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ELL Environmental Holdings Limited

強泰環保控股有限公司*

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1395)

ANNOUNCEMENT OF FINAL RESULTS

FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL SUMMARY

- Revenue for FY2023 amounted to HK\$113.3 million (FY2022: HK\$203.7 million), representing a decrease of 44.4% as compared with FY2022.
- Gross profit for FY2023 was HK\$40.7 million (FY2022: HK\$52.1 million), representing a decrease of 21.9% as compared with FY2022.
- Profit before tax for FY2023 was HK\$0.7 million (FY2022: HK\$0.2 million (restated)), representing an increase of 329.4% as compared with FY2022.
- Net loss for FY2023 was HK\$8.1 million (FY2022: net loss of HK\$15.2 million (restated)).
- No final dividend has been recommended by the Board for FY2023 (FY2022: nil).

The board of directors of ELL Environmental Holdings Limited (the “**Board**”, the “**Directors**” and the “**Company**”, respectively) is pleased to announce the audited annual consolidated results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2023 (“**FY2023**” or the “**Year**”).

The audited annual consolidated results of the Group for FY2023, together with the comparative figures for the year ended 31 December 2022 (“FY2022”), are as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

	NOTES	2023 HK\$'000	2022 HK\$'000 (restated)
Revenue	4	113,279	203,659
Cost of sales		<u>(72,609)</u>	<u>(151,599)</u>
Gross profit		40,670	52,060
Other income and net other gains and losses		234	4,772
Loss on disposal of a subsidiary		–	(14,060)
Impairment losses under expected credit loss model	7	(1,023)	(2,772)
Administrative expenses		(26,471)	(30,539)
Finance costs	6	<u>(12,710)</u>	<u>(9,298)</u>
Profit before tax	8	700	163
Income tax expense	9	<u>(8,818)</u>	<u>(15,335)</u>
Loss for the year		<u>(8,118)</u>	<u>(15,172)</u>
(Loss)/profit for the year attributable to:			
Owners of the Company		(8,265)	(16,261)
Non-controlling interests		<u>147</u>	<u>1,089</u>
		<u>(8,118)</u>	<u>(15,172)</u>
		<i>HK cent</i>	<i>HK cent</i> (restated)
Loss per share			
– Basic	11	<u>(0.75)</u>	<u>(1.47)</u>
– Diluted		<u>(0.75)</u>	<u>(1.47)</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 December 2023

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
Loss for the year	(8,118)	(15,172)
Other comprehensive expense		
<i>Item that will not be reclassified to profit or loss:</i>		
Actuarial (loss)/gain of defined benefit retirement plan	(5)	28
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(3,360)	(41,051)
Reclassification of cumulative exchange reserve to profit or loss upon deregistration of a subsidiary	(34)	–
Reclassification of cumulative exchange reserve to profit or loss upon disposal of a subsidiary	–	(3,693)
Net fair value loss on debt instrument at fair value through other comprehensive income	(502)	(1,429)
Impairment loss for debt instrument at fair value through other comprehensive income included in profit or loss	997	2,381
Other comprehensive expense for the year, net of nil income tax	(2,904)	(43,764)
Total comprehensive expense for the year	(11,022)	(58,936)
Total comprehensive (expense)/income for the year attributable to:		
Owners of the Company	(11,147)	(57,335)
Non-controlling interests	125	(1,601)
	(11,022)	(58,936)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2023

	NOTES	2023 HK\$'000	2022 HK\$'000 (restated)
NON-CURRENT ASSETS			
Property, plant and equipment		65,204	64,129
Receivables under service concession arrangements	12	336,599	298,498
Debt instrument at fair value through other comprehensive income		–	583
Other financial assets at amortised cost		–	–
Prepayments and other receivables		316	312
		402,119	363,522
CURRENT ASSETS			
Inventories		5,430	4,417
Trade receivables	13	3,670	414
Receivables under service concession arrangements	12	28,182	28,327
Prepayments and other receivables		29,064	80,477
Debt instrument at fair value through other comprehensive income		81	–
Other financial assets at amortised cost		–	–
Restricted bank deposits		27,480	5,405
Cash and cash equivalents		30,075	34,611
		123,982	153,651
CURRENT LIABILITIES			
Trade payables	14	2,970	5,466
Other payables and accruals		14,786	10,126
Amounts due to related parties	15	31,676	90,977
Borrowings	16	64,067	41,867
Lease liabilities		451	438
Income tax payable		3,377	6,081
		117,327	154,955
NET CURRENT ASSETS/(LIABILITIES)		6,655	(1,304)
TOTAL ASSETS LESS CURRENT LIABILITIES		408,774	362,218

	<i>NOTES</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
CAPITAL AND RESERVES			
Share capital		111	111
Reserves		284,272	295,419
		<hr/>	<hr/>
Equity attributable to owners of the Company		284,383	295,530
Non-controlling interests		(5,483)	(5,608)
		<hr/>	<hr/>
TOTAL EQUITY		278,900	289,922
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Amounts due to related parties	<i>15</i>	70,389	14,567
Borrowings	<i>16</i>	18,000	20,000
Lease liabilities		290	557
Deferred tax liabilities		24,963	22,891
Provision for major overhauls		15,088	13,352
Retirement benefit obligations		1,144	929
		<hr/>	<hr/>
		129,874	72,296
		<hr/>	<hr/>
		408,774	362,218
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION AND BASIS OF PREPARATION

ELL Environmental Holdings Limited (the “**Company**”) is incorporated in the Cayman Islands as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited. The addresses of the registered office of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The principal place of business of the Company is Unit 2304, 23rd Floor, Westlands Centre, 20 Westlands Road, Hong Kong.

