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Datang Environment Industry Group Co., Ltd.*
大唐環境產業集團股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1272)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL AND OPERATION HIGHLIGHTS

- For the year ended 31 December 2024, the revenue of the Group amounted to RMB5,770.9 million, representing an increase of 0.9% as compared with last year.
- For the year ended 31 December 2024, the gross profit of the Group amounted to RMB1,229.4 million, representing an increase of 7.4% as compared with last year; the gross profit margin of the Group was 21.3%, representing an increase of 1.3 percentage points as compared with last year.
- For the year ended 31 December 2024, the total comprehensive income attributable to owners of the parent amounted to RMB548.4 million, representing an increase of 4.9% as compared with last year.
- For the year ended 31 December 2024, the Group continued to be the largest desulfurization and denitrification concession operator and the largest manufacturer of denitrification catalysts in the People's Republic of China.
- On 28 March 2025, the Board proposed to distribute the final dividend of RMB0.051 per ordinary share (before tax) for the year ended 31 December 2024.

The board (the “**Board**”) of directors (the “**Directors**”) of Datang Environment Industry Group Co., Ltd.* (the “**Company**”) hereby announces the financial results of the Company and its subsidiaries (the “**Group**” or “**we**” or “**us**”) for the year ended 31 December 2024, together with the comparable figures of 2023. The financial data of the Group for the year ended 31 December 2024 set out by the Company in this results announcement is based on the consolidated financial statements prepared in accordance with IFRS Accounting Standards (“**IFRS**”) issued by the International Accounting Standards Board (“**IASB**”) and the disclosure requirements of the Hong Kong Companies Ordinance.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

		2024	2023
	Notes	RMB'000	RMB'000
Revenue	5	5,770,906	5,720,131
Cost of sales		<u>(4,541,458)</u>	<u>(4,575,113)</u>
Gross profit		1,229,448	1,145,018
Selling and distribution expenses		(25,977)	(27,825)
Administrative expenses		(461,191)	(422,800)
Other income, other gains and losses	5	100,226	157,823
Finance costs	6	(144,618)	(176,319)
Impairment losses on financial assets and contract assets, net		<u>(42,776)</u>	<u>(58,271)</u>
Profit before tax		655,112	617,626
Income tax expense	7	<u>(102,667)</u>	<u>(114,056)</u>
PROFIT FOR THE YEAR		<u>552,445</u>	<u>503,570</u>
OTHER COMPREHENSIVE INCOME			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<u>878</u>	<u>377</u>
Other comprehensive income that may be reclassified to profit or loss in subsequent periods, net			
		<u>878</u>	<u>377</u>
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
Equity investments designated at fair value through other comprehensive income:			
Changes in fair value		(1,413)	–
Income tax effect		<u>212</u>	<u>–</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
(CONTINUED)**

For the year ended 31 December 2024

	<i>Notes</i>	2024 RMB'000	2023 RMB'000
Other comprehensive losses that will not be reclassified to profit or loss in subsequent periods, net		<u>(1,201)</u>	<u>–</u>
OTHER COMPREHENSIVE (LOSSES)/INCOME FOR THE YEAR, NET OF TAX		<u>(323)</u>	<u>377</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>552,122</u>	<u>503,947</u>
Profit/(loss) attributable to:			
Owners of the parent		549,061	522,375
Non-controlling interests		<u>3,384</u>	<u>(18,805)</u>
		<u>552,445</u>	<u>503,570</u>
Total comprehensive income/(losses) attributable to:			
Owners of the parent		548,352	522,586
Non-controlling interests		<u>3,770</u>	<u>(18,639)</u>
		<u>552,122</u>	<u>503,947</u>
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
Basic and diluted	9	<u>RMB0.19</u>	<u>RMB0.18</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
NON-CURRENT ASSETS			
Property, plant and equipment		5,930,293	6,403,279
Intangible assets		204,972	214,394
Right-of-use assets		250,455	296,282
Equity investments designated at fair value through other comprehensive income		3,587	–
Deferred tax assets		83,700	74,846
Other non-current assets		323,371	303,341
Total non-current assets		6,796,378	7,292,142
CURRENT ASSETS			
Inventories		187,507	162,117
Contract assets		175,922	340,123
Trade and bills receivables	<i>10</i>	6,766,123	8,003,487
Prepayments, other receivables and other assets		416,406	436,649
Restricted cash		10,990	51,247
Cash and cash equivalents		994,747	1,759,357
Total current assets		8,551,695	10,752,980
CURRENT LIABILITIES			
Trade and bills payables	<i>11</i>	3,261,072	4,325,996
Other payables and accruals		592,186	778,257
Provisions		200	600
Interest-bearing bank borrowings and other loans	<i>12</i>	2,471,365	3,626,982
Income tax payable		9,322	7,186
Total current liabilities		6,334,145	8,739,021
NET CURRENT ASSETS		2,217,550	2,013,959
TOTAL ASSETS LESS CURRENT LIABILITIES		9,013,928	9,306,101

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*As at 31 December 2024*

	<i>Notes</i>	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
NON-CURRENT LIABILITIES			
Provisions		280	300
Interest-bearing bank borrowings and other loans	<i>12</i>	1,450,960	1,963,705
Deferred tax liabilities		29,791	35,206
Other non-current liabilities		23,303	25,266
Total non-current liabilities		1,504,334	2,024,477
Net assets		7,509,594	7,281,624
EQUITY			
Equity attributable to owners of the parent			
Share capital	<i>13</i>	2,967,542	2,967,542
Reserves		4,747,033	4,502,728
		7,714,575	7,470,270
Non-controlling interests		(204,981)	(188,646)
Total equity		7,509,594	7,281,624

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Attributable to owners of the parent									Total equity RMB'000
	Share capital (Note 13) RMB'000	Capital reserve* RMB'000	Statutory surplus reserve* RMB'000	Other reserve* RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income* RMB'000	Exchange fluctuation reserve* RMB'000	Retained profits* RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2024	2,967,542	1,315,483	498,106	35,700	-	915	2,652,524	7,470,270	(188,646)	7,281,624
Profit for the year	-	-	-	-	-	-	549,061	549,061	3,384	552,445
Other comprehensive income for the year:										
Exchange difference on translation of foreign operations	-	-	-	-	-	492	-	492	386	878
Change in fair value of equity investments at fair value through other comprehensive income, net of tax	-	-	-	-	(1,201)	-	-	(1,201)	-	(1,201)
Total comprehensive income for the year	-	-	-	-	(1,201)	492	549,061	548,352	3,770	552,122
Appropriation to statutory surplus reserve and other reserve	-	-	53,191	10,453	-	-	53,191	10,453	895	11,348
Final 2023 dividend declared (Note 8)	-	-	-	-	-	-	(314,500)	(314,500)	-	(314,500)
Dividends declared by a subsidiary to its non-controlling interests	-	-	-	-	-	-	-	-	(21,000)	(21,000)
At 31 December 2024	<u>2,967,542</u>	<u>1,315,483</u>	<u>551,297</u>	<u>46,153</u>	<u>(1,201)</u>	<u>1,407</u>	<u>2,833,894</u>	<u>7,714,575</u>	<u>(204,981)</u>	<u>7,509,594</u>
At 1 January 2023	2,967,542	1,315,483	448,895	-	-	704	2,327,737	7,060,361	(163,612)	6,896,749
Profit/(loss) for the year	-	-	-	-	-	-	522,375	522,375	(18,805)	503,570
Other comprehensive income for the year:										
Exchange difference on translation of foreign operations	-	-	-	-	-	211	-	211	166	377
Total comprehensive income for the year	-	-	-	-	-	211	522,375	522,586	(18,639)	503,947
Appropriation to statutory surplus reserve and other reserve	-	-	49,211	35,700	-	-	(49,211)	35,700	530	36,230
Final 2022 dividend declared (Note 8)	-	-	-	-	-	-	(148,377)	(148,377)	-	(148,377)
Dividends declared by a subsidiary to its non-controlling interests	-	-	-	-	-	-	-	-	(6,925)	(6,925)
At 31 December 2023	<u>2,967,542</u>	<u>1,315,483</u>	<u>498,106</u>	<u>35,700</u>	<u>-</u>	<u>915</u>	<u>2,652,524</u>	<u>7,470,270</u>	<u>(188,646)</u>	<u>7,281,624</u>

* These reserves accounts comprise the consolidated reserves of RMB4,747,033,000 (31 December 2023: RMB4,502,728,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 RMB'000	2023 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax:		655,112	617,626
Adjustments for:			
Finance costs		144,618	176,319
Interest income		(5,765)	(8,200)
Investment income		(4,263)	(978)
Depreciation of property, plant and equipment		486,406	472,483
Amortisation of intangible assets		31,056	31,091
Depreciation of right-of-use assets		26,510	26,546
Amortisation of other non-current assets		138,302	132,238
Gain on termination of lease	5	(12,399)	–
Loss/(gain) on disposal of items of property, plant and equipment	5	53,666	(33,828)
Amortisation of government grants		(2,106)	(2,095)
Impairment losses on property, plant and equipment, net		42,785	–
Impairment losses on trade receivables, net		32,548	24,504
Impairment losses on other receivables, net (Reversal of impairment)/impairment losses		8,561	28,657
on contract assets, net		(5,417)	5,110
Write-down of inventories to net realisable value		–	1,211
Increase in inventories		(25,390)	(9,366)
Decrease/(increase) in contract assets		169,618	(161,508)
Decrease in trade and bills receivables		1,328,237	1,018,178
(Increase)/decrease in prepayments, other receivables and other assets		(61,498)	102,710
Decrease in restricted cash		40,257	41,091
Decrease in trade and bills payables		(1,051,322)	(451,659)
Decrease in other payables and accruals		(148,326)	(103,623)
Decrease in provisions		(420)	(180)
Cash generated from operations		1,840,770	1,906,327
Income tax paid		(124,566)	(95,221)
Net cash flows generated from operating activities		1,716,204	1,811,106

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)*For the year ended 31 December 2024*

	2024	2023
<i>Notes</i>	<i>RMB'000</i>	<i>RMB'000</i>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	5,765	8,200
Investment income received	–	978
Purchase of items of property, plant and equipment, intangible assets and other non-current assets	(349,639)	(641,189)
Proceeds from disposal of items of property, plant and equipment	7,054	44,508
Purchases of equity investments designated at fair value through other comprehensive income	(5,000)	–
Proceeds from disposal of equity investments designated at fair value through other comprehensive income	–	26,389
Receipt of government grants for property, plant and equipment	850	904
	<hr/>	<hr/>
Net cash flows used in investing activities	(340,970)	(560,210)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from bank borrowings and other loans	5,114,988	5,972,016
Repayments of bank borrowings and other loans	(6,757,479)	(5,998,907)
Principal portion of lease payments	(25,625)	(16,470)
Dividends paid to shareholders	(314,500)	(150,954)
Dividends paid to non-controlling interests	(22,450)	(7,475)
Interest paid	(134,843)	(162,367)
	<hr/>	<hr/>
Net cash flows used in financing activities	(2,139,909)	(364,157)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		
	(764,675)	886,739
Cash and cash equivalents at beginning of year	1,759,357	872,196
Effect of foreign exchange rate changes, net	65	422
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS AT END OF YEAR	994,747	1,759,357
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL INFORMATION

Datang Environment Industry Group Co., Ltd. (大唐環境產業集團股份有限公司) (the “**Company**”) was established on 25 July 2011 in the People’s Republic of China (the “**PRC**”) with limited liability. On 26 June 2015, the Company was converted into a joint stock company with limited liability from a limited liability company. The shares of the Company have been listed on the Main board of The Stock Exchange of Hong Kong Limited (the “**Hong Kong Stock Exchange**”) since 15 November 2016. The address of its registered office is No. 120 Zizhuyuan Road, Haidian District, Beijing, the PRC.

