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## CANVEST ENVIRONMENTAL PROTECTION GROUP COMPANY LIMITED

粵豐環保電力有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1381)

### ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

#### HIGHLIGHTS

Financial Highlights — Continuing operations	For the year ended 31 December		Change
	2024	2023	
		(Restated) <sup>(1)</sup>	
Revenue (HK\$'000)	<b>4,198,331</b>	4,960,197	(15.4%)
Included: Revenue from power sales and waste treatment (HK\$'000)	<b>3,575,578</b>	3,429,661	4.3%
Gross profit (HK\$'000)	<b>2,025,798</b>	2,076,843	(2.5%)
EBITDA (HK\$'000)	<b>2,635,297</b>	2,671,286	(1.3%)
Profit for the year (HK\$'000)	<b>938,337</b>	1,043,336	(10.1%)
Profit attributable to equity holders of the Company (HK\$'000)	<b>923,593</b>	1,022,459	(9.7%)
Basic earnings per Share (HK cents)	<b>38.0</b>	42.1	(9.7%)
<b>Financial Ratios — Continuing operations</b>			
Gross profit margin	<b>48.3%</b>	41.9%	+6.4p.p
EBITDA margin	<b>62.8%</b>	53.9%	+8.9p.p

Note:

- <sup>(1)</sup> On 22 July 2024, the Group entered into the sale and purchase agreement with Best Approach, pursuant to which, the Group conditionally agreed to dispose the entire equity interests in Canvest Technology to Best Approach. Canvest Technology represents the whole smart car parking business and a separate line of business of the Group to be disposed of. Thus, it is regarded as “discontinued operation” and its net results for the year ended 31 December 2024 and the comparatives are presented separately from that of the continuing operations.

## Operational Highlights

- In 2024, the Group's (including its subsidiaries, associates and joint ventures) implementation of innocuous treatment of waste volume amounted to 17,015,646 tonnes. The Group generated 6,533,172,000 kWh from green energy, saved 1,714,000 tonnes of standard coal and offset 9,829,000 tonnes of carbon dioxide equivalent emissions<sup>(1)</sup>.
- In 2024, total daily operating capacity is 43,690 tonnes. As at 31 December 2024, the Group has 35 projects in our portfolio with daily MSW processing capacity of 52,540 tonnes, and operating daily MSW processing capacity of 32 projects reached 42,490 tonnes.
- In January 2024, the Group was awarded the Urban Butler Service Concession Project in Dangshan County, Anhui Province, with a service period of 25 years and the contract amounted to RMB1,795 million, which was the Group's first environmental sanitation project in Anhui Province.
- In 2024, 6 WTE projects sold approximately 313,000 tonnes of steam, which is 2.3 times of the 136,000 tonnes in 2023, and recorded the revenue of approximately HK\$64.1 million, increased by 126.0% from HK\$28.4 million in 2023.
- In 2024, 21 WTE projects obtained 7,885,672 Green Electricity Certificates (GEC) in aggregate issued by the National Energy Administration of the PRC. In addition, 1 WTE project has ascertained 240,980 tonnes of Verified Carbon Units (VCUs) under the Verified Carbon Standard (VCS).
- In October 2024, the Company entered into a term loan facility in the aggregate amount of RMB360 million for a term of 84 months with Asian Development Bank.
- In January 2025, the Company entered into HK\$3,099.9 million equivalent dual-tranche syndicated green term loan facility.

The board is pleased to announce the audited results of the Group for the year ended 31 December 2024.

*Note:*

- <sup>(1)</sup> The Group has adopted the methodology as stated in Clean Development Mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) to calculate and offset greenhouse gas emissions from operating projects. The greenhouse gas emission calculation methodologies account for the carbon dioxide equivalent emitted from fossil fuels used for electricity generation and emissions from the combustion of MSW, and methane released from the wastewater treatment process.

## CHAIRLADY'S STATEMENT

TO ALL HONORABLE SHAREHOLDERS,

On behalf of Canvest Environmental Protection Group Company Limited, I am pleased to report the solid results of the Group for the year ended 31 December 2024 (the "Year").

The Year was marked by a complex and challenging macroenvironment. Despite facing intensifying external pressures and growing internal challenges, the PRC still managed to deliver positive signals that exceeded expectations. This was accomplished through coordinated efforts in fiscal, monetary, social and livelihood policies, which contributed to the steady recovery of the economy and demonstrated its strong resilience. At the same time, the PRC has been working to improve the quality and efficiency of its economy. During the Year, the highest on record special-purpose bonds for local governments was launched. Combined with a raft of incremental policies by the Political Bureau of the Central Committee of the Party in September 2024, these coordinated efforts have accelerated the progress of implementation of the RMB12 trillion local governments' debt resolution plan, which helped ease the financing pressure on local governments and supported settlement plans, laying groundwork for high-quality development.

As far as the WTE incineration market is concerned, it has shifted from an incremental market to an existing market due to prevailing saturation. The number and scale of tender opening projects further decreased during the Year. However, macro policies at the state level have supported the steady and orderly development of the industry while actively promoting its transformation and upgrade. As more cities have adopted waste classification and recycling, people's awareness and expectations for environmental protection have been growing, thus encouraging enhancement on waste processing capabilities. In addition, the industry structure has shifted from development-oriented to operation and service-oriented, with comprehensive capabilities in green operations and services gradually becoming a key competitive advantage.

During the Year, the PRC continued to pursue green transformation in its economy and society. Guided by the goals of "Carbon Peak" and "Carbon Neutral", it has made coordinated efforts to cut carbon emissions, reduce pollution, expand green development, and pursue growth. By deepening the reform of the ecological civilization system and improving mechanisms for green and low-carbon development, it has fostered a spatial pattern, industrial structure, production approach and lifestyle conducive to resources conversion and environment protection, advancing the creation of Beautiful China on all fronts. In addition, series of policies including the "Opinions on Accelerating the Construction of a Waste Recycling System" (關於加快構建廢棄物循環利用體系的意見), put emphasis on the circular economy principles of reduce, reuse and resource recovery in expediting the establishment of a waste recycling system across all sectors and fields. The introduction of these policies will further promote the development of the solid waste industry by encouraging efficient use of resources and reducing environmental pollution. At the same time, with optimization in the waste recycling system, the solid waste industry will be presented with broader market opportunities.

As a leading domestic WTE enterprise and integrated urban environmental protection and sanitation solution provider, Canvest has actively supported policy implementation amid new economic and industry landscapes, forging ahead during this pivotal moment. The Group has focused on improving quality and efficiency in the operation of existing projects. On one hand, it has raised growth through collaborative processing and tapping into the heat demand. On the other hand, it has improved efficiency by further refining management and focusing on operational indicators and technological advancements. The Group has continued to enrich its service portfolio by optimising each business segment and improving resource allocation, significantly enhancing its value across the entire industry chain. Through these efforts, the Group aims to provide strong support for the national “Dual Carbon” goals, contributing to the nation’s green development and ecological progress.

## **FINANCIAL PERFORMANCE**

In 2024, the Group’s revenue from continuing operations decreased by 15.4% to HK\$4,198.3 million as compared to last year. The decline in total revenue was primarily due to the significant decrease in the Group’s construction revenue generated from project construction as most of the Group’s WTE projects have been put into operation. The Group’s net profit for the year decreased by 13.8% to HK\$880.0 million as compared to last year, mainly due to the decrease in the construction revenue. Meanwhile, the Group’s gross profit margin and EBITDA margin from continuing operations increased from 41.9% to 48.3% and from 53.9% to 62.8% respectively, primarily due to the significant decrease in construction revenue with a lower gross profit margin, which better reflected the Group’s gross profit margin and EBITDA margin from operations. In addition, with most of the Group’s WTE projects now in operation, the Group’s net cash generated from operating activities amounted to HK\$1,156.2 million, and the Group’s gearing ratio decreased by 3.0 percentage points to 61.3%, indicating a stronger financial position.

## **BUSINESS REVIEW**

In 2024, facing challenges from the structural transformation of the WTE market, the Group proactively responded to the shift of industry from construction-oriented to operations and service-oriented, showcasing its strong resilience and flexibility. During the year, leveraging on its strength in its position in the WTE business, the Group not only improved the quality and efficiency of existing projects, cultivated the upstream and downstream businesses along the solid waste industry chain, but also made continuous progress in its environmental sanitation business, thereby achieving synergy across the entire industry chain. At the same time, the Group further improved its operational capabilities by focusing on refined management and ongoing cost reduction and efficiency enhancement, laying a solid foundation for the Group’s business to seek progress amid stability.

The Group maintained orderly and steady growth in its WTE business. As at 31 December 2024, the Group had secured a total of 35 WTE projects, with a total MSW processing capacity of 52,540 tonnes per day. Among the Group’s projects, a total of 32 WTE projects have commenced operation, with a MSW processing capacity of 42,490 tonnes per day. In 2024, the Group innocuously treated 17,015,646 tonnes of waste, representing a year-on-year increase of 2.4%; generated 6,533,172,000 kWh of green energy, representing a year-on-year

increase of 5.1%; saved 1,714,000 tonnes of standard coal, representing a year-on-year increase of 5.6%, and offset 9,829,000 tonnes of carbon dioxide equivalent emissions, representing a year-on-year increase of 14.0%.

The Group's environmental sanitation business continued to grow at an accelerated pace during the year. It achieved a significant breakthrough by securing impressive new contracts valued to approximately RMB2 billion. During the year, the Group successfully expanded into Anhui Province for the first time, securing the contract for Urban Butler Service Concession Project (城市管家服務特許經營項目) in Dangshan County, with a contract sum of approximately RMB1,795 million. We are committed to further improving the local urban environmental sanitation and creating a tranquil and clean living environment. In addition, the Group won the bid for a number of projects during the year, covering services such as food waste and rural domestic waste cleaning and transportation, and landfill remediation. These projects have enhanced the stability and broadened the scope of waste supply, fostering benign interaction with the downstream WTE business and contributing to the synergy across the entire industry chain. At the same time, the Group has officially taken over the North Lantau Transfer Station and the Outlying Islands Transfer Facilities in Hong Kong, marking the beginning of a new era of waste treatment in Hong Kong, and laying a solid foundation for the Group to consolidate its presence in the city's environmental industry chain.

In addition, the Group has remained committed to enhancing the level of green and low-carbon management. During the year, the Group's application for the issuance of the first phase of carbon emission reductions for the Yingkou project was successfully approved by VERRA. This marked the first case of Verified Carbon Unit (VCU) for a WTE project in China approved by Verified Carbon Standard (VCS) in the past 12 years, representing a new breakthrough in the development of carbon assets for WTE projects. The Group has also introduced a fleet of new energy vehicles to its Quyang Environmental Sanitation Project, which helps sustain the high-quality development of the sanitation industry in the region and marks a new step forward for the Group in enhancing the level of urban environmental sanitation management.