The consolidated financial statements are presented in Hong Kong dollars (“**HK\$**”), which is also the functional currency of the Company.

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period.

2. APPLICATION OF AMENDMENTS TO HKFRSs

New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Company and its subsidiaries (collectively referred to as the “**Group**”) has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are mandatorily effective for the Group’s annual period beginning on 1 January 2023, for the preparation of the consolidated financial statements:

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

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

IMPACTS ON APPLICATION OF AMENDMENTS TO HKAS 1 AND HKFRS PRACTICE STATEMENT 2 DISCLOSURE OF ACCOUNTING POLICIES

The Group has applied the amendments for the first time in the current year. HKAS 1 Presentation of Financial Statements is amended to replace all instances of the term “significant accounting policies” with “material accounting policy information”. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

HKFRS Practice Statement 2 Making Materiality Judgements (the “**Practice Statement**”) is also amended to illustrate how an entity applies the “four-step materiality process” to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments has had no material impact on the Group’s financial positions and performance but has affected the disclosure of the Group’s accounting policies to the consolidated financial statements.

APPLICATION OF THE HKICPA GUIDANCE ON THE ACCOUNTING IMPLICATIONS OF THE ABOLITION OF THE MANDATORY PROVIDENT FUND (“MPF”) – LONG SERVICE PAYMENT (“LSP”) OFFSETTING MECHANISM IN HONG KONG

In June 2022 the Hong Kong SAR Government gazetted the Hong Kong Employment and Retirement Schemes Legislation (Offsetting Arrangement) (Amendment) Ordinance 2022 (the “**Amendment Ordinance**”), which will come into effect from 1 May 2025 (the “**Transition Date**”). Once the Amendment Ordinance takes effect, an employer can no longer use any of the accrued benefits derived from its mandatory contributions to mandatory provident fund scheme to reduce the LSP in respect of an employee’s service from the Transition Date (the abolition of the “**offsetting mechanism**”). In addition, the LSP in respect of the service before the Transition Date will be calculated based on the employee’s monthly salary immediately before the Transition Date and the years of service up to that date.

In July 2023, the HKICPA published “Accounting implications of the abolition of the MPF-LSP offsetting mechanism in Hong Kong” that provides accounting guidance relating to the offsetting mechanism and the abolition of the mechanism. In particular, the guidance indicates that entities may account for the accrued benefits derived from mandatory MPF contributions that are expected to be used to reduce the LSP payable to an employee as deemed contributions by that employee towards the LSP.

The application of the above accounting guidance has had no material impact on the Group’s consolidated financial statements.

Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ¹
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback ²
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ²
Amendments to HKAS 1	Non-current Liabilities with Covenants ²
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 21	Lack of Exchangeability ³

¹ Effective for annual periods beginning on or after a date to be determined.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after 1 January 2025.

The directors of the Company anticipate that the application of these amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. PRIOR YEAR ADJUSTMENT

During the year ended 31 December 2022, the Group disposed of its entire 70% equity interest in a subsidiary, Hai'an Hengfa Wastewater Treatment Company Limited. Pursuant to the relevant sale and purchase agreement dated 21 July 2022 (the "**Agreement**"), the fair value of the consideration transferred for the disposal at the disposal date was assessed to be RMB68,166,000 (equivalent to approximately HK\$76,065,000), which was reported in the Group's consolidated financial statements for the year ended 31 December 2022.

During the course of preparing the Group's consolidated financial statements for the year ended 31 December 2023, the directors of the Company revisited the terms of the Agreement and, taking into account the advice from the Company's lawyer in the The People's Republic of China (the "**PRC**" or "**China**"), considered that the fair value of the consideration transferred after adjustment on consideration pursuant to the Agreement for the disposal at the disposal date was RMB55,888,000 (equivalent to approximately HK\$62,364,000).

Accordingly, the prior year figures in the consolidated financial statements in relation to the disposal of a subsidiary have been restated. The following tables show the restatement made to the relevant line items in the consolidated statement of profit or loss, consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows for the year ended 31 December 2022 and consolidated statement of financial position as at 31 December 2022 as previously reported for the year ended 31 December 2022. Line items that were not affected by the restatement have not been included.

Consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2022 (extracts)

	As previously reported <i>HK\$'000</i>	Adjustment <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Consolidated statement of profit or loss			
Other income and net other gains and losses	4,942	(170)	4,772
Loss on disposal of a subsidiary	(359)	(13,701)	(14,060)
Profit before tax	14,034	(13,871)	163
Income tax expense	(16,236)	901	(15,335)
Loss for the year	(2,202)	(12,970)	(15,172)
Loss for the year attributable to owners of the Company	(3,291)	(12,970)	(16,261)
Loss per share (Basic and diluted (HK\$ cent))	(0.30)	(1.17)	(1.47)
Consolidated statement of profit or loss and other comprehensive income			
Loss for the year	(2,202)	(12,970)	(15,172)
Total comprehensive expense for the year	(45,966)	(12,970)	(58,936)
Total comprehensive expense for the year attributable to owners of the Company	(44,365)	(12,970)	(57,335)

Consolidated statement of financial position as at 31 December 2022 (extracts)