The Company and its subsidiaries (together the “**Group**”) are involved in the following principal activities: environmental protection facility concession operation, the manufacture and sale of denitrification catalysts, environmental protection facility engineering, water treatment business, energy conservation business and renewable energy engineering business.

In the opinion of the directors of the Company (“**Directors**”), the immediate holding company and ultimate holding company of the Company is China Datang Corporation Ltd. (“**China Datang**”), a company established and domiciled in the PRC and wholly-owned by the State-owned Assets Supervision and Administration Commission of the State Council.

The se consolidated financial statements are presented in Renminbi (“**RMB**”), which is also the functional currency of the Company. All values are rounded to the nearest thousand except when otherwise indicated.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

1. GENERAL INFORMATION (CONTINUED)

Information about subsidiaries

Details of the Company's subsidiaries are as follows:

Name #	Place of incorporation/ registration/operation	Issued and fully paid-up capital/ registered capital	Percentage of equity attributable to the Company (%)		Principal activities
			Direct	Indirect	
China Datang Technologies & Engineering Co., Ltd. (中國大唐集團科技工程有限公司) ("Technologies & Engineering Company")	Beijing, the PRC	RMB180,000,000	56.00	–	Development of environmental protection technology and provision of engineering services in the PRC
Datang Nanjing Environmental Protection Technology Co., Ltd. (大唐南京環保科技有限責任公司) ("Nanjing Environmental Protection")	Nanjing, the PRC	RMB124,630,000	92.11	–	Development and sale of catalysts; and provision of testing services in the PRC
Datang Technologies & Engineering India Private Limited (大唐科技工程印度有限公司) ("Technologies & Engineering India")	Mumbai, India	Indian rupees 1,000,000	–	100.00	Provision of engineering services in India
Datang Beijing Energy Saving & Technology Co., Ltd. (大唐(北京)節能技術有限公司) ("Energy Saving & Technology")	Beijing, the PRC	RMB10,000,000	65.00	–	Provision of project management, engineering and technology services in the PRC
Datang Beijing Water Engineering & Technology Co., Ltd. (大唐(北京)水務工程技術有限公司) ("Water Engineering & Technology")	Beijing, the PRC	RMB337,976,000	100.00	–	Provision of technology services, energy saving technology promotion services and water engineering services in the PRC
Zhejiang Datang Tiandi Environmental Technology Co., Ltd. (浙江大唐天地環保科技有限公司) ("Tiandi Environmental")	Ningbo, the PRC	RMB60,000,000	65.00	–	Development of pollution improvement environmental protection technology and provision of technology services in the PRC
Datang (Jiangsu) Environmental Protection Equipment Co., Ltd. (大唐(江蘇)環保裝備有限公司) ("Jiangsu Environmental Protection")	Jiangsu, the PRC	RMB38,000,000	100.00	–	Development and sale of catalysts; and provision of testing services in the PRC
Datang Environment (Xiong' an) Smart Energy Co., Ltd. (大唐環境(雄安)智慧能源有限公司) ("Xiong' an Smart Energy")	Xiong' an, the PRC	RMB5,000,000	100.00	–	Development and sale of photovoltaic power generation in the PRC

The names of these companies referred to in this results announcement represent management's best effort at translating the Chinese names of the companies, as no English names have been registered. The above companies are all limited companies.

None of the subsidiaries had issued any debt securities at the end of the year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to standards adopted by the Group

In the preparation of the consolidated financial statements for the year ended 31 December 2024, the Group has applied the following amendments to IFRS Accounting Standards (“IFRS”) issued by the International Accounting Standards Board (the “IASB”), for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2024:

Amendments to IFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to IAS 1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to IAS 1	<i>Non-current Liabilities with Covenants</i>
Amendments to IAS 7 and IFRS 7	<i>Supplier Finance Arrangements</i>

The application of the amendments to IFRS in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or the disclosures set out in these consolidated financial statements.

New and amendments to standards that have been issued but are not yet effective

The Group has not applied the following new and amendments to IFRS, that have been issued but are not yet effective, in these consolidated financial statements. The Group intends to apply these new and amendments to IFRS, if applicable, when they become effective.

IFRS 18	<i>Presentation and Disclosure in Financial Statements³</i>
IFRS 19	<i>Subsidiaries without Public Accountability: Disclosures³</i>
Amendments to IFRS 9 and IFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments²</i>
Amendments to IFRS 9 and IFRS 7	<i>Contracts Referencing Nature-dependent Electricity²</i>
Amendments to IFRS 10 and IAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture⁴</i>
Amendments to IAS 21	<i>Lack of Exchangeability¹</i>
Annual Improvements to IFRS Accounting Standards – Volume 11	<i>Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7²</i>

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

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

2. APPLICATION OF AMENDMENTS TO IFRS ACCOUNTING STANDARDS (CONTINUED)

New and amendments to standards that have been issued but are not yet effective (Continued)

Except for the impact of IFRS 18 mentioned below, the above new and amendments to existing standards are not expected to have a material impact on the consolidated financial statements of the Group. The Group will adopt the new and amendments to IFRS when they become effective.

IFRS 18 Presentation and Disclosure in Financial Statements

IFRS 18, which sets out requirements on presentation and disclosures in financial statements, will replace IAS 1 *Presentation of Financial Statements*. Whilst many of the requirements will remain consistent, the new standard introduces new requirements to present specified categories and defined subtotals in the consolidated statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the primary financial statements and the notes. In addition, some IAS 1 paragraphs have been moved to IAS 8 *Basis of Preparation of Financial Statements* and IFRS 7 *Financial Instruments: Disclosure*. Minor amendments to IAS 7 *Statement of Cash Flows* and IAS 33 *Earnings per Share* are also made.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRS and Interpretations issued by the IASB, and the disclosure requirements of the Hong Kong Companies Ordinance. In addition, the consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

(b) Basis of preparation

The material accounting policy information that has been used in the preparation of these consolidated financial statements are summarised below. This policy information has been consistently applied to all of the years presented unless otherwise stated. The adoption of new and amendments to IFRS and the impacts on the Group's consolidated financial statements, if any, are disclosed in Note 2.

It should be noted that accounting estimates and assumptions are used in the preparation of the consolidated financial statements. Although these estimates and assumptions are based on management's best knowledge and judgement of current events and actions, actual results may ultimately differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4 to the consolidated financial statements in the 2024 annual report of the Company.

(c) Basis of consolidation

These consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2024. A subsidiary is an entity, directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

3 MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

(c) Basis of consolidation (Continued)

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary; (ii) the carrying amount of any non-controlling interests; and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received; (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

4 OPERATING SEGMENT INFORMATION

For management purposes, the Group's operating businesses are structured and managed separately according to their nature. Each of the Group's operating segments represents a strategic business unit that provides services which are subject to risks and returns that are different from those of the other operating segments. Summary details of the operating segments are as follows:

(a) Environmental protection and energy conservation solutions

The environmental protection and energy conservation solutions business mainly includes flue gas desulfurisation and denitrification facilities concession operation for coal-fired power plants; the manufacture and sale of denitrification catalysts; engineering for coal-fired power plants, including the engineering of denitrification, desulfurisation, dust removal, ash and slag handling and other environmental protection facilities and industrial site dust management related engineering; water treatment; and energy conservation including energy conservation business facilities engineering and energy management contracting ("EMC").

(b) Renewable energy engineering

The renewable energy engineering business mainly includes the engineering general contracting for newly-built wind power plants, biomass power plants and photovoltaic power plants.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION (CONTINUED)

(c) Thermal power engineering

The thermal power engineering business mainly includes the engineering procurement construction (“EPC”) services for thermal power plants.

(d) Other businesses

Other businesses currently mainly include various businesses such as fiberglass chimney anti-corrosion and air cooling system engineering general contracting.

Management monitors the results of the Group’s operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group’s profit before tax except that other income, other gains and losses, non-lease-related finance costs as well as corporate and other unallocated expenses are excluded from such measurement.

Segment assets and liabilities mainly comprise operating assets and liabilities that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

Segment assets exclude unallocated intangible assets, unallocated deferred tax assets, unallocated prepayments, other receivables and other assets, restricted cash, cash and cash equivalents and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude unallocated interest-bearing bank borrowings and other loans (other than lease liabilities) for daily operation purposes and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2024	Environmental protection and energy conservation solutions RMB'000	Renewable energy engineering RMB'000	Thermal power engineering RMB'000	Other businesses RMB'000	Total RMB'000
Segment revenue (Note 5)					
Sales to external customers	5,497,468	252,259	-	21,179	5,770,906
Intersegment sales	-	-	-	47,577	47,577
	<u>5,497,468</u>	<u>252,259</u>	<u>-</u>	<u>68,756</u>	<u>5,818,483</u>
<i>Reconciliation:</i>					
Elimination of intersegment sales					<u>(47,577)</u>
Revenue					<u><u>5,770,906</u></u>
Segment results	1,002,950	38,117	-	(128,515)	912,552
<i>Reconciliation:</i>					
Other income, other gains and losses					100,226
Finance costs (other than interest on lease liabilities which is included in corporate and other unallocated expenses)					(124,458)
Corporate and other unallocated expenses					<u>(233,208)</u>
Profit before tax					<u><u>655,112</u></u>
Segment assets	14,730,441	463,120	7,288	55,296	15,256,145
<i>Reconciliation:</i>					
Elimination of intersegment receivables					<u>(2,120,547)</u>
					13,135,598
Unallocated intangible assets					42,614
Unallocated deferred tax assets					50,672
Unallocated prepayments, other receivables and other assets					285,628
Restricted cash, cash and cash equivalents					1,005,737
Other unallocated head office and corporate assets					<u>827,824</u>
Total assets					<u><u>15,348,073</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2024	Environmental protection and energy conservation solutions RMB'000	Renewable energy engineering RMB'000	Thermal power engineering RMB'000	Other businesses RMB'000	Total RMB'000
Segment liabilities	7,706,397	470,297	22,039	39,208	8,237,941
<i>Reconciliation:</i>					
Elimination of intersegment payables					<u>(2,120,547)</u>
					6,117,394
Unallocated interest-bearing bank borrowings and other loans (other than lease liabilities)					1,617,307
Other unallocated head office and corporate liabilities					<u>103,778</u>
Total liabilities					<u><u>7,838,479</u></u>
Other segment information					
Impairment of trade receivables	39,632	-	-	-	39,632
Reversal of impairment on contract assets	(5,417)	-	-	-	(5,417)
Impairment of financial assets included in prepayments, other receivables and other assets	<u>-</u>	<u>8,561</u>	<u>-</u>	<u>-</u>	<u>8,561</u>
Impairment losses recognised in profit or loss, net	34,215	8,561	-	-	42,776
Write-down of inventories	-	-	-	-	-
Depreciation and amortisation	655,914	2,759	-	16,252	674,925
Capital expenditure*	<u>228,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>228,565</u>

