金茂源

Kimou Environmental Holding Limited

金 茂 源 環 保 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6805)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

	For the year ended 31 December 2023	For the year ended 31 December 2022
	RMB'000	*RMB'000*
Revenue	**1,178,414**	1,095,791
Profit from operations	**254,265**	253,671
Profit attributable to equity shareholders of the Company	**91,167**	111,235
Basic earnings per share *(Note)* *(RMB)*	**0.08**	0.10
Diluted earnings per share *(Note)* *(RMB)*	**0.08**	0.10
Total assets	**4,934,102**	4,372,118
Net assets	**1,242,575**	1,365,453
Operating profit margin	**21.6%**	23.1%
Net profit margin	**7.0%**	9.9%

The Board of the Company has resolved to recommend a final dividend of HK10 cents per share (equivalent to approximately RMB9.1 cents) (2022: HK5 cents per share).

Note:

The calculation of earnings per share is based on the profit attributable to the equity shareholders of the Company for each of the years ended 31 December 2023 and 2022 and the weighted average number of ordinary shares during the respective year. The Company had no dilutive ordinary shares for each of the years ended 31 December 2023 and 2022.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Kimou Environmental Holding Limited (the "**Company**") announces the consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023 (the "**Year**"), together with the comparative figures for the year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(Expressed in Renminbi)

	Note	**For the year ended 31 December 2023** *RMB'000*	For the year ended 31 December 2022 *RMB'000*
Revenue	*2*	**1,178,414**	1,095,791
Other revenue	*3*	**21,503**	24,370
Depreciation and amortisation	*5(c)*	**(264,263)**	(219,213)
Cost of inventories	*5(c)*	**(362,791)**	(342,189)
Staff costs	*5(b)*	**(139,622)**	(133,404)
Utility costs	*5(c)*	**(37,918)**	(32,930)
Other expenses		**(136,377)**	(134,232)
Other net loss	*4*	**(799)**	(2,688)
Impairment losses on trade receivables		**(3,882)**	(1,834)
Profit from operations		**254,265**	253,671
Finance costs	*5(a)*	**(136,957)**	(101,460)
Profit before taxation	*5*	**117,308**	152,211
Income tax	*6*	**(35,216)**	(43,506)
Profit for the year		**82,092**	108,705
Attributable to:			
Equity shareholders		**91,167**	111,235
Non-controlling interests		**(9,075)**	(2,530)
Profit for the year		**82,092**	108,705
Earnings per share (RMB)	*7*		
Basic and diluted		**0.08**	0.10

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Expressed in Renminbi)

	For the year ended 31 December 2023 *RMB'000*	For the year ended 31 December 2022 *RMB'000*
Profit for the year	**82,092**	108,705
Other comprehensive income for the year		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of entities not using Renminbi ("**RMB**") as functional currency	**(1,595)**	55
Total comprehensive income for the year	**80,497**	108,760
Attributable to:		
Equity shareholders	**89,572**	111,290
Non-controlling interests	**(9,075)**	(2,530)
Total comprehensive income for the year	**80,497**	108,760

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi)

	Note	At 31 December 2023 RMB'000	At 31 December 2022 RMB'000
Non-current assets			
Property, plant and equipment	9	**1,976,986**	1,571,451
Investment property	10	**1,533,286**	1,313,425
Construction in progress		**109,522**	536,293
Right-of-use assets	11	**362,523**	376,948
Intangible assets		**4,483**	2,366
Interests in associates		**2,974**	2,948
Other financial assets		**3,914**	4,511
Other receivables	12	**69,682**	15,671
Deferred tax assets		**47,982**	47,531
		4,111,352	3,871,144
Current assets			
Inventories		**29,254**	23,560
Trade and other receivables	12	**313,152**	226,682
Non-current assets held for sale		**153,685**	11,978
Restricted deposits with banks		**49,907**	48,449
Cash and cash equivalents		**276,752**	190,305
		822,750	500,974
Current liabilities			
Trade and other payables	13	**793,076**	638,557
Contract liabilities		**8,583**	12,820
Bank loans and other borrowings	14	**938,923**	685,585
Lease liabilities		**1,762**	303
Current taxation		**17,711**	18,698
		1,760,055	1,355,963
Net current liabilities		**(937,305)**	(854,989)
Total assets less current liabilities		**3,174,047**	3,016,155

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi)

(Continued)

	Note	At 31 December 2023 RMB'000	At 31 December 2022 RMB'000
Non-current liabilities			
Bank loans and other borrowings	*14*	**1,811,757**	1,547,656
Lease liabilities		**13,446**	459
Deferred income		**100,419**	98,036
Deferred tax liabilities		**5,850**	4,551
		1,931,472	1,650,702
Net assets		**1,242,575**	1,365,453
CAPITAL AND RESERVES			
Share capital		**97,412**	97,751
Reserves		**1,035,578**	1,043,653
Total equity attributable to equity shareholders		**1,132,990**	1,141,404
Non-controlling interests		**109,585**	224,049
Total equity		**1,242,575**	1,365,453

NOTES TO THE FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The consolidated results set out in this announcement do not constitute the consolidated financial statements of the Group for the year ended 31 December 2023 but are extracted from those consolidated financial statements.

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRSs**"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interests in associates.

At 31 December 2023, the Group's current liabilities exceeded its current assets by RMB937,305,000 (2022: RMB854,989,000). The Directors of the Company have confirmed that, based on future projection of the Group's cash flows from operations and the anticipated ability of the Group to renew or rollover its banking facilities and other financing sources to finance its continuing operations and its planned and/or committed capital expenditure for the next twelve months from the end of the reporting period of this annual financial statement, the Group has adequate resources to continue to operate as a going concern throughout the next twelve months and that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern.

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that financial assets at fair value through profit or loss are stated at fair value.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The Group has applied the following new and amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- HKFRS 17, *Insurance contracts*

- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

- Amendments to HKAS 1, *Presentation of financial statements* and IFRS Practice Statement 2, *Making materiality judgements: Disclosure of accounting policies*

- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*

None of these new and amended HKFRSs have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in the financial statement. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are industrial park property development and management, electroplating wastewater treatment and sales of goods and ancillary business. Further details regarding the Group's principal activities are disclosed in note 2(b).

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major business lines is as follows:

	For the year ended 31 December 2023 *RMB'000*	For the year ended 31 December 2022 *RMB'000*
Revenue from contracts with customers within the scope of HKFRS 15		
Disaggregated by major business lines		
— Facilities usage and management service	**310,461**	291,652
— Wastewater treatment and utilities	**443,290**	433,322
— Sales of goods and ancillary business	**294,210**	249,915
	1,047,961	974,889
Revenue from other sources		
Gross rentals from investment properties	**130,453**	120,902
	1,178,414	1,095,791

Disaggregation of revenue from contracts with customers by the timing of revenue recognition and by geographic markets is disclosed in notes 2(b)(i) and 2(b)(iii), respectively.

The Group's customer base is diversified, and the Group did not have any customer with whom transactions have exceeded 10% of the Group's aggregate revenue for the year ended 31 December 2023 (2022: Nil).