Over the years, the Group has been actively striving to fulfil its commitment to environmental and social responsibility, promoting the concept of sustainability that is deeply embedded in its operations and management, and continuously enhancing its environmental, social and governance (ESG) standards to lead the development of the industry. During the year, the Group's Dongguan project won the "Global Model of Environmental Protection and Restoration" award in the "2024 New Sustainable Cities and Human Settlements Awards" organised by the Global Forum on Human Settlements (GFHS), earning an international accolade from the United Nations. The Group also won the "Outstanding ESG Awards (List Company) — Platinum Award" and the "Criteria set by Funds Manager — Distinguished ESG Company" at the "ESG Achievement Awards 2023/2024" organised by The Institute of ESG & Benchmark, the "ESG Excellence Enterprise Award" and "Top 50 Small Enterprise" in the 11th "The Top100 HK Listed Companies", and the "Climate Adaptation Innovation Pioneer Award" at the "Hong Kong ESG Reporting Awards". These accolades highlight the Group's outstanding contributions to environmental protection, social responsibility and corporate governance, demonstrating its commitment to and practice of sustainable development.

The Group not only received recognitions on its strong market and industry presence in the area of environmental protection, it was also selected as a “Honored Company” in the “2024 Asia Pacific(ex-Japan) Executive Team” by *Institutional Investor*, an authoritative international financial magazine, for its outstanding performance in investor relations and capital market communication during the year. It also won the “JDM Best IR Company Award” and “JDM Top 100 IR”. These awards demonstrate the Group’s excellent capabilities in investor relations management as well as its longstanding efforts and achievements in transparent communication, proactively addressing to investors’ concerns, and continuous optimisation of its governance structure.

## OUTLOOK

Entering 2025, the concluding year of the 14th Five-Year Plan, on top of achieving the core objectives set out in “The 14th Five-Year Plan for the Development of Municipal Solid Waste Classification and Treatment Facilities” (「十四五」城鎮生活垃圾分類和處理設施發展規劃), the sector must also lay a solid foundation for a successful start to the 15th Five-Year Plan in this critical year, which serves as a bridge between past achievements and further reforms, and strive for high-quality development. The PRC continues to promote a green, low-carbon, and circular approach in its economy, production and lifestyle. The documents such as the “Opinions of the Central Committee of the Communist Party of China and the State Council on Accelerating the Comprehensive Green Transformation of Economic and Social Development” (中共中央國務院關於加快經濟社會發展全面綠色轉型的意見) and the “Guiding Opinions on Vigorously Implementing Renewable Energy Substitution Initiative” (關於大力實施可再生能源替代行動的指導意見) clarify the goals and pathways for green development, provide a solid policy affirmation for the environmental protection industry, and inject strong impetus into its sustainable and healthy development.

The PRC’s solid waste industry has experienced a period of rapid development and achieved remarkable progress, contributing significantly to the realisation of the goal of “Carbon Peak” by 2030. With fast-paced advancements in policies, market dynamics and technologies, the environmental protection industry is currently navigating a challenging phase of profound transformation, shifting from “incremental expansion” to “stable volume optimisation”, and entering a new development stage focused on resource-recovery and intelligence-driven growth. As a leading WTE enterprise and integrated urban environmental protection and sanitation solution provider, Canvest will continue to move forward with determination, seeking stability amidst changes under the guidance of new quality productivity. It will leverage cutting-edge technologies to further optimise operational efficiency of its environmental protection facilities, reduce operating costs, and improve overall operation quality. Building on the foundation of improving quality and efficiency of its WTE business, the Group will explore the added value of collaborative heat supply and carbon asset development within the industry chain, while also cultivating upstream and downstream services related to environmental sanitation, with a view to promoting the steady progress of the enterprise and achieving sustainable development.

On behalf of the Board, I would like to express our sincere gratitude to our Shareholders, business partners, and stakeholders for their unwavering support and trust. Together, we will protect the green ecosystem, contribute to the development of clean energy, and ultimately create a Beautiful China. Green development is the essence of high-quality growth. As always, the Group will continue to devote itself to expanding businesses across the entire industry chain, actively fulfilling corporate responsibilities, empowering green ecology, and preserving clear waters and green mountains, working in unity with the community to embrace a green, smart, and sustainable future!

**Lee Wing Yee Loretta**  
*Chairlady*

Hong Kong, 5 March 2025

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000 (Restated)
<b>Continuing operations</b>			
Revenue	2	4,198,331	4,960,197
Cost of sales	3	<u>(2,172,533)</u>	<u>(2,883,354)</u>
<b>Gross profit</b>		<b>2,025,798</b>	2,076,843
General and administrative expenses	3	(654,264)	(632,476)
Other income	4	276,103	220,842
Other (losses)/gains, net	5	<u>(44,973)</u>	<u>2,619</u>
<b>Operating profit</b>		<b>1,602,664</b>	1,667,828
Interest income	6	19,018	18,081
Interest expense	6	<u>(674,250)</u>	<u>(675,900)</u>
Interest expense, net		(655,232)	(657,819)
Share of net profits of associates and joint ventures		<u>158,236</u>	<u>153,889</u>
<b>Profit before income tax</b>		<b>1,105,668</b>	1,163,898
Income tax expense	7	<u>(167,331)</u>	<u>(120,562)</u>
<b>Profit from continuing operations</b>		<b>938,337</b>	1,043,336
<b>Discontinued operation</b>			
Loss from discontinued operation		<u>(58,338)</u>	<u>(22,809)</u>
<b>Profit for the year</b>		<b><u>879,999</u></b>	<b><u>1,020,527</u></b>



	<i>Note</i>	<b>2024</b> <b>HK\$'000</b>	2023 HK\$'000 (Restated)
<b>Profit/(loss) for the year attributable to:</b>			
Equity holders of the Company			
— Continuing operations		<b>923,593</b>	1,022,459
— Discontinued operation		<b>(57,455)</b>	(21,195)
		<u><b>866,138</b></u>	<u>1,001,264</u>
Non-controlling interests			
— Continuing operations		<b>14,744</b>	20,877
— Discontinued operation		<b>(883)</b>	(1,614)
		<u><b>13,861</b></u>	<u>19,263</u>
<b>Profit for the year</b>		<u><b>879,999</b></u>	<u>1,020,527</u>
<b>Basic and dilute earnings per share for profit attributable to equity holders of the Company arising from (expressed in HK cents per share):</b>			
— Continuing operations	<i>8</i>	<b>38.0</b>	42.1
— Discontinued operation	<i>8</i>	<b>(2.3)</b>	(0.9)
		<u><b>35.7</b></u>	<u>41.2</u>
<b>Total basic and dilute earnings per share for profit attributable to equity holders of the Company (expressed in HK cents per share)</b>	<i>8</i>	<u><b>35.7</b></u>	<u>41.2</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
<b>Profit for the year</b>	<b>879,999</b>	1,020,527
<b>Other comprehensive loss, net of tax:</b>		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Currency translation differences of continuing operations	(234,892)	(167,124)
Currency translation differences of discontinued operation	(6,290)	(6,815)
Release of exchange differences upon disposal of a subsidiary and associates	(15,617)	—
Release of exchange differences upon disposal of assets classified as held-for-sale	—	(2,426)
<b>Other comprehensive loss for the year, net of tax</b>	<b>(256,799)</b>	(176,365)
<b>Total comprehensive income for the year</b>	<b>623,200</b>	844,162
<b>Total comprehensive income for the year attributable to:</b>		
Equity holders of the Company		
— Continuing operations	682,551	858,727
— Discontinued operation	(64,086)	(28,320)
	<b>618,465</b>	830,407
Non-controlling interests		
— Continuing operations	5,277	15,059
— Discontinued operation	(542)	(1,304)
	<b>4,735</b>	13,755
<b>Total comprehensive income for the year</b>	<b>623,200</b>	844,162

## CONSOLIDATED BALANCE SHEET

As at 31 December 2024

	2024	2023
Note	HK\$'000	HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Right-of-use assets	233,014	452,272
Property, plant and equipment	1,486,687	1,574,824
Intangible assets	14,256,874	15,015,890
Interests in associates and joint ventures	1,467,697	1,595,903
Deferred tax asset	—	2,335
Long-term deposits and prepayments	9 239,842	336,326
Receivables under service concession arrangements	2,997,822	3,137,542
	<u>20,681,936</u>	<u>22,115,092</u>
<b>Current assets</b>		
Inventories	30,052	31,625
Other receivables, deposits and prepayments	9 547,319	823,804
Receivables under service concession arrangements	271,957	277,098
Trade and bills receivables	9 2,594,599	1,828,593
Restricted deposits	102,216	101,296
Cash and cash equivalents	1,806,734	1,897,648
	<u>5,352,877</u>	<u>4,960,064</u>
Assets classified as held-for-sale	<u>346,816</u>	<u>—</u>
	<u>5,699,693</u>	<u>4,960,064</u>
<b>Total assets</b>	<u>26,381,629</u>	<u>27,075,156</u>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	24,395	24,395
Share premium	2,640,551	2,640,551
Other reserves	875,146	863,561
Retained earnings	6,307,117	5,770,016
	<u>9,847,209</u>	<u>9,298,523</u>
Non-controlling interests	<u>354,710</u>	<u>370,154</u>
<b>Total equity</b>	<u>10,201,919</u>	<u>9,668,677</u>

	<i>Note</i>	<b>2024</b> <b>HK\$'000</b>	2023 <i>HK\$'000</i>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings	<i>10</i>	<b>7,962,105</b>	11,496,916
Deferred income tax liabilities		<b>859,051</b>	908,020
Deferred government grants		<b>159,030</b>	174,800
Other non-current liabilities		<b>14,306</b>	11,765
		<u><b>8,994,492</b></u>	<u>12,591,501</u>
<b>Current liabilities</b>			
Trade and other payables	<i>11</i>	<b>1,769,311</b>	2,306,402
Current income tax liabilities		<b>64,430</b>	48,103
Bank borrowings	<i>10</i>	<b>5,322,985</b>	2,448,179
Deferred government grants		<b>12,032</b>	12,294
		<u><b>7,168,758</b></u>	<u>4,814,978</u>
Liabilities relating to assets classified as held-for-sale		<b>16,460</b>	—
		<u><b>7,185,218</b></u>	<u>4,814,978</u>
<b>Total liabilities</b>		<u><b>16,179,710</b></u>	<u>17,406,479</u>
<b>Total equity and liabilities</b>		<u><b>26,381,629</b></u>	<u>27,075,156</u>
<b>Net current (liabilities)/assets</b>	<i>10</i>	<u><b>(1,485,525)</b></u>	<u>145,086</u>
<b>Total assets less current liabilities</b>		<u><b>19,196,411</b></u>	<u>22,260,178</u>

## NOTES:

### 1 BASIS OF PREPARATION

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) issued by Hong Kong Institute of Certified Public Accountants (“HKICPA”) and requirements of the Hong Kong Companies Ordinance (Cap. 622). The consolidated financial statements have been prepared under the historical cost convention, except for assets classified as held for sale which are measured at the lower of carrying amount and the fair value less cost to sell.