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2023	Environmental protection and energy conservation solutions <i>RMB'000</i>	Renewable energy engineering <i>RMB'000</i>	Thermal power engineering <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
Segment revenue (Note 5)					
Sales to external customers	5,366,086	331,379	–	22,666	5,720,131
Intersegment sales	<u>–</u>	<u>–</u>	<u>–</u>	<u>37,424</u>	<u>37,424</u>
	5,366,086	331,379	–	60,090	5,757,555
<i>Reconciliation:</i>					
Elimination of intersegment sales					<u>(37,424)</u>
Revenue					<u><u>5,720,131</u></u>
Segment results	974,505	4,236	–	(79,849)	898,892
<i>Reconciliation:</i>					
Other income, other gains and losses					157,823
Other expenses, net					
Finance costs (other than interest on lease liabilities which is included in corporate and other unallocated expenses)					(164,672)
Corporate and other unallocated expenses					<u>(274,417)</u>
Profit before tax					<u><u>617,626</u></u>
Segment assets	16,063,249	706,122	32,890	66,355	16,868,616
<i>Reconciliation:</i>					
Elimination of intersegment receivables					<u>(2,213,300)</u>
					14,655,316
Unallocated intangible assets					34,312
Unallocated deferred tax assets					12,303
Unallocated prepayments, other receivables and other assets					314,962
Restricted cash, cash and cash equivalents					1,810,604
Other unallocated head office and corporate assets					<u>1,217,625</u>
Total assets					<u><u>18,045,122</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2023	Environmental protection and energy conservation solutions <i>RMB'000</i>	Renewable energy engineering <i>RMB'000</i>	Thermal power engineering <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
Segment liabilities	9,113,737	821,481	129,063	49,140	10,113,421
<i>Reconciliation:</i>					
Elimination of intersegment payables					<u>(2,213,300)</u>
					7,900,121
Unallocated interest-bearing bank borrowings and other loans (other than lease liabilities)					2,527,361
Other unallocated head office and corporate liabilities					<u>336,016</u>
Total liabilities					<u><u>10,763,498</u></u>
Other segment information					
Impairment of trade receivables	24,504	–	–	–	24,504
Impairment of contract assets	5,110	–	–	–	5,110
Impairment of financial assets included in prepayments, other receivables and other assets	<u>(591)</u>	<u>29,248</u>	<u>–</u>	<u>–</u>	<u>28,657</u>
Impairment losses recognised in profit or loss, net	29,023	29,248	–	–	58,271
Write-down of inventories	1,211	–	–	–	1,211
Depreciation and amortisation	644,956	1,151	–	16,251	662,358
Capital expenditure*	<u>389,844</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>389,844</u>

* Capital expenditure consists of additions to property, plant and equipment and intangible assets.

Geographical information

The majority of the non-current assets are located in PRC, and the majority of revenue is generated from PRC. Therefore, no further geographical information is presented.

Information about major customers

Revenue of approximately RMB4,882 million (2023: RMB5,119 million) was derived from the sale of goods and the rendering of services to China Datang and its subsidiaries (excluding the Group) (“**China Datang Group**”).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

5. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES

An analysis of revenue is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue from contracts with customers	<u>5,770,906</u>	<u>5,720,131</u>
	<u><u>5,770,906</u></u>	<u><u>5,720,131</u></u>

Revenue from contracts with customers

(i) *Disaggregated revenue information*

For the year ended 31 December 2024

Operating segments	Environmental protection and energy conservation solutions <i>RMB'000</i>	Renewable energy engineering <i>RMB'000</i>	Thermal power engineering <i>RMB'000</i>	Other businesses <i>RMB'000</i>	Total <i>RMB'000</i>
Types of goods or services					
Sale of industrial products	526,506	-	-	18,261	544,767
Construction services	531,977	252,259	-	2,918	787,154
Desulfurisation and denitrification services	<u>4,438,985</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,438,985</u>
Total revenue from contracts with customers	<u><u>5,497,468</u></u>	<u><u>252,259</u></u>	<u><u>-</u></u>	<u><u>21,179</u></u>	<u><u>5,770,906</u></u>
Timing of revenue recognition					
Goods transferred at a point in time	526,506	-	-	18,261	544,767
Services transferred over time	<u>4,970,962</u>	<u>252,259</u>	<u>-</u>	<u>2,918</u>	<u>5,226,139</u>
Total revenue from contracts with customers	<u><u>5,497,468</u></u>	<u><u>252,259</u></u>	<u><u>-</u></u>	<u><u>21,179</u></u>	<u><u>5,770,906</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

5. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES (CONTINUED)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

For the year ended 31 December 2023

Operating segments	Environmental protection and energy conservation solutions RMB'000	Renewable energy engineering RMB'000	Thermal power engineering RMB'000	Other businesses RMB'000	Total RMB'000
Types of goods or services					
Sale of industrial products	275,041	–	–	20,384	295,425
Construction services	770,199	331,379	–	2,282	1,103,860
Desulfurisation and denitrification services	4,320,846	–	–	–	4,320,846
Total revenue from contracts with customers	5,366,086	331,379	–	22,666	5,720,131
Timing of revenue recognition					
Goods transferred at a point in time	275,041	–	–	20,384	295,425
Services transferred over time	5,091,045	331,379	–	2,282	5,424,706
Total revenue from contracts with customers	5,366,086	331,379	–	22,666	5,720,131

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

5. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES (CONTINUED)

Revenue from contracts with customers (Continued)

(i) Disaggregated revenue information (Continued)

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

For the year ended 31 December 2024

Operating segments	Environmental protection and energy conservation solutions RMB'000	Renewable energy engineering RMB'000	Thermal power engineering RMB'000	Other businesses RMB'000	Total RMB'000
Revenue from contracts with customers					
External customers	5,497,468	252,259	-	21,179	5,770,906
Intersegment sales	-	-	-	47,577	47,577
	5,497,468	252,259	-	68,756	5,818,483
Intersegment adjustments and eliminations	-	-	-	(47,577)	(47,577)
Total revenue from contracts with customers	5,497,468	252,259	-	21,179	5,770,906

For the year ended 31 December 2023

Operating segments	Environmental protection and energy conservation solutions RMB'000	Renewable energy engineering RMB'000	Thermal power engineering RMB'000	Other businesses RMB'000	Total RMB'000
Revenue from contracts with customers					
External customers	5,366,086	331,379	-	22,666	5,720,131
Intersegment sales	-	-	-	37,424	37,424
	5,366,086	331,379	-	60,090	5,757,555
Intersegment adjustments and eliminations	-	-	-	(37,424)	(37,424)
Total revenue from contracts with customers	5,366,086	331,379	-	22,666	5,720,131

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

5. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES (CONTINUED)

Revenue from contracts with customers (Continued)

(i) *Disaggregated revenue information (Continued)*

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of industrial products	1,525	2,511
Construction services	<u>33,329</u>	<u>173,111</u>
	<u><u>34,854</u></u>	<u><u>175,622</u></u>

(ii) *Performance obligations*

Information about the Group's performance obligations is summarised below:

Sale of industrial products

The performance obligation is satisfied upon delivery of the industrial products and payment is generally due within 30 to 90 days from delivery, where payment in advance is normally required.

Construction services

The performance obligation is satisfied over time as services are rendered and payment is generally due within one year from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

5. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES (CONTINUED)

Revenue from contracts with customers (Continued)

(ii) Performance obligations (Continued)

Desulfurisation and denitrification services

Under the concession operation contracts, the Group is engaged in providing desulfurisation and denitrification services to power plants for a period of the life cycle of the power plants. The performance obligations are satisfied over time as customer simultaneously receives and consumes the benefits provided by the Group. The payment is generally due within 30 days from the date of billing.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 and 31 December 2023 are as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Amounts expected to be recognised as revenue		
Within one year	<u>584,901</u>	<u>528,465</u>

The amounts of transactions prices allocated to the remaining performance obligations which are expected to be recognised as revenue within one year related to construction services, of which the performance obligations are to be satisfied within two years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

5. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES (CONTINUED)

Other income, other gains and losses

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
OTHER INCOME		
Interest income	5,765	8,200
Government grants (<i>Note</i>)	134,700	106,767
Compensation income	–	6,366
Investment income	4,263	978
	<u>144,728</u>	<u>122,311</u>
OTHER GAINS AND LOSSES NET		
Exchange gains	516	1,684
(Loss)/gain on disposal of items of property, plant and equipment	(53,666)	33,828
Gain on termination of lease	12,399	–
Compensation losses	(3,751)	–
	<u>(44,502)</u>	<u>35,512</u>
	<u><u>100,226</u></u>	<u><u>157,823</u></u>

Note: The amount mainly represents the income related to the VAT refunds received by the Group. As at 31 December 2024 and 2023, there were no unfulfilled conditions or other contingencies attaching to the government grants that had been recognised by the Group.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on lease liabilities	10,662	11,647
Interest expenses on bank borrowings and other loans	133,973	166,993
Less: interest capitalised	(17)	(2,321)
	<u>144,618</u>	<u>176,319</u>

The Group's capitalisation rate for the year ended 31 December 2024 was 3.5% (for the year ended 31 December 2023: 3.8%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

7. INCOME TAX EXPENSE

Pursuant to the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and the Enterprise Income Tax Law Implementation Regulations of the People's Republic of China (《中華人民共和國企業所得法實施條例》), the Company and its certain subsidiaries have been recognised as high-technology enterprises and are subject to a preferential corporate income tax rate of 15%.

Under the above tax law and regulations, except for preferential treatments available to certain branches and subsidiaries of the Company as mentioned above, subsidiaries within the Group are subject to corporate income tax at the statutory rate of 25%.

The subsidiary of the Company in India was subject to corporate income tax at a rate of 26% during the period from 1 January 2024 to 31 December 2024 (26% during the period from 1 January 2023 to 31 December 2023).

