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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 2023**

**FINANCIAL AND OPERATION HIGHLIGHTS**

- For the year ended 31 December 2023, the revenue of the Group amounted to RMB5,720.1 million, representing an increase of 7.5% as compared with last year.
- For the year ended 31 December 2023, the gross profit of the Group amounted to RMB1,145.0 million, representing an increase of 45.0% as compared with last year; the gross profit margin of the Group was 20.0%, representing an increase of 5.2 percentage points as compared with last year.
- For the year ended 31 December 2023, the total comprehensive income attributable to owners of the parent amounted to RMB522.6 million, representing an increase of 91.2% as compared with last year.
- For the year ended 31 December 2023, 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.
- The Board has not resolved to recommend payment of a final dividend for the fiscal year ended 31 December 2023 (the “**Proposed 2023 Final Dividend**”) but shall convene another Board meeting, expected to be at or before the end of April 2024, to consider the declaration of the Proposed 2023 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 (the “**Shareholders**”).

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 2023, together with the comparable figures of 2022. The financial data of the Group for the year ended 31 December 2023 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 2023*

	<i>Notes</i>	<b>2023</b> <i>RMB'000</i>	<b>2022</b> <i>RMB'000</i>
Revenue	5	<b>5,720,131</b>	5,322,722
Cost of sales		<b>(4,575,113)</b>	(4,533,301)
Gross profit		<b>1,145,018</b>	789,421
Selling and distribution expenses		<b>(27,825)</b>	(18,718)
Administrative expenses		<b>(422,800)</b>	(387,802)
Other income, other gains and losses	5	<b>157,823</b>	111,465
Other expenses, net	6	<b>–</b>	(8,561)
Finance costs	7	<b>(176,319)</b>	(199,335)
(Impairment losses)/reversal of impairment on financial assets and contract assets, net		<b>(58,271)</b>	10,325
<b>Profit before tax</b>		<b>617,626</b>	296,795
Income tax expense	8	<b>(114,056)</b>	(58,672)
<b>PROFIT FOR THE YEAR</b>		<b>503,570</b>	238,123
<b>OTHER COMPREHENSIVE INCOME</b>			
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:			
Exchange differences on translation of foreign operations		<b>377</b>	1,310
Other comprehensive income that may be reclassified to profit or loss in subsequent periods, net			
		<b>377</b>	1,310
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:			
Income tax		<b>–</b>	208
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods, net			
		<b>–</b>	208
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX</b>			
		<b>377</b>	1,518
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>			
		<b>503,947</b>	239,641

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

*For the year ended 31 December 2023*

	<i>Notes</i>	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>Profit/(loss) attributable to:</b>			
Owners of the parent		<b>522,375</b>	272,425
Non-controlling interests		<u><b>(18,805)</b></u>	<u>(34,302)</u>
		<u><b>503,570</b></u>	<u>238,123</u>
<b>Total comprehensive income/(losses) attributable to:</b>			
Owners of the parent		<b>522,586</b>	273,367
Non-controlling interests		<u><b>(18,639)</b></u>	<u>(33,726)</u>
		<u><b>503,947</b></u>	<u>239,641</u>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>			
Basic and diluted	<i>10</i>	<u><b>RMB0.18</b></u>	<u>RMB0.09</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <b>RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>6,403,279</b>	6,519,403
Intangible assets		<b>214,394</b>	233,072
Right-of-use assets		<b>296,282</b>	293,230
Deferred tax assets		<b>74,846</b>	53,970
Other non-current assets		<b>303,341</b>	310,986
		<hr/>	<hr/>
<b>Total non-current assets</b>		<b>7,292,142</b>	7,410,661
<b>CURRENT ASSETS</b>			
Inventories		<b>162,117</b>	153,888
Contract assets		<b>340,123</b>	183,725
Trade and bills receivables	<i>11</i>	<b>8,003,487</b>	8,978,204
Prepayments, other receivables and other assets		<b>436,649</b>	657,245
Restricted cash		<b>51,247</b>	92,338
Cash and cash equivalents		<b>1,759,357</b>	872,196
		<hr/>	<hr/>
<b>Total current assets</b>		<b>10,752,980</b>	10,937,596
<b>CURRENT LIABILITIES</b>			
Trade and bills payables	<i>12</i>	<b>4,325,996</b>	4,813,812
Other payables and accruals		<b>778,257</b>	955,516
Provisions		<b>600</b>	600
Interest-bearing bank borrowings and other loans	<i>13</i>	<b>3,626,982</b>	4,751,452
Income tax payable		<b>7,186</b>	11,967
		<hr/>	<hr/>
<b>Total current liabilities</b>		<b>8,739,021</b>	10,533,347
<b>NET CURRENT ASSETS</b>		<b>2,013,959</b>	404,249
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>9,306,101</b>	7,814,910
		<hr/>	<hr/>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)***As at 31 December 2023*

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 <b>RMB'000</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions		<b>300</b>	480
Interest-bearing bank borrowings and other loans	<i>13</i>	<b>1,963,705</b>	888,789
Deferred tax liabilities		<b>35,206</b>	–
Other non-current liabilities		<b>25,266</b>	28,892
		<u>                    </u>	<u>                    </u>
<b>Total non-current liabilities</b>		<b>2,024,477</b>	918,161
		<u>                    </u>	<u>                    </u>
<b>Net assets</b>		<b>7,281,624</b>	6,896,749
		<u>                    </u>	<u>                    </u>
<b>EQUITY</b>			
Equity attributable to owners of the parent			
Share capital	<i>14</i>	<b>2,967,542</b>	2,967,542
Reserves		<b>4,502,728</b>	4,092,819
		<u>                    </u>	<u>                    </u>
		<b>7,470,270</b>	7,060,361
		<u>                    </u>	<u>                    </u>
Non-controlling interests		<b>(188,646)</b>	(163,612)
		<u>                    </u>	<u>                    </u>
<b>Total equity</b>		<b>7,281,624</b>	6,896,749
		<u>                    </u>	<u>                    </u>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

	Attributable to owners of the parent									Total equity RMB'000
	Share capital (Note 14) 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 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 9)	-	-	-	-	-	-	(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>
At 1 January 2022	2,967,542	1,315,483	417,396	-	1,181	(30)	2,173,854	6,875,426	(119,850)	6,755,576
Profit/(loss) for the year	-	-	-	-	-	-	272,425	272,425	(34,302)	238,123
Other comprehensive income for the year:										
Income tax relating to equity investments designated at fair value through other comprehensive income being disposed of	-	-	-	-	208	-	-	208	-	208
Exchange difference on translation of foreign operations	-	-	-	-	-	734	-	734	576	1,310
Total comprehensive income for the year	-	-	-	-	208	734	272,425	273,367	(33,726)	239,641
Appropriation to statutory surplus reserve	-	-	31,499	-	-	-	(31,499)	-	-	-
Disposal of equity investments designated at fair value through other comprehensive income	-	-	-	-	(1,389)	-	1,389	-	-	-
Final 2021 dividend declared (Note 9)	-	-	-	-	-	-	(88,432)	(88,432)	-	(88,432)
Dividends declared by a subsidiary to its non-controlling interests	-	-	-	-	-	-	-	-	(10,036)	(10,036)
At 31 December 2022	<u>2,967,542</u>	<u>1,315,483</u>	<u>448,895</u>	<u>-</u>	<u>-</u>	<u>704</u>	<u>2,327,737</u>	<u>7,060,361</u>	<u>(163,612)</u>	<u>6,896,749</u>