	As previously reported <i>HK\$'000</i>	Adjustment <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Current assets			
Prepayments and other receivables	94,360	(13,883)	80,477
Current liabilities			
Income tax payable	6,994	(913)	6,081
Net current assets/(liabilities)	11,666	(12,970)	(1,304)
Total assets less current liabilities	375,188	(12,970)	362,218
Capital and reserves			
Reserves	308,389	(12,970)	295,419
Equity attributable to owners of the Company	308,500	(12,970)	295,530
Total equity	302,892	(12,970)	289,922

Consolidated statement of cash flows for the year ended 31 December 2022 (extracts)

	As previously reported <i>HK\$'000</i>	Adjustment <i>HK\$'000</i>	As restated <i>HK\$'000</i>
Operating activities			
Profit before tax	14,034	(13,871)	163
Adjustments for:			
Loss on disposal of a subsidiary	359	13,701	14,060
Decrease in prepayments and other receivables	10,032	170	10,202
	<u> </u>	<u> </u>	<u> </u>
4. REVENUE		2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Types of goods and services			
Wastewater treatment facilities operation services		36,165	52,126
Biomass power construction services		41,943	114,389
Sales of biofuel		14,190	18,886
Information technology services		3,688	–
		<u> </u>	<u> </u>
Revenue from contracts with customers		95,986	185,401
Imputed interest income on receivables under service concession arrangements		17,293	18,258
		<u> </u>	<u> </u>
		113,279	203,659
		<u> </u>	<u> </u>

5. SEGMENTAL INFORMATION

The Group is engaged in the construction and operation of wastewater treatment facilities, construction of biomass power plant, sales of biofuel business and provision of information technology services. Information reported to the executive directors of the Company, being the chief operating decision maker (“**CODM**”) for the purposes of resource allocation and assessment of segment performance focuses on geographical locations of its manpower and customers, including Hong Kong, the PRC and the Republic of Indonesia (“**Indonesia**”). No operating segments have been aggregated in arriving at the reporting segments of the Group.

Segment Revenue and Results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the year ended 31 December 2023

	Hong Kong HK\$'000	PRC HK\$'000	Indonesia HK\$'000	Total HK\$'000
Segment revenue – external sales	–	44,090	69,189	113,279
Segment profit/(loss)	(19,830)	20,295	235	700
Unallocated expenses				–
Profit before tax				700

For the year ended 31 December 2022

	Hong Kong HK\$'000 (restated)	PRC HK\$'000	Indonesia HK\$'000	Total HK\$'000 (restated)
Segment revenue – external sales	–	65,847	137,812	203,659
Segment profit/(loss)	(35,865)	28,165	7,863	163
Unallocated expenses				–
Profit before tax				163

Segment profit/(loss) represents the profit earned by/loss from each segment. This is the measure reported to the CODM for the purposes of resource allocation and performance assessment.

Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

As at 31 December 2023

	Hong Kong HK\$'000	PRC HK\$'000	Indonesia HK\$'000	Total HK\$'000
Assets				
Segment and total consolidated assets	26,798	219,276	280,027	526,101
Liabilities				
Segment and total consolidated liabilities	188,743	34,926	23,532	247,201

As at 31 December 2022

	Hong Kong HK\$'000 (restated)	PRC HK\$'000	Indonesia HK\$'000	Total HK\$'000 (restated)
Assets				
Segment and total consolidated assets	68,246	209,834	239,093	517,173
Liabilities				
Segment and total consolidated liabilities	175,579	35,487	16,185	227,251

OTHER SEGMENT INFORMATION

Amounts included in the measure of segment profit or loss or segment assets:

For the year ended 31 December 2023

	Hong Kong HK\$'000	PRC HK\$'000	Indonesia HK\$'000	Total HK\$'000
Additions to non-current assets (<i>note</i>)	–	14	6,121	6,135
Depreciation of property, plant and equipment	343	245	5,224	5,812
Impairment losses under expected credit loss model	997	26	–	1,023
Impairment losses on prepayments	–	420	–	420
(Gain)/loss on disposal of property, plant and equipment	–	21	(44)	(23)
Write-down of inventories	–	–	812	812
Interest income from advance to a third party	–	139	–	139
Bank interest income	131	325	204	660
Finance costs	11,914	789	7	12,710
Income tax expense	291	5,410	3,117	8,818

For the year ended 31 December 2022

	Hong Kong HK\$'000	PRC HK\$'000	Indonesia HK\$'000	Total HK\$'000
Additions to non-current assets (<i>note</i>)	1,029	308	3,838	5,175
Depreciation of property, plant and equipment	443	508	5,017	5,968
Impairment losses under expected credit loss model	2,381	374	17	2,772
Loss on disposal of property, plant and equipment	–	14	–	14
Reversal of write-down of inventories	–	–	897	897
Interest income from advance to a third party	–	600	–	600
Bank interest income	4	492	197	693
Finance costs	8,211	1,087	–	9,298
Income tax expense	4,895	6,480	3,960	15,335

Geographical information

The Group's non-current assets by geographical locations of the assets are detailed below:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Hong Kong	514	857
PRC	394	662
Indonesia	<u>64,296</u>	<u>62,610</u>
	<u>65,204</u>	<u>64,129</u>

Note: Non-current assets excluded receivables under service concession arrangements, debt instrument at fair value through other comprehensive income (“FVTOCI”), other financial assets at amortised cost and prepayments and other receivables.