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies.

On 22 July 2024, the Group entered into sale and purchase agreement with Best Approach Developments Limited (“Best Approach”), the controlling shareholder, pursuant to which, the Group conditionally agreed to sell the entire equity interests in Canvest Technology Company Limited (“Canvest Technology”) to Best Approach. Canvest Technology represents the whole smart car parking business and a separate line of business of the Group to be disposed of. For the presentation of the consolidated financial statements for the years ended 31 December 2024 and 2023, it was regarded as discontinued operation and certain comparative figures have been restated.

As at 31 December 2024, the Group had net current liabilities of HK\$1,485,525,000. Included in net current liabilities was a syndicated term loan in the current bank borrowings of HK\$2,734,000,000 (“Syndicated Term Loan A”) fully repayable by 28 November 2025, while the Group’s cash and cash equivalents amounted to HK\$1,806,734,000. On 24 January 2025, the Group (as borrower) entered into a facility agreement with several financial institutions (as lender), pursuant to which a term loan facility of HK\$2,222,500,000 and RMB820,000,000 for a term of 36 months from the date of first utilisation was granted to the Group (“Syndicated Term Loan B”).

Accordingly, the Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2024 and therefore, the Directors are satisfied that it is appropriate to prepare the Group’s consolidated financial statements on a going concern basis.

#### 1.1 Changes in accounting policy and disclosures

##### *(a) Amended standards and interpretations adopted by the Group*

The Group has applied the following amended standards and interpretations for its annual reporting period commencing 1 January 2024:

Amendments to HKAS1	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKFRS 16	Lease Liability in Sale and Leaseback
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements

The Group has assessed the impact of the adoption of the above amended standards and interpretations and considered that there was no significant impact on the Group's results and financial position or any substantial changes in the Group's accounting policies.

**(b) *New and amended standards and interpretations not yet adopted***

Certain new and amended standards and interpretations have been published that are not mandatory and have not been early adopted by the Group for the reporting period ended 31 December 2024.

<b>Standards/Interpretations</b>	<b>Subject</b>	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKFRS1 and HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18 (New Standard)	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19 (New Standard)	Subsidiaries without Public Accountability: Disclosures	1 January 2027
Amendments to Hong Kong Interpretation 5	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be announced

The Group is currently assessing the impact of these new and amended standards and interpretations on the Group's financial position and performance.

## 2 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors of the Group. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. For the year ended 31 December 2024, the Executive Directors consider that the Group's operations are generally operated and managed as a single segment — waste-to-energy (“WTE”) project construction and operation (2023: same). No separate segment information was presented accordingly.

The Group is mainly domiciled in the People's Republic of China (“PRC”). All of the Group's revenue are generated in the PRC and most of its non-current assets are located in the PRC during the year ended 31 December 2024 (2023: same).

An analysis of the Group's revenue, which is recognised over time, is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
<b>Continuing operations:</b>		
Revenue from power sales	2,543,934	2,416,634
Waste treatment fee	1,031,644	1,013,027
Revenue from project construction services	22,451	1,018,266
Finance income from service concession arrangements	185,502	190,082
Environmental hygiene and other services income	414,800	322,188
	<u>4,198,331</u>	4,960,197
<b>Discontinued operation:</b>		
Other services income	21,036	19,963
	<u>4,219,367</u>	<u>4,980,160</u>

For the year ended 31 December 2024, the Group had transactions with one (2023: two) customer which individually exceeded 10% of the Group's revenue from continuing operations. Revenue of approximately HK\$771,123,000 was derived from the largest customer for the year ended 31 December 2024, while revenue of approximately HK\$768,855,000 and HK\$588,151,000 were derived from the largest and the second largest customer respectively for the year ended 31 December 2023.

### 3 EXPENSES BY NATURE

Expenses included in cost of sales and general and administrative expenses are as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
<b>Continuing operations:</b>		
Maintenance cost	216,302	224,760
Environmental protection expenses	378,332	393,035
Research and development cost	75,094	60,895
(Reversal of impairment)/impairment of trade receivables	(5,649)	6,634
(Reversal of impairment)/impairment of receivables under service concession arrangements	(19,635)	9,226
Impairment of right-of-use assets ( <i>Note</i> )	71,203	—
Impairment of property, plant and machinery ( <i>Note</i> )	16,865	—
Remuneration to the Company's auditor		
— Audit services	3,000	3,000
— Non-audit services	431	121
Remuneration to other auditors		
— Audit services	1,091	466
— Non-audit services	816	253
Employee benefit expenses	682,871	628,616
Depreciation and amortisation		
— Property, plant and equipment	168,724	152,390
— Intangible assets	674,069	659,227
— Right-of-use assets	12,586	19,871
Other lease expenses*	12,502	11,739
Donation	3,155	3,787
Construction cost recognised for project construction services (included in cost of sales)	<u>18,709</u>	<u>862,531</u>
<b>Discontinued operation:</b>		
Maintenance cost	75	68
Research and development cost	2,625	635
Impairment of other receivables	5,236	—
Impairment of property, plant and machinery	759	—
Impairment of intangible assets	46,895	—
Remuneration to other auditors		
— Audit services	39	30
— Non-audit services	33	7
Employee benefit expenses	14,163	19,472
Depreciation and amortisation		
— Property, plant and equipment	1,928	2,322
— Intangible assets	1,665	7,265
Other lease expenses*	<u>1,095</u>	<u>1,388</u>

\* These expenses are related to short-term leases or leases of low-value assets. They are directly charged as expenses and are not included in the measurement of lease liabilities under HKFRS 16.

*Note:* On 22 July 2024, the Group entered into sale and purchase agreement with Best Approach pursuant to which, the Group conditionally agreed to sell the entire 100% equity interests in each of KK VII (BVI) Limited and KK VIII (BVI) Limited, which hold two commercial properties, a rooftop and two carpark spaces in Hong Kong at a cash consideration of HK\$165,000,000. Thus, two commercial properties, a rooftop and two carpark spaces in Hong Kong has been classified as "Assets classified as held-for-sale" as at 31 December 2024, and impairment loss of right-of-use assets and property, plant and machinery amounted to HK\$71,203,000 and HK\$16,865,000 have been recognised respectively.



#### 4 OTHER INCOME

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
<b>Continuing operations:</b>		
Value-added tax (“VAT”) refund ( <i>Note (i)</i> )	160,432	126,007
Revenue from non-hazardous waste handling	23,949	22,137
Sales of bottom ash and scrap materials	48,390	44,786
Government subsidies ( <i>Note (ii)</i> )	3,617	2,608
Amortisation of deferred government grants ( <i>Note (iii)</i> )	12,225	12,390
Others	27,490	12,914
	<u>276,103</u>	<u>220,842</u>
<b>Discontinued operation:</b>		
Government subsidies ( <i>Note (ii)</i> )	45	61
Others	3,201	51
	<u>3,246</u>	<u>112</u>
	<u><u>279,349</u></u>	<u><u>220,954</u></u>

*Notes:*

- (i) The amount represents the Group’s entitlement to VAT refund in accordance with the Notice of the Ministry of Finance and State Administration of Taxation on policies regarding the VAT on Comprehensive Utilisation of Resources and Other Products. There were no unfulfilled conditions or other contingencies attached to the receipts of such tax refund. There is no assurance that the Group will continue to receive such tax refund in the future.
- (ii) Government subsidies for the year ended 31 December 2024 mainly represent subsidies received from certain PRC government authorities as financial support to the growth of enterprises and stabilising employment (2023: same). There were no unfulfilled conditions or other contingencies attached to the entitlements of such government subsidies. There is no assurance the Group will continue to enjoy such government subsidies in the future.
- (iii) Government grants recognised were related to the construction of infrastructure under service concession arrangements. There were no unfulfilled conditions or other contingencies attached to the receipts of those grants.

## 5 OTHER (LOSSES)/GAINS, NET

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
<b>Continuing operations:</b>		
Gain on disposal of associates	9,245	—
Gain on disposal of assets classified as held-for-sale	—	5,328
(Loss)/gain on disposals of property, plant and equipment	(764)	6,543
Exchange losses, net	<u>(53,454)</u>	<u>(9,252)</u>
	(44,973)	2,619
<b>Discontinued operation:</b>		
Loss on disposals of property, plant and equipment	<u>(352)</u>	<u>(82)</u>
	<u>(45,325)</u>	<u>2,537</u>

## 6 INTEREST INCOME AND EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
<b>Continuing operations:</b>		
Interest expense on bank borrowings	(674,291)	(692,738)
Interest expense on lease liabilities	—	(16)
Less: amount capitalised on qualifying assets	<u>41</u>	<u>16,854</u>
	(674,250)	(675,900)
Interest income from bank deposits	<u>19,018</u>	<u>18,081</u>
	<u>(655,232)</u>	<u>(657,819)</u>
<b>Discontinued operation:</b>		
Interest expense on bank borrowings	(120)	(28)
Interest income from bank deposits	<u>39</u>	<u>52</u>
	<u>(81)</u>	<u>24</u>
Interest expense, net	<u>(655,313)</u>	<u>(657,795)</u>

## 7 INCOME TAX EXPENSE

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i> (Restated)
<b>Continuing operations:</b>		
<b>Current income tax</b>		
Hong Kong profits tax	112	86
PRC enterprise income tax	<u>187,928</u>	<u>143,091</u>
<b>Total current income tax</b>	<b>188,040</b>	143,177
<b>Deferred income tax</b>	<u>(20,709)</u>	<u>(22,615)</u>
	<u>167,331</u>	<u>120,562</u>
<b>Discontinued operation:</b>		
<b>Current income tax</b>		
PRC enterprise income tax	43	78
<b>Deferred income tax</b>	<u>(6,300)</u>	<u>(894)</u>
	<u>(6,257)</u>	<u>(816)</u>
<b>Income tax expense</b>	<u><b>161,074</b></u>	<u><b>119,746</b></u>

Subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits arising in Hong Kong, except for one subsidiary of the Group which is qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are subject to Hong Kong profits tax at a rate of 8.25% and the remaining assessable profits of this subsidiary are subject to Hong Kong profits tax at a rate of 16.5% (2023: same).

Subsidiaries incorporated in the PRC are subject to a tax rate of 25% for the years ended 31 December 2024 and 2023 on the assessable profits arising in or derived from the PRC except certain subsidiaries were entitled to enterprise income tax (“EIT”) incentive that the project would be fully exempted from the PRC enterprise income tax for three years starting from the tax year in which the project recorded its operating revenue for the first time, followed by a 50% tax reduction for the ensuing three years.