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

— Rental and facilities usage: this segment conducts industrial park property development and management business.

— Wastewater treatment and utilities: this segment operates electroplating wastewater treatment plants and provides services of utilities.

— Sales of goods and ancillary business: this segment includes sales of materials and consumables and provision of other related environmental services to customers.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results attributable to each reportable segment on the following bases:

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. However, other than reporting inter-segment rentals of properties and sales of raw materials, assistance provided by one segment to another, including sharing of assets, is not measured.

The Group's senior executive management is provided with segment information concerning segment revenue and profit. Segment assets and liabilities are not reported to the Group's senior executive management regularly.

The measure used for reporting segment profit is "**Adjusted EBITDA**" i.e. "adjusted earnings before finance costs, interest income, taxes, depreciation and amortisation". To arrive at adjusted EBITDA the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' and auditors' remuneration and other head office or corporate administration costs.

Disaggregation of revenue from contracts with customers by the timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 are set out below.

For the year ended 31 December 2023	**Rental and facilities usage** *RMB'000*	**Wastewater treatment and utilities** *RMB'000*	**Sales of goods and ancillary business** *RMB'000*	**Total** *RMB'000*
Disaggregated by timing of revenue recognition				
Point in time	–	443,290	294,210	737,500
Over time	440,914	–	–	440,914
Revenue from external customers	440,914	443,290	294,210	1,178,414
Inter-segment revenue	36,063	703	68,246	105,012
Reportable segment revenue	476,977	443,993	362,456	1,283,426
Reportable segment profit (Adjusted EBITDA)	401,422	114,883	28,502	544,807
Depreciation and amortisation for the year	(240,848)	(21,716)	(1,699)	(264,263)

For the year ended 31 December 2022	Rental and facilities usage *RMB'000*	Wastewater treatment and utilities *RMB'000*	Sales of goods and ancillary business *RMB'000*	Total *RMB'000*
Disaggregated by timing of revenue recognition				
Point in time	–	433,322	249,915	683,237
Over time	412,554	–	–	412,554
Revenue from external customers	412,554	433,322	249,915	1,095,791
Inter-segment revenue	18,837	–	26,810	45,647
Reportable segment revenue	431,391	433,322	276,725	1,141,438
Reportable segment profit (Adjusted EBITDA)	397,824	88,552	14,752	501,128
Depreciation and amortisation for the year	(205,169)	(12,273)	(1,771)	(219,213)

(ii) *Reconciliations of reportable segment profit*

	For the year ended 31 December 2023 *RMB'000*	For the year ended 31 December 2022 *RMB'000*
Reportable segment profit derived from the Group's external customers	**544,807**	501,128
Depreciation and amortisation	**(264,263)**	(219,213)
Finance costs	**(136,957)**	(101,460)
Interest income	**3,158**	2,474
Unallocated head office and corporate expenses	**(29,437)**	(30,718)
Consolidated profit before taxation	**117,308**	152,211

(iii) *Geographic information*

Substantially all of the Group's revenue and non-current assets are generated and located in the People's Republic of China (the "**PRC**").

(c) Revenue expected to be recognised in the future arising from contracts in existence at the reporting date

(i) Contracts with customers within in the scope of HKFRS 15

As at 31 December 2023, the aggregated amount of the transaction price allocated to the remaining performance obligations under the Group' s existing contracts is RMB1,016,216,000 (2022: RMB1,202,194,000). This amount represents revenue expected to be recognised in the future from contracts of property management, facilities usage and other services entered into by the customers with the Group. The Group will recognise the expected revenue in future when the services are rendered, which is mainly expected to occur over the next one to twenty-two years.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its service and sales contracts of raw materials such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under these contracts that had an original expected duration of one year or less.

(ii) Operating leases

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Less than 1 year	**126,502**	124,426
1 to 2 years	**121,313**	116,622
2 to 3 years	**107,667**	110,541
3 to 4 years	**40,985**	95,382
4 to 5 years	**21,175**	25,403
More than 5 years	**71,750**	79,088
Total undiscounted lease payments	**489,392**	551,462

3. OTHER REVENUE

	For the year ended 31 December 2023 *RMB'000*	For the year ended 31 December 2022 *RMB'000*
Interest income	**3,158**	2,474
Government grants		
— Unconditional subsidies	**5,140**	5,949
— Conditional subsidies	**10,449**	11,236
Others	**2,756**	4,711
	21,503	24,370

Government grants represent various forms of incentives and subsidies granted to the Group by the local government authorities in the PRC.

4. OTHER NET LOSS

	For the year ended 31 December 2023 *RMB'000*	For the year ended 31 December 2022 *RMB'000*
Loss arising from disposal of property, plant and equipment	**(730)**	(463)
Gain arising from disposal of investment property and non-current assets held for sale	**1,171**	–
Changes in fair value of other financial assets through profit or loss	**(597)**	(1,115)
Share of gain/(loss) of associates	**26**	(52)
Net foreign exchange loss	**(769)**	(1,629)
Others	**100**	571
	(799)	(2,688)

5. PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

(a) Finance costs

	For the year ended 31 December 2023 *RMB'000*	For the year ended 31 December 2022 *RMB'000*
Interest on bank loans and other borrowings	**149,067**	125,199
Interest on lease liabilities	**759**	48
Interest expense on deferred consideration payable	**6,059**	–
Less: interest expenses capitalised into properties and plant under development	**(18,928)**	(23,787)
	136,957	101,460

The borrowing costs have been capitalised at a rate of 4.87% to 6.20% per annum (2022: 5.7% to 6.55%).

(b) Staff costs (including Directors' emoluments)

	For the year ended 31 December 2023 *RMB'000*	For the year ended 31 December 2022 *RMB'000*
Salaries, wages and other benefits	**127,723**	122,863
Retirement scheme contributions	**11,899**	10,541
	139,622	133,404

The PRC entities participate in defined contribution retirement benefit schemes (the "**Schemes**") organised by the PRC municipal and provincial government authorities, whereby the PRC entities are required to make contribution at the rates required by different local government authorities. The local government authorities are responsible for the pension obligations payable to the retired employees covered under the Schemes.

According to the Hong Kong Mandatory Provident Fund Scheme (the "**MPF Scheme**"), except for exempted persons under the MPF Scheme, employers and their employees are each required to contribute 5% of the employees' relevant income to the MPF Scheme, and the relevant highest income (currently HK$30,000 per month or HK$1,000 per day) is used as the upper limit for calculating contributions.

The Group has no other material obligations for payments of pension benefits beyond the contributions described above.

(c) Other items

	For the year ended 31 December 2023 *RMB'000*	For the year ended 31 December 2022 *RMB'000*
Depreciation and amortisation		
— Property, plant and equipment	**168,230**	147,121
— Investment property	**85,985**	61,940
— Right-of-use assets	**9,161**	9,543
— Intangible assets	**887**	609
	264,263	219,213
Cost of inventories *(i)*		
— Cost of inventories — sold	**242,590**	204,302
— Cost of inventories — consumption	**120,201**	137,887
	362,791	342,189
Auditors' remuneration		
— Audit related	**2,186**	2,151
— Non-audit related	**830**	1,249
	3,016	3,400
Utility costs	**37,918**	32,930
Research and development expenses	**13,918**	10,907

(i) Cost of inventories mainly represented goods sold to customers and raw materials consumed during the provision of electroplating wastewater treatment services.

6. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Taxation in the consolidated statement of profit or loss represents:

	2023	2022
	RMB'000	*RMB'000*
Current tax — PRC income tax		
Provision for the year	**39,813**	40,959
Withholding tax on distribution of dividends for the year	**900**	–
Refund of withholding tax on distribution of dividends in respect of prior years	**(6,345)**	–
	34,368	40,959
Deferred tax		
Origination and reversal of temporary differences	**4,024**	1,132
Effect on distribution of dividends for the year	**(900)**	–
Effect on deferred tax balances at 1 January resulting from a change in tax rate	**(2,276)**	1,415
	848	2,547
	35,216	43,506

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

No provision was made for Hong Kong Profits Tax as the Group did not earn income subject to Hong Kong Profits Tax for the year ended 31 December 2023 (2022: Nil).

Taxable income for the subsidiaries of the Company in the PRC is subject to PRC income tax rate of 25%, unless otherwise specified below.

Huizhou Jinmaoyuan Environmental Technology Co., Ltd.* ("**Huizhou Jinmaoyuan**"), Tianjin Bingang Electroplating Enterprises Management Co., Ltd.* ("**Tianjin Bingang**") and Jinyuan (Jingzhou) Environmental Technology Co., Ltd. ("**Jingzhou Jinyuan**") were qualified as "High and New Technology Enterprises" and entitled to the preferential income tax rate of 15% from 2021 to 2023, 2022 to 2024 and 2022 to 2024, respectively.

Huizhou Jinmaoyuan was engaged in the operation of environmental protection, energy and water conservation, related taxable income was qualified for income tax exemption for the year ended 31 December 2023 (2022: Nil).

(ii) During the year ended 31 December 2023, Huizhou Jinmaoyuan, Tianjin Bingang, Jingzhou Jinyuan and Sichuan Jinmaoyuan Environmental Technology Co., Ltd. ("**Sichuan Jinmaoyuan**") were eligible to claim additional deduction on research and development expenses when determined the assessable profits. Accordingly, the income tax was reduced by RMB6,896,000 in total for the year ended 31 December 2023 (2022: RMB5,357,000).

(iii) Pursuant to the relevant law in the PRC, from 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business in the PRC but whose relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax at the rate of 10% (unless reduced by tax treaty) on various types of passive income such as dividends derived from sources within the PRC. Pursuant to the Mainland China-Hong Kong Double Tax Arrangement and the related regulations, a qualified Hong Kong tax resident will be liable to a reduced withholding tax rate of 5% on dividends from a PRC enterprise if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interest of the PRC enterprise. During the year ended 31 December 2023, the Group's subsidiary in Hong Kong has obtained the Certificate of Resident Status of the Hong Kong Special Administrative Region and therefore has adopted the withholding tax rate at 5% (2022: 10%) for PRC withholding tax. Accordingly, the Group received withholding tax refund during the year ended 31 December 2023 on distribution of profit from PRC to Hong Kong from 2020 to 2023 amounting to RMB7,245,000, representing RMB6,345,000 paid in previous years and RMB900,000 paid in the year of 2023.

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB91,167,000 (2022: RMB111,235,000) and the weighted average number of 1,109,469,000 ordinary shares (2022: 1,116,457,000 shares) in issue during the year, calculated as follows:

	2023	2022
	'000	*'000*
Issued ordinary shares at 1 January	**1,113,014**	1,120,000
Effect of shares repurchased	**(3,545)**	(3,543)
Weighted average number of ordinary shares at 31 December	**1,109,469**	1,116,457

(b) Diluted earnings per share

During the years ended 31 December 2023 and 2022, there were no dilutive potential ordinary shares issued.

8. DIVIDENDS

(i) Dividends payable to equity shareholders of the Company attributable to the Year

	2023	2022
	RMB'000	*RMB'000*
Final dividend proposed after the end of the reporting period of HK$0.10 per ordinary share (2022: HK$0.05)	**100,514**	49,289

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period. and it is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the Year

	2023	2022
	RMB'000	*RMB'000*
Final dividend in respect of the previous financial year, approved and paid during the Year, of HK$0.05 per ordinary share (2022: Nil)	**49,289**	–

9. PROPERTY, PLANT AND EQUIPMENT

During the year ended 31 December 2023, the Group acquired items of property, plant and equipment with a cost of RMB575,200,000 (2022: RMB268,825,000).

As at 31 December 2023, certain property, plant and equipment with carrying value of RMB854,445,000 (2022: RMB687,486,000) were pledged to secure the Group's bank loans and other borrowings (note 14(iii)).

10. INVESTMENT PROPERTY

During the year ended 31 December 2023, additions to investment property RMB454,884,000 (2022: RMB471,765,000) mainly represented properties in the industrial parks. The Group's investment property are stated at cost less accumulated depreciation.

As at 31 December 2023, the fair value of the Group's investment property, excluding leased properties to earn rental income, was approximately RMB2,660,690,000 (2022: RMB2,387,100,000). The fair value is determined by the Directors of the Company with reference to mainly the valuation performed, using the income capitalisation approach with reference to the term value and the reversionary value calculated by discounting the contracted annual rent at the capitalisation rate over the existing lease period and the sum of average unit market rent at the capitalisation rate after the existing lease period, by an independent qualified professional valuer.

As at 31 December 2023, certain investment property with carrying value of RMB1,054,064,000 (2022: RMB1,121,483,000) were pledged to secure the Group's bank loans and other borrowings (note 14(iii)).

11. RIGHT-OF-USE ASSETS

As at 31 December 2023, certain land-use rights with carrying value of RMB177,754,000 (2022: RMB342,486,000) were pledged to secure the Group's bank loans and other borrowings (note 14(iii)).

12. TRADE AND OTHER RECEIVABLES

	At 31 December 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Current		
Trade debtors and bills receivable	**175,711**	135,361
Less: Allowance for expected credit losses	**(3,997)**	(1,199)
	171,714	134,162
Deductible input value-added tax ("**VAT**")	**122,954**	78,278
Prepayments and other receivables	**13,762**	11,344
Amounts due from related parties	**4,722**	2,898
	313,152	226,682
Non-current		
Prepayments for purchase of property, plant and equipment	**7,132**	10,121
Deposits for other borrowings	**8,550**	3,550
Deposits for acquisition of land-use rights	**54,000**	2,000
	69,682	15,671
Total	**382,834**	242,353

All of the trade and other receivables, apart from those classified as non-current portion, are expected to be recovered or recognised as expense within one year.

