 30 June 2025, the Group recorded a profit of RMB145 million for the period, representing an increase of RMB29 million from RMB116 million for the first half of 2024. The increase was mainly due to an overall increase in the Group's revenue during the Reporting Period, coupling with a decrease in energy consumption and lower unit prices and consumption of equipment and materials, resulting in a relatively smaller increase in overall costs as compared to revenue and thus an increase in profit.

Profit Attributable to the Owners of the Company

Profit attributable to the owners of the Company was RMB143 million for the six months ended 30 June 2025, representing an increase of RMB29 million from RMB114 million for the first half of 2024.

Cash Flows

The following table sets forth the cash flow position of the Group in the first half of 2025 and the first half of 2024:

	For the six months ended 30 June 2025 (RMB'000)	For the six months ended 30 June 2024 (RMB'000)
Net cash (used in)/generated from operating activities	(47,981)	33,337
Net cash (used in) investing activities	(25,531)	(126,713)
Net cash (used in)/generated from financing activities	(232,087)	90,518
Net (decrease) in cash and cash equivalents	<u>(305,599)</u>	<u>(2,858)</u>

For the six months ended 30 June 2025, the Group's bank balances and cash amounted to RMB322 million, representing a decrease of RMB307 million as compared with RMB629 million at the beginning of 2025, primarily due to share repurchases and loan repayments during the Reporting Period.

For the six months ended 30 June 2025, our net cash used in operating activities was RMB48 million, representing a year-on-year decrease of RMB81 million compared to the net cash generated of RMB33 million for the same period last year. The change was primarily due to an increase in purchase expenses in our operation during the Reporting Period.

For the six months ended 30 June 2025, our net cash used in investing activities was RMB26 million, representing a year-on-year decrease of RMB101 million. The change was primarily due to a decrease in investment and renovation expenses and deposits paid for asset acquisitions during the Reporting Period as compared to the same period last year.

For the six months ended 30 June 2025, our net cash used in financing activities was RMB232 million, representing a year-on-year decrease of RMB323 million compared to the net cash generated of RMB91 million for the same period last year. The change was primarily due to share repurchases and loan repayments during the Reporting Period.

Capital Expenditure

The capital expenditure of the Group mainly comprises the expenditure on acquisition and construction of investment projects as well as equity investment. For the first half of 2025, the total capital expenditure of the Group amounted to RMB59 million, representing a decrease of RMB52 million from RMB111 million for the same period last year.

Capital Structure

As at 30 June 2025, the Group's borrowings amounted to RMB329 million (including long-term borrowings of RMB218 million and short-term borrowings of RMB111 million) (as at 31 December 2024: borrowings amounted to RMB427 million (including long-term borrowings of RMB263 million and short-term borrowings of RMB164 million)). Of this amount, borrowings of RMB63 million bear interest at fixed rates. The carrying amount of bank borrowings is primarily denominated in RMB. The Group does not use any financial instruments for hedging purposes and does not have any net foreign currency investments hedged by existing borrowings and/or other hedging instruments.

Pledge of the Group's Assets

As at 30 June 2025, the Group's bank borrowings of RMB73 million were secured by land use rights owned by the Group, the equity of certain subsidiaries and service fee collection rights of certain projects.

Changjizhou Boqi Environmental Technology Co., Ltd. (昌吉州博奇环保科技有限公司) (“**Changjizhou Boqi**”), a subsidiary of the Group, as the lessee, had entered into a finance lease arrangement (the “**Finance Lease Agreement**”) with CITIC Financial Leasing Co., Ltd. (“**CITIC Leasing**”). Beijing Boqi Electric Power SCI-TECH Co., Ltd. (北京博奇電力科技有限公司) (“**Beijing Boqi**”) had pledged all its equity interests in Changjizhou Boqi and the service fee receivables under the Changjizhou Boqi service concession agreement to CITIC Leasing to guarantee its liabilities under the Finance Lease Agreement.

Changzhi Boqi Environmental Technology Co., Ltd. (長治市博奇環保科技有限公司) (“**Changzhi Boqi**”), a subsidiary of the Group, as the lessee, had entered into a finance lease arrangement (the “**Finance Lease Agreement**”) with CITIC Financial Leasing Co., Ltd. (“**CITIC Leasing**”). Beijing Boqi had pledged all its equity interests in Changzhi Boqi and the service fee receivables under the Changzhi Boqi’s wastewater treatment project to CITIC Leasing to guarantee its liabilities under the Finance Lease Agreement.

Contingent Liabilities

As at 30 June 2025, the Group did not have any material contingent liabilities.