In addition, certain PRC subsidiaries operating in western region of the PRC were entitled to a concessionary tax rate of 15% from 2021 to 2030 pursuant to the “Continuation of Preferential EIT policies in the Western Region” (2020 Announcement No. 23) jointly issued by Ministry of Finance, State Taxation Administration and National Development and Reform Commission of the PRC (2023: same).

Besides, certain PRC subsidiaries were approved as High and New Technology Enterprise and subject to a preferential EIT rate of 15% (2023: same).

## 8 EARNINGS PER SHARE

### (a) Basic

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company and weighted average number of ordinary shares in issue during the year, excluding treasury shares and shares held under share award scheme.

	2024	2023 (Restated)
Profit from continuing operations attributable to equity holders of the Company ( <i>HK\$'000</i> )	923,593	1,022,459
Loss from discontinued operation attributable to equity holders of the Company ( <i>HK\$'000</i> )	<u>(57,455)</u>	<u>(21,195)</u>
Profit attributable to equity holders of the Company ( <i>HK\$'000</i> )	<u>866,138</u>	<u>1,001,264</u>
Weighted average number of ordinary shares in issue ( <i>thousand shares</i> )	<u>2,429,441</u>	<u>2,429,441</u>
<b>Basic earnings per share attributable to equity holders of the Company arising from (<i>HK cents</i>):</b>		
— Continuing operations	38.0	42.1
— Discontinued operation	<u>(2.3)</u>	<u>(0.9)</u>
<b>Total basic earnings per share attributable to equity holders of the Company (<i>HK cents</i>)</b>	<u>35.7</u>	<u>41.2</u>

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has one category of dilutive potential ordinary share: share options (2023: same). For the share options, a calculation was performed to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares for the period) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted earnings per share for the years ended 31 December 2024 and 2023 are the same as the basic earnings per share as the conversion of potential ordinary shares in relation to the outstanding share options would have no dilutive effect on the basic earnings per share.

## 9 TRADE AND BILLS RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>Non-current assets</b>		
Prepayments for property, plant and equipment and concession rights	239,483	191,202
Deposits and prepayments	359	145,124
	<u>239,842</u>	<u>336,326</u>
<b>Current assets</b>		
Trade and bills receivables		
— Bills receivables	453	—
— Trade receivables ( <i>Note</i> )	2,607,064	1,847,160
— Less: Impairment of trade receivables	(12,918)	(18,567)
	<u>2,594,599</u>	1,828,593
Other receivables, deposits and prepayments		
— Deposits and prepayments	22,423	29,259
— Other receivables ( <i>Note</i> )	122,986	263,875
— Value-added tax recoverable	428,866	557,626
— Less: Impairment of other receivables	(26,956)	(26,956)
	<u>3,141,918</u>	<u>2,652,397</u>
	<u><u>3,381,760</u></u>	<u><u>2,988,723</u></u>

*Note:* As at 31 December 2024, included in “Trade receivables” are receivables of HK\$15,106,000 (31 December 2023: HK\$3,859,000) due from a subsidiary of the Group’s associate, which are unsecured, interest-free and repayable on the twenty-fifth of next month according to the credit terms; receivables of HK\$2,429,000 due from a related party (31 December 2023: HK\$827,000 due from a subsidiary of the Group’s associate), which are unsecured, interest-free and repayable on credit terms of 10 days after the receipt of VAT invoices; and receivables of HK\$66,000 due from a related party (31 December 2023: HK\$1,754,000 due from a subsidiary of the Group’s associate), which are unsecured, interest-free and repayable on the twentieth of every 2 months according to the credit terms. As at 31 December 2024, included in “Other receivables” are receivables of HK\$1,618,000 (31 December 2023: HK\$835,000) due from the Group’s associate, which are unsecured, interest-free and repayable on tenth of next month according to the credit terms; receivables of HK\$3,517,000 (31 December 2023: nil) due from a joint venture of the Group, which are unsecured, interest-free, and repayable on credit terms of 90 days.

An impairment analysis is performed at each reporting date using the probability of default approach to measure expected credit losses. As the Group’s customers are primarily PRC local governments and state-owned entities, the probabilities of default rates are estimated based on comparable companies and government bodies with published credit ratings. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forward-looking credit risk information. The Group has identified the growth rate of gross domestic product and industrial value added in the PRC to be the most relevant factors, and accordingly adjusted the historical loss rates based on the expected changes in these factors in the future period.

The Group determines the provision for expected credit losses by grouping together trade and bill receivables with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic conditions. For trade and bill receivables which are long overdue with significant balances, they are assessed individually for impairment allowance. Impairment allowance of HK\$12,918,000 was provided as at 31 December 2024 (31 December 2023: HK\$18,567,000).

The credit period granted by the Group is generally 30 days. The maturity of the bills receivables is within 6 months. The ageing analysis of trade receivables, net of impairment, based on invoice date was as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Up to 1 month ( <i>Note</i> )	1,188,588	960,889
1 to 3 months	261,242	222,886
3 to 6 months	325,455	224,748
Over 6 months	818,861	420,070
	<u>2,594,146</u>	<u>1,828,593</u>

*Note:* As at 31 December 2024, the balance includes government on-grid tariff subsidy receivables of HK\$854,099,000 (31 December 2023: HK\$621,909,000) for certain projects which will be billed and settled upon the successful completion of government administrative procedures pursuant to “Notice on Relevant Review Work on the Projects List of Renewable Energy Power Generation Subsidies” (《關於開展可再生能源發電補貼項目清單審核有關工作的通知》) announced by the Ministry of Finance of the PRC. Under normal operating cycle, it takes a relatively long time for settlement as the collection is subject to the allocation of funds by relevant government authorities to local grid companies and there is no due date for the settlement of such subsidies, which is funded by the Renewable Energy Development Fund set up and administered by the Ministry of Finance.

As at 31 December 2024, other receivables mainly include refundable tender deposits for potential projects (31 December 2023: same).

If there is no significant increase in credit risk since initial recognition, impairment on other receivables are measured at 12-month expected credit losses. If a significant increase in credit risk has occurred, then impairment is measured as lifetime expected credit losses. As at 31 December 2024, the impairment was assessed to be HK\$26,956,000 in respect of other receivables (31 December 2023: HK\$26,956,000).

## 10 BANK BORROWINGS

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
<b>At variable interest rates</b>		
Bank borrowings, secured	12,151,784	13,150,095
Less: Amount included under non-current liabilities	<u>(7,962,105)</u>	<u>(11,496,916)</u>
Amount included under current liabilities	4,189,679	1,653,179
Unsecured bank borrowings included under current liabilities	548,000	795,000
<b>At fixed interest rates</b>		
Unsecured bank borrowings included under current liabilities	<u>585,306</u>	—
Total amounts under current liabilities	<u>5,322,985</u>	<u>2,448,179</u>

As at 31 December 2024, a syndicated term loan of HK\$2,734,000,000 (“Syndicated Term Loan A”) fully repayable by 28 November 2025 bank borrowings included under current liabilities. On 24 January 2025, the Group (as borrower) entered into a facility agreement with several financial institutions (as lender), pursuant to which a syndicated term loan facility of HK\$2,222,500,000 and RMB820,000,000 for a term of 36 months from the date of first utilisation was granted to the Group (“Syndicated Term Loan B”).

Accordingly, the Directors are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from 31 December 2024 and therefore, the Directors are satisfied that it is appropriate to prepare the Group’s consolidated financial statements on a going concern basis.

The Syndicated Term Loan B will be classified as non-current liability upon drawdown, which primarily utilised to repay the Syndicated Term Loan A.

## 11 TRADE AND OTHER PAYABLES

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
<b>Current liabilities</b>		
Trade payables ( <i>Note</i> )	519,091	391,111
Construction payables	727,389	1,354,483
Accruals and other payables	522,831	560,808
	<u>1,769,311</u>	<u>2,306,402</u>

*Note:* As at 31 December 2024, included in “Trade payables” are payables of HK\$46,939,000 (31 December 2023: HK\$29,385,000) due to the Group’s associate, which are unsecured, interest-free and repayable on credit terms of 10 days after the receipt of VAT invoices, and monitoring fee payables of HK\$2,131,000 (31 December 2023: HK\$3,471,000) due to a related party, which are unsecured, interest free and repayable upon the receipt of the VAT invoice.

Accruals and other payables mainly include accrued staff cost and other staff benefits, VAT payables and payables for concession rights.

The ageing analysis of the trade payables based on invoice date was as follows:

	2024 <i>HK\$’000</i>	2023 <i>HK\$’000</i>
Up to 1 month	314,268	244,813
1 to 2 months	55,941	46,352
2 to 3 months	27,271	23,738
Over 3 months	121,611	76,208
	<u>519,091</u>	<u>391,111</u>

## 12 DIVIDEND

The Board did not declare a final dividend for the year ended 31 December 2024 (2023: HK3.2 cents per ordinary share). The final dividend for the year ended 31 December 2023 amounting to HK\$78,065,000 has not reflected as a dividend payable in the consolidated financial statements for the year ended 31 December 2023.

During the year ended 31 December 2024, the Company did not declare an interim dividend (2023: HK\$4.9 cents per ordinary share, amounting to HK\$119,538,000).

## MANAGEMENT DISCUSSION AND ANALYSIS

In 2024, amidst a complex macroeconomic environment, China has driven steady economic recovery through coordinated fiscal, monetary, and social policies. The government issued the largest-ever special bonds for local governments and introduced a package of incremental policies to accelerate the implementation of RMB12 trillion in local debt resolution, alleviating local financial pressures and supporting high-quality development. Simultaneously, green transformation and ecological civilization construction have become core strategies, guided by the “Dual Carbon” goals, to deepen the synergy between carbon reduction, pollution control, green expansion, and economic growth, promoting a resource-efficient and environmentally friendly society.

The WTE market has shifted from expansion to optimization, with policies supporting industry transformation and upgrading. As waste sorting and recycling systems improve, the industry’s focus has moved from construction to operational services, making environmental operation capabilities a core competitive advantage. The government introduced policies such as the “Opinions on Accelerating the Construction of a Waste Recycling System” driving efficient resource utilization and pollution reduction in the solid waste sector and creating new market opportunities.

As an industry leader, Canvest actively responds to policy directions, focusing on quality and efficiency improvement. By expanding revenue channels through collaborative disposal and waste heat utilization, and enhancing operational efficiency through technological advancements, the group integrates urban environmental services, expanding waste treatment and integrated sanitation operations to elevate the value of the entire industrial chain. This supports the national “Dual Carbon” goals and ecological civilization construction.