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the Group's revenue are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Customer A from the Indonesia segment	12,579	N/A*
Customer B from the PRC segment	44,090	46,201
Customer C from the Indonesia segment	<u>51,311</u>	<u>118,926</u>

* The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. FINANCE COSTS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Interest on borrowings	4,244	2,518
Interest on loans from related parties	7,655	5,676
Interest on lease liabilities	26	22
Increase in discounted amounts of provision for major overhauls arising from the passage of time	<u>785</u>	<u>1,082</u>
	<u>12,710</u>	<u>9,298</u>

7. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

	2023 HK\$'000	2022 HK\$'000
Impairment losses recognised on:		
– Other receivables	26	374
– Other financial assets at amortised cost	–	17
– Debt instrument at FVTOCI	997	2,381
	<u>1,023</u>	<u>2,772</u>

8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging/(crediting):

	2023 HK\$'000	2022 HK\$'000
Staff cost (including directors' remuneration):		
Salaries, allowances and benefits in kind	14,060	14,298
Discretionary bonus	471	800
Defined contributions retirement plan (<i>note (a)</i>)	1,278	1,819
Less: Amount capitalised in inventories	(277)	(39)
	<u>15,532</u>	<u>16,878</u>
Depreciation of property, plant and equipment	5,812	5,968
Less: Amount capitalised in inventories	(241)	(28)
	<u>5,571</u>	<u>5,940</u>
Auditor's remuneration		
– Audit services	1,060	1,060
– Non-audit services	160	540
	<u>1,220</u>	<u>1,600</u>
Cost of construction services	37,034	100,910
Cost of wastewater treatment facilities operation services rendered	16,571	32,229
Cost of biofuel operation (including write-down of inventories of HK\$812,000 (2022: reversal of write-down of inventories of HK\$897,000)) (<i>note (b)</i>)	15,772	18,460
Cost of information technology services	3,232	–
Provision for major overhauls	1,325	1,868

Notes:

(a) As at 31 December 2023, the Group had no forfeited contributions available to reduce its contributions to the retirement benefits scheme in future years (2022: Nil).

(b) Reversal of write-down of HK\$897,000 has been recognised and included in cost of sales during the year ended 31 December 2022 due to an increase in the estimated net realisable value.

9. INCOME TAX EXPENSE

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
Current tax:		
Hong Kong	5	5
PRC Enterprise Income Tax	<u>6,303</u>	<u>12,169</u>
	<u>6,308</u>	<u>12,174</u>
(Over)/under provision in prior years:		
Hong Kong	(6)	(51)
PRC Enterprise Income Tax	<u>(36)</u>	<u>196</u>
	<u>(42)</u>	<u>145</u>
Deferred tax	<u>2,552</u>	<u>3,016</u>
	<u>8,818</u>	<u>15,335</u>

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

Hong Kong Profits Tax was calculated at 16.5% (2022: 16.5%) of the estimated assessable profits for both years.

Under the Law of the PRC on Enterprise Income Tax (the “EIT Law”) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

The withholding tax on distributable profits is calculated at the rate of 5% (2022: 5%) on total dividend distributed from the Group’s subsidiaries in the PRC.

For the year ended 31 December 2022, the withholding tax on disposal of the Group’s subsidiary is calculated at the rate of 10% on consideration receivable less investment cost.

No provision for Indonesian income tax had been made as the Group did not generate any assessable profits arising in Indonesia during the year (2022: Nil).

10. DIVIDENDS

No dividend was paid or proposed for ordinary shareholders of the Company during the years ended 31 December 2023 and 2022, nor has any dividend been proposed since 31 December 2023.

11. LOSS PER SHARE

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

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i> (restated)
Loss for the purposes of basic loss per share	<u>(8,265)</u>	<u>(16,261)</u>

Number of shares

	2023 <i>'000</i>	2022 <i>'000</i>
Weighted average number of ordinary shares for the purpose of basic loss per share	<u>1,107,300</u>	<u>1,107,300</u>

The diluted loss per share is the same as the basis loss per share for both years ended 31 December 2023 and 2022 as there were no potential ordinary shares in issue for both years.

12. RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

The Group's receivables under service concession arrangements are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Receivables under service concession arrangements	364,781	326,825
Less: Portion classified as current assets	<u>(28,182)</u>	<u>(28,327)</u>
Portion classified as non-current assets	<u>336,599</u>	<u>298,498</u>

The following is an aged analysis of receivables under service concession arrangements, presented based on the invoice date:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Billed within 3 months	13,777	14,147
Billed between 4 to 6 months	4,503	4,648
Unbilled (<i>note</i>)	<u>346,501</u>	<u>308,030</u>
	<u>364,781</u>	<u>326,825</u>

Note: The balance included contract assets from construction contracts as the rights to considerations have not yet to be unconditional.

13. TRADE RECEIVABLES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Trade receivables	3,670	414
Less: Allowance for credit losses	—	—
	<u>3,670</u>	<u>414</u>

The following is an aged analysis of trade receivables at the end of reporting period presented based on the invoice date:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–60 days	3,663	407
Over 60 days	7	7
	<u>3,670</u>	<u>414</u>

14. TRADE PAYABLES

The following is an aged analysis of trade payables presented based on the invoice date:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
0–60 days	2,398	5,036
61–90 days	102	3
Over 90 days	470	427
	<u>2,970</u>	<u>5,466</u>

15. AMOUNTS DUE TO RELATED PARTIES

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Non-trading in nature:		
A related company	33,631	32,440
A close family member of a shareholder	20,244	20,920
Close family members of directors	21,840	52,184
A shareholder	26,350	—
	<u>102,065</u>	105,544
Less: Amount that is expected to settle after 12 months shown under non-current liabilities	<u>(70,389)</u>	<u>(14,567)</u>
Amount that is expected to settle within 12 months shown under current liabilities	<u>31,676</u>	<u>90,977</u>