Significant Investments Held, Material Acquisitions and Disposals

On 26 June 2025, Changzhi Boqi (as the lessee) and Jiangsu Financial Leasing Co., Ltd.* (江蘇金融租賃股份有限公司) (“**Jiangsu Financial Leasing**”) (as the lessor) entered into the finance lease agreement, pursuant to which (i) Jiangsu Financial Leasing agreed to purchase the equipment for advanced treatment system of concentrated water in sewage treatment centers located in Lubao Industrial Park (“**Lubao Equipment**”) from Beijing Boqi at the consideration of RMB50,000,000.00; and (ii) Jiangsu Financial Leasing agreed to lease the Lubao Equipment to the Lessee for a term of one year, at a total lease amount of RMB51,294,600.00, being the sum of lease principal and lease interest. For further details, please refer to the announcement of the Company dated 26 June 2025.

Save as disclosed above, the Group had no significant investments held (including any investment in an investee company with a value of 5% or more of the Company’s total assets as at 30 June 2025), or material acquisitions and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

No Material Changes

Save as disclosed in this interim results announcement, during the Reporting Period, there were no material changes affecting the Group’s performance that needs to be disclosed under Paragraphs 32 and 40(2) of Appendix D2 to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”).

Future Plans for Material Investments and Capital Assets

As at 30 June 2025, the Group did not have other plans for material investments and capital assets. The Group will continue to monitor the industry closely and review its business expansion plans regularly, so as to take necessary measures in the Group’s best interests.

4. RISK FACTORS AND RISK MANAGEMENT

Risks on environmental protection and pollution control policies

The Group provides substantially all of its environmental protection services to customers in the PRC, and the development of its businesses is greatly dependent on the pollution preventive policies of the PRC. Environmental protection industry is one of the major industries that benefit from the constant support of the PRC government. The demand for the Group’s environmental protection services and the revenue generated from are directly linked with the environmental protection requirements imposed on the current and potential customers of the Group. However, there can be no assurance that the specific favourable policies which are currently available will continue to exist. In addition, these policies and

incentives may attract additional new market entrants to enter the market, and may also encourage the market entrants to provide other products or services with greater pollution control effects than the products and services of the Group. Therefore, there is no assurance that the Group will directly benefit from the changed industry policies. However, as the leader of the independent comprehensive flue gas treatment service provider in China, the Group will seize market opportunities to further cover the entire industrial chain of the flue gas treatment industry and explore potential markets. At the same time, the Group will actively develop new markets in non-electricity industries such as steel, petrochemicals and electrolytic aluminum, and develop environmental protection businesses, including water treatment and hazardous and solid waste treatment/disposal, and dual carbon new energy⁺ business, with a view to achieving the sustainable development of the Group's business.

Liquidity Risks

The Group's ability to generate adequate cash inflows from operating activities in the future will depend on the schedule of its projects and payment arrangement, its ability to recover receivables in a timely manner and the credit terms it can obtain. If the Group is not able to generate sufficient cash flows from its operations, the Group's development prospects may be materially and adversely affected. Ultimate responsibility for liquidity risk management rests with the Directors, who have established an appropriate liquidity risk management framework for the funding needs in the short, medium and long term and the Group's liquidity management requirements. The Group manages liquidity risk by various measures, such as maintaining adequate reserves, banking facilities and reserving bank facilities and continuously monitoring forecast and actual cash flows, as well as the comparison of maturity profile between financial assets and liabilities.

Credit Risks

The credit risk primarily arises from trade and notes receivables, receivables under concession arrangement, bank balance and cash, pledged bank deposit, contract assets, debt instrument at fair value through other comprehensive income, other receivables and amounts due from related parties. Due to the nature of business of the Group, the Group has significant concentration of credit risk on a small number of customers and the financial guarantee provided by the Group. As at 30 June 2025, the aggregated amount of the Group's trade receivables of the top five customers was RMB421 million, representing 37.8% of the total trade receivables of the Group as at 30 June 2025. The Group's concentration of credit risk by geographical locations is solely in the PRC, and the Group has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

Foreign Exchange and Conversion Risks

As at 30 June 2025, almost all of the Group's operating activities were carried out in the PRC with most of the transactions denominated in RMB. The Group is exposed to foreign exchange and conversion risks primarily through its sales and procurement transactions that are denominated in currencies other than RMB. In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC Government. As at 30 June 2025, the Group did not have a foreign currency hedging policy. However, the Board will monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

5. THE GROUP'S FUTURE OUTLOOK

Under the guidance of the Group's business development plan relating to the "14th Five-Year", the Group will pursue breakthroughs in its business development through strategic upgrading, continue to deepen the dual-core drive strategy of "environmental governance" and "dual-carbon new energy+", and build an industrial ecological matrix integrating the four business segments, "gas, water, solid waste and dual-carbon new energy+". Through business structure optimization, management efficiency improvement, technological innovation breakthroughs and the strategic capital synergy of the four major business drivers, we will strive to build an environmental protection technology industry group with international competitiveness.