The components of income tax expense for the year are as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current tax		
Provision for the year	121,961	103,445
Overprovision in respect of prior years	<u>(5,237)</u>	<u>(3,719)</u>
Deferred tax	<u>(14,057)</u>	<u>14,330</u>
	<u>102,667</u>	<u>114,056</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

7. INCOME TAX EXPENSE (CONTINUED)

A reconciliation of the income tax expense applicable to profit before tax using the statutory income tax rate applicable in the PRC to the income tax expense at the Group's effective income tax rate for the year is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Profit before tax	655,112	617,626
Income tax at the statutory income tax rate of 25% (2023: 25%)	163,778	154,406
Effect of the preferential income tax rate	(51,994)	(61,763)
Expenses not deductible for tax	2,757	2,079
Additional deduction of research and development expenses	(5,259)	(3,653)
Adjustments in respect of current tax of previous periods	(5,237)	(3,719)
Effect of utilisation of unrecognised tax losses in prior years	(1,378)	(7,020)
Deductible temporary differences and tax losses not recognised	—	33,726
	<u>102,667</u>	<u>114,056</u>
Income tax charge for the year	<u>102,667</u>	<u>114,056</u>
The Group's effective rate	<u>15.67%</u>	<u>18.47%</u>

8. DIVIDENDS

The dividends during the years ended 31 December 2024 and 2023 are set out below:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Dividends declared to owners of the parent	<u>314,500</u>	<u>148,377</u>

- (i) During 2024, the final dividend of RMB225,547,000 at RMB0.076 (2023: RMB0.05) per ordinary share (before tax) in respect of the year of 2023, based on the issued shares of the Company of 2,967,542,000 shares, was declared to owners of the parent (2023: RMB148,377,000). No Shareholder of the Company has waived or agreed to waive any dividends.

During 2024, the interim dividend of RMB88,953,000 at RMB0.03 per ordinary share (before tax) in respect of the year of 2024, based on the issued shares of the Company of 2,967,542,000 shares, was declared to owners of the parent.

The Board has not resolved to recommend payment of the Proposed 2024 Final Dividend but shall convene another Board meeting, expected to be on or before the end of April 2025, to consider the declaration of the Proposed 2024 Final Dividend. If the Board decides to proceed, the declaration will be adopted and recommended by Board resolution for the approval of the shareholders of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

8. DIVIDENDS (CONTINUED)

- (ii) Pursuant to the applicable provisions of the Enterprise Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and its implementation rules, the Company will withhold and pay enterprise income tax at the rate of 10% when it distributes final dividends to non-resident enterprise holders of H shares (including any H shares registered in the name of HKSCC Nominees Limited).

Pursuant to the applicable provisions of the Individual Income Tax Law of the People's Republic of China (《中華人民共和國個人所得稅法》) and its implementation rules as well as the Tax Notice, the Company will withhold and pay individual income tax at the rate ranging from 10% to 20% on behalf of individual holders of H shares.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the years ended 31 December 2024 and 2023.

The Company did not have any potential dilutive shares in issue during the years ended 31 December 2024 and 2023. Accordingly, the diluted earnings per share amounts are the same as the basic earnings per share amounts.

The calculation of basic and diluted earnings per share is based on:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic/diluted earnings per share calculation	<u>549,060</u>	<u>522,375</u>
	Number of shares	
	2024	2023
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic/diluted earnings per share calculation (share)	<u>2,967,542,000</u>	<u>2,967,542,000</u>
Earnings per share	2024	2023
Basic/diluted earnings per share	<u>RMB0.19</u>	<u>RMB0.18</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

10. TRADE AND BILLS RECEIVABLES

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	6,731,955	7,797,976
Less: provision for impairment	<u>(366,038)</u>	<u>(333,490)</u>
	6,365,917	7,464,486
Bills receivable	<u>400,206</u>	<u>539,001</u>
	<u><u>6,766,123</u></u>	<u><u>8,003,487</u></u>

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally within one year. Each customer has a maximum credit limit. The Group seeks to maintain strict control over the outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

(a) Ageing analysis

An ageing analysis of the trade and bills receivables, based on the invoice date, at the end of the reporting period is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 1 year	4,607,350	5,453,414
Between 1 and 2 years	700,828	661,706
Between 2 and 3 years	301,730	248,095
Over 3 years	<u>1,522,253</u>	<u>1,973,762</u>
	7,132,161	8,336,977
Less: provision for impairment	<u>(366,038)</u>	<u>(333,490)</u>
	<u><u>6,766,123</u></u>	<u><u>8,003,487</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

10. TRADE AND BILLS RECEIVABLES (CONTINUED)

(b) Impairment of trade receivables

The movements in the loss allowance for impairment of trade receivables are as follows:

	2024 RMB'000	2023 RMB'000
At beginning of the year	333,490	309,483
Impairment losses, net	<u>32,548</u>	<u>24,007</u>
At end of the year	<u><u>366,038</u></u>	<u><u>333,490</u></u>

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9 *Financial Instruments*, which permits the use of the lifetime expected loss provision for trade receivables.

As at 31 December 2024, the gross carrying amounts of trade receivables from the related parties are RMB6,039,601,000 (2023: RMB6,777,245,000) which are mainly due from China Datang Group and certain associates and joint ventures of China Datang Group. The Group has assessed the expected losses for trade receivables from related parties by reference to the published credit rating of China Datang Group and the corresponding probability of default of 1.775% (2023: 0.855%). The loss given default was estimated to be 100%.

For the trade receivables from third parties, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by product type, customer type and credit rating). The calculation reflects the probability-weighted outcome, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

As at 31 December 2024

	Related parties	Within 1 year	Third parties			Subtotal	Individually assessed trade receivables (Note a)	Low risk portfolio	Total
			Between 1 and 2 years	Between 2 and 3 years	Over 3 years				
Expected credit loss rate	1.775%	1.21%	2.28%	8.78%	48.63%	12.45%	87.63%	1.53%	5.44%
Gross carrying amount (RMB'000)	6,039,601	243,188	85,594	30,923	102,657	462,362	229,666	326	6,731,955
Expected credit losses (RMB'000)	<u>107,222</u>	<u>2,952</u>	<u>1,955</u>	<u>2,714</u>	<u>49,927</u>	<u>57,548</u>	<u>201,263</u>	<u>5</u>	<u>366,038</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

10. TRADE AND BILLS RECEIVABLES (CONTINUED)

(b) Impairment of trade receivables (Continued)

As at 31 December 2023

	Related parties	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Third parties Subtotal	Individually assessed trade receivables (Note a)	Low risk portfolio	Total
Expected credit loss rate	0.855%	1.87%	10.50%	12.51%	43.95%	13.81%	86.35%	-	4.28%
Gross carrying amount (RMB'000)	6,777,245	448,651	165,279	24,376	196,862	835,168	185,563	-	7,797,976
Expected credit losses (RMB'000)	<u>57,929</u>	<u>8,412</u>	<u>17,354</u>	<u>3,049</u>	<u>86,521</u>	<u>115,336</u>	<u>160,225</u>	<u>-</u>	<u>333,490</u>

Note a:

An overseas third-party company in India of which its subsidiary is a customer of the Group (the “**Indian Customer**”) is undergoing a proceeding of bankruptcy and reorganisation. The Group received the preliminary restructuring plan approved by National Company Law Appellate Tribunal, New Delhi during the year ended 31 December 2021. According to the restructuring plan and considering the present value, the expected accumulated credit loss is estimated to be RMB141,675,000.

An overseas third-party company in India, GSECL, had a dispute over the receivables with the Group due to construction delays and some project performance factors. During the year ended 31 December 2023, the Indian Customer issued a formal notice stating that the Group’s construction progress had been delayed and filed a reverse claim to the Group accordingly. Considering the current situation, the management of the Group believes the receivables are less likely to be recovered, and therefore a full impairment provision of RMB4,085,000 was made as at 31 December 2024.

In addition to above two impairment provisions, there are three third-party receivables with the amount of RMB55,503,000 that are fully made impairment provision due to their low possibilities of recovery as at 31 December 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

10. TRADE AND BILLS RECEIVABLES (CONTINUED)

(c) Transferred financial assets

Transferred financial assets that are derecognised in their entirety

As at 31 December 2024, the Group endorsed certain bills receivable to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of RMB22,176,000 (2023: RMB45,260,000) (the “**Derecognised Bills**”).

The derecognised bills receivable had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the derecognised bills receivable have a right of recourse against the Group if the PRC banks default (the “**Continuing Involvement**”). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the derecognised bills receivable. Accordingly, it has derecognised the full carrying amounts of the derecognised bills receivable and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the derecognised bills receivable and the undiscounted cash flows to repurchase these derecognised bills receivable is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the derecognised bills receivable are not significant.

During the years ended 31 December 2024 and 2023, the Group has not recognised any gain or loss on the date of transfer of the derecognised bills receivable. No gains or losses were recognised from the Continuing Involvement, both during the year or cumulatively. The endorsement has been made evenly throughout the year.

Transferred financial assets that are not derecognised in their entirety

As at 31 December 2024, the Group endorsed certain bills receivable accepted by banks and financial institutions of certain large central enterprises in Mainland China (the “**Endorsed Bills**”) with a carrying amount of RMB10,141,000 (2023: RMB126,166,000) to certain of its suppliers in order to settle the trade payables due to such suppliers (the “**Endorsement**”). In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Endorsed Bills, and accordingly, it continued to recognise the full carrying amounts of the Endorsed Bills and the associated trade payables settled. Subsequent to the Endorsement, the Group did not retain any rights on the use of the Endorsed Bills, including the sale, transfer or pledge of the Endorsed Bills to any other third parties. The aggregate carrying amount of the trade payables settled by the Endorsed Bills during the year to which the suppliers have recourse was RMB10,141,000 (2023: RMB126,166,000) as at 31 December 2024.

As at 31 December 2024, no trade and bills receivables were pledged for bills payable granted to the Group (31 December 2023: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

11. TRADE AND BILLS PAYABLES

Trade and bills payables are non-interest-bearing and are normally to be settled within one year.