\* These reserves accounts comprise the consolidated reserves of RMB4,502,728,000 (31 December 2022: RMB4,092,819,000) in the consolidated statement of financial position.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	<i>Notes</i>	<b>2023</b> <b>RMB'000</b>	2022 RMB'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax:</b>		<b>617,626</b>	296,795
<b>Adjustments for:</b>			
Finance costs		<b>176,319</b>	199,335
Interest income		<b>(8,200)</b>	(8,296)
Investment income		<b>(978)</b>	–
Depreciation of property, plant and equipment		<b>472,483</b>	467,658
Amortisation of intangible assets		<b>31,091</b>	28,690
Depreciation of right-of-use assets		<b>26,546</b>	26,052
Amortisation of other non-current assets		<b>132,238</b>	102,719
(Gain)/loss on disposal of items of property, plant and equipment	5	<b>(33,828)</b>	167
Amortisation of government grants		<b>(2,095)</b>	(2,095)
Impairment losses on trade receivables, net		<b>24,504</b>	16,518
Impairment losses/(reversal of impairment) on other receivables, net		<b>28,657</b>	(25,837)
Impairment losses/(reversal of impairment) on contract assets, net		<b>5,110</b>	(1,006)
Write-down of inventories to net realisable value		<b>1,211</b>	–
(Increase)/decrease in inventories		<b>(9,366)</b>	51,043
(Increase)/decrease in contract assets		<b>(161,508)</b>	81,046
Decrease/(increase) in trade and bills receivables		<b>1,018,178</b>	(777,090)
Decrease/(increase) in prepayments, other receivables and other assets		<b>102,710</b>	(19,669)
Decrease in restricted cash		<b>41,091</b>	29,266
(Decrease)/increase in trade and bills payables		<b>(451,659)</b>	217,470
(Decrease)/increase in other payables and accruals		<b>(103,623)</b>	39,437
Decrease in provisions		<b>(180)</b>	(123,331)
Cash generated from operations		<b>1,906,327</b>	598,872
Income tax paid		<b>(95,221)</b>	(67,526)
Net cash flows generated from operating activities		<b>1,811,106</b>	531,346

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)***For the year ended 31 December 2023*

	<b>2023</b>	2022
<i>Notes</i>	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest received	<b>8,200</b>	8,296
Investment income received	<b>978</b>	–
Purchase of items of property, plant and equipment, intangible assets and other non-current assets	<b>(641,189)</b>	(325,729)
Proceeds from disposal of items of property, plant and equipment	<b>44,508</b>	27
Proceeds from disposal of equity investments designated at fair value through other comprehensive income	<b>26,389</b>	–
Receipt of government grants for property, plant and equipment	<b>904</b>	2,000
	<hr/>	<hr/>
Net cash flows used in investing activities	<b>(560,210)</b>	(315,406)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from bank borrowings and other loans	<b>5,972,016</b>	6,801,075
Repayments of bank borrowings and other loans	<b>(5,998,907)</b>	(7,098,408)
Principal portion of lease payments	<b>(16,470)</b>	(4,441)
Dividends paid to shareholders	<b>(150,954)</b>	(87,735)
Dividends paid to non-controlling interests	<b>(7,475)</b>	(12,729)
Interest paid	<b>(162,367)</b>	(187,266)
	<hr/>	<hr/>
Net cash flows used in financing activities	<b>(364,157)</b>	(589,504)
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	<b>886,739</b>	(373,564)
Cash and cash equivalents at beginning of year	<b>872,196</b>	1,244,882
Effect of foreign exchange rate changes, net	<b>422</b>	878
	<hr/>	<hr/>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>1,759,357</u></b>	<u>872,196</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2023*

### 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.

These consolidated financial statements are presented in Renminbi (“**RMB**”), 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 2023

### 1. GENERAL INFORMATION (CONTINUED)

#### Information about subsidiaries

Details of the Company's subsidiaries are as follows:

Name #	Place of incorporation/ registration	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

# The names of these companies referred to in this report 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

### 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

#### New and amendments to standards adopted by the Group

In the preparation of the consolidated financial statements for the year ended 31 December 2023, the Group has applied the following new and 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 periods beginning on 1 January 2023:

IFRS 17 (including the October 2020 and February 2022 Amendments to IFRS 17)	Insurance Contracts and the Related Amendments
Amendments to IAS 8	Definition of Accounting Estimates
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to IAS 12	International Tax Reform – Pillar Two Model Rules
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies

The application of the new and 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.

#### Amendments to standards that have been issued but are not yet effective

The following amendments to IFRS, potentially relevant to the Group’s consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the respective effective dates.

Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture <sup>1</sup>
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback <sup>2</sup>
Amendments to IAS 1	Classification of Liabilities as Current or Non-current <sup>2</sup>
Amendments to IAS 1	Non-current Liabilities with Covenants <sup>2</sup>
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements <sup>2</sup>
Amendments to IAS 21	Lack of Exchangeability <sup>3</sup>

<sup>1</sup> Effective for annual periods beginning on or after a date to be determined.

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024.

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2025.

The above 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 amendments to IFRS to existing standards when they become effective.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

*For the year ended 31 December 2023*

### 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 is summarised below. This policy information has been consistently applied to all of the years presented unless otherwise stated. The application 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 2023 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 2023. 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 2023

### 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 consolidated 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 2023*

### 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, other expenses, 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 2023

### 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>
<b>Segment revenue</b> (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>
<b>Segment results</b>	974,505	4,236	-	(79,849)	898,892
<i>Reconciliation:</i>					
Other income, other gains and losses					157,823
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>
<b>Segment assets</b>	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 2023

### 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>
<b>Segment liabilities</b>	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>
<b>Other segment information</b>					
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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

### 4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2022	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
<b>Segment revenue</b> (Note 5)					
Sales to external customers	5,088,044	195,533	–	39,145	5,322,722
Intersegment sales	–	–	–	31,066	31,066
	5,088,044	195,533	–	70,211	5,353,788
<i>Reconciliation:</i>					
Elimination of intersegment sales					(31,066)
Revenue					<u>5,322,722</u>
<b>Segment results</b>	718,914	(53,827)	–	(15,344)	649,743
<i>Reconciliation:</i>					
Other income, other gains and losses					111,465
Other expenses, net					(8,561)
Finance costs (other than interest on lease liabilities which is included in corporate and other unallocated expenses)					(186,745)
Corporate and other unallocated expenses					(269,107)
Profit before tax					<u>296,795</u>
<b>Segment assets</b>	16,983,097	918,215	32,244	81,064	18,014,620
<i>Reconciliation:</i>					
Elimination of intersegment receivables					(2,273,024)
					15,741,596
Unallocated intangible assets					20,172
Unallocated deferred tax assets					19,226
Unallocated prepayments, other receivables and other assets					292,825
Restricted cash, cash and cash equivalents					964,534
Other unallocated head office and corporate assets					1,309,904
Total assets					<u>18,348,257</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

### 4. OPERATING SEGMENT INFORMATION (CONTINUED)

Year ended 31 December 2022	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
<b>Segment liabilities</b>	10,248,473	994,587	43,950	128,689	11,415,699
<i>Reconciliation:</i>					
Elimination of intersegment payables					<u>(2,273,024)</u>
					9,142,675
Unallocated interest-bearing bank borrowings and other loans (other than lease liabilities)					1,989,126
Other unallocated head office and corporate liabilities					<u>319,707</u>
Total liabilities					<u><u>11,451,508</u></u>
<b>Other segment information</b>					
Impairment of trade receivables	19,599	(3,081)	-	-	16,518
Reversal of impairment on contract assets	(1,006)	-	-	-	(1,006)
Reversal of impairment on financial assets included in prepayments, other receivables and other assets	<u>(7,120)</u>	<u>(18,717)</u>	<u>-</u>	<u>-</u>	<u>(25,837)</u>
Reversal of impairment recognised in profit or loss, net	11,473	(21,798)	-	-	(10,325)
Depreciation and amortisation	607,142	130	-	17,847	625,119
Capital expenditure*	<u>172,178</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,178</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 RMB5,119 million (2022: RMB4,070 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 2023