The Group will optimize its strategies and build a new industrial ecological pattern. The Group strives to formulate effective measures to achieve its development goal in each phase, and steadily promote the strategic layout of each business. Relying on the technology and experience of existing projects, the Group will stabilize the scale of the flue gas treatment business to form a "solid foundation" of the Group and provide effective support for the Group's transformation. The Group will allocate more resources to the water treatment business and actively expand the market share of the hazardous and solid waste treatment/disposal business. Besides, the Group will achieve rapid business growth through investment, mergers and acquisitions and technical cooperation, thus providing "alternative strategies" to create new profit support sources for the Group. The Group will also accelerate the development of its new energy business targeting niche areas, and will plan its business deployment in advance relying on its development strategy to form "supportive measures" with a view to continuously providing momentum for the Group's development. The Group will establish a development layout relying on its "solid foundation + alternative strategies + supportive measures", so as to generate a stable cash flow from traditional businesses, pursue secondary business growth from emerging businesses and accumulate future competitive advantages from strategic businesses.

The Group will continue to promote refined management and optimize human resources, as well as strengthen the construction of the corporate system and use digital technology to build a comprehensive intelligent management platform in order to improve management efficiency. With "growth, efficiency and innovation" as our goal, we will step up our business transformation efforts, improve corporate management efficiency, encourage technological and management innovation, enhance corporate competitiveness and comprehensively improve our customer service levels, so as to provide strong support and guarantee for the development of the Group. Focusing on the business development and transformation of the Group, we will optimize the organizational structure and workforce, activate organizational vitality, strengthen internal control mechanisms, standardize corporate governance and improve internal incentive mechanisms, so as to create a sound corporate platform to attract high-caliber talents.

The Group will adhere to innovation-driven development and increase its R&D efforts. Against the backdrop of “Carbon Peaking and Carbon Neutrality”, the technological R&D and innovation efforts of the Group will be more focused on new business sectors while expanding into other subdivided areas. Through the combination of technical cooperation and independent R&D, the Group will improve its own technological innovation capabilities and continuously achieve technological upgrades and breakthroughs to enhance its key technologies. By integrating resources such as technology, talents and markets, and integrating the specific business difficulties and needs, we will accelerate the transformation and application of technology and R&D results to build an advanced, scientific, standardized and high-quality low-carbon environmental protection service system.

Relying on capital synergy, the Group will build a new ecosystem with shared values. The Group will implement the dual-driving strategy of “industry + capital” and build a multi-level capital operation system. The Group will optimize the industrial chain layout through strategic investment, integrate high-quality industry resources through mergers and acquisitions and deepen the integration model of industry and finance, in order to create a virtuous cycle of “industry operation, capital operation and value creation” and build a green industry ecosystem with mutually beneficial results for all parties.

The Group will always adhere to the development policy of “Green Technology and Mutually Beneficial Ecological Relationships”. Through the combined synergic effect of strategic layout optimization, management efficiency improvement, technological innovation breakthroughs and capital value activation, the Group will continue to enhance its core competitiveness and sustainable development capabilities, and steadily move towards the goal of becoming an industrial innovation platform with a global vision and an ecological value creator in the green economy era.

CORPORATE GOVERNANCE CODE

The Company is committed to maintaining high standards of corporate governance to safeguard the interests of the shareholders of the Company and to enhance corporate values and accountability. The Company has adopted the Corporate Governance Code (the “CG Code”) as set out in Appendix C1 to the Listing Rules.

Mr. Zeng Zhijun assumed the dual roles of the chairman and the chief executive officer, which constitutes a deviation from code provision C.2.1 of the CG Code. With extensive experience in the environmental protection industry, Mr. Zeng is responsible for the overall management, decision making and strategy planning of the Company and has been instrumental to the Group’s growth and business expansion. Since Mr. Zeng is one of the key persons for the Group’s management, the Board considers that vesting the roles of the chairman and the chief executive officer in the same person, Mr. Zeng, would not create any potential harm to the interest of the Group and it is, on the contrary, beneficial to the management of the Group. In addition, the operation of the senior management of the Group and the Board, which are comprised of experienced individuals, effectively checks and balances the power and authority of Mr. Zeng. The Board currently comprises three executive Directors (including Mr. Zeng), three non-executive Directors and four independent non-executive Directors and therefore has a fairly strong independence element in its composition. Therefore, the Board considers that the deviation from the CG Code is appropriate and justified.