16. BORROWINGS

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Bank borrowings	58,200	38,000
Other borrowings	23,867	23,867
	82,067	61,867

	Bank borrowings		Other borrowings	
	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
The carrying amounts of the above borrowings are repayable:				
On demand or within one year	40,200	18,000	23,867	23,867
Within a period of more than one year but not exceeding two years	18,000	2,000	–	–
Within a period of more than two years but not exceeding five years	–	18,000	–	–
	58,200	38,000	23,867	23,867
Less: Amounts due within one year shown under current liabilities	(40,200)	(18,000)	(23,867)	(23,867)
Amounts shown under non-current liabilities	18,000	20,000	–	–

The exposure of the Group's borrowings are as follows:

	2023 <i>HK\$'000</i>	2022 <i>HK\$'000</i>
Fixed-rate borrowings	23,867	23,867
Variable-rate borrowings	58,200	38,000
	82,067	61,867

17. COMPARATIVE FIGURES

As a result of the prior year adjustment (see note 3), certain comparative figures have been restated. In addition, certain comparative figures have been reclassified to conform to the current year's presentation.

BUSINESS REVIEW

The gradual resumption of economic activities in 2023 led to the steady growth of the national economy, easing the downward pressure on the overall economy. According to the National Bureau of Statistics, China's gross domestic product for 2023 was RMB126.1 trillion¹, representing a 5.2% growth as compared to the same period of last year.

In recent years, the Government has been actively addressing the domestic water conservancy issue. Focusing on the development of water governance in the country, the Ministry of Water Resources officially released the China Water Development Report 2023 (《2023中國水利發展報告》)² in June 2023, and published the Implementation Opinions on Deeply Implementing the “Outline of Building a Quality Strong Nation” for Upgrading the Quality of Water Conservancy Projects (《深入貫徹落實〈品質強國建設綱要〉提升水利工程建設品質的實施意見》)³ in August 2023, both of which demonstrate the country's determination to strengthen the development of water conservancy and upgrade the level of water governance in China. Benefitting from the cooperation and policy coordination among various departments, data from the Ministry of Water Resources indicated that the investment and scale of water conservancy construction in 2023 reached a record high, with an annual investment of RMB1.2 trillion⁴ in water conservancy construction. Secondly, according to the environmental quality status of national surface water published by the Ministry of Ecology and Environment in January 2024, among the 3,641 national surface water assessment sections, the proportion of sections with excellent water quality (Grade I-III) reached 89.4%⁵, representing an increase of 1.5% compared to the same period in the previous year, and the proportion of inferior sections with Grade V was 0.7%, which was similar to the same period last year. As the quality-first awareness promoted by the Ministry of Water Resources is further consolidated, it is expected that the quality of national water conservancy construction will continue to improve with the relevant water quality index getting better steadily.

Overall, in addition to the prudent and consistent implementation of the Group's operating policies to solidify its existing businesses, the Group is also committed to exploring different environmental business possibilities. In 2022, the Group disposed of its interests in Hai'an Hengfa Wastewater Treatment Company Limited (“**Hai'an Hengfa**”) and no longer held a wastewater treatment facility operated by it, with the related resources to be reallocated to the wastewater treatment facilities operated by Rugao Hengfa Water Treatment Company Limited (“**Rugao Hengfa**”) and the power plant project in Bangka, Indonesia (“**Bangka Project**”). After the disposal of Hai'an Hengfa, the Group continues the operation of the wastewater treatment facilities of Rugao Hengfa in China. In July 2021, the Group reached an agreement with the local administrative committee, increasing water tariffs from RMB2.67 per tonne to RMB3.43 per tonne, contributing to a more robust result for the Group. With the increase in water tariffs and improvement in project efficiency, the management of the Group expects that the revenue and gross profit of the Group will further increase.

Notes:

1. https://www.stats.gov.cn/sj/zxfb/202401/t20240118_1946691.html
2. <http://finance.people.com.cn/BIG5/n1/2023/0613/c1004-40012238.html>
3. http://www.mwr.gov.cn/zw/gk/gknr/202309/t20230901_1681795.html
4. http://big5.www.gov.cn/gate/big5/www.gov.cn/lianbo/bumen/202401/content_6925816.htm
5. https://www.mee.gov.cn/ywtdt/xwfb/202401/t20240125_1064785.shtml

The Group has also been actively preparing for the development of suitable environmental protection projects overseas and two key projects are currently being developed. The power plant project in Bangka, Indonesia is in the final phase of construction and is expected to commence operation in mid-2024. The Group and the local government have agreed on the sale of electricity and has entered into a power supply agreement with PT Perusahaan Listrik Negara (Persero) (also known as State Electricity Company), an Indonesian government-owned corporation, it is expected to supply electricity to its national grid at a fixed price for a period of 25 years starting from 2024. If the power plant project in Bangka turns out to be a success, we expect that the relevant operation model can be replicated in other similar regions. Moreover, the Group will also continue its research on the feasibility of developing other new energy investment projects in other regions of Indonesia, while actively promoting the “Build-Operate-Transfer” or “BOT” investment projects in order to generate greater value for the Group and bring better cash flows and investment return.