### 5. REVENUE, OTHER INCOME, OTHER GAINS AND LOSSES

An analysis of revenue is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue from contracts with customers	<u>5,720,131</u>	<u>5,322,722</u>
	<u><u>5,720,131</u></u>	<u><u>5,322,722</u></u>

#### Revenue from contracts with customers

##### (i) *Disaggregated revenue information*

For the year ended 31 December 2023

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>
<b>Types of goods or services</b>					
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	<u>4,320,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,320,846</u>
<b>Total revenue from contracts with customers</b>	<u><u>5,366,086</u></u>	<u><u>331,379</u></u>	<u><u>-</u></u>	<u><u>22,666</u></u>	<u><u>5,720,131</u></u>
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	275,041	-	-	20,384	295,425
Services transferred over time	<u>5,091,045</u>	<u>331,379</u>	<u>-</u>	<u>2,282</u>	<u>5,424,706</u>
<b>Total revenue from contracts with customers</b>	<u><u>5,366,086</u></u>	<u><u>331,379</u></u>	<u><u>-</u></u>	<u><u>22,666</u></u>	<u><u>5,720,131</u></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

### 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 2022

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
<b>Types of goods or services</b>					
Sale of industrial products	364,835	–	–	32,276	397,111
Construction services	466,755	195,533	–	6,869	669,157
Desulfurisation and denitrification services	<u>4,256,454</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>4,256,454</u>
<b>Total revenue from contracts with customers</b>	<u><u>5,088,044</u></u>	<u><u>195,533</u></u>	<u><u>–</u></u>	<u><u>39,145</u></u>	<u><u>5,322,722</u></u>
<b>Timing of revenue recognition</b>					
Goods transferred at a point in time	364,835	–	–	32,276	397,111
Services transferred over time	<u>4,723,209</u>	<u>195,533</u>	<u>–</u>	<u>6,869</u>	<u>4,925,611</u>
<b>Total revenue from contracts with customers</b>	<u><u>5,088,044</u></u>	<u><u>195,533</u></u>	<u><u>–</u></u>	<u><u>39,145</u></u>	<u><u>5,322,722</u></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

### 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 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
<b>Revenue from contracts with customers</b>					
External customers	5,366,086	331,379	–	22,666	5,720,131
Intersegment sales	–	–	–	37,424	37,424
	<u>5,366,086</u>	<u>331,379</u>	<u>–</u>	<u>60,090</u>	<u>5,757,555</u>
Intersegment adjustments and eliminations	–	–	–	(37,424)	(37,424)
<b>Total revenue from contracts with customers</b>	<b><u>5,366,086</u></b>	<b><u>331,379</u></b>	<b><u>–</u></b>	<b><u>22,666</u></b>	<b><u>5,720,131</u></b>

#### For the year ended 31 December 2022

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
<b>Revenue from contracts with customers</b>					
External customers	5,088,044	195,533	–	39,145	5,322,722
Intersegment sales	–	–	–	31,066	31,066
	<u>5,088,044</u>	<u>195,533</u>	<u>–</u>	<u>70,211</u>	<u>5,353,788</u>
Intersegment adjustments and eliminations	–	–	–	(31,066)	(31,066)
<b>Total revenue from contracts with customers</b>	<b><u>5,088,044</u></b>	<b><u>195,533</u></b>	<b><u>–</u></b>	<b><u>39,145</u></b>	<b><u>5,322,722</u></b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

### 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Revenue recognised that was included in contract liabilities at the beginning of the reporting period:		
Sale of industrial products	2,511	2,625
Construction services	<u>173,111</u>	<u>72,376</u>
	<u><u>175,622</u></u>	<u><u>75,001</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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

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

#### Revenue from contracts with customers (Continued)

##### (ii) Performance obligations (Continued)

###### *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.

###### *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 2023 and 31 December 2022 are as follows:

	<b>2023</b>	2022
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Amounts expected to be recognised as revenue		
Within one year	<b><u>528,465</u></b>	<u>408,961</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 2023

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

#### Other income, other gains and losses

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
<b>OTHER INCOME</b>		
Interest income	8,200	8,742
Government grants ( <i>Note</i> )	106,767	92,014
Compensation income	6,366	–
Investment income	978	–
	<u>122,311</u>	<u>100,756</u>
<b>OTHER GAINS AND LOSSES, NET</b>		
Exchange gains	1,684	10,876
Gain/(loss) on disposal of items of property, plant and equipment	<u>33,828</u>	<u>(167)</u>
	<u>35,512</u>	<u>10,709</u>
	<u><u>157,823</u></u>	<u><u>111,465</u></u>

*Note:* The amount mainly represents the income related to the VAT refunds received by the Group. As at 31 December 2023 and 2022, there were no unfulfilled conditions or other contingencies attaching to the government grants that had been recognised by the Group.

### 6. OTHER EXPENSES, NET

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Exchange differences arising from provision for pending litigation losses	–	8,929
Other gains	<u>–</u>	<u>(368)</u>
	<u><u>–</u></u>	<u><u>8,561</u></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

### 7. FINANCE COSTS

An analysis of finance costs is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Interest on lease liabilities	11,647	12,590
Interest expenses on bank borrowings and other loans	166,993	186,880
Less: interest capitalised	<u>(2,321)</u>	<u>(135)</u>
	<u><b>176,319</b></u>	<u><b>199,335</b></u>

The Group's capitalisation rate for the year ended 31 December 2023 was 3.8% (for the year ended 31 December 2022: 3.1%).

### 8. 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稅法實施條例》), 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 2023 to 31 December 2023 (29.12% during the period from 1 January 2022 to 31 December 2022).

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current tax		
Provision for the year	103,445	65,637
Overprovision in respect of prior years	<u>(3,719)</u>	<u>(5,044)</u>
Deferred tax	<u>14,330</u>	<u>(1,921)</u>
	<u><b>114,056</b></u>	<u><b>58,672</b></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

### 8. 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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit before tax	617,626	296,795
Income tax at the statutory income tax rate of 25% (2022: 25%)	154,406	74,198
Effect of a different tax rate applicable in another country	–	(2,796)
Effect of the preferential income tax rate	(61,763)	(29,679)
Expenses not deductible for tax	2,079	6,888
Additional deduction of research and development expenses	(3,653)	(3,791)
Adjustments in respect of current tax of previous periods	(3,719)	(5,044)
Effect of utilisation of unrecognised tax losses in prior years	(7,020)	(1,764)
Deductible temporary differences and tax losses not recognised	<u>33,726</u>	<u>20,660</u>
Income tax charge for the year	<u>114,056</u>	<u>58,672</u>
The Group's effective rate	<u>18.47%</u>	<u>19.77%</u>

### 9. DIVIDENDS

The dividends during the years ended 31 December 2023 and 2022 are set out below:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Dividends declared to owners of the parent	<u>148,377</u>	<u>88,432</u>

- (i) During 2023, the final dividend of RMB148,377,000 at RMB0.05 (2022: RMB0.0298) per ordinary share (before tax) in respect of the year of 2022, based on the issued shares of the Company of 2,967,542,000 shares, was declared to owners of the parent (2022: RMB88,432,000).