In order to maintain good corporate governance and to ensure Company's compliance with code provisions of the CG Code, the Board will regularly review the need to appoint different individuals to perform the roles of the chairman and the chief executive officer separately.

Save as disclosed herein, the Company complied with the code provisions as set out in Part 2 of the CG Code during the Reporting Period. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS

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

The Board has also adopted the Model Code to regulate all dealings by employees who are likely to be in possession of unpublished inside information of the Company in respect of securities in the Company as referred to in code provision C.1.3 of the CG Code. No incident of non-compliance with the Model Code by the Company's relevant employees was noted during the Reporting Period after making reasonable enquiry.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements for the first half of 2025 which give a true and fair view of the affairs of the Company and the Group as well as of the Group's performance results and cash flows.

The management of the Company has provided for the Board the necessary explanation and information to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance, positions and prospects.

The Directors were not aware of any material uncertainties relating to any event or circumstances which may cast significant doubt upon the Company's ability to continue as a going concern.

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

On 14 January 2025, the Company completed a conditional cash offer made by CLSA Limited on behalf of the Company at an offer price of HK\$1.20 per Share and cancelled 150,858,120 Shares bought-back by the Company, thereby reducing the total number of issued Shares from 1,005,720,799 to 854,862,679. The total consideration payable by the Company for buying back the said Shares pursuant to the offer is HK\$181,029,744. For further details, please refer to (i) the announcements of the Company dated 23 October 2024, 29 November 2024, 20 December 2024, 31 December 2024, 3 January 2025 and 14 January 2025; and (ii) the offer document of the Company dated 29 November 2024.

Save as disclosed above, during the Reporting Period, neither the Company nor any member of the Group has purchased, sold or redeemed any of the Company's Shares (including sales of treasury shares (as defined under the Listing Rules)) during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and to the knowledge of the Directors, the Company maintained sufficient public float during the period from the Listing Date to 30 June 2025.

DIVIDEND POLICY

On 18 May 2018, the Board resolved to approve and announce the Company's dividend policy. For details, please refer to the announcement of the Company dated 18 May 2018.

INTERIM DIVIDEND

In accordance with the dividend policy announced by the Company on 18 May 2018, the Board has resolved not to declare any interim dividend for the six months ended 30 June 2025 (2024: Nil).

COMPLIANCE WITH LAWS AND REGULATIONS

During the Reporting Period, the Company was in compliance with the relevant laws and regulations that have a significant impact on the Company, and was not involved in any material legal proceedings.

ENVIRONMENTAL POLICIES AND PERFORMANCE

As an environmental protection service provider, the Group strictly abides by the laws and regulations relating to its businesses, including provision of services for environment protection and energy conservation, monitoring of the pollutants and flue gas generated by coal-fired power plants. The Group is committed to protecting the environment, giving back to community and achieving sustainable growth. The achievements of the Group are based on mutually beneficial relationships with our customers and employees, and harmonious coexistence with our ecological and social environment. The Group will continue to commit to its social responsibilities and exert its advantages as an environmental protection enterprise and make consistent efforts to build a beautiful environment with blue sky and white clouds.

Details of the environmental, social and governance of the Company were set out in the environmental, social and governance report which was included in the 2024 annual report issued by the Company on 24 April 2025 pursuant to Rule 13.91 and Appendix C2 to the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

As at the date of this announcement, the Group had no significant events after the Reporting Period which need to be disclosed.

AUDIT COMMITTEE AND REVIEW OF INTERIM RESULTS

The Audit Committee comprises two independent non-executive Directors and one non-executive Director. The Audit Committee has reviewed with the management the accounting standards and practical guidelines adopted by the Group, and has also discussed auditing, internal control, risk management system and financial reporting matters, including the unaudited interim condensed consolidated results of the Group for the six months ended 30 June 2025. The Audit Committee has no disagreement with the accounting treatment adopted by the Company in this interim results announcement.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the website of the Company (www.chinaboqi.com) and the Stock Exchange (www.hkexnews.hk). The 2025 interim report containing all the information required by the Listing Rules will be dispatched to the shareholders of the Company and will be published on the above websites for review in due course.

By order of the Board
China Boqi Environmental (Holding) Co., Ltd.
Zeng Zhijun
Chairman, Executive Director and Chief Executive Officer

Beijing, the PRC, 22 August 2025

As at the date of this announcement, the executive Directors are Mr. Zeng Zhijun, Mr. Liu Genyu and Ms. Qian Xiaoning; the non-executive Directors are Mr. Zheng Tony Tuo, Mr. Zhu Weihang and Mr. Chen Xue; and the independent non-executive Directors are Dr. Xie Guozhong, Mr. Li Tao, Prof. Yu Wayne W. and Ms. Zhang Fan.

* *For identification purpose only*