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Bills payable (<i>Note</i>)	–	86,209
Trade payables	<u>3,261,072</u>	<u>4,239,787</u>
	<u>3,261,072</u>	<u>4,325,996</u>

An ageing analysis of the trade and bills payables, based on the invoice date, at the end of the reporting period is as follows:

	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Within 1 year	2,094,235	2,453,708
1 year to 2 years	336,439	429,915
2 years to 3 years	197,457	118,621
More than 3 years	<u>632,941</u>	<u>1,323,752</u>
	<u>3,261,072</u>	<u>4,325,996</u>

Note: As at 31 December 2024, no bills payable is secured by trade and bills receivables (2023: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

12. INTEREST-BEARING BANK BORROWINGS AND OTHER LOANS

	Effective interest rate	Maturity	31 December 2024 RMB'000	Effective interest rate	Maturity	31 December 2023 RMB'000
Current						
Bank borrowings:						
– unsecured	2.10%-2.75%	2025	1,563,250	2.45%-3.00%	2024	1,706,208
Other loans:						
– unsecured			–	3.10%	2024	450,000
– short-term bonds (Note a)	2.14%	2025	500,000	2.38%	2024	500,000
			<u>2,063,250</u>			<u>2,656,208</u>
Current portion of long-term bank borrowings and other loans						
Bank borrowings – unsecured	2.35%-3.45%	2025	386,790	2.80%-3.86%	2024	347,545
Other loans – bonds			–	3.39%	2024	600,000
Lease liabilities	4.15%-4.75%	2025	21,325	4.41%	2024	23,229
			<u>408,115</u>			<u>970,774</u>
			<u>2,471,365</u>			<u>3,626,982</u>
Non-current						
Long-term bank borrowings and other loans:						
Bank borrowings – unsecured	2.35%-3.45%	2026-2030	1,257,306	2.85%-3.86%	2025-2029	1,316,710
Other loans – unsecured			–	2.98%	2026	400,000
Lease liabilities	4.15%-4.75%	2026-2040	193,654	4.41%	2025-2038	246,995
			<u>1,450,960</u>			<u>1,963,705</u>
			<u>3,922,325</u>			<u>5,590,687</u>
Interest-bearing bank borrowings and other loans denominated in:						
– RMB			<u>3,922,325</u>			<u>5,590,687</u>

Note a: On 19 July 2023, 10 April 2024, 5 July 2024 and 17 October 2024, the Company issued four tranches of super short-term bonds with a par value of RMB100 amounting to RMB500 million each. The bonds had an annual effective interest rate of 2.38%, 2.02%, 1.77% and 2.14% respectively. The first, second and third tranches of super short-term-bond were already matured in April 2024, July 2024 and October 2024, respectively. The fourth tranche of the super short-term bond will be matured in April 2025.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

12. INTEREST-BEARING BANK BORROWINGS AND OTHER LOANS (CONTINUED)

The maturity profile of the interest-bearing bank borrowings and other loans as at the end of the reporting period is as follows:

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Analysed into:		
Bank borrowings repayable:		
Within one year	1,950,040	2,053,753
In the second year	715,806	519,706
In the third to fifth years, inclusive	458,440	753,696
Beyond five years	<u>83,060</u>	<u>43,308</u>
	<u>3,207,346</u>	<u>3,370,463</u>
Other loans repayable:		
Within one year	521,325	1,573,229
In the second year	25,125	27,654
In the third to fifth years, inclusive	69,749	476,124
Beyond five years	<u>98,780</u>	<u>143,217</u>
	<u>714,979</u>	<u>2,220,224</u>
Total	<u><u>3,922,325</u></u>	<u><u>5,590,687</u></u>

13. SHARE CAPITAL

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Shares		
Issued and fully paid:		
2,967,542,000 (2023: 2,967,542,000) ordinary shares	<u><u>2,967,542</u></u>	<u><u>2,967,542</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

As a provider of environmental protection and energy conservation solution for coal-fired power generation enterprises, the principal business of the Group includes environmental pollution treatment, environmentally-friendly product manufacturing, new energy technology service and resources recycling, etc. Customers of the Group spread over 30 provinces, autonomous regions and municipal cities in the People's Republic of China (“PRC”) as well as eight overseas countries and districts.

I. INDUSTRY OVERVIEW

Summarizing the overall performance of the environmental protection industry in 2024, there are several major highlights and industry trends as follows:

1. Creating new industrial space by green transformation of economy and society

In July 2024, the central government made a systematic deployment for the first time to accelerate the comprehensive green transformation of economic and social development, and issued the Opinions of Accelerating the Comprehensive Green Transformation of Economic and Social Development (《關於加快經濟社會發展全面綠色轉型的意見》) which proposes to accelerate the comprehensive green transformation of economic and social development, aiming to form a spatial pattern, industrial structure, production mode, and lifestyle that saves resources and protects the environment. This initiative prioritizes achieving carbon peak and carbon neutrality guiding efforts to coordinate the promotion of carbon reduction, pollution reduction, green expansion and growth, deepen the reform of the ecological civilization system, and improve the green and low-carbon development mechanism. By 2030, the scale of the energy conservation and environmental protection industry will reach about RMB15 trillion. The environmental protection industry, as a green and low-carbon industry, will vigorously promote modes such as third-party treatment of environmental pollution and environmental trusteeship services oriented to the effect of environmental treatment. With the development of related businesses, the Company will enjoy a significant growth opportunity.

2. Opening up a new development track for resources recycling

In February 2024, the State Council issued documents including the Opinions on Accelerating the Construction of a Waste Recycling System (《關於加快構建廢棄物循環利用體系的意見》), requiring the establishment of a waste recycling system, promoting the recycling of waste wind turbine blades, photovoltaic modules, power batteries and other wastes, and cultivating and expanding the resource recycling industry. In March, the State Council issued the Action Program for Promoting Large-scale Equipment Renewal and Consumer Goods Trade-in (《推動大規模設備更新和消費品以舊換新行動方案》), requiring the implementation of four major actions, namely, equipment renewal, consumer goods replacement, recovery and recycling, and standard enhancement, to vigorously promote the production and application of advanced equipment, and the continuous increase in the proportion of advanced production capacity, streamline the resource recycling chain, and significantly improve the quality and level of recycling in the national economy. These policies point out the development direction for the Company to expand the industries of green recycling of retired wind turbine blades, recycling of waste photovoltaic panels and recycling of energy storage batteries.

3. The low-carbon transformation of coal-fired power generation brings new market opportunities

In July 2024, the National Development and Reform Commission and the National Energy Administration issued the “Action Plan for the Low-carbon Transformation and Construction of Coal-fired Power Generation (2024-2027) (《煤電低碳化改造建設行動方案(2024-2027年)》)”, requiring the coordinated promotion of low-carbon transformation of the existing coal-fired power units and the low-carbon construction of new coal-fired power units, and the acceleration of the construction of a clean, low-carbon, safe and efficient new energy system to help achieve the goals of carbon peak and carbon neutrality, proposing three coal-fired low-carbon power generation technology routes: biomass co-combustion, green ammonia co-combustion, and carbon capture, utilization and storage. After the capacity pricing mechanism was officially introduced which clarified the cornerstone status of coal-fired power, relying on more than 20 years of technical accumulation and engineering experience in coal-fired power flue gas and exhaust treatment business, the Company will usher in new market opportunities for expansion of coal-fired power low-carbon transformation business.

II. BUSINESS OVERVIEW

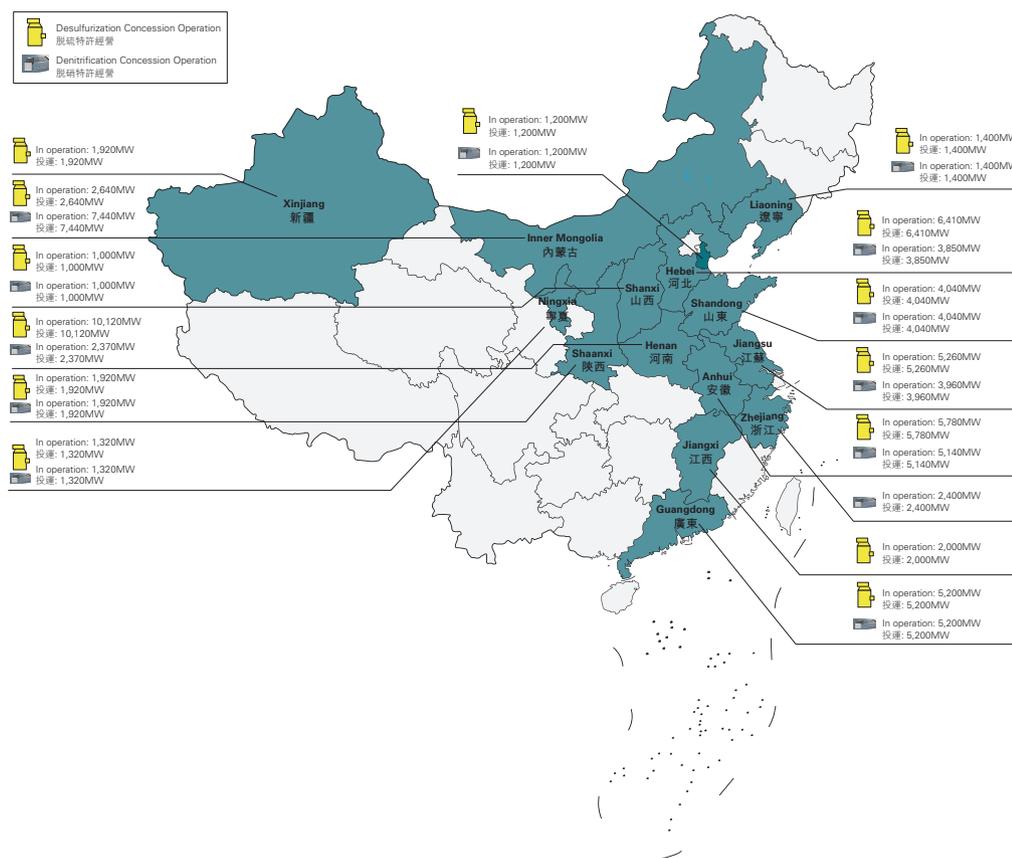
In 2024, the Group recorded steady development in each business segment and maintained the leading position in business segments of environmental protection facility concession operation and denitrification catalysts. Based on the cumulative operating unit capacity as of the end of 2024, the Group continued to maintain its position as the largest flue gas desulfurization and denitrification concession operator in the PRC. Based on the total output of denitrification catalysts in 2024, the Group remained as the PRC's largest producer of denitrification catalysts.

1. Environmental Pollution Treatment Business

1.1 Environmental protection facility concession operation business

The Group's environmental protection facility concession operation business covers desulfurization and denitrification concession operations and its major assets are located along east coast and in the areas with relatively robust economic development and strong demands for electricity.

The following chart shows the geographical layout and cumulative capacity of the Group's concession operation as at 31 December 2024:



As at 31 December 2024, the cumulative installed capacity in operation for desulfurization concession operations of the Group reached 50,210MW. The cumulative installed capacity in operation for denitrification concession operations reached 41,240MW and the installed capacity of the desulfurization entrusted operation projects reached 1,960MW. Among them, there are four projects other than China Datang Group, with the desulfurization installed capacity of 5,740MW and denitrification installed capacity of 3,820MW.