As at 31 December 2023, the Group endorsed certain bank acceptance bills totalling RMB15,986,000 (2022: RMB11,000,000) to suppliers and contractors for settling payables of the same amount on a full recourse basis. These bank acceptance bills had a maturity date of less than six months from the end of the reporting period. In the opinion of the directors, the Group have transferred substantially all the risks and rewards of ownership of these bills and has discharged its obligation of the payables to its suppliers, and the Group have limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit quality and the non-settlement of these bills by the issuing banks on maturity is not probable. Accordingly, the Group has derecognised these bills receivable and the payables in their entirety.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade debtors and bills receivable based on the invoice date or bill acceptance date and net of loss allowance, is as follows:

	At 31 December 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Within 1 month	**143,138**	110,103
1 to 3 months	**20,503**	16,416
4 to 6 months	**5,833**	5,152
Over 6 months	**2,240**	2,491
	171,714	134,162

Trade debtors and bills receivable are due within 15 to 90 days from the date of billing or bills receivable issuance.

13. TRADE AND OTHER PAYABLES

	At 31 December 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Trade payables	**79,489**	80,131
Deposits due to customers	**214,386**	203,539
Payables for equipment and construction	**260,562**	302,574
Interest payable	**6,704**	3,971
Payroll payable	**29,866**	31,144
Amounts due to related parties	**1,170**	2
Receipts in advance for properties prepaid by third parties	**175,449**	–
Consideration for acquisition of non-controlling interests	**655**	–
Provision for litigation compensation	**–**	850
Others	**24,795**	16,346
Total	**793,076**	638,557

Deposits due to customers represented the rental and facilities usage deposits, which might be repayable to customers after more than one year. All of the other trade payables, other payables, accruals and amounts due to related parties are expected to be settled within one year or are repayable on demand.

The credit period granted by the suppliers is 30 to 90 days.

Ageing analysis

As of the end of the reporting period, the ageing analysis of trade payables, based on the invoice date, is as follows:

	At 31 December 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Within 1 month	**64,605**	56,651
1 to 3 months	**10,483**	18,127
4 to 6 months	**3,102**	4,040
Over 6 months	**1,299**	1,313
	79,489	80,131

14. BANK LOANS AND OTHER BORROWINGS

At 31 December 2023, the bank loans and other borrowings were as follows:

	At 31 December 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Secured and guaranteed bank loans (iii)(iv)	**2,679,963**	2,130,886
Secured other borrowings (i)(iii)(iv)	**69,573**	102,355
Unsecured and unguaranteed other borrowings (ii)	**1,144**	–
	2,750,680	2,233,241

At 31 December 2023, the bank loans and other borrowings were repayable as follows:

	At 31 December 2023 *RMB'000*	At 31 December 2022 *RMB'000*
Within 1 year or on demand	**938,923**	685,585
After 1 year but within 2 years	**356,004**	461,885
After 2 years but within 5 years	**1,026,750**	731,115
After 5 years	**429,003**	354,656
Sub-total	**1,811,757**	1,547,656
Total	**2,750,680**	2,233,241

(i) Secured other borrowings represent loans received from financial institutions other than banks in the PRC.

(ii) As at 31 December 2023, unsecured and unguaranteed other borrowings represented loan from a non-controlling shareholder of a subsidiary with a fixed-interest rate at 6% per annum, and are repayable in December 2028.

(iii) Secured bank loans and other borrowings as at 31 December 2023 and 31 December 2022 were secured by certain of the Group's charge rights of rental income, equity interests of certain subsidiaries of the Group in the PRC, property, plant and equipment (note 9), investment property (note 10), land-use rights (note 11), deposits for other borrowings (note 12) and pledged deposits. As at 31 December 2023, bank loans and other borrowings amounted to RMB2,746,889,000 (2022: RMB2,227,428,000) were guaranteed by certain directors of the Company, close family members of directors, non-controlling shareholders of the Company or non-controlling shareholders of certain subsidiaries of the Group in the PRC.

(iv) As at 31 December 2023, bank loans and other borrowings amounted to RMB2,749,486,000 (2022: RMB2,233,241,000) were subject to the fulfillment of covenants, which are commonly found in lending arrangements with financial institutions. If the Group were to breach the covenants, the drawn down facilities would become payable on demand. The Group regularly monitors its compliance with these covenants. In addition, pursuant to the terms of the bank loan agreements, certain subsidiaries are not allowed to distribute profit and/or to obtain other external financing prior to the lenders' approval. As at 31 December 2023, none of the covenants relating to drawn down facilities had been breached (2022: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

In 2023, the impact of the pandemic gradually diminished. Global industrial and supply chains gradually resumed smooth operation. However, the international situation remained complex and volatile, with increased uncertainty. The United States continued to exert pressure on China in trade, technology, and diplomacy. Geopolitical conflict and local war intermittently erupted, including prolonged conflicts such as the Russo-Ukrainian War and escalating tensions in the Israeli-Palestinian conflict. These conflicts resulted in an energy crisis that affected the global and domestic economy, thereby impacting the profits of our group and our clients.

BUSINESS REVIEW

The Group develops and operates large-scale Surface Treatment Recycling Eco-industrial Parks (formerly described as "**Electroplating Industrial Park**") in the PRC which are specifically designed for the electroplating industry providing electroplating wastewater treatment and other ancillary services. For the Year, the Group's revenue was approximately RMB1,178.4 million (2022: RMB1,095.8 million), representing an increase of approximately 7.5% from that of 2022 and the profit attributable to the equity shareholders of the Company was approximately RMB91.2 million (2022: RMB111.2 million), representing a decrease of approximately 18.0% from that of 2022.

OUR SURFACE TREATMENT RECYCLING ECO-INDUSTRIAL PARKS

The Group currently operates four Surface Treatment Recycling Eco-industrial Parks which are strategically located in Guangdong Province ("**Guangdong Huizhou Park**"), Tianjin ("**Tianjin Bingang Park**"), Jingzhou, Hubei Province ("**Huazhong Park**") and Qingshen, Sichuan Province ("**Qingshen Park**") in order to enjoy convenient transportation network and be in close proximity to its customers where most of the PRC electroplating enterprises are located. The construction of the first phase of the Group's fifth Surface Treatment Recycling Eco-industrial Park in Taixing Economic Development Zone, Taixing, Jiangsu Province ("**Huadong Park**"), was completed and entered the commissioning production stages in October 2023.

Total leasable area and occupancy rate

Set out below is the total leasable area and occupancy rate of the Group's five Surface Treatment Recycling Eco-industrial Parks:

	As at 31 December										
	2023						2022 (Restated)				
	Guangdong Huizhou Park	Tianjin Bingang Park	Huazhong Park	Qingshen Park	Huadong Park	Total	Guangdong Huizhou Park	Tianjin Bingang Park	Huazhong Park	Qingshen Park	Total
Total leasable area (sq.m.) (Note)	**501,000**	**309,000**	**143,000**	**105,000**	**120,000**	**1,178,000**	501,000	329,000	143,000	111,000	1,084,000
Total leased area (sq.m.) (Note)	**480,000**	**281,000**	**56,000**	**49,000**	**104,000**	**970,000**	474,000	302,000	47,000	43,000	866,000
Occupancy Rate	**95.8%**	**90.9%**	**39.2%**	**46.7%**	**86.7%**	**82.3%**	94.6%	91.8%	32.9%	38.7%	79.9%

Note: Rounded to the nearest thousand. The total leased area includes the area for which a formal lease agreement has been signed and the area for which a reservation agreement has been made. For the total leased area and occupancy rate of Qingshen Park, they were restated so as to reflect the reservation agreements that were made as at 31 December 2022.