In respect of the biofuel pellets business in Indonesia, such business commenced production of wood pellets in 2021 and has been generating revenue but had been in a loss-making position. PT Rimba Palma Sejahtera Lestari (“**RPSL**”), a non-wholly owned subsidiary of the Company, entered into a framework agreement with PT Indorama Eco Viridian for a deemed disposal of 80% interest in the wood pellet production business on 15 March 2024, which is expected to reduce the level of losses and improve the overall profitability of the Group. The Group also expected to enhance the production capacity and efficiency of the relevant business through cooperation with PT Indorama Eco Viridian, with a view to unleashing the embedded value of the business as soon as possible.

In 2023, the Group commenced the data center business in Indonesia, where RPSL provides technology and information services to its customers. These services encompass computer system analysis and technical support.

OUTLOOK

Despite the downward pressure on the global economy, the Group has always remained composed in the face of challenges and carefully assessed the risks and opportunities of different development projects. Regardless of changes in the external economic environment, we will continue to adapt to market fluctuations and capitalise on domestic and foreign opportunities in accordance with national policies. Sustainable development has become a global trend and the Group is committed to contributing to environmental protection. As for wastewater treatment in China, we will further solidify our existing foundation, provide excellent services and continue to contribute to the improvement of water quality in China. With our accumulated experience and expertise, we are actively pursuing promising environmental projects, continuously exploring and seizing business opportunities to drive the growth of our Group, while remaining loyal to our customers and adhering to a prudent business strategy. We firmly believe that environmental protection and economic development can be complementary, therefore we will continue to endeavour to achieve green growth on the basis of sustainable development, while promoting the prevalence of green technology and environmental awareness.

FINANCIAL REVIEW

The comparative figures and prior year's figures presented in the consolidated financial statements for FY2022 have been restated. The details are highlighted in note 3 of the notes to the financial information.

REVENUE

Our total revenue decreased by HK\$90.4 million or 44.4% to HK\$113.3 million for FY2023 as compared to HK\$203.7 million for FY2022. Such decrease was primarily attributable to (i) the decrease in construction revenue arising from the construction works of the Bangka Project during FY2023, and (ii) the disposal of a non-wholly owned subsidiary, Haian Hengfa, in FY2022.

COST OF SALES

Our total cost of sales decreased by HK\$79.0 million or 52.1% from HK\$151.6 million for FY2022 to HK\$72.6 million for FY2023, primarily due to (i) the decrease in construction costs arising from the Bangka Project during FY2023 as compared to FY2022, and (ii) the disposal of a non-wholly owned subsidiary, Haian Hengfa, in FY2022.

GROSS PROFIT AND GROSS PROFIT MARGIN

Our gross profit decreased by HK\$11.4 million or 21.9% from HK\$52.1 million for FY2022 to HK\$40.7 million for FY2023, primarily due to the reasons of the aforementioned fluctuation in revenue and cost of sales. Our gross profit margin increased from 25.6% for FY2022 to 35.9% for FY2023.

OTHER INCOME AND NET OTHER GAINS AND LOSSES

Our other income and net other gains and losses decreased by HK\$4.5 million or 95.1% from HK\$4.8 million (restated) for FY2022 to HK\$0.2 million for FY2023, primarily due to the foreign exchange loss in FY2023.

LOSS ON DISPOSAL OF A SUBSIDIARY

Our loss on disposal of a subsidiary was HK\$14.1 million (restated) for FY2022 compared to nil for FY2023. Such loss on disposal of a subsidiary for FY2022 was due to the disposal of a non-wholly owned subsidiary, Haian Hengfa. For details of the disposal as well as the prior year adjustment in relation to such loss on disposal, please refer to note 3 of the notes to the financial information.

IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL

Our impairment losses under expected credit loss model decreased by HK\$1.7 million or 63.1% from HK\$2.8 million for FY2022 to HK\$1.0 million for FY2023. Such impairment losses were mainly attributable to a listed bond subscribed by the Group which defaulted on its interest payment since FY2022 and its principal payment at maturity date on 21 February 2024, resulting in the impairment loss of HK\$1.0 million in FY2023 (FY2022: HK\$2.8 million).

ADMINISTRATIVE EXPENSES

Our administrative expenses decreased by HK\$4.1 million or 13.3% from HK\$30.5 million for FY2022 to HK\$26.5 million for FY2023. Administrative expenses mainly include staff costs and other operating expenses.

FINANCE COSTS

Our finance costs increased by HK\$3.4 million or 36.7% from HK\$9.3 million for FY2022 to HK\$12.7 million for FY2023, primarily due to the increase in loan borrowings for the financing of the Bangka Project during FY2023.

PROFIT BEFORE TAX

Our profit before tax increased by HK\$0.5 million or 329.4% from profit of HK\$0.2 million (restated) for FY2022 to HK\$0.7 million for FY2023, primarily due to the factors mentioned above.

INCOME TAX EXPENSE

Our income tax expense decreased by HK\$6.5 million or 42.5% from HK\$15.3 million (restated) for FY2022 to HK\$8.8 million for FY2023, mainly due to decrease in profit before tax for our PRC subsidiaries.

LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY

Loss attributable to owners of the Company decreased by HK\$8.0 million or 49.2% from HK\$16.3 million (restated) for FY2022 to HK\$8.3 million for FY2023, primarily due to the factors mentioned above.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Our principal liquidity and capital requirements primarily relate to investments in our projects, construction and upgrading of our wastewater treatment facilities, purchases of equipment as well as costs and expenses related to the operation and maintenance of our wastewater treatment and electricity generating facilities.