The Board has not resolved to recommend payment of the Proposed 2023 Final Dividend but shall convene another Board meeting, expected to be on or before the end of April 2024, to consider the declaration of the Proposed 2023 Final Dividend. If the Board decides to proceed, the declaration will be adopted and recommended by Board resolution for the approval of the Shareholders.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

### 9. 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.

### 10. 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 2023 and 2022.

The Company did not have any potential dilutive shares in issue during the years ended 31 December 2023 and 2022. 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:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic/diluted earnings per share calculation	<u>522,375</u>	<u>272,425</u>
	<b>Number of shares</b>	
<b>Shares</b>	<b>2023</b>	2022
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>
<b>Earnings per share</b>	<b>2023</b>	2022
Basic/diluted earnings per share	<u>RMB0.18</u>	<u>RMB0.09</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

### 11. TRADE AND BILLS RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	7,797,976	8,677,433
Less: provision for impairment	<u>(333,490)</u>	<u>(309,483)</u>
	7,464,486	8,367,950
Bills receivable	<u>539,001</u>	<u>610,254</u>
	<u><u>8,003,487</u></u>	<u><u>8,978,204</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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 year	5,453,414	5,852,546
Between 1 and 2 years	661,706	677,024
Between 2 and 3 years	248,095	741,451
Over 3 years	<u>1,973,762</u>	<u>2,016,666</u>
	8,336,977	9,287,687
Less: provision for impairment	<u>(333,490)</u>	<u>(309,483)</u>
	<u><u>8,003,487</u></u>	<u><u>8,978,204</u></u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

### 11. TRADE AND BILLS RECEIVABLES (CONTINUED)

#### (b) Impairment of trade receivables

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

	2023 RMB'000	2022 RMB'000
At beginning of the year	309,483	292,965
Impairment losses, net	<u>24,007</u>	<u>16,518</u>
At end of the year	<u><u>333,490</u></u>	<u><u>309,483</u></u>

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

As at 31 December 2023, the gross carrying amounts of trade receivables from the related parties are RMB6,777,245,000 (2022: RMB7,674,811,000) 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 0.855% (2022: 0.303%). 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 2023

	Related parties	Third parties				Subtotal	Individually assessed trade receivables (Note a)	Total
		Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years			
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>333,490</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

### 11. TRADE AND BILLS RECEIVABLES (CONTINUED)

#### (b) Impairment of trade receivables (Continued)

As at 31 December 2022

	Related parties	Within 1 year	Third parties			Subtotal	Individually assessed trade receivables (Note a)	Total
			Between 1 and 2 years	Between 2 and 3 years	Over 3 years			
Expected credit loss rate	0.303%	1.89%	5.47%	13.27%	38.92%	15.53%	86.72%	3.57%
Gross carrying amount (RMB'000)	7,674,811	347,444	89,694	128,401	253,756	819,295	183,327	8,677,433
Expected credit losses (RMB'000)	<u>23,245</u>	<u>6,554</u>	<u>4,902</u>	<u>17,036</u>	<u>98,764</u>	<u>127,256</u>	<u>158,982</u>	<u>309,483</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 RMB151,106,000.

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, 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 RMB4,053,000 was made as at 31 December 2023.

In addition to above two impairment provisions, there are three third-party receivables with the amount of RMB5,066,000 that are fully made impairment provision due to their low possibilities of recovery as at 31 December 2023.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

### 11. TRADE AND BILLS RECEIVABLES (CONTINUED)

#### (c) Transferred financial assets

##### *Transferred financial assets that are derecognised in their entirety*

As at 31 December 2023, 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 RMB45,260,000 (2022: RMB117,359,000)(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 2023 and 2022, 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 2023, 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 RMB126,166,000 (2022: RMB87,569,000) 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 RMB126,166,000 (2022: RMB87,569,000) as at 31 December 2023.

As at 31 December 2023, no trade and bills receivables were pledged for bills payable granted to the Group (31 December 2022: RMB7,880,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

### 12. TRADE AND BILLS PAYABLES

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

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Bills payable ( <i>Note</i> )	<b>86,209</b>	54,053
Trade payables	<b><u>4,239,787</u></b>	<u>4,759,759</u>
	<b><u><u>4,325,996</u></u></b>	<u><u>4,813,812</u></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:

	<b>2023</b>	2022
	<b>RMB'000</b>	RMB'000
Within 1 year	<b>2,453,708</b>	2,625,449
1 year to 2 years	<b>429,915</b>	472,115
2 years to 3 years	<b>118,621</b>	505,427
More than 3 years	<b><u>1,323,752</u></b>	<u>1,210,821</u>
	<b><u><u>4,325,996</u></u></b>	<u><u>4,813,812</u></u>

*Note:* As at 31 December 2023, no bills payable are secured by trade and bills receivables (31 December 2022: part of the above bills receivables are secured by trade and bills receivables with a net carrying value of RMB7,880,000).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

### 13. INTEREST-BEARING BANK BORROWINGS AND OTHER LOANS

	Effective interest rate	Maturity	31 December 2023 RMB'000	Effective interest rate	Maturity	31 December 2022 RMB'000
<b>Current</b>						
Bank borrowings:						
– unsecured	2.45%-3.00%	2024	1,706,208	2.80%-4.10%	2023	2,746,495
Other loans:						
– unsecured	3.10%	2024	450,000	3.10%-4.50%	2023	600,000
– short-term bonds (Note a)	2.38%	2024	<u>500,000</u>	2.00%	2023	<u>500,000</u>
			<u>2,656,208</u>			<u>3,846,495</u>
<b>Current portion of long-term bank borrowings and other loans</b>						
Bank borrowings – unsecured	2.80%-3.86%	2024	347,545	3.10%-4.11%	2023	856,666
Bank borrowings – guaranteed (Note b)			–	4.25%	2023	5,500
Other loans – bonds	3.39%	2024	600,000			–
Other loans – unsecured			–	3.95%	2023	8,900
Lease liabilities	4.41%	2024	<u>23,229</u>	4.41%	2023	<u>33,891</u>
			<u>970,774</u>			<u>904,957</u>
			<u>3,626,982</u>			<u>4,751,452</u>
<b>Non-current</b>						
Long-term bank borrowings and other loans:						
Bank borrowings – unsecured	2.85%-3.86%	2025-2029	1,316,710	3.10%-3.96%	2024-2027	519,793
Other loans – unsecured	2.98%	2026	400,000			–
Other loans – bonds			–	3.39%	2024	110,000
Lease liabilities	4.41%	2025-2038	<u>246,995</u>	4.41%	2024-2038	<u>258,996</u>
			<u>1,963,705</u>			<u>888,789</u>
			<u>5,590,687</u>			<u>5,640,241</u>
Interest-bearing bank borrowings and other loans denominated in:						
– RMB			<u>5,590,687</u>			<u>5,640,241</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

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

Note a:

On 22 February 2023 and 20 April 2023, the Company issued two tranches of super short-term bonds with a par value of RMB100 amounting to RMB500 million each. On 19 July 2023, the Company issued one tranches of super short-term bonds with a par value of RMB10,000 amounting to RMB500 million. The bonds had an annual effective interest rate of 2.25%, 2.36% and 2.38% respectively. The first and second tranches of super short-term-bond were already matured in April 2023 and July 2023, respectively. The third tranche of the super short-term bond will be matured in April 2024.

Note b:

The above secured bank borrowings were guaranteed by the Company for certain subsidiaries.

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Analysed into:		
Bank borrowings repayable:		
Within one year	2,053,753	3,608,661
In the second year	519,706	331,992
In the third to fifth years, inclusive	753,696	187,802
Beyond five years	43,308	—
	<u>3,370,463</u>	<u>4,128,455</u>
Other loans repayable:		
Within one year	1,573,229	1,142,791
In the second year	27,654	140,735
In the third to fifth years, inclusive	476,124	84,608
Beyond five years	143,217	143,652
	<u>2,220,224</u>	<u>1,511,786</u>
Total	<u>5,590,687</u>	<u>5,640,241</u>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2023

### 14. SHARE CAPITAL

<b>Shares</b>	<b>2023</b> <i>RMB'000</i>	2022 <i>RMB'000</i>
Issued and fully paid: 2,967,542,000 (2022: 2,967,542,000) ordinary shares	<u><b>2,967,542</b></u>	<u>2,967,542</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 protection facility concession operation, denitrification catalysts, environmental protection facility engineering, water treatment business, energy conservation business and renewable energy engineering business. 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 countries.