### OVERALL PERFORMANCE

For the year ended 31 December 2024, the Group’s revenue from continuing operations was HK\$4,198.3 million (2023: HK\$4,960.2 million), representing a decrease of 15.4% over 2023. Revenue from power sales and waste treatment was HK\$3,575.6 million (2023: HK\$3,429.7 million), representing an increase of 4.3%. Nevertheless, gross profit margin from continuing operations had significantly increased to 48.3% (2023: 41.9%). The operating profit from continuing operations was HK\$1,602.7 million (2023: HK\$1,667.8 million). EBITDA margin of continuing operations improved notably to 62.8% (2023: 53.9%). Profit attributable to equity holders from continuing operations of the Company was HK\$923.6 million (2023: HK\$1,022.5 million), representing a decrease of 9.7%. Basic earnings per share from continuing operations was HK38.0 cents (2023: HK42.1 cents).

During the year, the Group’s implementation of innocuous treatment of waste volume amounted to 17,015,646 tonnes, representing an increase of 2.4% as compared to 16,615,728 tonnes in 2023. The Group generated 6,533,172,000 kWh from green energy, representing an increase of 5.1% as compared with 6,217,594,000 kWh in 2023, sold 313,000 tonnes of steam, which is 2.3 times of the 136,000 tonnes in 2023, saved 1,714,000 tonnes of standard coal and offset carbon dioxide equivalent emissions by 9,829,000 tonnes.



## I. WASTE-TO-ENERGY BUSINESS

### Projects and Processing Capacity

As at 31 December 2024 and the date of this announcement, the Group has 35 projects in our portfolio with daily MSW processing capacity of 52,540 tonnes. The operating daily MSW processing capacity of 32 projects reached 42,490 tonnes.

In 2024, the Group's WTE business remains relatively stable.

The following table sets forth the breakdown of the daily MSW processing capacity by regions as at the date of this announcement:

	<b>Number of projects</b>	<b>Daily MSW processing capacity (tonnes)</b>
Southern China Region	22	32,790
Western China Region	3	5,000
Eastern China Region	4	7,650
Northern China and Northeast China Regions	5	6,300
Central China Region	1	800
	<hr/>	<hr/>
Total	35	52,540
	<hr/> <hr/>	<hr/> <hr/>

The following table sets forth the operational details by regions for the year under review:

		Year ended 31 December	
		2024	2023
<b>Southern China Region</b>	<b>Guangdong Province</b>		
	Innocuous treated waste ( <i>tonnes</i> )	<b>9,640,522</b>	9,623,321
	Power generated ( <i>MWh</i> )	<b>3,902,319</b>	3,688,864
	Power sold ( <i>MWh</i> )	<b>3,410,960</b>	3,219,241
	<b>Guangxi Zhuang Autonomous Region</b>		
	Innocuous treated waste ( <i>tonnes</i> )	<b>723,263</b>	744,350
	Power generated ( <i>MWh</i> )	<b>282,772</b>	287,535
	Power sold ( <i>MWh</i> )	<b>251,231</b>	254,691
	<b>Guizhou Province</b>		
Innocuous treated waste ( <i>tonnes</i> )	<b>737,883</b>	679,040	
Power generated ( <i>MWh</i> )	<b>270,489</b>	247,551	
Power sold ( <i>MWh</i> )	<b>232,999</b>	211,514	
<b>Western China Region</b>	Innocuous treated waste ( <i>tonnes</i> )	<b>1,650,667</b>	1,551,170
	Power generated ( <i>MWh</i> )	<b>607,925</b>	574,226
	Power sold ( <i>MWh</i> )	<b>523,941</b>	486,981
<b>Eastern China Region</b>	Innocuous treated waste ( <i>tonnes</i> )	<b>2,261,311</b>	2,088,645
	Power generated ( <i>MWh</i> )	<b>936,251</b>	880,187
	Power sold ( <i>MWh</i> )	<b>759,604</b>	722,572
<b>Northern China and Northeast China Regions</b>	Innocuous treated waste ( <i>tonnes</i> )	<b>1,653,670</b>	1,514,995
	Power generated ( <i>MWh</i> )	<b>413,307</b>	411,858
	Power sold ( <i>MWh</i> )	<b>338,002</b>	343,238
<b>Central China Region</b>	Innocuous treated waste ( <i>tonnes</i> )	<b>348,330</b>	414,207
	Power generated ( <i>MWh</i> )	<b>120,109</b>	127,373
	Power sold ( <i>MWh</i> )	<b>106,198</b>	111,204
<b>Total</b>	Innocuous treated waste ( <i>tonnes</i> )	<b>17,015,646</b>	16,615,728
	Power generated ( <i>MWh</i> )	<b>6,533,172</b>	6,217,594
	Power sold ( <i>MWh</i> )	<b>5,622,935</b>	5,349,441
	Steam sold ( <i>tonnes</i> )	<b>313,000</b>	136,000

Notes:

- (1) Innocuous treated waste included MSW, wastewater and others.
- (2) The difference between the power generated and the power sold is attributable to various factors, including but not limited to internal power usage and transmission losses.

### ***Southern China Region***

In 2024, 16 WTE plants located in Guangdong Province continued to provide contributions. Huidong WTE project is currently in the planning stage.

4 WTE plants located in Guizhou Province and Guangxi Zhuang Autonomous Region continued to provide contributions in 2024, while Baise WTE project is currently in the planning stage.

### ***Western China Region***

3 WTE plants located in Sichuan Province and Yunnan Province continued to provide contributions in 2024.

In September 2024, the Group entered into a sale and purchase agreement with an independent third party for the disposal of entire 30% equity interest held by the Group in Dazhou project, which was classified as interest in an associate before the completion of disposal, at a consideration of RMB115.5 million (equivalent to HK\$124.7 million). The disposal has been completed in December 2024. Operations management agreement of Dazhou WTE plant has been terminated in December 2024.

### ***Eastern China Region***

1 WTE plant located in Shandong Province, 1 WTE plant located in Shanghai, and 2 WTE plants located in Jiangsu Province continued to provide contributions in 2024. Operations management agreement of Baoshan WTE Project has been terminated in February 2025.

### ***Northern China and Northeast China Regions***

2 WTE plant located in Hebei Province, 1 WTE plant located in Liaoning Province and 1 WTE plant located in Shanxi Province continued to provide contributions in 2024. Quyang WTE project is currently in the planning stage.

### ***Central China Region***

1 WTE plant located in Jiangxi Province continued to provide contributions in 2024.

## **II. ENVIRONMENTAL HYGIENE AND RELATED SERVICES**

In 2024, the Group, through Yuezhan and Sichuan Jiajieyuan, operated 29 integrated environmental sanitation projects located at Sichuan Province, Guangxi Zhuang Autonomous Region, Hebei Province, Anhui Province and Guangdong Province. In January 2024, the Group was awarded the Urban Butler Service Concession Project in Dangshan County, Anhui Province, with a service period of 25 years, which was the Group's first environmental sanitation project in Anhui Province. As at 31 December 2024, the Group operated 20 (31 December 2023: 23) integrated environmental sanitation

projects. In Hong Kong, the Group, through Johnson, a leading environmental hygiene service provider, provided a wide range of environmental services in Hong Kong. These projects continued to provide contributions to the Group in 2024.

The Group has contracted 4 landfill restoration projects located at Sichuan Province, Anhui Province and Guangdong Province.

In 2024, the Group commenced operation of the North Lantau Transfer Station and the Outlying Islands Transfer Facilities, with a series of technological upgrade. The project provides contributions in 2024.

During the year, Zhongzhou Environmental, which is principally engaged in the treatment of bottom ash created from the incineration of waste in the PRC, continued to provide contributions to the Group. Dongguan Xindongyue processed 137,761 tonnes of solidified fly ash and continued to provide contributions to the Group.

### **Discontinued operation**

On 22 July 2024, the Group entered into a sale and purchase agreement with Best Approach pursuant to which, the Group conditionally agreed to sell the entire equity interests in Canvest Technology to Best Approach at a cash consideration of HK\$30.0 million. Canvest Technology represents the whole smart car parking business and a separate line of business of the Group to be disposed of. Thus, it is regarded as “discontinued operation” and its net results for the year ended 31 December 2024 and the comparatives are presented separately from that of the continuing operations.

## **ANALYSIS OF FINANCIAL RESULTS**

### **REVENUE**

The Group’s revenue from continuing operations for 2024 was HK\$4,198.3 million, representing a decrease of 15.4% when compared with HK\$4,960.2 million in 2023. The decrease in total revenue was mainly due to a 97.8% decrease in the Group’s construction revenue to HK\$22.5 million as compared with last year. Most of the Group’s WTE projects are now in operation, and the WTE industry has reached a mature stage characterised by a reduction in new projects. Yet, the revenue from power sales, waste treatment fees and environmental hygiene and other services income, which form the Group’s core operations, amounted to HK\$3,990.4 million in aggregate in 2024 was increased by 6.4% as compared with last year.

The following table sets forth the breakdown of revenue from continuing operations for the years ended 31 December 2024 and 2023:

	<b>Year ended 31 December</b>			
	<b>2024</b>		<b>2023</b>	
	<i><b>HK\$'000</b></i>	<i><b>%</b></i>	<i><b>HK\$'000</b></i> (Restated)	<i><b>%</b></i>
Revenue from power sales	<b>2,543,934</b>	<b>60.6%</b>	2,416,634	48.7%
Revenue from waste treatment fees	<b>1,031,644</b>	<b>24.6%</b>	1,013,027	20.4%
Revenue from project construction services	<b>22,451</b>	<b>0.5%</b>	1,018,266	20.6%
Finance income from service concession arrangements	<b>185,502</b>	<b>4.4%</b>	190,082	3.8%
Environmental hygiene and other services income	<b>414,800</b>	<b>9.9%</b>	322,188	6.5%
<b>Total</b>	<b><u>4,198,331</u></b>	<b><u>100.0%</u></b>	<b><u>4,960,197</u></b>	<b><u>100.0%</u></b>

The following table sets forth the breakdown of the Group's revenue from continuing operations by region for the years ended 31 December 2024 and 2023:

	<b>Year ended 31 December</b>			
	<b>2024</b>		<b>2023</b>	
	<i><b>HK\$'000</b></i>	<i><b>%</b></i>	<i><b>HK\$'000</b></i> (Restated)	<i><b>%</b></i>
Southern China Region	<b>3,068,882</b>	<b>73.1%</b>	2,972,603	59.9%
Central China Region	<b>92,061</b>	<b>2.2%</b>	126,955	2.6%
Western China Region	<b>214,003</b>	<b>5.1%</b>	205,246	4.2%
Northern China and Northeast China Regions	<b>482,933</b>	<b>11.5%</b>	1,008,730	20.3%
Eastern China Region	<b>340,452</b>	<b>8.1%</b>	646,663	13.0%
<b>Total</b>	<b><u>4,198,331</u></b>	<b><u>100.0%</u></b>	<b><u>4,960,197</u></b>	<b><u>100.0%</u></b>

## **COST OF SALES**

Cost of sales from continuing operations primarily consists of maintenance cost, depreciation and amortisation, employee and related benefit expenses, environmental protection expenses and construction cost.