As at 31 December 2023, the Group's cash and cash equivalents was HK\$30.1 million, representing a decrease of HK\$4.5 million or 13.0% as compared with that of HK\$34.6 million as at 31 December 2022. As at 31 December 2023, the Group's cash and cash equivalents of HK\$16.1 million, HK\$6.5 million, HK\$1.6 million and HK\$5.9 million were denominated in Renminbi ("RMB"), Hong Kong Dollars ("HK\$"), Indonesian Rupiah ("IDR") and United States Dollars ("US\$"), respectively (31 December 2022: HK\$13.0 million, HK\$1.8 million, HK\$0.9 million and HK\$18.9 million were denominated in RMB, HK\$, IDR and US\$, respectively).

BORROWINGS

As at 31 December 2023, the total amount of our utilised bank borrowings was HK\$58.2 million, of which HK\$18.0 million was repayable on demand, HK\$22.2 million was repayable within one year and HK\$18.0 million was repayable within two to five years. All HK\$58.2 million of the outstanding bank borrowings were denominated in HK\$ (31 December 2022: HK\$38.0 million were denominated in HK\$). Out of the HK\$58.2 million outstanding bank borrowings, HK\$18.0 million bore a floating interest rate of 1.4% per annum over the Hong Kong Interbank Offered Rate, HK\$20.0 million bore a floating interest rate of 2% below Hong Kong Dollar prime rate and HK\$20.2 million bore a floating interest rate of 0.8% per annum over the Hong Kong Interbank Offered Rate (31 December 2022: HK\$18.0 million bore a floating interest rate of 1.4% per annum over the Hong Kong Interbank Offered Rate and HK\$20.0 million bore a fixed interest rate of 2% below Hong Kong Dollar prime rate). We had HK\$28.7 million unutilised banking facilities as at 31 December 2023 (31 December 2022: HK\$4.7 million).

As at 31 December 2023, the Company had an outstanding borrowing from independent third parties of the Group amounted to HK\$23.9 million (31 December 2022: HK\$23.9 million), which bore a fixed interest rate of 8% per annum. The loan was repayable within one year.

As at 31 December 2023, the Company had outstanding amounts due to related parties of the Group amounted to HK\$102.1 million (31 December 2022: HK\$105.5 million), of which HK\$52.2 million bore a fixed interest rate of 8% per annum and HK\$49.9 million bore a fixed interest rate of 6% per annum. Out of the HK\$102.1 million outstanding amounts due to related parties, HK\$31.7 million was repayable within one year and HK\$70.4 million was repayable within two to five years. To the best knowledge of the Directors and management of the Group, all the interest rates of the above borrowings were determined on arm's length basis.

GEARING RATIO

Gearing ratio is calculated by dividing total debt by total equity and then multiplied by 100%, and total debt includes the interest-bearing bank borrowings, amounts due to related parties and other borrowings. Our gearing ratio increased from 57.7% (restated) as at 31 December 2022 to 66.0% as at 31 December 2023.

CHARGE ON ASSETS

As at 31 December 2023, the Group did not have any charge on assets (31 December 2022: nil).

TREASURY POLICIES

The Group has adopted a prudent financial management approach towards its treasury policies and thus maintained a healthy liquidity position throughout the Year. The Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time. Surplus cash will be invested appropriately so that the Group's cash requirements for its strategy or direction from time to time can be met.

CAPITAL EXPENDITURES

Our capital expenditures consist primarily of expenditures for construction for our Bangka Project. During the Year, our capital expenditures amounted to HK\$42.2 million (31 December 2022: HK\$106.1 million), which were funded by our financing activities.

FOREIGN EXCHANGE RISK

Member companies in Mainland China and Indonesia within our Group have limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. However, as these principal subsidiaries mainly carry assets and liabilities in RMB and IDR, any appreciation or depreciation of HK\$ against RMB and IDR will affect the Group's consolidated financial position which is presented in HK\$, and will be reflected in the exchange fluctuation reserve.

The Group does not have a foreign currency hedging policy. The Group minimises foreign exchange exposure by converting its cash and cash equivalents in other currencies generated from the operation of its foreign operating subsidiaries to HK\$.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no material contingent liabilities (31 December 2022: nil).

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2023, the Group had 176 employees (31 December 2022: 185 employees). Employee costs, including Directors' emoluments, amounted to approximately HK\$15.5 million for FY2023 (FY2022: HK\$16.9 million). The remuneration policy for our Directors, senior management members and general staff is based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of our Group and the individual performance of our Directors, senior management members and general staff. The Group encourages the self-development of its employees and provides on-the-job training where appropriate.

The Company adopted a share option scheme on 5 September 2014 for the purpose of providing incentives and rewards to eligible directors and employees of the Group.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITIONS AND DISPOSALS

Save as disclosed in this announcement, the Group did not have any other significant investments, material acquisitions or disposals of assets, subsidiaries, associates or joint ventures during the Year.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed above in this announcement, the Group has no plan authorised by the Board for other material investments or additions of capital assets as at the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

- (i) On 5 February 2024, Everbest Water Treatment Development Company Limited (“**Everbest**”), an indirect wholly-owned subsidiary of the Company, received a Notice of Arbitration issued by the Shenzhen Court of International Arbitration (“**SCIA**”) in relation to Everbest’s application to the SCIA for arbitration against CGN Environmental Protection Industry Co., Ltd. (the “**Arbitration**”) requesting for (a) the payment of the third instalment of the consideration amounting to RMB13,633,200 under the sale and purchase agreement dated 21 July 2022 in relation to the disposal of Haiian Hengfa, (b) liquidated damages, exchange rate loss and legal fees of approximately RMB2.2 million in total, and (c) all costs of the Arbitration. For further details, please refer to the announcement of the Company dated 14 February 2024 regarding the commencement of the Arbitration.