The Group offers factory premises in standard floor areas in which the tenants can choose to lease or purchase single or multiple floors according to their operational needs. The Group can also lease land to tenants to construct their own plants according to the requirements of the Group. As at 31 December 2023, the total leasable area of Guangdong Huizhou Park, Tianjin Bingang Park, Huazhong Park, Qingshen Park and Huadong Park were approximately 501,000 sq.m., 309,000 sq.m., 143,000 sq.m., 105,000 sq.m. and 120,000 sq.m. respectively while their occupancy rates were 95.8%, 90.9%, 39.2%, 46.7% and 86.7%, respectively. Due to customers purchasing factory premises and some individual customers terminating their leases, the total leasable area and the occupancy rate of Tianjin Bingang Park has decreased.

Wastewater treatment capabilities

Set out below is the wastewater treatment capability of the Group's four Surface Treatment Recycling Eco-industrial Parks:

	For the year ended 31 December								
	2023					2022			
	Guangdong Huizhou Park	Tianjin Bingang Park	Huazhong Park	Qingshen Park	Total	Guangdong Huizhou Park	Tianjin Bingang Park	Huazhong Park	Total
Fresh water used (tonnes) Note(1)	**2,651,000**	**745,000**	**103,000**	**22,000**	**3,521,000**	2,667,000	749,000	41,000	3,457,000
Daily wastewater treatment capacity (tonnes) Note(1)	**10,000**	**6,000**	**2,500**	**5,000**	**23,500**	10,000	6,000	2,500	18,500
Annual average daily wastewater treatment handling capacity (tonnes)	**7,363**	**2,040**	**282**	**62**	**9,747**	7,307	2,052	112	9,471
Annual average utilisation rate of daily wastewater treatment capacity	**73.6%**	**34.0%**	**11.3%**	**1.2%**	**41.5%**	73.1%	34.2%	4.5%	51.2%

Notes:

1. Rounded to the nearest thousand.

2. The construction of Huadong Park was completed and entered the commissioning production stages in October 2023, during the renovation period the customers did not use any fresh water.

The factory premises of the Group's five Surface Treatment Recycling Eco-industrial Parks have pre-installed conduits which direct the electroplating wastewater generated by the tenants to the Group's centralised wastewater treatment facilities. The Group has also built the systems for (i) recycling the treated wastewater to produce pure water for tenants to reuse; and (ii) discharging the rest of the treated wastewater through channels. These facilities are fundamental and of core importance to the daily operations of the tenants.

As at 31 December 2023, the total daily maximum wastewater treatment capacity of the Group reached 23,500 tonnes. The annual average daily wastewater treatment handling volume was approximately 9,747 tonnes and the annual average utilisation rate of wastewater treatment was approximately 41.5%. The Group's annual average utilisation rate of wastewater treatment was lower than that of 2022. It was mainly due to the Qingshen Park officially commenced operations in May 2023, and most of the customers were still in the renovation period resulting in a lower usage of fresh water by its customers.

As at 31 December 2023, the total daily maximum wastewater treatment handling capacity of Guangdong Huizhou Park reached 10,000 tonnes. The annual average daily wastewater treatment handling volume was 7,363 tonnes and the annual average utilisation rate of wastewater treatment was 73.6%, which was a slight increase compared to the corresponding period in 2022.

As at 31 December 2023, the total daily maximum wastewater treatment handling capacity of Tianjin Bingang Park reached 6,000 tonnes. The annual average daily wastewater treatment handling volume was 2,040 tonnes and the annual average utilisation rate of wastewater treatment was 34.0%, representing a slight decrease over the corresponding period in 2022.

As at 31 December 2023, the total daily maximum wastewater treatment handling capacity of Huazhong Park reached 2,500 tonnes. The annual average daily wastewater treatment handling volume was 282 tonnes and the annual average utilisation rate of wastewater treatment was 11.3%. This represents an increase of 6.8% over the corresponding period in 2022. It was mainly due to the increase in fresh water consumption as a result of the additional leased area in 2023 and the increased production capacity of customers.

As at 31 December 2023, the total daily maximum wastewater treatment handling capacity of Qingshen Park reached 5,000 tonnes. The annual average daily wastewater treatment handling volume was 62 tonnes mainly due to its official commencement of operations in May 2023 and a lower usage of fresh water by its customers during their renovation period.

RESEARCH AND DEVELOPMENT

To keep enhancing the effectiveness of wastewater treatment process and reuse rate is the long term objective and the social responsibility of the Group. With our experienced and knowledgeable research and development team and the cooperation of Tsinghua Shenzhen International Graduate School, the Group has been gradually transforming itself into an integrated wastewater treatment service provider. The Group had obtained 139 registered patents and 31 patent applications were in the progress of registration as at 31 December 2023.

SALES AND MARKETING

The Group conducts marketing and promotion activities and builds customers relationship through participation in domestic exhibitions and seminars. During the Year, the Group participated in seventeen exhibitions.

OUTLOOK

The year 2023 marks the start of comprehensively implementing the spirit of the 20th National Congress of the Communist Party of China and also a milestone year in the field of ecological environment. After a five-year hiatus, the Party Central Committee convened the National Environmental Protection Conference again. The conference emphasized the firm establishment and implementation of the concept that "Lucid Waters and Lush Mountains Are Invaluable Assets", planning development from the perspective of harmonious coexistence between humans and nature, and continuing to vigorously wage battles for blue skies, clean waters, and pure lands, to build a beautiful China with evergreen mountains, flowing green waters, and perpetually fresh air, achieving modernization with harmonious coexistence between humans and nature. As an environmental protection enterprise specializing in treating electroplating wastewater, we will firmly grasp the national development strategy and industry trends, adhere to wastewater treatment as our core mission, set an example in water management, actively explore other businesses related to the electroplating industry and environmental protection, accumulate capital, and establish parks tailored to local conditions to accommodate more electroplating enterprises and achieve a high degree of recycling and reuse of electroplating wastewater, thereby continuously increasing profits.

In order to further enhance resource recycling, protect the environment, and conserve resources and energy, we are also actively exploring hazardous solid waste, aiming at achieving green, low-carbon, and circular development, thereby increasing the Group's revenue and returning value to shareholders.

Increasing the gross floor area available for leasing

During the Year, the construction of the first phase of the Huadong Park was completed and commenced for trial operation in October 2023 with the increase of the leasable area by 120,000 sq.m.. As announced by the Company on 11 March 2024, the Group has acquired the land-use rights in Taixing City, Jiangsu Province, the PRC for the further development of factories in the Huadong Park, which will increase the leasable area by 340,000 sq.m. for the Group upon completion. For further details, please refer to the Company's announcement dated 11 March 2024.