### I. INDUSTRY OVERVIEW

Summarizing the overall performance of the environmental protection industry in 2023, there are several major highlights and industry trends as follows:

#### 1. Carbon Peak and Carbon Neutral “1+N” Policy System has been Constructed and Continuously Implemented

In 2023, a series of implementation plans as well as support and protection plans for key areas and industries were launched. In April 2023, the “Guidelines for Building a Carbon Peak and Carbon Neutral Standard System” was published, aiming to establish a carbon peak and carbon neutral standard system by focusing on the basic common standards, as well as the needs for the development of carbon emission reduction, carbon utilization, and carbon market. In July 2023, the “Opinions on Promoting the Gradual Transformation of Dual Control on Energy Consumption to Dual Control on Carbon Emission” was issued to coordinate the development and reduction of emissions, strengthen the basis of statistics and accounting, establish and improve the supporting system, improve the regulation of the total amount and intensity of energy consumption, and promote the transformation from dual control on energy consumption to dual control on carbon emission in phases, which provides an important institutional basis for achieving carbon peak and carbon neutrality. In November 2023, the “Opinions on Accelerating the Establishment of the Management System of Product Carbon Footprints” was issued, which plays an important role in promoting the upgrade of the industries. The launch of these policies will bring new opportunities for the development of the Company's energy-saving and carbon reduction industries, such as carbon monitoring and Carbon Capture, Utilization and Storage (“CCUS”).

## **2. The Accelerated Planning and Construction of New Energy System Promoted the Development of Strategic Emerging Industries**

In 2023, the installed capacity of non-fossil energy generation exceeded that of thermal power for the first time, with wind power installed capacity growing by 20.7% year-on-year and solar power installed capacity growing by 55.2% year-on-year. In June 2023, the National Energy Administration released the “Blue Book for the Development of a New Power System”, which comprehensively explains the development concept and characteristics of the new power system, develops a “three-step” development path, and puts forward the overall framework and key tasks for the construction of the new power system. Accelerating the planning and construction of a new energy system is not only an intrinsic requirement for actively and steadily promoting carbon peaking and carbon neutrality, but also an important support for deeply pushing forward the energy revolution and promoting high-quality development of the economy. The planning and construction of a new energy system will drive the vigorous development of decentralized photovoltaic, energy storage, integrated intelligent energy and other related industries, and will bring enormous space for the development of the Company’s related businesses.

## **3. The Role of Coal-fired Power as a Supporting and Regulating Power Source was More Prominent**

The “Blue Book for the Development of New Power System” formulated a “three-step” development path. Coal-fired power, as the “anchor” for power security, will be transformed into a model that emphasizes both roles as a basic supporting power and system regulating power. Before 2030, the installed capacity and power generation of coal-fired power will still grow moderately. In November 2023, the National Development and Reform Commission issued the “Notice on the Establishment of Coal and Power Capacity Tariff Mechanism”, formally establishing the coal and power capacity tariff mechanism to ensure the sustained and healthy operation of the coal and power industry, and to better guarantee the safe and stable supply of electricity. The Company’s environmental protection businesses, such as flue gas treatment and water treatment, which mainly serve the coal power industry, will still have certain development space.

## **II. BUSINESS OVERVIEW**

In 2023, 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 2023, 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 2023, the Group remained as the PRC’s largest producer of denitrification catalysts.

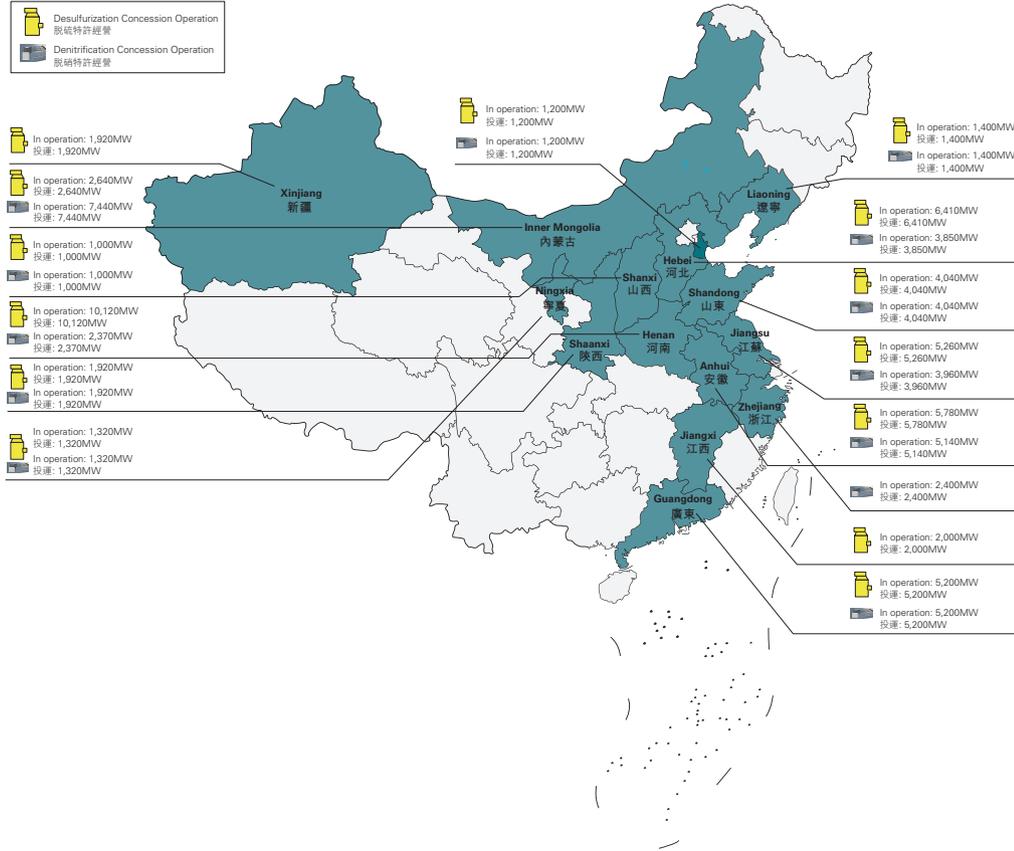
In 2023, all of the Group’s desulfurization concession operation and denitrification concession operation projects under construction have transferred into operational stage in respect of the environmental protection facility concession operation business. While consolidating its leading position in the environmental protection field of thermal power segment, the Group actively developed environmental protection governance businesses in steel, cement, metallurgy and other non-electric fields to expand its business scope and influence.

**1. Environmental Protection and Energy Conservation 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 2023:



As at 31 December 2023, 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 2023:

<b>Project location</b>	<b>Project name</b>	<b>Category of concession operation</b>	<b>Installed capacity (MW)</b>
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

<b>Project location</b>	<b>Project name</b>	<b>Category of concession operation</b>	<b>Installed capacity (MW)</b>
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
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
Shaanxi	Tianjia'an	Desulfurization	640
	Binchang	Desulfurization and denitrification	1,260
	Baoji	Desulfurization and denitrification	660
Inner Mongolia	Tuoketuo	Desulfurization and denitrification	1,320/6,120
	Xilinhot	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 Denitrification catalysts business

In 2023, the Group's denitrification catalysts business remained stable. The following table sets forth the breakdown of the key figures of the Group's denitrification catalysts business in 2023:

<i>(Unit: m<sup>3</sup>)</i>			
<b>Delivery volume to customers other than China Datang Group</b>			
<b>Production volume</b>	<b>Sales volume</b>	<b>Delivery volume</b>	<b>Datang Group</b>
25,381.79	46,147.69	46,412.82	13,171.20

In 2023, the Group sold 12,944.76m<sup>3</sup> of catalyst to customers other than China Datang Group and entered into 73 contracts, among which, 11 contracts were entered with overseas customers with the aggregate sales volume of 4,387.15m<sup>3</sup>, while 39 contracts were entered with customers from non-electric industry such as glass and alumina sectors with the aggregate sales volume of 1,523.79m<sup>3</sup>. Meanwhile, the Group has made steady progress in the disposal of waste catalysts with a total amount of 17,117.69m<sup>3</sup> of waste catalysts disposed in 2023.