The table below sets forth the status of the Group's desulfurization and denitrification concession operation projects as at 31 December 2024:

Project location	Project name	Category of concession operation	Installed capacity (MW)
Guangdong	Chaozhou	Desulfurization and denitrification	3,200
	Leizhou	Desulfurization and denitrification	2,000
Jiangsu	Lvsigang	Desulfurization and denitrification	2,640
	Nanjing	Desulfurization and denitrification	1,320
Shandong	Xutang	Desulfurization	1,300
	Huangdao	Desulfurization and denitrification	1,340
	Binzhou	Desulfurization and denitrification	700
	Dongying	Desulfurization and denitrification	2,000
Zhejiang	Wushashan	Denitrification	2,400
Ningxia	Pingluo*	Desulfurization and denitrification	1,320
Henan	Xuchang	Desulfurization	2,020
	Sanmenxia	Desulfurization and denitrification	2,950/1,050
	Anyang	Desulfurization	1,270
	Shouyangshan	Desulfurization	600
	Xinyang (entrusted)	Desulfurization	1,960
	Gongyi	Desulfurization and denitrification	1,320
Hebei	Wangtan	Desulfurization and denitrification	1,200
	Zhangjiakou Thermal Power	Desulfurization and denitrification	630
	Zhangjiakou	Desulfurization	2,560
	Yuxian	Desulfurization and denitrification	1,320
	Tangshan Beijiao	Desulfurization and denitrification	700

Project location	Project name	Category of concession operation	Installed capacity (MW)
Tianjin	Jixian	Desulfurization and denitrification	1,200
Anhui	Luohe*	Desulfurization and denitrification	2,500
	Ma'anshan	Desulfurization and denitrification	1,320
	Hushan	Desulfurization and denitrification	1,320
	Tianjia'an	Desulfurization	640
Shaanxi	Binchang	Desulfurization and denitrification	1,260
	Baoji	Desulfurization and denitrification	660
Inner Mongolia	Tuoketuo	Desulfurization and denitrification	1,320/6,120
	Xilinhote	Desulfurization and denitrification	1,320
Jiangxi	Fuzhou	Desulfurization	2,000
Shanxi	Shentou	Desulfurization and denitrification	1,000
Xinjiang	Hutubi*	Desulfurization	600
	Wu Cai Wan*	Desulfurization	1,320
Liaoning	Shendong	Desulfurization and denitrification	700
	Huludao	Desulfurization and denitrification	700

Note: The projects marked with * are projects other than China Datang Group.

1.2 Environmental protection facility engineering business

In 2024, the Group continued to carry out its environmental protection facility engineering business, including desulfurization, denitrification, dust removal, ultra-low emission and industrial site dust management.

The following table sets forth the breakdown of the environmental protection facility engineering business in the power industry of the Group as at 31 December 2024:

Project type	Projects awarded and newly signed in 2024		Projects under construction as of the end of 2024	
	Number	Amount (RMB million)	Number	Amount (RMB million)
Desulfurization	2	200.09	6	705.52
Denitrification	3	41.39	0	0
Dust removal	3	343.34	4	519.45
Others	4	216.56	13	253.25

1.3 Water treatment business

In 2024, the Group entered into 6 contracts for water treatment projects, with a total contract amount of RMB101 million. The Group won the bidding for projects including the condensate polishing system project of Chuzhou Power Plant of China Coal Xinji Energy Co., Ltd. (中煤新集能源股份有限公司) and Shaanxi Shangluo phase II condensate project, and its market competitiveness was significantly enhanced. The Group signed contracts for the Zhuzhou and Huaibei circulating water projects, applying new technologies of crystallization and granulation and solid-liquid separation to the conventional water treatment business, thereby effectively reducing project construction costs and providing new technical routes for market expansion.

2. Environmental Products Manufacturing Business

2.1 Denitrification catalysts business

In 2024, the Group's catalyst business achieved a significant increase in production volume, sales volume and delivery volume as compared with 2023. The following table sets forth the breakdown of the key figures of the Group's plate-type and cellular-type denitrification catalysts business in 2024:

<i>(Unit: m³)</i>			
Delivery volume to customers other than China Datang Group			
Production volume	Sales volume	Delivery volume	Datang Group
44,722.68	57,365.11	57,920.32	17,487.08

In 2024, the Group sold 20,282.47m³ of catalyst to customers other than China Datang Group, representing a year-on-year increase of 56.68%. The Group entered into 126 contracts, representing an increase of 53 contracts year-on-year, among which, 13 contracts were entered into with overseas customers with the aggregate sales volume of 5,492.92m³, while 52 contracts were entered into with customers from non-electric industry such as glass and alumina sectors with the aggregate sales volume of 1,766.64m³. The Group made steady progress in the disposal of waste catalysts with a total amount of 18,013.46m³ of waste catalysts disposed in 2024.

In 2024, the Group made new breakthroughs in catalyst product research and development, successfully self-developed and produced 70-hole honeycomb catalysts, with performance matching that of similar imported products, and achieved a significant technological breakthrough of high-porosity gas turbine catalysts.

2.2 Carbon emission online monitoring business

In 2024, the Group iteratively upgraded its carbon emission online monitoring products based on the operation of pilot projects, improved product performance, completed localization substitution, successfully obtained the CPA certification and CCEP product certification, completed pilot application of 5 units, and newly signed pilot projects of 6 units.

2.3 Rapid monitoring business of coal quality

In 2024, the Group accelerated the research and development of rapid monitoring products of coal quality with independent intellectual property rights, took near-infrared spectroscopy online analysis as the technical entry point, continued to break through core algorithms such as real-time sampling, calorific value modeling and ash early warning, and provided dynamic data support for coal-fired power plants in combustion optimization and intelligent coal blending.

3. Renewable Energy Business

3.1 Engineering design and technology service

In 2024, the Group entered into three renewable energy engineering projects, which were photovoltaic engineering projects with a total installed capacity of 246.19MW.

In 2024, the Group undertook 200 renewable energy design entrustment tasks in aggregate, and entered into 15 design and technology service contracts, amounting to RMB11.6830 million.

3.2 Distributed photovoltaic business

In 2024, the Group entered into 3 distributed photovoltaic power investment projects with total installed capacity of 4.36MW. As of the end of 2024, the Group was operating 15 distributed photovoltaic projects with a total installed capacity of 19.27MW and an annual power generation capacity of 16,753,400kWh.

4. Resource Recycling Business

In 2024, the Group accelerated the implementation of the green recycling industry of retired wind turbines, explored the realization of green recycling, disposal and high-value utilization of blades, independently developed mobile environmentally-friendly intelligent cutting robots, and tackled problems in the technology of in-situ reconstruction of wind power foundations by replacing existing run-down units with small capacity with new units with large capacity in wind farms, so as to strive to build a systematic and comprehensive service provider for run-down wind farms.

5. Research and Development

In 2024, the Group was awarded 45 patent authorizations in aggregate, including 36 invention patent authorizations. As of the end of 2024, the Group was preparing one international standard as a leading role, two domestic standards as leading roles, and has completed the leading preparation and publication of five international standards.

In 2024, the national key research and development plan project of “Key Technologies and Engineering Demonstration of Chemical Chain Combustion Power Generation” led by the Group and participated by more than 10 top universities and leading enterprises including Tsinghua University and Dongfang Boiler was successfully established. The project aims to break through the high carbon emission bottleneck of traditional combustion power generation technology and build an efficient, clean and low-cost chemical chain combustion power generation system. The project focuses on core processes such as chemical chain combustion reactor design, oxygen carrier material development, system integration and optimization as well as engineering demonstration. It plans to build the world’s first 20MWth chemical chain combustion power generation demonstration device and form a technical system with completely independent intellectual property rights.

In 2024, the Group’s “complete set of technology and equipment for the harmless treatment and resource utilization of high-salt wastewater” was awarded the Vocational Group Specialized Competition Prize of “Zhenxing Cup” National Youth Vocational Skills Competition; the “Labor Model Innovation Workshop” was awarded the “Excellent Innovation Workshop” by the Electricity Specialized Committee of the Chinese Worker’s Technical Association, and the High Value Innovation Platform for Incubation of Scientific and Technological Achievements by the China Energy Research Society.

III. MANAGEMENT DISCUSSION AND ANALYSIS ON FINANCIAL POSITION AND OPERATING RESULTS

There are inter-segment sales among the Group's segments and sub-segments, and accordingly the Group records intra-segment elimination and inter-segment elimination among these segments/sub-segments for the relevant revenue and cost of sales. In this results announcement, unless otherwise specified herein, (i) all discussion about total revenue, total gross profit and overall gross profit margin are based on the amounts after all intra- and inter-segment elimination among the segments and sub-segments (being the figures reflected in our consolidated statement of profit or loss and other comprehensive income), and (ii) all discussion about the revenue, gross profit and gross profit margin of business segments and sub-segments are based on the amounts before any intra- or inter-segment elimination of such segment or sub-segment.

1. Overview

The Group's revenue increased by 0.9% from RMB5,720.1 million in 2023 to RMB5,770.9 million in 2024. The Group's profit for 2024 amounted to RMB552.4 million, representing an increase of RMB48.8 million, or 9.7%, as compared with RMB503.6 million in 2023. Profit attributable to owners of the parent amounted to RMB549.1 million. The Group's cash and cash equivalents decreased by 43.5% to RMB994.7 million as at 31 December 2024 as compared with RMB1,759.4 million as at 31 December 2023. The Group's total assets decreased by 14.9% to RMB15,348.1 million as at 31 December 2024 as compared with RMB18,045.1 million as at 31 December 2023. The Group's total liabilities decreased by 27.2% to RMB7,838.5 million as at 31 December 2024 as compared with RMB10,763.5 million as at 31 December 2023. The Group's return on total assets for 2024 was 3.6%, as compared with 2.8% in 2023.

2. Results of Operations

2.1 Revenue

The Group's revenue increased by 0.9% to RMB5,770.9 million in 2024 as compared with RMB5,720.1 million in 2023, primarily due to the increase in revenue from environmental protection and energy conservation business.

2.2 Cost of sales

The Group's cost of sales decreased by 0.7% to RMB4,541.5 million in 2024 as compared with RMB4,575.1 million in 2023, mainly due to the decrease in costs of engineering business.

2.3 Selling and distribution expenses

The Group's selling and distribution expenses decreased by 6.5% to RMB26.0 million in 2024 as compared with RMB27.8 million in 2023. This was primarily due to the decrease in the expenses such as agency expenses, travel expenses and business entertainment expenses.

2.4 Administrative expenses

The Group's administrative expenses increased by 9.1% to RMB461.2 million in 2024 as compared with RMB422.8 million in 2023. This was mainly due to the increase in the number of the Company's labor dispatch personnel.

2.5 Other income and losses

The Group's other income decreased to RMB100.2 million in 2024 as compared with RMB157.8 million in 2023. This was mainly due to the increase in loss on disposal of property, plant and equipment for the year.

2.6 Other expenses, net

In 2024, the Group's other expenses amounted to RMB0, unchanged from RMB0 in 2023.

2.7 Finance costs

The Group's finance costs decreased by 18.0% to RMB144.6 million in 2024 as compared with RMB176.3 million in 2023, mainly due to the decrease in bank loan interest.