Enhancing wastewater treatment capabilities

During the Year, the construction of the first phase of Huadong Park was completed and entered the commissioning production stages in October 2023, the Group's daily wastewater treatment capacity has increased by 5,500 tonnes.

The Group has applied to the relevant government authorities to increase the daily maximum wastewater treatment capacity in the Guangdong Huizhou Park from 10,000 tonnes to 15,000 tonnes per day. As at the date of this announcement, the local government authorities are still considering the Group's application.

RESULTS OF OPERATION

Revenue

The Group's business mainly involves the provision of factory premises and centralised wastewater treatment services to the tenants at the Guangdong Huizhou Park, the Tianjin Bingang Park, the Huazhong Park and the Qingshen Park. The Group's main business can be categorised into three business segments, namely, (1) rental and facilities usage; (2) wastewater treatment and utilities; and (3) sales of goods and ancillary business. For the Year, the Group's total revenue amounted to approximately RMB1,178.4 million, representing an increase of 7.5% over that in 2022, primarily due to the increase in revenue for each of the three business segments of the Group.

	For the year ended 31 December										
	2023						2022				
Revenue by segment	**Guangdong Huizhou Park**	**Tianjin Bingang Park**	**Huazhong Park**	**Qingshen Park**	**Huadong Park**	**Total**	Guangdong Huizhou Park	Tianjin Bingang Park	Huazhong Park	Qingshen Park	Total
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	***RMB'000***	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Rental and facilities usage											
Rental of factory premises	**84,046**	**34,837**	**6,810**	**2,878**	**1,882**	**130,453**	79,900	35,618	5,323	61	120,902
Property management fee	**16,853**	**7,200**	**1,581**	**883**	**455**	**26,972**	16,635	6,449	1,178	23	24,285
Environmental protection technical service fee	**181,158**	**88,398**	**10,170**	**3,730**	**33**	**283,489**	174,517	85,726	7,124	–	267,367
Sub-total	**282,057**	**130,435**	**18,561**	**7,491**	**2,370**	**440,914**	271,052	127,793	13,625	84	412,554
Wastewater treatment and utilities											
Wastewater treatment fee	**178,901**	**49,907**	**8,939**	**1,358**	**118**	**239,223**	178,754	51,091	2,980	–	232,825
Steam charge	**72,218**	**39,892**	**4,799**	**797**	**39**	**117,745**	80,116	39,545	1,667	–	121,328
Utility systems maintenance fee	**55,663**	**27,782**	**2,464**	**367**	**46**	**86,322**	52,689	25,497	980	3	79,169
Sub-total	**306,782**	**117,581**	**16,202**	**2,522**	**203**	**443,290**	311,559	116,133	5,627	3	433,322
Sales of goods and ancillary business											
Sales of consumables	**242,095**	**12,463**	**3,643**	**431**	**77**	**258,709**	203,598	11,868	2,236	–	217,702
Other income	**24,816**	**9,076**	**1,583**	**26**	**–**	**35,501**	22,791	8,330	1,092	–	32,213
Sub-total	**266,911**	**21,539**	**5,226**	**457**	**77**	**294,210**	226,389	20,198	3,328	–	249,915
Total	**855,750**	**269,555**	**39,989**	**10,470**	**2,650**	**1,178,414**	809,000	264,124	22,580	87	1,095,791

Revenue from rental and facilities usage service

Revenue from rental and facilities usage service includes rental of factory premises, environmental protection technical service fee and property management fee, such fees are charged on its tenants based on the gross floor area of their leased factory premises.

The revenue from rental and facilities usage services increased by approximately RMB28.3 million or 6.9% from approximately RMB412.6 million for the year ended 31 December 2022 to approximately RMB440.9 million for the Year. The increase was primarily attributable to the increase in average daily leased area.

Revenue from wastewater treatment and utilities

Income from this business segment comprises of wastewater treatment fee, steam charge and utility systems maintenance fee, which are chargeable on our tenants based on the actual volume of fresh water, steam and utility consumed, respectively.

(i) Wastewater treatment fee

Wastewater treatment fee increased by approximately RMB6.4 million or 2.7% from approximately RMB232.8 million for the year ended 31 December 2022 to approximately RMB239.2 million for the Year. The increase was primarily attributable to the combined effects of the increase in volume of fresh water used due to the increase in leased areas for the Year.

(ii) Steam charge

Steam charge decreased by approximately RMB3.6 million or 3.0% from approximately RMB121.3 million for the year ended 31 December 2022 to approximately RMB117.7 million for the Year. The decrease was primarily attributable to the decrease in steam charge per unit resulting from the decrease in natural gas price of Guangdong Huizhou Park during the Year.

(iii) Utility systems maintenance fee

The Group charges its tenants for using its electricity and water supply systems, based on their consumption volume of those utilities. During the Year, over 99% of the utility systems maintenance fee was derived from utilisation of the electricity system.

The utility systems maintenance fee increased by approximately RMB7.1 million or 9.0% from approximately RMB79.2 million for the year ended 31 December 2022 to approximately RMB86.3 million for the Year. The increase was primarily attributable to the combined effects of the increase in volume of electricity consumed and water used due to the increase in leased areas during the Year.

Revenue from sales of goods and ancillary business

Sales of goods and ancillary business is mainly comprised of sales of consumables which accounted for 87.9% (2022: 87.1%) of this business segment.

Sales of consumables increased by approximately RMB41.0 million from approximately RMB217.7 million for the year ended 31 December 2022 to approximately RMB258.7 million for the Year. The increase was primarily attributable to the combined effects of (i) the increase in demand of tenants; and (ii) the increase in unit selling price of the raw materials during the Year.

Operating costs

The Group's operating costs primarily consist of depreciation and amortisation, cost of inventories, staff costs, utility costs and other expenses.

Operating costs increased by approximately RMB79.0 million or 9.2% from approximately RMB862.0 million for the year ended 31 December 2022 to approximately RMB941.0 million for the Year.

Depreciation and amortisation

The Group's depreciation and amortisation increased by approximately RMB45.1 million or 20.6% from approximately RMB219.2 million for the year ended 31 December 2022 to approximately RMB264.3 million for the Year. The increase was attributable to the newly acquired and operated investment properties and property, plant and equipment for the Year.

Cost of inventories

Cost of inventories mainly consisted of materials for wastewater treatment and natural gas for production of steams and consumables for sale to the tenants. Cost of inventories increased by approximately RMB20.6 million or 6.0% from approximately RMB342.2 million for the year ended 31 December 2022 to approximately RMB362.8 million for the Year, primarily attributable to the combined effects of (i) the increased costs by selling more goods to tenants; (ii) the increase in materials used for wastewater treatment due to the upgraded water quality standards in Tianjin Bingang Park; and (iii) the decrease in unit cost of materials for waste water treatment and natural gas for production of steam.