## 1.3 Environmental protection facility engineering business

In 2023, 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, and actively explore the environmental market of non-electric industry such as petroleum, coking, steel and cement.

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 2023:

<b>Item</b>	<b>Projects awarded and signed in 2023</b>		<b>Projects under construction as of the end of 2023</b>	
	<b>Number</b>	<b>Amount (RMB million)</b>	<b>Number</b>	<b>Amount (RMB million)</b>
Desulfurization	4	545.43	3	356.63
Denitrification	4	83.11	0	0
Dust removal	1	26.51	1	176.10
Others	0	0	6	209.95

#### ***1.4 Waterworks business***

In 2023, the Group entered into 9 contracts for waterworks projects, with a total contract amount of RMB150 million. We won the bidding for the mine water project of Xing'an Coal Mine, a non-related party, marking a breakthrough in the coal mine water development segment. We won the bidding for the zero-emission project of Lingtai Power Plant of Shandong Energy Group, marking the Company's initial entry into the market of the Shandong Energy Group. Besides, it was the first time for the Company to promote the "low-temperature flash vaporization + rotary fogging" technology to the mega-unit market.

### **2. Overseas Business**

As at 31 December 2023, the NPP5A, NPP9 and PTG projects in Thailand and the desulfurization project in Cuddalore in India which the Group have undertaken overseas ran steadily after officially put into operation. There are no overseas projects currently underway.

### **3. Renewable Energy Business**

#### ***3.1 Engineering Business***

In 2023, the Group entered into 3 renewable energy engineering projects, all being photovoltaic and energy storage engineering projects with a total installed capacity of 1,100 MW.

#### ***3.2 Investment Business***

In 2023, the Group entered into 1 distributed photovoltaic investment project with total installed capacity of 0.437MW. As of the end of 2023, the Group is operating 12 distributed photovoltaic projects with an installed capacity of 12.05MW and an annual power generation capacity of 6,926,500kWh.

#### **4. Research and Development**

In 2023, the Group continued to intensify sci-tech innovation, conducted in-depth research on cutting-edge technologies in six technological directions, such as carbon emission reduction and solid waste disposal, conducted online exchanges and onsite visits with more than 30 higher education institutions, scientific research institutions and leading enterprises in the industry, and established 3 working groups for the incubation of new industries and 3 preparatory groups for the incubation of new industries in order to promote the relevant work. In terms of carbon emission online monitoring, we carried out system iteration and upgrading according to the operation of the pilot projects, improved the product performance, completed the localization substitution, formed a stereotyped complete set of carbon emission online monitoring products with independent intellectual property rights, and accelerated the completion of the CCEP product certification on the basis of obtaining CPA certification. In terms of green recycling industry of retired wind turbine blades, we explored and realized the green recycling disposal and high-value utilization of blades. Besides, we carried out the technical research on the in-situ reconstruction of wind power foundations by replacing existing old 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. In terms of energy storage, with electrochemical energy storage system integration as the business entry point, we gradually mastered core technologies such as battery management, energy management and fire warning, and provided software support for energy storage EPC projects. In terms of comprehensive smart energy, we focused on developing distributed integrated energy systems, effectively enhanced the value of distributed photovoltaic systems, and accelerated the construction of a digital intelligent management and control platform for distributed energy.

In 2023, the Group was awarded 50 patent authorizations in aggregate, including 33 invention patent authorizations. As of the end of 2023, the Group was preparing one international standard as a leading role, and two domestic standards as a leading role, and has completed the leading preparation and publication of five international standards.

The “Technology and Application of Efficient, Flexible, Clean and Synergistic Energy Potential Dynamic Matching for Transient Processes in Coal-Fired Generating Units (燃煤發電機組瞬態過程高效靈活清潔協同的能勢動態匹配技術及應用)” jointly developed by the Group and Xi’an Jiaotong University was awarded the First Prize of Shaanxi Province Science and Technology Progress Award. The “Wet Mill Optimized Operation Technology Based on Ultrasonic Measurement (基於超聲波測量的濕磨機優化運行技術)” and “Development of High Denitrification Activity – Low SO<sub>2</sub> Oxidation Rate Denitrification Catalyst and Its Preparation Process (高脫硝活性—低SO<sub>2</sub>氧化率脫硝催化劑及其製備工藝開發)” were appraised by China Electricity Council (“CEC”) to be of international leading and advanced standards respectively. The project “Digitalized Water Island System for Thermal Power Plants (火電廠數字化水島系統)” was awarded the Five-Star Water Treatment Technology Innovation Achievement Award by China Electricity Technology Market Association, the project “Technology and Application of Zero Discharge of High Salt Wastewater Based on Multiphase Flow Evaporation Concentration and Rotary Aerosol Drying (基於多相流蒸發濃縮與旋轉霧化乾燥的高鹽廢水零排放技術與應用)” was awarded the Second Prize of the Power Innovation Award of the CEC, and the project “Industrial Wastewater Treatment and Reuse Technology Evaluation Methods (工業廢水處理回用技術評價方法)” was awarded the Second Prize of the Standard Achievement Award of the CEC.

### 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 7.5% from RMB5,322.7 million in 2022 to RMB5,720.1 million in 2023. The Group's profit for 2023 amounted to RMB503.6 million, representing an increase of RMB265.5 million, or 111.5%, as compared with RMB238.1 million in 2022. Profit attributable to owners of the parent amounted to RMB522.4 million. The Group's cash and cash equivalents increased by 101.7% to RMB1,759.4 million as at 31 December 2023 as compared with RMB872.2 million as at 31 December 2022. The Group's total assets decreased by 1.7% to RMB18,045.4 million as at 31 December 2023 as compared with RMB18,348.3 million as at 31 December 2022. The Group's total liabilities decreased by 6.0% to RMB10,763.5 million as at 31 December 2023 as compared with RMB11,451.5 million as at 31 December 2022. The Group's return on total assets for 2023 was 2.8%, as compared with 1.3% in 2022.

#### 2. Results of Operations

##### 2.1 Revenue

The Group's revenue increased by 7.5% to RMB5,720.1 million in 2023 as compared with RMB5,322.7 million in 2022, 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 increased by 0.9% to RMB4,575.1 million in 2023 as compared with RMB4,533.3 million in 2022, mainly due to the increase in costs of engineering business.

### **2.3 *Selling and distribution expenses***

The Group's selling and distribution expenses increased by 48.7% to RMB27.8 million in 2023 as compared with RMB18.7 million in 2022. This was primarily due to the increase in the expenses such as bidding expenses, travel expenses and business entertainment expenses.

### **2.4 *Administrative expenses***

The Group's administrative expenses increased by 9.0% to RMB422.8 million in 2023 as compared with RMB387.8 million in 2022. This was mainly due to the increase in the Company's labor dispatch personnel.

### **2.5 *Other income and losses***

The Group's other income increased to RMB157.8 million in 2023 as compared with RMB111.5 million in 2022. This was mainly due to the increase in loss on disposal of property, plant and equipment compared with last year.

### **2.6 *Other expenses, net***

The Group's other expenses decreased by 100% to RMB0 in 2023 as compared with RMB8.6 million in 2022. This was primarily attributed to an expense recognized in 2022 which was related to the settlement of a performance guarantee in relation to the India Gujarat Project, while no corresponding expenses were recognized in 2023.

### **2.7 *Finance costs***

The Group's finance costs decreased by 11.5% to RMB176.3 million in 2023 as compared with RMB199.3 million in 2022, mainly due to the decrease in the balance of long-term interest-bearing bank borrowings of the Group and the replacement of high-interest bank borrowings through the issuance of super short-term commercial papers, which lowered the finance cost.