Cost of sales from continuing operations decreased by 24.7% from HK\$2,883.4 million in 2023 to HK\$2,172.5 million in 2024. The decrease was mainly attributable to decrease in construction cost for project construction services.

## GROSS PROFIT AND GROSS PROFIT MARGIN

In 2024, gross profit from continuing operations of the Group amounted to HK\$2,025.8 million, representing a decrease of 2.5% as compared to HK\$2,076.8 million in 2023. The decrease in gross profit was mainly attributable to the decrease in project construction services since most of the Group's WTE projects are now in operation. In 2024, the gross profit related to operations, including power sales and waste treatment operations and environmental hygiene and other services, amounted to HK\$1,836.6 million in aggregate, was increased by 6.1% as compared with last year.

Gross profit margin from continuing operations of the Group experienced a strong increase from 41.9% in 2023 to 48.3% in 2024. The rise was primarily attributed to an increase in the share of power sales and waste treatment operations, which has a higher gross profit margin.

The following table sets forth the breakdown of the Group's gross profit from continuing operations by nature for the years ended 31 December 2024 and 2023:

	Year ended 31 December			
	2024		2023	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
			(Restated)	
Power sales and waste treatment operations	<b>1,673,706</b>	<b>82.6%</b>	1,598,141	77.0%
Project construction services	<b>3,742</b>	<b>0.2%</b>	155,735	7.5%
Finance income from service concession arrangements	<b>185,502</b>	<b>9.2%</b>	190,082	9.1%
Environmental hygiene and other services	<b>162,848</b>	<b>8.0%</b>	132,885	6.4%
Total	<b><u>2,025,798</u></b>	<b><u>100.0%</u></b>	<b><u>2,076,843</u></b>	<b><u>100.0%</u></b>

The following table sets forth the Group's gross profit margin from continuing operations by nature for the years ended 31 December 2024 and 2023:

	Year ended 31 December	
	2024	2023
	<i>Gross profit margin</i>	<i>Gross profit margin</i>
		(Restated)
Power sales and waste treatment operations	<b>46.8%</b>	46.6%
Project construction services	<b>16.7%</b>	15.3%
Finance income from service concession arrangements	<b>100.0%</b>	100.0%
Environmental hygiene and other services	<b>39.3%</b>	41.2%
Gross profit margin of the Group	<b><u>48.3%</u></b>	<b><u>41.9%</u></b>

## **GENERAL AND ADMINISTRATIVE EXPENSES**

General and administrative expenses from continuing operations mainly comprise of employee and related benefit expenses for administrative personnel, promotion, entertainment and travelling expenses, depreciation and amortisation, research and development expenses, office expenses and others.

General and administrative expenses from continuing operations increased by 3.4% from HK\$632.5 million in 2023 to HK\$654.3 million in 2024. It was mainly due to increase in research and development expenses for innovation and digitalization. Impairment loss of right-of-use assets and property, plant and machinery amounted to HK\$71.2 million and HK\$16.9 million, respectively, in relation to two commercial properties, a rooftop and two carpark spaces in Hong Kong that have been recognised in 2024.

## **OTHER INCOME**

Other income from continuing operations mainly consisted of VAT refund, sales of bottom ash and scrap materials and others. Other income from continuing operations increased by 25.0% from HK\$220.8 million in 2023 to HK\$276.1 million in 2024. The increase was mainly due to the additional operating plants that were entitled to have VAT refund.

## **OTHER (LOSSES)/GAINS, NET**

During the year, the Group recorded other net losses from continuing operations of HK\$45.0 million as compared to other net gain of HK\$2.6 million in 2023. It was mainly due to foreign exchange loss from the depreciation of RMB against USD was recognised in 2024.

## **INTEREST EXPENSE, NET**

Net interest expense from continuing operations mainly consisted of interest expenses on borrowings from banks and net of interest income. Net interest expenses from continuing operations decreased by 0.4% from HK\$657.8 million in 2023 to HK\$655.2 million in 2024. The decrease in net interest expenses was due to decrease in average bank borrowing balances.

## **SHARE OF NET PROFITS OF ASSOCIATES AND JOINT VENTURES**

During the year, share of net profits of associates and joint ventures increased by 2.8% from HK\$153.9 million in 2023 to HK\$158.2 million in 2024.

## **INCOME TAX EXPENSE**

Income tax expenses from continuing operations increased by 38.8% from HK\$120.6 million in 2023 to HK\$167.3 million in 2024. It was mainly attributable to the increase in current enterprise income tax incurred by certain operating WTE plants as a result of transiting from full tax exemption in 2023 to half tax exemption in 2024 or transiting from half tax exemption in 2023 to no tax exemption in 2024.

## **LOSS FROM DISCONTINUED OPERATION**

On 22 July 2024, the Group entered into sale and purchase agreement with Best Approach, the controlling shareholder of the Company, pursuant to which, the Group conditionally agreed to sell the entire equity interests in Canvest Technology. Canvest Technology represents the whole smart car parking business and a separate line of business of the Group to be disposed of. Thus, it is regarded as “discontinued operation” and its net results for the year ended 31 December 2024 and the comparatives are presented separately from that of the continuing operations.

The Group recorded impairment losses on goodwill, other intangible assets, property, plant and equipment and other receivables in relation to smart car parking business with the aggregate amount of HK\$52.9 million (with corresponding deferred tax liabilities of HK\$6.1 million reversed to the consolidated statement of profit and loss) for the year ended 31 December 2024 (2023: nil), taking into account the changes in industry conditions and operating environment of smart car parking industry.

## **PROFIT ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY**

Profit attributable to the equity holders of the Company (from continuing operations and discontinued operation) decreased by 13.5% from HK\$1,001.3 million in 2023 to HK\$866.1 million in 2024.

## **CAPITAL STRUCTURE**

The shares of the Company were listed on the Hong Kong Stock Exchange on 29 December 2014. The capital structure of the Company is comprised of ordinary shares.

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

### **Financial resources**

During the year, the Group generated HK\$1,866.5 million in cash from operating projects (2023: HK\$1,934.6 million). Net cash prepaid and used for the construction of various WTE plants under BOT arrangements amounted to HK\$710.3 million (2023: HK\$856.1 million). As a result, the total net cash generated from operating activities amounted to HK\$1,156.2 million during the year (2023: HK\$1,078.5 million).

The Group generated cash flow through operating activities and loan facilities from banks. As at 31 December 2024, the total cash and cash equivalents of the Group were HK\$1,806.7 million (31 December 2023: HK\$1,897.6 million). The Group pursues a prudent approach to balance the risk level and costs of capital. The Group has adequate financial resources to meet the future funding requirements for project development.

Net current liabilities of HK\$1,485.5 million as of 31 December 2024 primarily consisted of a syndicated loan of HK\$2,734.0 million due in 2025 under current liabilities. In January 2025, the Group secured a dual-tranche syndicated green term loan facility equivalent to HKD3,099.9 million for refinancing purposes.



In 2024, the Group received renewable national subsidies which amounted to HK\$73.8 million (2023: HK\$76.6 million).

## Borrowings

The Group sensibly diversifies its funding sources to optimise its debt portfolio and lower the financing cost. As at 31 December 2024, the Group's bank borrowings were HK\$13,285.1 million (31 December 2023: HK\$13,945.1 million). Such bank borrowings were secured by the pledge of certain assets and corporate guarantees. The bank borrowings were denominated in Renminbi and Hong Kong dollars (31 December 2023: same) and most of them were at floating interest rates (31 December 2023: all of them at floating interest rate).

Net asset of the Group was HK\$10,202.0 million (31 December 2023: HK\$9,668.7 million). The increase in net asset was mainly attributable to the profit generated during the year.

The following table sets forth the analysis of the Group's borrowings as at 31 December 2024 and 2023:

	<b>As at 31 December</b>	
	<b>2024</b>	2023
	<b>HK\$'000</b>	HK\$'000
Portion of term loans due to repayment after one year		
— secured	<b>7,962,105</b>	11,496,916
Portion of term loans due for repayment within one year or on demand		
— secured	<b>4,189,679</b>	1,653,179
— unsecured	—	110,000
Revolving loan due for repayment within one year		
— unsecured	<b>1,133,306</b>	685,000
Total bank borrowings	<b><u>13,285,090</u></b>	<u>13,945,095</u>

The gearing ratio is the ratio of total liabilities divided by total assets. As at 31 December 2024, the gearing ratio was 61.3% (31 December 2023: 64.3%).

As at 31 December 2024, the Group had banking facilities in the amount of HK\$16,588.8 million, of which HK\$3,089.0 million remained unutilized. The banking facilities were denominated in Renminbi and Hong Kong dollars and were at floating interest rates.

## Cost of Borrowings

For the year ended 31 December 2024, the total cost of borrowings (from continuing operations and discontinued operation) of the Group was HK\$674.4 million (2023: HK\$692.8 million), representing a decrease of HK\$18.4 million. The decrease was due to decrease in average bank borrowings balance. Effective interest rate ranged from 2.60% to 7.95% for the year ended 31 December 2024 (2023: 2.35% to 7.95%).

## **FOREIGN EXCHANGE RISK**

The major operating subsidiaries of the Group operate in the PRC with transactions mainly settled in Renminbi, being the functional currency of such subsidiaries. Moreover, bank deposits of the Group were denominated in Hong Kong dollars, Renminbi and US dollars while bank loans were denominated in Hong Kong dollars and Renminbi. For entities with Hong Kong dollar as its functional currency, foreign exchange risks mainly arise from the outstanding balances due from/to group companies and short-term revolving bank borrowings denominated in RMB. The Group does not have any financial instrument for the purpose of hedging. The Group manages foreign currency risks by closely monitoring the proportion of its non-Renminbi borrowings and deposits and performing regular reviews of the Group's net foreign exchange exposure.

## **COMMITMENTS**

As at 31 December 2024, the Group's capital commitments in relation to construction cost for BOT concession rights and property, plant and equipment, which were authorised but not contracted for, amounted to HK\$964.4 million (31 December 2023: HK\$1,238.8 million), and Nil (31 December 2023: HK\$25.9 million), respectively. Its capital commitments contracted for but not yet provided for in the consolidated financial statement in relation to construction cost for BOT concession rights and property, plant and equipment amounted to HK\$428.2 million (31 December 2023: HK\$230.8 million) and HK\$11.9 million (31 December 2023: HK\$244.5 million), respectively, and in relation to the capital injection to associates and joint ventures amounted to HK\$60.2 million (31 December 2023: HK\$65.4 million).