Staff costs

Staff costs is comprised of staff's salaries, bonus and other benefits as well as Directors' remuneration which amounted to approximately RMB139.6 million for the Year, representing an increase of 4.7% as compared with approximately RMB133.4 million for the year ended 31 December 2022. The increase in the Group's staff costs was mainly attributable to the increase in number of employees due to business development needs during the Year.

Utility costs

Utility costs mainly comprised of costs of electricity and water consumed throughout the Group's wastewater treatment processes, production of steam and for other activities such as lighting and gardening inside the Surface Treatment Recycling Eco-industrial Parks. Utility costs increased by approximately RMB5.0 million or 15.2%, from approximately RMB32.9 million for the year ended 31 December 2022 to approximately RMB37.9 million for the Year. The increase was mainly attributable to the combined effects of the increase in electricity and water consumption due to the increase in volume of wastewater treatment and the increase in unit electricity price during the Year.

Other expenses

Other expenses primarily consisted of professional service fees, waste treatment expenses, other taxes and surcharges, security charges, maintenance and consumables expenses, research and development expenses and others.

	For the year ended 31 December 2023 *RMB'000*	For the year ended 31 December 2022 *RMB'000*
Professional service fees	**16,415**	13,971
Waste treatment expenses	**16,200**	21,910
Other taxes and surcharges	**37,950**	30,868
Security charges	**6,906**	7,457
Maintenance and consumables expenses	**13,003**	17,002
Research and development expenses	**13,918**	10,907
Consultancy and services fee	**4,137**	5,712
Business entertainment fees	**8,810**	8,534
Cleaning expenses	**4,334**	4,260
Travelling expenses	**4,268**	2,957
Office and seminar expenses	**3,725**	2,540
Landscaping expenses	**1,294**	1,637
Advertising and promotion expenses	**1,305**	768
Insurance	**1,084**	655
Others	**3,028**	5,054
Total	**136,377**	134,232

Other expenses increased by approximately RMB2.2 million or 1.6% from approximately RMB134.2 million for the year ended 31 December 2022 to approximately RMB136.4 million for the Year, primarily attributable to (i) the increase in professional and consultancy service fee resulting from the development of Surface Treatment Recycling Eco-industrial Parks; (ii) the increase in expenditure on technology research and development; (iii) the increase in other taxes and surcharges as a result of the addition of revenue and investment properties and plants; and (iv) the decrease in waste treatment expenses resulting from the decrease in unit handling price.

Other revenue

Other revenue primarily consisted of (i) bank interest income, (ii) government grants and (iii) other income. Other revenue decreased by approximately RMB2.9 million or 11.9%, from approximately RMB24.4 million for the year ended 31 December 2022 to approximately RMB21.5 million for the Year. Such decrease was mainly due to the decrease in government grants and other income.

Profit from operations and operating profit margin

The Group's profit from operations increased by approximately RMB0.6 million or 0.2%, from approximately RMB253.7 million for the year ended 31 December 2022 to approximately RMB254.3 million for the Year. The operating profit margin decreased from 23.1% for the year ended 31 December 2022 to 21.6% for the Year. The decrease in profit from operations and operating profit margin mainly was attributable to the increase of depreciation and amortisation from the operation of Qingshen Park.

Finance costs

Finance costs primarily comprised of interest in bank loans and other borrowings. Finance cost increased by approximately RMB35.5 million or 35.0%, from approximately RMB101.5 million for the year ended 31 December 2022 to approximately RMB137.0 million for the Year which was attributable to the increase in the average balance of bank loans and other borrowings during the Year.

Profit before taxation

The Group's profit before taxation decreased by approximately RMB34.9 million from approximately RMB152.2 million for the year ended 31 December 2022 to approximately RMB117.3 million for the Year which was primarily attributable to the factors as described above in this section.

Income tax expense

Income tax expense decreased by approximately RMB8.3 million from approximately RMB43.5 million for the year ended 31 December 2022 to approximately RMB35.2 million for the Year, which was primarily attributable to (i) the decrease in the Group's taxable income during the Year; and (ii) the receipt of withholding tax refund on distribution of profit from the Group's Chinese Mainland subsidiary to its Hong Kong subsidiary during 2020 to 2023, as the Hong Kong subsidiary has obtained the Certificate of Resident Status of the Hong Kong Special Administrative Region and therefore has adopted the withholding tax rate at 5% for PRC withholding tax.

Profit attributable to the equity shareholders of the Company

Profit attributable to the equity shareholders of the Company decreased by approximately RMB20.0 million from approximately RMB111.2 million for the year ended 31 December 2022 to approximately RMB91.2 million for the Year, which was mainly attributable to the factors as described above in this section.

Net current liabilities and sufficiency of working capital

The table below sets out our current assets, current liabilities and net current liabilities as at 31 December 2023.

	31 December 2023 *RMB'000*	31 December 2022 *RMB'000*
Current assets	**822,750**	500,974
Current liabilities	**1,760,055**	1,355,963
Net current liabilities	**(937,305)**	(854,989)

As at 31 December 2023 and 31 December 2022, the net current liabilities of the Group amounted to approximately RMB937.3 million and RMB855.0 million, respectively. In light of the Group's current liquidity position, the unutilised banking facilities available to the Group and our projected cash inflows to be generated from operations, the Directors believe that the Group has adequate resources to meet the Group's present requirements and for the next 12 months.

Borrowings and gearing ratio

During the Year, the Group's cash and cash equivalents was mainly used in the development of plants and wastewater treatment facilities of the Guangdong Huizhou Park, Huazhong Park, Qingshen Park and Huadong Park. The Group financed its funding requirements mainly through a combination of cash generated from operating activities and borrowings. As at 31 December 2023, the total interest-bearing borrowings amounted to RMB2,750.7 million were due for repayment as follows:

	As at 31 December	
	2023	2022
	RMB'000	*RMB'000*
Within 1 year or on demand	**938,923**	685,585
After 1 year but within 2 years	**356,004**	461,885
After 2 years but within 5 years	**1,026,750**	731,115
After 5 years	**429,003**	354,656
Total	**2,750,680**	2,233,241

As at 31 December 2023, the Group's gearing ratio is approximately 221.4% (31 December 2022: 163.6%). The ratio is calculated based on the total debts (including all borrowings) as of the respective dates divided by the total equity as of the respective dates and multiplied by 100%.

Capital Management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for the shareholders and benefits for other stakeholders of the Company, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes bank loans and other borrowings and lease liabilities) less cash and cash equivalents and restricted deposits with banks.

The Group's adjusted net debt-to-equity ratio as at 31 December 2023 was as follows:

	At 31 December 2023 RMB'000	At 31 December 2022 RMB'000
Current liabilities:		
Bank loans and other borrowings	**938,923**	685,585
Lease liabilities	**1,762**	303
	940,685	685,888
Non-current liabilities:		
Bank loans and other borrowings	**1,811,757**	1,547,656
Lease liabilities	**13,446**	459
	2,765,888	2,234,003
Less: Cash and cash equivalents	**(276,752)**	(190,305)
Restricted deposits with banks	**(49,907)**	(48,449)
Adjusted net debt	**2,439,229**	1,995,249
Total equity	**1,242,575**	1,365,453
Adjusted net debt-to-equity ratio	**1.96**	1.46

Capital Expenditure

The Group funded its capital expenditure with cash generated from operating activities and bank loans. During the Year, the Group's capital expenditure amounted to approximately RMB592.1 million (for the year ended 31 December 2022: RMB927.1 million), mainly attributable to the expenditures on acquisition of investment property, property, plant and equipment, right-of-use assets and other intangible assets.