### **2.8 *Profit before tax***

As a result of the foregoing factors, the Group's profit before tax increased by 108.1% to RMB617.6 million in 2023 as compared with RMB296.8 million in 2022.

## **2.9 Income tax expense**

The Group's income tax expense was RMB114.1 million in 2023, representing an increase of 94.4% from RMB58.7 million in 2022, mainly due to the increase in profit before tax.

## **2.10 Profit for the year**

The Group's profit for the year increased by RMB265.5 million from RMB238.1 million in 2022 to RMB503.6 million in 2023. For the year ended 31 December 2023, the Group's profit for the year as a percentage of its total revenue increased to 8.8% as compared with 4.5% in 2022.

## **2.11 Profit attributable to owners of the parent**

The profit attributable to owners of the parent increased by RMB250.0 million to RMB522.4 million in 2023 as compared with RMB272.4 million in 2022.

## **2.12 Loss attributable to non-controlling interests**

The loss attributable to non-controlling interests of the Group decreased by 45.2% to RMB18.8 million in 2023 as compared with RMB34.3 million in 2022.

### 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 each segment or sub-segment as a percentage of total revenue for the years ended 31 December 2023 and 2022, as well as the percentage of change:

	2023		For the year ended 31 December 2022		Change %
	Revenue RMB'000	Percentage of total revenue before elimination <sup>(1)</sup> %	Revenue RMB'000	Percentage of total revenue before elimination <sup>(1)</sup> %	
<b>Environmental Protection and Energy Conservation Solutions:</b>					
Total revenue of environmental protection and energy conservation solutions before elimination	5,567,188	93.4	5,200,433	95.1	7.1
Intra-segment elimination <sup>(2)</sup>	(201,102)		(112,389)		78.9
Total revenue of environmental protection and energy conservation solutions after intra-segment elimination	5,366,086		5,088,044		5.5
Inter-segment elimination	-		-		-
<b>External revenue of environmental protection and energy conservation solution</b>	<b>5,366,086</b>		<b>5,088,044</b>		<b>5.5</b>
<b>Renewable Energy Engineering:</b>					
Total revenue of renewable energy engineering business	331,379	5.6	195,533	3.6	69.5
Inter-segment elimination	-		-		-
<b>External revenue of renewable energy engineering</b>	<b>331,379</b>		<b>195,533</b>		<b>69.5</b>
<b>Thermal power engineering:</b>					
Total revenue of thermal power engineering	-	0.0	-	0.0	-
Inter-segment elimination	-		-		-
<b>External revenue of thermal power engineering</b>	<b>-</b>		<b>-</b>		<b>-</b>
<b>Other businesses:</b>					
Total revenue of other businesses	60,090	1.0	70,211	1.3	-14.4
Inter-segment elimination <sup>(3)</sup>	(37,424)		(31,066)		20.5
<b>External revenue of other businesses</b>	<b>22,666</b>		<b>39,145</b>		<b>-42.1</b>
<b>Total revenue before elimination<sup>(4)</sup></b>	<b>5,958,657</b>	<b>100.0</b>	<b>5,466,177</b>	<b>100.0</b>	<b>9.0</b>
<b>Total intra- and inter-segment elimination<sup>(5)</sup></b>	<b>238,526</b>		<b>143,455</b>		<b>66.3</b>
<b>Total revenue</b>	<b>5,720,131</b>		<b>5,322,722</b>		<b>7.5</b>

*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 business segments 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 2023 and 2022, as well as the percentage of change in gross profit:

	For the year ended 31 December				
	2023		2022		Change of gross profit %
	Gross profit <sup>(1)</sup> RMB'000	Gross profit margin <sup>(2)</sup> %	Gross profit <sup>(1)</sup> RMB'000	Gross profit margin <sup>(2)</sup> %	
Total gross profit of environmental protection and energy conservation solutions	1,180,926	22.0	880,381	17.3	
Total gross profit of renewable energy engineering	43,940	13.3	(75,625)	(38.7)	(158.1)
Total gross profit of thermal power engineering	-	-	-	-	-
Total gross profit of other businesses	(79,848)	(352.3)	(15,335)	(39.2)	420.7
Total gross profit and overall gross profit margin <sup>(3)</sup>	1,145,018	20.0	789,421	14.8	45.0

*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 2023, the Group's cash and cash equivalents decreased by 101.7% to RMB1,759.4 million as compared with RMB872.2 million as at 31 December 2022, mainly attributable to the decrease in the cash flow generated from operating activities of the Group.

#### **5. Working Capital**

As at 31 December 2023, the Group's net current assets increased by 398.2% to RMB2,013.9 million as compared with RMB404.2 million as at 31 December 2022, primarily due to the decrease in contract assets, trade receivables and cash and cash equivalents.

#### **6. Indebtedness**

As at 31 December 2023, the Group's borrowings decreased by 0.9% to RMB5,590.7 million as compared with RMB5,640.2 million as at 31 December 2022.

#### **7. Capital Expenditure**

The Group's capital expenditure increased by 126.4% to RMB389.8 million in 2023 as compared with RMB172.2 million in 2022. 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	
	2023	2022
Current ratio	123.0%	103.8%
Quick ratio	121.2%	102.4%
Liabilities to assets ratio	59.6%	62.4%
Leverage ratio	52.6%	69.1%
Return on total assets	2.8%	1.3%
Return on equity	<u>6.9%</u>	<u>3.4%</u>

## 9. Significant Investment

For the year ended 31 December 2023, the Group made no significant investment.

## 10. Material Acquisition and Disposal

On 31 August 2023, Datang (Beijing) Water Engineering & Technology Co., Ltd.\* (大唐(北京)水務工程技術有限公司) (“**Water Engineering & Technology**”), a wholly-owned subsidiary of the Company, as a vendor, entered into an agreement with Datang Baoji Thermal Power Plant (大唐寶雞熱電廠), a wholly-owned branch of a fellow subsidiary namely Datang Shaanxi Power Generation Co., Ltd\* (大唐陝西發電有限公司), as a purchaser. According to the agreement, Water Engineering & Technology has conditionally agreed to sell and Datang Baoji Thermal Power Plant has conditionally agreed to acquire, a number of building, building structures and equipment (“**Target Assets**”) at a consideration of RMB37,997,700, which was based on the appraised market value of the Target Assets on 30 September 2022 by a PRC independent valuer. Upon completion of the disposal of the Target Assets, the Group is expected to record a gain on disposal of approximately RMB26,331,800 (before tax).

Save as disclosed above, for the year ended 31 December 2023, the Group has no material acquisition or disposal.

## 11. Charged and Pledged Assets

As at 31 December 2023, no assets were pledged to secure interest-bearing bank borrowings and other loans for the Group.

## 12. Contingent Liabilities

### (a) *India Gujarat Project*

On 16 March 2019, the Group's subsidiaries, Technologies & Engineering Company and Datang Technologies & Engineering India Private Limited ("**Technologies & Engineering India**") signed construction contracts for desulfurisation and wet chimney with Gujarat State Electricity Corporation Limited ("**GSECL**"). Due to the impact of COVID-19, the construction progress was delayed and GSECL issued a formal notice which stated that it might take measures such as terminating the contract, redeeming the performance guarantee letter, and entrusting the work to others to complete. The Group fully accrued provisions of RMB75,848,000 for the redemption of the performance guarantee letter, and also considered that the corresponding advance receipts of RMB25,835,000 would no longer be obligated to be returned after the redemption of the performance guarantee letter, and incurred other expenses of RMB50,013,000 for the year ended 31 December 2021 accordingly. During the year ended 31 December 2022, the performance guarantee letter of RMB75,848,000 has been fully redeemed. The likelihood of occurrence of other compensations about these contract disputes cannot be estimated reliably.