- (ii) On 15 March 2024, RPSL, a non-wholly owned subsidiary of the Company as the seller, and PT Indorama Eco Viridian, an independent third party as the purchaser, entered into the framework agreement (the “**Framework Agreement**”), pursuant to which RPSL has conditionally agreed to sell, and PT Indorama Eco Viridian has conditionally agreed to acquire the wood pellet production business currently operated and managed by RPSL (the “**Target Business**”) at the total consideration of IDR60.0 billion (equivalent to approximately HK\$30.0 million) in accordance with the terms and conditions of the Framework Agreement (the “**Disposal**”). After the completion of the Disposal, the Company will hold 20% equity interest in the target company which will be formed by RPSL as part of the Disposal (the “**Target Company**”) and the Target Company will cease to be a subsidiary of the Company. For further details, please refer to the announcement of the Company dated 15 March 2024 regarding the disposal of the Target Business.

Save as disclosed above, the Group had no material event subsequent to 31 December 2023 and up to the date of this announcement.

FINAL DIVIDEND

No final dividend has been recommended by the Board for FY2023 (FY2022: Nil).

ANNUAL GENERAL MEETING

The Company will hold its annual general meeting on Monday, 3 June 2024 (the “**AGM**”), the notice of which will be published and dispatched to the shareholders of the Company (the “**Shareholders**”) in due course.

CLOSURE OF REGISTER OF MEMBERS

For determining the Shareholders' entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Wednesday, 29 May 2024 to Monday, 3 June 2024 (both dates inclusive), during which period no transfer of shares of the Company will be effected. In order to qualify for attending and voting at the AGM, the non-registered Shareholders must lodge all transfer documents, accompanied by the relevant share certificates, with the Company's Hong Kong branch share registrar, Boardroom Share Registrars (HK) Limited at Room 2103B, 21/F, 148 Electric Road, North Point, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 28 May 2024.

CORPORATE GOVERNANCE PRACTICES

The Company has applied the principles and complied with all the mandatory disclosure requirements and the applicable code provisions as set out in the section headed "Part 2 – Principles of good corporate governance, code provisions and recommended best practices" of the Corporate Governance Code contained in Appendix C1 (formerly Appendix 14) (the "**CG Code**") to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") throughout FY2023 except for the deviation with following reason.

Under the code provision C.1.6 of the CG Code, independent non-executive directors and other non-executive directors should attend general meetings to gain and develop a balanced understanding of the views of shareholders. Mr. Ng Man Kung and Ms. Leung Bo Yee Nancy, both independent non-executive Directors, were unable to attend the annual general meeting held on 1 June 2023 due to their respective other engagements.

SCOPE OF WORK OF THE COMPANY'S EXTERNAL AUDITORS

The figures in respect of the Group's consolidated statement of financial position as at 31 December 2023, consolidated statement of profit or loss and other comprehensive income for FY2023 and the notes thereto as set out in this announcement above have been agreed by the Company's external auditors to the amounts set out in the Group's audited consolidated financial statements for FY2023. The work performed by the Company's external auditors 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 HKICPA and consequently, no assurance has been expressed by the Company's external auditors on this announcement.

AUDIT COMMITTEE'S REVIEW

The Company has established an audit committee (the "**Audit Committee**") in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code for the purpose of reviewing and providing supervision over the Group's financial reporting process, risk management and internal controls. The Audit Committee comprises three members, namely Ms. Ng Chung Yan Linda (who is also the chairlady of the Audit Committee), Mr. Ng Man Kung and Ms. Leung Bo Yee Nancy, all being the independent non-executive Directors. The Audit Committee has reviewed with the Company's management the accounting principles and practices adopted by the Group and the annual consolidated results of the Group for FY2023.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 (formerly Appendix 10) to the Listing Rules (the “**Model Code**”) as its own code of conduct governing securities transactions by the Directors. Following specific enquiries made by the Company on the Directors, all of them have confirmed that they had complied with the required standard set out in the Model Code throughout FY2023.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During FY2023, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is published on the Stock Exchange’s website (<http://www.hkexnews.hk>) and the Company’s website (<http://www.ellhk.com>). The Company’s annual report for FY2023 will be dispatched to the Shareholders and will be available on the respective websites of the Stock Exchange and the Company in due course in the manner as required by the Listing Rules.

APPRECIATION

I would like to take this opportunity to express my most sincere thanks and gratitude to our Shareholders and various parties for their continuous support as well as my fellow Directors and our staff for their dedication and diligence.

By order of the Board
ELL Environmental Holdings Limited
Chan Kwan
Executive Director and Chief Executive Officer

Hong Kong, 27 March 2024

As at the date of this announcement, the Board comprises Mr. Chau On Ta Yuen (Chairman), Mr. Chan Kwan (Chief Executive Officer), Mr. Radius Suhendra and Mr. Chau Chi Yan Benny as executive Directors, Mr. Chan Pak Lam Brian as a non-executive Director, and Ms. Ng Chung Yan Linda, Mr. Ng Man Kung and Ms. Leung Bo Yee Nancy as independent non-executive Directors.

* *For identification purpose only*