## **PLEDGING OF SHARES BY CONTROLLING SHAREHOLDERS**

As at 31 December 2024, the Controlling Shareholders have not pledged all or part of its interests in the shares of the Company to secure the Company's debts or to secure guarantees or other support of its obligations.

## **SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, PLAN FOR SIGNIFICANT INVESTMENT OR ACQUISITION OF MATERIAL CAPITAL ASSETS IN THE FUTURE**

On 27 April 2024, the Group entered into a sale and purchase agreement with an independent third party for the disposal of 25.5% equity interest in Canvest Guoye for a consideration of RMB19.4 million (equivalent to HK\$21.3 million), and the consideration of which was subsequently revised to RMB19.1 million (equivalent to HK\$21.0 million) in July 2024 following the completion of the audit by the acquirer. Canvest Guoye owns a concession right to construct a plant to process industrial waste at Jieyang Dananhai Petrochemical Industrial Park, Jieyang City, Guangdong Province. Upon the completion of disposal in June 2024, the Group holds no equity interest in Canvest Guoye.

On 22 July 2024, the Group entered into sale and purchase agreements with an independent third party for the disposal of the entire equity interest in Yuezhan Environmental Management for a total consideration of approximately RMB130.4 million (equivalent to HK\$143.1 million). Upon the completion of disposal in July 2024, the Group holds no equity interest in Yuezhan Environmental Management.

On 22 July 2024, (i) Canvest Kewei entered into a sale and purchase agreement with Best Approach, pursuant to which the Canvest Kewei conditionally agreed to sell the land use rights and structures located in Shanghai for a cash consideration of RMB135.0 million (equivalent to approximately HK\$145.8 million). Those assets are reclassified from “Investment Property” to “Assets classified as held-for-sale” in the consolidated balance sheet as at 31 December 2024; (ii) Yi Feng entered into a sale and purchase agreement with Best Approach, pursuant to which Yi Feng conditionally agreed to sell the entire equity interests in KK VII (BVI) Limited and KK VIII (BVI) Limited, which hold two commercial properties, a rooftop and two carpark spaces in Hong Kong, for a cash consideration of a total of HK\$165.0 million. Those assets are reclassified from “right-of-use assets” and “property, plant and equipment” to “Assets classified as held-for-sale” in the consolidated balance sheet as at 31 December 2024; and (iii) the Company entered into a sale and purchase agreement with Best Approach, pursuant to which the Company conditionally agreed to sell the entire equity interests in Canvest Technology at a cash consideration of HK\$30.0 million. Thus, the smart car parking business is regarded as “discontinued operation” and its net results for the year ended 31 December 2024 and the comparatives are presented separately from that of the continuing operations. Those assets and liabilities from “discontinued operation” are classified as “Assets classified as held-for-sale” and “Liabilities relating to assets classified as held-for-sale” in the consolidated balance sheet as at 31 December 2024 respectively.

In September 2024, the Group entered into a sale and purchase agreement with an independent third party for the disposal of 30% equity interest in Sichuan SIIC at a consideration of RMB115.5 million (equivalent to HK\$128.1 million). Sichuan SIIC owns the concession right to a WTE plant in Dazhou, Sichuan Province. Upon the completion of disposal in December 2024, the Group holds no interest in Sichuan SIIC.

On 20 October 2024, the Group entered into an equity transfer agreements with the non-controlling interest holders of Yi County Canvest to acquire 20% equity interests of Yi County Canvest at a consideration of RMB30.0 million (equivalent to HK\$31.8 million) and 0.1% equity interests of Yi County Canvest at a consideration of RMB1 (equivalent to HK\$1). Upon the completion of these acquisitions in November 2024, the Group hold 99.9% equity interest in Yi County Canvest.

On 29 October 2024, the Group entered into an equity transfer agreement with the non-controlling interest holder of Dehong Canvest to acquire 10% equity interests of Dehong Canvest at a consideration of RMB9.0 million (equivalent to HK\$9.8 million). The transaction was not completed as at 31 December 2024. Upon the completion of the acquisition in January 2025, the Group owns 100% equity interest in Dehong Canvest.

Save as disclosed in this announcement, during the year under review, there was no significant investment, material acquisition and disposal of material subsidiaries by the Company and no other material investments or additions of capital assets authorised by the Board at the date of this announcement.

## **CAPITAL EXPENDITURES**

For the year ended 31 December 2024, capital expenditures of the Group mainly consisted of expenditures and construction costs (on accrual basis) relating to service concession arrangements amounting to HK\$506.8 million (2023: HK\$1,462.4 million). Capital expenditures were mainly funded by bank borrowings and funds generated from operating activities.

## **CONTINGENT LIABILITIES**

On 14 June 2024, Jianyang Canvest entered into a bank loan agreement with Jianyang sub-branch of Bank of China Limited for banking facility of not exceeding RMB671.0 million, and the Group provided a corporate guarantee of RMB335.5 million for such facility. Outstanding balance of such loan amounted to RMB622.7 million (equivalent to HK\$672.5 million) as at 31 December 2024. In February 2025, the Group entered into a supplemental agreement with bank, pursuant to which the Group's corporate guarantee will be limited to 50% of the debt liability balances.

The Group holds 49% equity interest in Dongguan Xindongyuan, which holds 30% equity interest in Dongguan Xindongqing. As at 31 December 2024, the Group provided a corporate guarantee of RMB32.3 million (equivalent to HK\$34.9 million) for bank loans of Dongguan Xindongqing.

The Group holds 40% equity interest in Zhongzhou Environmental. As at 31 December 2024, the Group provided a corporate guarantee of RMB69.9 million for bank loans of Zhongzhou Environmental. Outstanding balance of such loan amounted to RMB37.1 million (equivalent to HK\$40.1 million) as at 31 December 2024. In February 2025, the Group entered into a supplemental agreement with bank, pursuant to which the Group's corporate guarantee will be limited to 40% of the debt liability balances.

Saved as disclosed above, the Group did not have any significant contingent liabilities as at 31 December 2024.

## **PLEDGE OF ASSETS**

As at 31 December 2024, the Group pledged certain of its rights to collect revenue from power sales, waste handling and environmental hygiene services, property, plant and equipment, right-of-use assets, intangible assets, assets classified as held-for-sale and restricted deposits (31 December 2023: rights to collect revenue from power sales, waste handling and environmental hygiene services, property, plant and equipment, right-of-use assets, intangible assets and restricted deposits) with an aggregate carrying amount of HK\$13,096.1 million (31 December 2023: HK\$14,006.1 million) to certain banks to secure certain credit facilities granted to the Group.

## **Tax relief and exemption**

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's shares.

## **HUMAN RESOURCES**

As at 31 December 2024, the Group employed a total of 7,060 employees, 102 of them were at management level. By geographical locations, it had 7,023 employees in the PRC and 37 employees in Hong Kong. Employees are remunerated according to their qualifications, working experience, job nature and performance with reference to market conditions. The Group also maintained medical insurance and mandatory provident fund scheme for its employees in Hong Kong.

The Company adopted a share option scheme on 7 December 2014, which became effective on 29 December 2014 (i.e. the Listing Date) and was expired on 6 December 2024, and a summary of the principal terms of the share option scheme was set out in Appendix VI to the prospectus. Under the share option scheme and upon the discretion of the Board, share options might be granted as performance incentives to employees (including Directors) during the scheme period. Options granted before expiry continued to be exercisable under the scheme. For the year ended 31 December 2024, 250,000 share options had lapsed and 2,250,000 share options remained outstanding as at 31 December 2024. Total remuneration costs, including Directors' remuneration, for the year were HK\$697.0 million (2023: HK\$648.1 million).

On 3 May 2019, the Company adopted the Share Award Scheme in which the Eligible Persons will be entitled to participate. The objectives of the Share Award Scheme are to (i) recognize the contributions of the Eligible Persons and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. A scheme rule and trust deed between the Company and Bank of Communications Trustee Limited as the Trustee have been entered into in this regard. Please refer to the announcements of the Company dated 3 May 2019 and 9 May 2019 for further details.

## **FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES BY THE COMPANY**

As at 31 December 2024, the Company had not provided any financial assistance and guarantees to affiliated companies pursuant to Rule 13.16 of the Listing Rules that is subject to disclosure requirement under Rule 13.22 of the Listing Rules.

## **ADVANCE TO AN ENTITY PROVIDED BY THE COMPANY**

As at 31 December 2024, the Company had not provided any advance to an entity pursuant to Rule 13.13 of the Listing Rules that is subject to disclosure requirement under Rule 13.20 of the Listing Rules.

## EVENTS AFTER BALANCE SHEET DATE

Saved as disclosed above, there were no other material events after balance sheet date up to the date of this announcement.

## THE PROPOSED PRIVATISATION

On 7 July 2024, Grandblue Environment Co., Ltd.\*\* (瀚藍環境股份有限公司) (“Grandblue Environment”) published an announcement on the website of the Shanghai Stock Exchange in relation to its potential asset acquisition to acquire the shares in the Company through GRANDBLUE INVESTMENT HONGKONG LIMITED (瀚藍(香港)環境投資有限公司) (“Grandblue”), an indirect wholly owned subsidiary of Grandblue Environment. Please refer to Grandblue’s announcement dated 7 July 2024, the Company’s announcement dated 7 July 2024, Grandblue’s clarification announcement dated 8 July 2024 and the Company’s clarification announcement dated 9 July 2024 for further details.

On 22 July 2024 (after trading hours), Grandblue requested, subject to the satisfaction of certain pre-conditions, the Board to put forward the proposal for the proposed privatisation of the Company by way of scheme of arrangement to the scheme shareholders. The transaction involves the payment of cash to the scheme shareholders to cancel the shares and withdraw the listing of the Shares on the Hong Kong Stock Exchange (the “Proposed Privatisation”). If the scheme is implemented, the offeror will pay a cancellation price of HK\$4.90 per Share to the scheme shareholders in cash. Please refer to the joint announcements of Grandblue and the Company dated 22 July 2024, 23 August 2024, 30 August 2024, 12 September 2024, 30 September 2024, 18 October 2024, 18 November 2024, 20 November 2024, 10 December 2024, 26 December 2024, 2 January 2025, 16 January 2025, 17 January 2025, 23 January 2025, 17 February 2025 and 19 February 2025 for further details of the Proposed Privatisation and the announcement dated 9 August 2024 jointly published by the Company and Grandblue, in relation to the extension of time for despatch of the scheme document.