2.8 Profit before tax

As a result of the foregoing factors, the Group's profit before tax increased by 6.1% to RMB655.1 million in 2024 as compared with RMB617.6 million in 2023.

2.9 Income tax expense

The Group's income tax expense was RMB102.7 million in 2024, representing a decrease of 10.0% from RMB114.1 million in 2023.

2.10 Profit for the year

The Group's profit for the year increased by RMB48.8 million from RMB503.6 million in 2023 to RMB552.4 million in 2024. For the year ended 31 December 2024, the Group's profit for the year as a percentage of its total revenue increased to 9.6% as compared with 8.8% in 2023.

2.11 Profit attributable to owners of the parent

The profit attributable to owners of the parent increased by RMB26.7 million to RMB549.1 million in 2024 as compared with RMB522.4 million in 2023.

2.12 Profit attributable to non-controlling interests

Non-controlling interests attributable to the Group increased by 118.1% from a loss of RMB18.8 million in 2023 to a profit of RMB3.4 million in 2024.

3. Results on Business Segments

The following table sets forth a breakdown of the Group's revenue by each business segment or sub-segment and their respective percentage of total revenue for the years ended 31 December 2024 and 2023, as well as the percentage of change:

	Year ended 31 December				Change %
	2024		2023		
	Revenue RMB'000	Percentage of total revenue before elimination ⁽¹⁾ %	Revenue RMB'000	Percentage of total revenue before elimination ⁽¹⁾ %	
Environmental Protection and Energy Conservation Solutions:					
Total revenue of environmental protection and energy conservation solutions before elimination	5,699,614	94.7	5,567,188	93.4	2.4
Intra-segment elimination ⁽²⁾	(202,146)		(201,102)		0.5
Total revenue of environmental protection and energy conservation solutions after intra-segment elimination	5,497,468		5,366,086		2.4
Inter-segment elimination	-		-		-
External revenue of environmental protection and energy conservation solution	5,497,468		5,366,086		2.4
Renewable Energy Engineering:					
Total revenue of renewable energy engineering	252,259	4.2	331,379	5.6	-23.9
Inter-segment elimination	-		-		-
External revenue of renewable energy engineering	252,259		331,379		-23.9
Thermal power engineering:					
Total revenue of thermal power engineering	-	0.0	-	0.0	-
Inter-segment elimination	-		-		-
External revenue of thermal power engineering	-		-		-
Other businesses:					
Total revenue of other businesses	68,756	1.1	60,090	1.0	14.4
Inter-segment elimination ⁽³⁾	(47,577)		(37,424)		27.1
External revenue of other businesses	21,179		22,666		-6.6
Total revenue before elimination⁽⁴⁾	6,020,629	100.0	5,958,657	100.0	1.0
Total intra- and inter-segment elimination⁽⁵⁾	249,723		238,526		4.7
Total revenue	5,770,906		5,720,131		0.9

Notes:

- (1) Represents the revenue of each segment or sub-segment (before any intra- or inter-segment elimination) as a percentage of the total revenue before any intra- or inter-segment elimination.
- (2) Intra-segment elimination of revenue from sub-segments under environmental protection and energy conservation solutions segment mainly arises from the intra-segment sales between denitrification catalysts sub-segment to energy conservation sub-segment and environmental protection facility concession operation, respectively.
- (3) Inter-segment elimination of revenue from other business segments mainly arises from the inter-segment sales between other businesses and environmental protection and energy conservation solutions.
- (4) Represents the aggregate amount of the revenue of all segments/sub-segments before any intra- or inter-segment elimination.
- (5) Represents the aggregate amount of all intra- and inter-segment elimination.

The following table sets forth a breakdown of the Group's gross profit and gross profit margin of each segment or sub-segment for the years ended 31 December 2024 and 2023, as well as the percentage of change in gross profit:

	Year ended 31 December				
	2024		2023		
	Gross profit ⁽¹⁾ RMB'000	Gross profit margin ⁽²⁾ (%)	Gross profit ⁽¹⁾ RMB'000	Gross profit margin ⁽²⁾ (%)	Change of gross profit (%)
Total gross profit of environmental protection and energy conservation solutions	1,276,229	23.2	1,180,926	22.0	8.1
Total gross profit of renewable energy engineering	81,734	32.4	43,940	13.3	86.0
Total gross profit of thermal power engineering	-	-	-	-	-
Total gross profit of other businesses	(128,515)	(606.8)	(79,848)	(352.3)	60.9
Total gross profit and overall gross profit margin ⁽³⁾	1,229,448	21.3	1,145,018	20.0	7.4

Notes:

- (1) Calculated based on the revenue of each segment or sub-segment (before any intra- or inter-segment elimination) minus the cost of sales of such segment or sub-segment (before any intra- or inter-segment elimination).
- (2) Calculated based on the gross profit of each segment or sub-segment calculated according to note (1) divided by the revenue of such segment or sub-segment (before any intra- or inter-segment elimination).
- (3) Total gross profit equals total revenue (being the revenue reflected on our consolidated statement of profit or loss and other comprehensive income) minus total cost of sales (being the cost of sales reflected on our consolidated statement of profit or loss and other comprehensive income). Overall gross profit margin equals total gross profit divided by total revenue.

4. Cash Flows

As at 31 December 2024, the Group's cash and cash equivalents decreased by 43.5% to RMB994.7 million as compared with RMB1,759.4 million as at 31 December 2023, mainly attributable to the decrease in the cash flow generated from operating activities of the Group.

5. Working Capital

As at 31 December 2024, the Group's net current assets increased by 10.1% to RMB2,217.6 million as compared with RMB2,013.9 million as at 31 December 2023, primarily due to the decrease in liabilities such as trade and bills payables, interest-bearing bank borrowings and other loans.

6. Indebtedness

As at 31 December 2024, the Group's borrowings decreased by 29.8% to RMB3,922.3 million as compared with RMB5,590.7 million as at 31 December 2023.

7. Capital Expenditure

The Group's capital expenditure decreased by 41.4% to RMB228.6 million in 2024 as compared with RMB389.8 million in 2023. Capital expenditure mainly comprises costs of long-term assets including acquisition or construction of property, plant and equipment and intangible assets.

8. Financial Ratios

The following table sets forth certain of our financial ratios as at the dates and for the periods indicated:

	As at 31 December	
	2024	2023
Current ratio	135.0%	123.0%
Quick ratio	131.0%	121.2%
Liabilities to assets ratio	51.1%	59.6%
Leverage ratio	70.8%	52.6%
Return on total assets	3.6%	2.8%
Return on equity	7.4%	6.9%

9. Significant Investment

For the year ended 31 December 2024, the Group made no significant investment.

10. Material Acquisition and Disposal

For the year ended December 31, 2024, the Group had no material acquisition and disposal.

11. Charged and Pledged Assets

As at 31 December 2024, no assets were pledged to secure interest-bearing bank borrowings and other loans for the Group.

12. Contingent Liabilities

India NLC Project

On 6 March 2020, Technologies & Engineering Company signed a construction contract with NLC India limited (“**NLC India**”). Due to the impact of COVID-19, the construction progress was delayed, and NLC India issued a formal notice to request to terminate the contract and redeem the performance guarantee letter amounting to RMB47,303,000. In addition, the claims brought by NLC India also include the costs incurred in re-tendering and the arbitration progress. The Group fully accrued a provision of RMB47,303,000 for the request of redeeming the performance guarantee letter, and incurred other expenses of RMB47,303,000 for the year ended 31 December 2021 accordingly. During the year ended 31 December 2022, the performance guarantee letter of RMB47,303,000 has been fully redeemed. The likelihood of occurrence of other compensations about these contract disputes cannot be estimated reliably.

IV. RISK FACTORS AND RISK MANAGEMENT

Risks on environmental protection and energy conservation policies

The Group provides substantially all of its products and services in the PRC, and the development of Group's business is greatly dependent on the environmental protection policies of the PRC.

Environmental protection industry is one of the major industries that benefit from the constant support of the PRC government. The market demand for the Group's environmental protection and energy conservation products and services and the revenue generated therefrom are directly affected by the environmental protection policies of the PRC. However, there is no assurance that such policies will continue to be available to the Group or there will be no adverse change. If there is any adverse change, it may result in a material and adverse effect on the business prospects, results of operations and financial condition of the Group. The management of the Group is of the view that, given the severity of pollution in the PRC, it is unlikely for the PRC government to revise such environmental protection policies regarding the adverse effect or to withdraw any resources invested in the environmental protection industry. Moreover, the Group, as a trendsetter and leader of the environmental protection and energy conservation for the PRC's electric power industry, has participated in the formulation of various industrial policies and standards, which allows it to catch the latest industry trends and respond in a timely fashion.

Risks on connected transactions with China Datang Group and its associates

The Group has been conducting various transactions with China Datang Group and its associates, and will continue to enter into such transactions in the future. For the year ended 31 December 2024, the total value of goods sold and services provided by the Group to China Datang Group and its associates was approximately RMB4,575.7 million, representing approximately 79.3% of the total revenue of the Group. For the year ended 31 December 2024, the total value of goods purchased and services received by the Group from China Datang Group and its associates was approximately RMB1,662.6 million, representing approximately 36.6% of the total cost of the Group. The Group has been actively expanding its client base. For example, during 2024, the Group entered into contracts in the amount of RMB331 million with clients other than China Datang Group and its associates, representing approximately 17.4% of the total contract amount of the Group.

Liquidity risks

The Group had operating cash flows of RMB1,702.8 million for the year ended 31 December 2024. The Group cannot assure that its operating cash flow for any future period will be positive. The Group's ability to generate adequate cash inflows from operating activities in the future will depend largely on project schedule and billing arrangement, its ability to collect receivables from customers in a timely manner and the credit terms available to the Group. If the Group is not able to generate sufficient cash flows from operations or obtain sufficient financing to support its business operation, the Group's growth prospects may be materially and adversely affected. The Group plans to implement diversified measures to collect receivables in order to improve operating cash flow. In addition, the Group has been proactively seeking financing to support the development and expansion of its business. As at 31 December 2024, the Group had available bank facilities of RMB23.8 billion.

Industry risks

The Group's business primarily focuses on the environmental protection and energy conservation for coal-fired power plants, and therefore the market demand for the Group's environmental protection and energy conservation business relies heavily on the growth rate of the coal-fired power generation output in the PRC. In particular, the revenue generated from concession operations will be directly affected by the power generation output of coal-fired power plants. As pollution has become an increasingly severe environmental issue in the PRC, the PRC government has shown considerable concern for the adjustment to the national energy structure and development. Therefore, there can be no assurance that coal-fired power generation output in the PRC will continue to grow at the current pace. If the increase in coal-fired power generation output in the PRC slows down, it may result in a decrease in utilization hours of coal-fired power generation units, or a lower demand for the Group's products and services, which in turn will materially and adversely affect our business prospects, results of operations and financial position. The management of the Group is of the view that, in terms of the power generation portfolio in the PRC, coal-fired power generation still dominates the market. In addition, the vast majority of the Group's concession operations locate in coastal areas and economically developed areas, where the utilization hours of coal-fired power generation are higher than the average level nationwide. The Group plans to actively explore clients in the iron and steel, cement and petrochemical industries.