### (b) *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 connected persons**

The Group has been conducting various transactions with China Datang Group and its connected persons, and will continue to enter into such transactions in the future. For the year ended 31 December 2023, the total value of goods sold and services provided by the Group to China Datang Group and its connected persons was approximately RMB5,119.4 million, representing approximately 89% of the total revenue of the Group. For the year ended 31 December 2023, the total value of goods purchased and services received by the Group from China Datang Group and its connected persons was approximately RMB2,087.4 million, representing approximately 46% of the total cost of the Group. The Group has been actively expanding its client base. For example, during 2023, the Group entered into contracts in the amount of RMB364 million with clients other than China Datang Group and its connected persons, representing approximately 20% of the total contract amount of the Group.

## **Liquidity risks**

The Group had operating cash flows of RMB1,811.1 million for the year ended 31 December 2023. 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 2023, the Group had available bank facilities of RMB13.86 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.

## **Risks on overseas business**

The Group is aggressively developing its overseas business, especially in the Belt and Road Initiative countries, deeply explores Southeast Asia, South Asia and other core markets, and focuses on the deployment in India, Thailand and other countries. The Group's global business expansion may be hindered by risks such as: lack of availability of overseas financing, possible difficulties in the management of overseas personnel and business operations, lack of understanding of the local business environment, financial and management system or legal system, volatility in currency exchange rates, cultural differences, changes in political, regulatory or economic environments in the foreign countries or other regions, as well as the risk of barriers. If the Group fails to manage the above risks effectively, its overseas expansion may be hindered, which may in turn result in a material and adverse effect on its business prospects, results of operations and financial condition. The management of the Group is of the view that, the PRC government has been actively establishing friendly diplomatic relations with the Belt and Road Initiative countries and improving the overseas investment atmosphere. The Group has extensive experience in project management in certain countries, such as India and Thailand, which can serve as examples for its future overseas development. Moreover, the Group has established rather mature risk management and internal control systems to mitigate risks on overseas business to the greatest extent possible.

## 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 2024:

### 1. **Make every effort to improve quality and efficiency and secure basic business foundation**

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 elevate the level of lean management throughout the whole process of environmental protection facilities concession operation, and promote the application of mature technologies such as denitrification ammonia injection optimization, dilution air heat exchange and white mud replacing limestone transformation, as well as new technology pilots such as efficiency improvement of empty tower of absorption tower and silicon carbide impeller, so as to continuously reduce energy and material consumption and enhance the operational efficiency of environmental protection facilities. The Group will strengthen the management of bulk materials and promote the utilization of gypsum resources and quality enhancement to achieve cost reduction and efficiency improvement. The Group will also strengthen the building of core capabilities in the engineering segment, enhance technology, market and project control capabilities by focusing on high-quality projects, explore the potential for energy-saving transformation of environmental protection facilities such as desulfurization, denitrification and dedusting, expand the scale of businesses such as conversion of liquid ammonia to urea and air preheater blockage prevention, and promote the strengthening and expansion of zero wastewater discharge from thermal power plants, water-saving transformation of recycled water and non-electric industrial wastewater treatment.

## **2. Strengthen technological innovation and accelerate the development of new quality productivity**

The Group will give full play to the role of technological innovation as a state-owned enterprise, focus on strategic emerging industries such as environmental governance, new energy, energy saving and carbon reduction as well as green recycling, and endeavour to research and develop key core technologies, core equipment and core materials. In respect of CCUS measures, based on carbon capture technologies such as solution absorption method and ultra-low energy physical adsorption method, the Group will establish a complete technology system of carbon dioxide (“CO<sub>2</sub>”) capture for coal-fired/gas power plants, and explore CO<sub>2</sub> resource technologies such as CO<sub>2</sub> hydrogenation to produce green methanol for co-production of liquefied natural gas (LNG) and use of CO<sub>2</sub> to produce carbon nanotube (CNT), so as to form low carbon/zero carbon solutions for multi-scenario industries. In respect of energy storage, the Group will break through key technologies for high safety, low cost, large scale and efficient electrochemical energy storage, focus on the reaction stability of chemical heat storage materials and the development of system equipment to create a new generation of original technology sources for chemical heat storage, and research the collaborative peak-frequency regulation characteristics of new energy storage technologies such as batteries, flywheels and capacitors, so as to form grid-forming hybrid energy storage solutions. In respect of catalysts, the Group will strengthen the development and application of high pore honeycomb denitrification catalyst products, strive to achieve technological breakthroughs in overcoming “bottleneck” challenges, and carry out research and development of new catalysts such as low precious metal hydrogen production catalysts and CO<sub>2</sub> hydrogenation to produce methanol, so as to build-up technology reserves for future industrial development.

### **3. Cultivate and expand strategic emerging industries and open up new tracks for future industries**

The Group will focus on strategic emerging industries and carry out the application of key core technologies. In respect of catalysts, the Group will continue to be guided by market demand, increase the promotion and application of new products such as medium and low temperature denitrification catalysts, synergistic denitrification and dehydration catalysts, anti-alkali metal poisoning denitrification catalysts and denitrification catalysts with low sulfur dioxide (SO<sub>2</sub>) oxidation rates, and promote the pilot construction of a “zero carbon factory” at the second catalysts production base. In respect of online carbon emission monitoring, the Group will iterate and upgrade the system based on the operation of pilot projects, improve product performance, complete localization substitution, form a stereotyped complete set of carbon emission online monitoring products with independent intellectual property rights, and accelerate the completion of China Certification for Environmental Products (CCEP) on the basis of obtaining CPA certification. In respect of the green recycling industry of retired wind turbine blades, the Group will explore the realization of green recycling and disposal as well as high value utilization of blades. Meanwhile, the Group will carry out technical research on the 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. In respect of energy storage, the Group will take the integration of electrochemical energy storage systems as the business entry point, gradually master core technologies such as battery management, energy management and fire warning, and provide software support for energy storage EPC (engineering, procurement and construction) projects. In respect of comprehensive smart energy, the Group will focus on developing distributed comprehensive energy systems, effectively enhance the value of distributed photovoltaic systems and accelerate the construction of a digital intelligent management and control platform for distributed energy.

### **REPURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY**

For the year ended 31 December 2023, neither the Company nor any of its subsidiaries has repurchased, sold or redeemed any of the Company’s listed securities.

## **PROPOSED 2023 FINAL DIVIDEND**

The Board has not resolved to recommend payment of the Proposed 2023 Final Dividend but shall convene another Board meeting, expected to be on or before the end of April 2024, to consider the declaration of the Proposed 2023 Final Dividend. If the Board decides to proceed, the declaration will be adopted and recommended by the Board resolution for the Shareholders' approval.

## **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 Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), 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 2023, 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 duty. The Company has purchased liability insurance for the Directors.

For the year ended 31 December 2023, 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 2023 annual report of the Company (the “**2023 Annual Report**”) which will be published in due course.

## **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 2023. 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 2023 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 2023 annual results and the consolidated financial statements for the year ended 31 December 2023 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 2023:

	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 2023 (HK\$ million)	Unused net proceeds up to 31 December 2023 (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	63.23	30.37	December 2025
For investment in renewable energy projects	-	8.00	0.00	8.00	December 2025
<b>Total</b>	<u>2,032.30</u>	<u>2,032.30</u>	<u>1,993.93</u>	<u>38.37</u>	

## SIGNIFICANT SUBSEQUENT EVENT

As of the date of this results announcement, the Group had no significant events after the reporting period that need to be disclosed.

## PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement will be available on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.dteg.com.cn](http://www.dteg.com.cn)). The 2023 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, 22 March 2024

*As at the date of this announcement, the executive Director is Mr. Zhu Liming; the non-executive Directors are Mr. Wang Junqi, Mr. Shen Zhen, Mr. Wu Daqing, Mr. Chen Kan and Mr. Song Yunpeng; and the independent non-executive Directors are Mr. Ye Xiang, Mr. Mao Zhuanjian and Mr. Gao Jiexiang.*

*\* For identification purpose only*