On 22 July 2024 (after trading hours), (i) Canvest Kewei entered into the a sale and purchase agreement with Best Approach, pursuant to which, Canvest Kewei conditionally agreed to sell, and Best Approach conditionally agreed to purchase, the entire equity interests in a company to be incorporated in the PRC as a direct wholly-owned subsidiary of the Canvest Kewei; (ii) the Company entered into a sale and purchase agreement with Best Approach, pursuant to which, the Company conditionally agreed to sell, and Best Approach conditionally agreed to purchase, the entire equity interests in Canvest Technology Company Limited, an indirect wholly-owned subsidiary of the Company; and (iii) Yi Feng entered into a sale and purchase agreement with Best Approach, pursuant to which, Yi Feng conditionally agreed to sell, and Best Approach conditionally agreed to purchase, the entire equity interests in KK VII (BVI) Limited and KK VIII (BVI) Limited, which are indirect wholly-owned subsidiaries of the Company. These transactions constitute special deals under the Proposed Privatisation. Please refer to the announcement of the Company dated 22 July 2024, the supplemental announcements of the Company dated 7 August 2024 and 20 August 2024 for further details.

On 31 July 2024, the Company appointed Somerley Capital Limited as the independent financial adviser to advise the independent board committee in relation to the Proposed Privatisation. Please refer to the announcement of the Company dated 31 July 2024 for further details.

## **CHANGES SINCE 31 DECEMBER 2024**

Saved as disclosed above and elsewhere in this announcement, there were no other significant changes in the Group's financial position or information as disclosed under Management Discussion and Analysis for the year ended 31 December 2024.

## **DIVIDENDS**

During the year, the Company did not declared an interim dividend (2023: HK4.9 cents). The Board does not recommend the payment of a final dividend (2023: HK3.2 cents per ordinary share) to the Shareholders.

## **CLOSURE OF REGISTER OF MEMBERS**

### **To determine the identity of Shareholders who are entitled to attend and vote at the 2025 AGM**

Latest time for lodging transfer documents of shares	: 4:30 p.m. on Monday, 16 June 2025
Period of closure of register of members	: Tuesday, 17 June 2025 to Friday, 20 June 2025 (both dates inclusive)

To qualify for attending and voting at the 2025 AGM, all properly completed transfer forms accompanied by the Share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than the corresponding latest time for lodging transfer documents of Shares.

## **ANNUAL GENERAL MEETING**

The 2025 AGM will be held on Friday, 20 June 2025. Notice of the 2025 AGM will be published on the websites of the Company ([www.canvestenvironment.com](http://www.canvestenvironment.com)) and the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and dispatched to the Shareholders (if requested) within the prescribed time and in such manner as required under the Listing Rules.

## **PUBLIC FLOAT**

Based on the information that is publicly available to the Company and to the best knowledge and belief of the Directors, they confirm that the Company has maintained at least 25% of the Company's total issued share capital held by the public for the year ended 31 December 2024 and as at the date of this announcement.

## **AUDIT COMMITTEE**

The audit committee of the Company had reviewed the consolidated financial statements of the Group for the year ended 31 December 2024, reviewed with the management of the Group regarding the accounting principles and practices adopted by the Group, reviewed the continuing connected transaction and discussed internal controls and financial reporting matters.

## **SCOPE OF WORK OF PRICEWATERHOUSECOOPERS**

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated balance sheet, and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by PricewaterhouseCoopers on the preliminary announcement.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

During the year ended 31 December 2024, the Company has complied with the code provisions set out in the CG Code.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company adopted the Model Code. After specific enquiry, each of the Directors has confirmed to the Company that he or she had completely complied with the Model Code for the year ended 31 December 2024.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

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

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

This announcement is published on the websites of the Company ([www.canvestenvironment.com](http://www.canvestenvironment.com)) and the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The annual report of the Company for the year ended 31 December 2024 containing all the information required under the Listing Rules will be posted on the above websites and dispatched to the Shareholders (if requested) in due course.

## **BOARD OF DIRECTORS**

As at the date of this announcement, the board comprises Ms. Lee Wing Yee Loretta, Mr. Lai Kin Man, Mr. Yuan Guozhen and Mr. Lai Chun Tung, as executive Directors; Mr. Feng Jun as non-executive Director; Professor Sha Zhenquan, Mr. Chan Kam Kwan Jason, Mr. Chung Kwok Nam and Mr. Lee Tsung Wah Jonathan, as independent non-executive Directors.

By Order of the Board  
**Canvest Environmental Protection Group Company Limited**  
**LEE Wing Yee Loretta**  
*Chairlady*

Hong Kong, 5 March 2025



## GLOSSARY

Baise	Baise Canvest Environmental Power Company Limited** (百色粵豐環保電力有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
Baoshan WTE plant	the WTE plant located in Baoshan District, Shanghai municipality
Best Approach	Best Approach Developments Limited (臻達發展有限公司), a company incorporated under the laws of BVI on 2 January 2014 with limited liability and a controlling shareholder of the Company
Board	the board of Directors
BOT	build-operate-transfer, a project model in which a private entity receives a concession from the public sector to finance, design, construct and operate a facility stated in the concession contract for a definite period of time and transfer the facility and assets to the public sector after the completion of the concession period, at which point the obligation of the private entity to operate the designed and constructed facility effectively terminates
BVI	the British Virgin Islands
Canvest or the Company	Canvest Environmental Protection Group Company Limited (粵豐環保電力有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 28 January 2014, and where the text requires, “we”, “us” or “our” shall mean the Group
Canvest Kewei	Canvest Kewei Environmental Investment (Guangdong) Company Limited (粵豐科維環保投資(廣東)有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
Canvest Guoye	Canvest Guoye Environmental Investment (Guangdong) Company Limited (粵豐國業環保投資(廣東)有限公司), a company incorporated in the PRC with limited liability
Canvest Technology	Canvest Technology Company Limited (粵豐科技有限公司) (formerly known as “Canvest Environmental (Overseas) Company Limited”), a company incorporated under the laws of BVI with limited liability and an indirect wholly-owned subsidiary of the Company

Cash generated from operating projects*	Net cash generated from/used in operating activities for the year, excluding net operating cash used for construction of various WTE plants under BOT arrangements
CG Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules
China or PRC	the People's Republic of China, except where the context otherwise requires, does not include Hong Kong, Macau Special Administrative Region and Taiwan
Dazhou SIIC	Dazhou SIIC Environment Protection Co., Ltd** (達州上實環保有限公司), a company incorporated in the PRC with limited liability, is an indirect non-wholly owned subsidiary of Sichuan SIIC, and is principally engaged in the operation of the Dazhou WTE plant
Dehong Canvest	Dehong Canvest Environmental Power Company Limited** (德宏粵豐環保電力有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
Director(s)	director(s) of the Company
Dongguan Xindongqing	Dongguan Xindongqing Environmental Investment Company Limited** (東莞市新東清環保投資有限公司), a company incorporated in the PRC with limited liability and Dongguan Xindongyuan holds 30% equity interest of it
Dongguan Xindongyuan or Machong	Dongguan Xindongyuan Environmental Investment Company Limited** (東莞市新東元環保投資有限公司), a company incorporated in the PRC with limited liability and the Group holds 49% equity interest of it
Dongguan Xindongyue	Dongguan Xindongyue Environmental Company Limited** (東莞市新東粵環保實業有限公司), a company incorporated in the PRC with limited liability and the Group holds 35% equity interest of it
EBITDA*	Earnings before interest expense, income tax expense, depreciation and amortisation
Eligible Person(s)	(i) employees (whether full-time or part-time and including any executive Director), consultants or advisers of or to the Group, and (ii) any non-executive Director (including independent non-executive Directors) of the Group
Group	the Company and its subsidiaries

HK\$	Hong Kong dollar(s), the lawful currency of Hong Kong
Hong Kong	Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Huidong	Huizhou Huidong Canvest Environmental Power Company Limited** (惠州惠東粵豐環保電力有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
Independent Third Party(ies)	an individual(s) or a company(ies) which is/are independent of and not connected with (within the meaning of the Listing Rules), the directors, the chief executives and the substantial Shareholders of our Company and our subsidiaries and their respective associates
Jianyang or Jianyang Canvest	Jianyang Canvest Environmental Power Company Limited** (簡陽粵豐環保發電有限公司), a company incorporated in the PRC with limited liability and the Group holds 50% equity interest of it
Johnson	Hong Kong Johnson Holding Co., Ltd. (香港莊臣控股有限公司), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Hong Kong Stock Exchange (stock code: 1955) and the Group holds 30.75% equity interest of it
kWh	kilowatt-hour. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
Listing Date	29 December 2014, the date which our Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Main Board	the Main Board of the Hong Kong Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules

MSW	municipal solid waste, a waste type consisting of everyday solid items that are produced from urban residents' daily life activities and services for their everyday life, as well as other solid waste deemed by the authorities as waste, including household waste, commercial waste, waste from trading markets, streets and other public places, as well as non-industrial waste from institutions, schools, factories, etc.
RMB	Renminbi, the lawful currency of PRC
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share Award Scheme	the share award scheme of the Company adopted by the Board on 3 May 2019 in accordance with the rules relating to the said scheme as amended from time-to-time
Share(s)	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
Shareholder(s)	holders of Shares
Sichuan Jiajieyuan	Sichuan Jiajieyuan Environmental Technology Company Limited** (四川佳潔園環保科技有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
Sichuan SIIC	Sichuan SIIC Ecological Environmental Co., Ltd. (formerly known as "Sichuan SIIC Environmental Investment Development Co., Ltd.")** (四川上實生態環境有限責任公司) (formerly known as 四川上實環境投資發展有限公司), a company incorporated in the PRC with limited liability
Trustee	Bank of Communications Trustee Limited (which is independent and not connected with the Company) and any additional or replacement trustees, being the trustee or trustees for the time being to be declared in the trust deed entered into with the Company
US dollars or USD	United States dollars, lawful currency of the United States of America
VAT	Value-added tax in the PRC
VCS	Verified carbon standard
WTE	waste-to-energy, the process of generating electricity from the incineration of waste

Yi County Canvest	Baoding Yi County Canvest Environmental Power Company Limited** (保定易縣粵豐環保電力有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
Yi Feng	Yi Feng Development Limited, a company incorporated in the British Virgin Islands and a direct wholly owned subsidiary of the Company
Yuezhao Environmental Management	Canvest Yuezhao Environmental Management (Guangdong) Company Limited* (粵豐粵展環境管理(廣東)有限公司), a company incorporated in the PRC with limited liability
Zhongzhou Environmental	Huizhou City Zhongzhou Environmental Resources Company Limited** (惠州市中洲環保資源有限公司), a company incorporated in the PRC with limited liability and the Group holds 40% equity interest of it
%	per cent

\* *Cash generated from operating projects and EBITDA are non-HKFRS measures which are useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business. Additionally, as the Group has historically reported certain non-HKFRS results to investors, the Group considers that the inclusion of non-HKFRS measures provides consistency in our financial reporting.*

\*\* *For identification purposes only*