V. OUTLOOK ON THE GROUP'S FUTURE DEVELOPMENT

According to the Group's "1461" development strategies and the current development situation, the Group will focus on three aspects in 2025:

1. **Effectively improve quality and efficiency, and consolidate the competitive advantages of traditional industries**

The Group will continue to strengthen lean management, steadily enhance value creation capabilities, and further consolidate the traditional business profitability of the Company. The Group will give full play to the professional advantages of franchise business, continue to carry out the indicator classification energy consumption diagnosis of "one diagnosis for one enterprise, and one policy for one plant", and maintain the best indicators in the industry. The Group will adjust the procurement strategy of bulk materials such as limestone and urea, promote the resource utilization and quality improvement of gypsum, and further achieve cost reduction and efficiency improvement. The Group will actively strive for incremental franchise projects such as Chaozhou, Lvsi and Sanmenxia, and expand the scale of franchise business. The Group will further optimize the design of denitration catalyst products, break through technical barriers, and realize the transformation of honeycomb catalyst into high added value and high profitability. Through rational scheduling of production plans, the Group will fully release production capacity, and realize the coordinated development of honeycomb and plate catalysts. The Group will deeply tap the potential of traditional environmental protection business, increase market development efforts, expand the business scale of liquid ammonia to urea, zero wastewater discharge, etc., improve the whole process management ability and procurement quality of projects, and achieve steady growth in the scale and efficiency of environmental protection engineering business.

2. Deeply promote technological innovation, and cultivate new quality productive forces and new impetus

The Group will strengthen the guidance of the “dual carbon” strategy, focus on fully exerting the role of technological innovation and striving to be the vanguard of technological self-reliance and self-improvement, intensify the transformation of technological achievements, and promote the integrated development of technological innovation and industrial innovation. The Group will expand the promotion and application of carbon monitoring products, complete the implementation of 6 pilot units with high quality, further expand the pilot scope, and gradually extend to key industries such as steel and cement. The Group will coordinate the research and development of the chemical pyrolysis technology for retired wind turbine blades, form technological achievements, and simultaneously research advanced technologies and industrial directions such as recycling of scrapped photovoltaic modules and recycling of waste energy storage batteries. The Group will accelerate the integrated development of coal quality online inspection system, complete prototype testing, establish an automatic coal quality inspection and test platform, build a coal quality data management platform, and create standardized products with independent intellectual property rights. The Group will promote the research and development of national key chemical chain combustion projects as planned, and gradually form a complete technical standard system covering materials, device and system to provide key support for the low-carbon transformation of the energy industry.

3. Accelerate industry transformation and upgrading, and create the high-quality development growth pole

The Group will accelerate the implementation of the resource recycling industry, actively respond to the business needs of wind farms for replacing existing run-down units with small capacity with new units with large capacity, reconstruction and upgrading, and blade recycling, and accelerate the implementation of the demonstration projects of retired wind turbine recycling in Guizhou, Shanxi and Chongqing. The Group will accelerate the promotion of implementation of the solid waste disposal project of Shunxing Mine, conduct in-depth analysis and research on the relevant industries, take the opportunity to participate in ecological restoration and the comprehensive utilization of bulk industrial solid waste, and explore new modes for solid waste development. The Group will accelerate the layout in new catalyst industry, integrate the existing R&D strength and overseas talent to build a high-level R&D team, accelerate the development of catalysts for ocean-going marine diesel engines, obtain SCR certification from classification society, and create a high value-added catalyst product cluster. The Group will create a new mode of engineering consulting service business, strengthen the talent echelon construction, strengthen the new energy professional design force with high standards and stringent requirements to enhance its design capability, and accelerate the acquisition of wind power design qualifications, geotechnical investigation and design qualifications to improve its qualification level.

REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

For the year ended 31 December 2024, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company's listed securities (including sales of treasury shares (as defined under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (the "**Listing Rules**")))). As at 31 December 2024, the Company did not hold any treasury shares.

PROPOSED 2024 FINAL DIVIDEND

On 28 March 2025, the Board passed the resolution for the proposed distribution of the 2024 final dividend of RMB0.051 per ordinary share (the "**Share(s)**") of the Company (before tax) for the year ended 31 December 2024 (the "**Proposed 2024 Final Dividend**") (for the year ended 31 December 2023: RMB0.076 per Share).

The Proposed 2024 Final Dividend is subject to the approval by the shareholders of the Company at the 2024 annual general meeting (the "**2024 AGM**") to be convened by the Company. The date of the 2024 AGM, the record date, the book closure period for the Shares for payment of the Proposed 2024 Final Dividend and further details of the Proposed 2024 Final Dividend will be announced separately by the Company.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE SET OUT IN APPENDIX C1 TO THE LISTING RULES

The Company has always been committed to improving corporate governance since its establishment. According to provisions of the Corporate Governance Code (the "**Code**") set out in Appendix C1 to the Listing Rules, it has established a modern corporate governance structure comprising a number of independently operated bodies including the general meetings, the Board, the supervisory committee and the senior management of the Company in order to provide an effective check and balance. The Company has also adopted the Code as its own corporate governance practices.

For the year ended 31 December 2024, the Company was not involved in any material litigation liable by any Director. Each Director has the necessary qualification and experience required for performing his/her duty. The Company has purchased liability insurance for the Directors.

Save as disclosed below, for the year ended 31 December 2024, the Company has complied with the principles and code provisions contained in Part 2 of the Code. Details of the corporate governance of the Company are set out in the 2024 annual report of the Company (the "**2024 Annual Report**") which will be published in due course.

Code provision C.2.1 of the CG Code states that the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the reporting period, Mr. Zhu Liming (“**Mr. Zhu**”) served as the chairman of the Board. Mr. Zhu also took on the duties and responsibilities of the acting general manager of the Company since Mr. Shen Zhen resigned as the general manager of the Company in September 2023.

During the period when Mr. Zhu Liming, the chairman of the Board, performed the duties of the acting general manager. Notwithstanding the deviation from code provision C.2.1 of the CG Code, the supervision of the Board (comprising one executive Director, five non-executive Directors (including one employee representative Director) and three independent non-executive Directors) was sufficient to ensure a proper structure of checks and balances of power and to provide sufficient checks to protect the interests of the Company and its shareholders. The Company will keep reviewing the current structure of the Board from time to time.

COMPLIANCE WITH THE MODEL CODE FOR DEALING IN SECURITIES OF THE COMPANY BY ITS DIRECTORS, SUPERVISORS AND RELEVANT EMPLOYEES

The Group has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) set out in Appendix C3 to the Listing Rules as the code of conduct for dealing in the securities of the Company by its Directors, supervisors and relevant employees of the Company (as defined in the Model Code). According to the specific enquiries of all Directors and supervisors of the Company, the Directors and supervisors of the Company confirmed that they had strictly complied with the standard set out in the Model Code for the year ended 31 December 2024. The Board will examine the corporate governance practices and operation of the Group from time to time to ensure that the Group is in compliance with relevant requirements under the Listing Rules and that the shareholders’ interests are safeguarded.

SCOPE OF WORK ON THE RESULTS ANNOUNCEMENT BY AUDITORS

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

AUDIT COMMITTEE

The Group’s 2024 annual results and the consolidated financial statements for the year ended 31 December 2024 were prepared in accordance with the IFRS have been reviewed by the audit committee of the Company.

USE OF NET PROCEEDS FROM INITIAL PUBLIC OFFERING

The Company has been listed on the Main Board of the Stock Exchange since 15 November 2016. The net proceeds from the initial public offering and partial exercise of the over-allotment option, after deducting the underwriting fees and relevant expenses, amounted to approximately HK\$2,032.3 million, which will be used in the ways stated in the section headed “Future Plans and Use of Proceeds” of the prospectus of the Company dated 3 November 2016 (the “**Prospectus**”) and the announcement of the Company dated 30 December 2021 (the “**Announcement**”) in relation to the change in use of net proceeds.

The following table sets forth the use of net proceeds from the initial public offering as at 31 December 2024:

	Intended use of net proceeds disclosed in the Prospectus (HK\$ million)	Revised use of net proceeds as at the date of the Announcement (HK\$ million)	Actual use of net proceeds up to 31 December 2024 (HK\$ million)	Unused net proceeds up to 31 December 2024 (HK\$ million)	Expected time of full utilization of remaining balance
To finance the capital expenditures for expanding the desulfurization and denitrification concession operations	1,219.50	1,219.50	1,219.50	0.00	–
To develop new sources of growth in the revenue and profit, including but not limited to EMC business for coal-fired power plants, water treatment business, and providing customers with overall solution plans of ultra-low emissions	304.80	304.80	304.80	0.00	–
To repay some of the existing bank loans in order to lower the finance costs and improve the financial leverage ratio	203.20	203.20	203.20	0.00	–
For working capital and other general corporate purposes	203.20	203.20	203.20	0.00	–
For research and development expenditures	101.60	93.60	75.11	18.49	December 2025
For investment in renewable energy projects	–	8.00	0.00	8.00	December 2025
Total	<u>2,032.30</u>	<u>2,032.30</u>	<u>2,005.81</u>	<u>26.49</u>	

IMPORTANT SUBSEQUENT EVENT

On 15 January 2025, the Company has completed the issuance of the first tranche super short-term commercial paper for the year of 2025 (the “SCP”) to qualified institutional investors in the PRC, with Bank of Beijing Co., Ltd.* (北京銀行股份有限公司) as the principal underwriter and bookrunner, and Bank of Ningbo Co., Ltd.* (寧波銀行股份有限公司) as the joint underwriter, and received the proceeds from such issuance. The issuance size of the SCP is RMB500 million, with a term of 94 days and face value of RMB100. The interest rate for the issue of SCP is 1.79%.

Save as disclosed in this results announcement, there were no other important events affecting the Group occurred since 31 December 2024 and up to the date when this results announcement is authorised for issue.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.dteg.com.cn). The 2024 Annual Report containing all the information required by the Listing Rules will be published on the above websites in due course.

By order of the Board
Datang Environment Industry Group Co., Ltd.*
Zhu Liming
Chairman

Beijing, the PRC, 28 March 2025

As of the date of this announcement, the executive Director is Mr. Zhu Liming; the non-executive Directors are Mr. Xu Chun, Mr. Pang Xiaojin, Mr. Xia Huaixiang, Mr. Chu Hongbo and Ms. Wang Mi; and the independent non-executive Directors are Mr. Mao Zhuanjian, Mr. Suen Chun Hung, Benjamin and Ms. Hu Yunqing.

* *For identification purpose only*