Pledged assets

As at 31 December 2023, certain property, plant and equipment and investment property with carrying value of approximately RMB854.4 million and RMB1,054.1 million, respectively (31 December 2022: approximately RMB687.5 million and RMB1,121.5 million, respectively), land-use rights with net book value of approximately RMB177.8 million (31 December 2022: approximately RMB342.5 million), deposits for other borrowings with carrying value of RMB8.6 million (31 December 2022: RMB3.6 million), and restricted deposits with banks with carrying value of RMB46.8 million (31 December 2022: RMB45.3 million) were pledged as security for the bank loans and other borrowings with carrying amount of approximately RMB2,749.5 million (31 December 2022: approximately RMB2,233.2 million).

Please refer to note 14(iv) of the Notes to the Financial Information set out in this announcement for particulars of guarantees made by the connected persons of the Company in favour of the lenders for securing the Group's liabilities. Such guarantees are conducted on normal commercial terms or better and are not secured by the assets of the Group.

Contingent liabilities

In 2021, an external third party (the "**Plaintiff**") launched a lawsuit against a subsidiary of the Company (the "**Defendant**") in respect of a dispute of trademark. The Plaintiff claimed a compensation in a total sum up to RMB10 million in connection with the damages therefrom from the Defendant. On 16 August 2021, pursuant to an order from the court, a bank deposit of RMB3,140,000 was frozen. On 28 September 2022, the Beijing Haidian People's Court ordered that the Defendant should pay approximately RMB350,000 to the Plaintiff. The Plaintiff and the Defendant both appealed against the judgment. As at 30 October 2023, the Beijing Intellectual Property Court sustained the original judgment finally that the Defendant would be subject to compensation payment by RMB395,000. As at 31 December 2023, the compensation payment had been paid. The bank deposit of RMB3,140,000 was unfrozen in January 2024.

Save as disclosed above, the Group did not have any material contingent liabilities as at 31 December 2023.

Continuing connected transactions

On 20 August 2021, the Group entered into the lease contract, the environmental service contract and the wastewater treatment and utilities service contract (the "**Lease and Related Agreements**") with Tianjin Hongyue Environmental Technology Co., Ltd.* (天津洪躍環保科技有限公司) ("**Lessee**") which comprises of (1) the lease contract entered into between Tianjin Jinhuadu Waste Products Acquisition Co., Ltd.* (天津金華都廢品收購有限公司) ("**Tianjin Jinhuadu**"), a non-wholly owned subsidiary of the Company, as lessor, and the Lessee, as lessee, in relation to the leasing of a parcel of land situated at Tianjin Bingang High-tech Casting Industrial Zone, Jinghai District, Tianjin, the PRC (the "**Land**") for a term of 20 years to the Lessee; (2) the environmental service contract entered into between Tianjin Bingang Electroplating Enterprises Management Co., Ltd.* (天津濱港電鍍企業管理有限公司) ("**Tianjin Bingang**"), a subsidiary of the Company, and the Lessee in relation to the provision of certain environmental professional technical services to the Lessee in relation to the Land for a term of 5 years; and (3) the wastewater treatment and utilities service contract entered into between Tianjin Bingang and the Lessee in relation to the provision of wastewater treatment and utilities service to the Lessee in relation to the Land for a term of 5 years. The Lease and Related Agreements are related to the lease by the Group to the Lessee of the Land situated in the Tianjin Bingang Park, one of the Group's Surface Treatment Recycling Eco-industrial Parks.

As Mr. Zhang Lianghong is an executive Director and chairman of the Board and the controlling shareholder of the Company indirectly holding, as at the date of the Lease and Related Agreements, approximately 42.75% of the issued shares of the Company and the Lessee is a subsidiary of an associate of Mr. Zhang, the Lessee is therefore a connected person of the Company under the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). Accordingly, the transactions contemplated under the Lease and Related Agreements constituted continuing connected transactions for the Company under Chapter 14A of the Listing Rules. For further details, please refer to the Company's announcement dated 20 August 2021.

During the Year, the aggregate amount received and receivable by the Group under such continuing connected transactions did not exceed the annual caps disclosed by the Company in the relevant announcement.

Significant investments, acquisitions and disposals and other material transactions

On 20 February 2023, An indirect wholly-owned subsidiary of the Company Huizhou Kimou Industrial Investment Co., Ltd. (惠州金茂實業投資有限公司) ("**Huizhou Kimou**"), Tianjin Wanheshun Technology Group Co., Ltd. (天津萬和順科技集團有限公司) ("**Tianjin Wanheshun**") and Tianjin Bingang entered into the equity transfer agreement, pursuant to which Tianjin Wanheshun has agreed to sell and Huizhou Kimou has agreed to purchase 38.72% of the equity interests in Tianjin Bingang (held by the Tianjin Wanheshun) at a total consideration of approximately RMB193.6 million (the "**Acquisition**"). Upon completion of the Acquisition, Tianjin Bingang will be owned as to 89.72% and 10.28% by Huizhou Kimou and Tianjin Wanheshun, respectively, and Tianjin Bingang will remain as a subsidiary of the Company. For further details, please refer to the announcement dated 20 February 2023 of the Company.

On 24 April 2023, Tianjin Bingang and Tianjin Jinshang Real Estate Development Company Limited (天津金尚房地產開發有限公司) ("**Tianjin Jinshang**") entered into the lease agreement, pursuant to which, Tianjin Bingang agreed to lease Premises A and Tianjin Jinshang agreed to grant the right of use of Premises A (definition refer to the announcement dated 24 April 2023 of the Company) to Tianjin Bingang. In addition, Tianjin Bingang entered into the renovation agreement with Tianjin Jinshang, pursuant to which, Tianjin Bingang agreed to engage Tianjin Jinshang to provide and Tianjin Jinshang agreed to undertake the renovation works for Premises B (definition refer to the announcement dated 24 April 2023 of the Company) , and the supply and installation of home appliances and furniture for Premises A. For further details, please refer to the announcement dated 24 April 2023 of the Company.

Save as disclosed above, there was no other significant investment, material acquisition and disposal of subsidiaries, associates and joint ventures during the Year.

EMPLOYEE AND REMUNERATION POLICIES

As at 31 December 2023, the Group had 901 full-time employees (2022: 885 full-time employees) responsible for management, operation, property management, procurement, testing, maintenance, customer services, research and development, finance and administrative matters. The staff costs (including the Directors' remuneration) were approximately RMB139.6 million for the Year, which was an increase of approximately 4.7% as compared with approximately RMB133.4 million for the year ended 31 December 2022. The remuneration for the Directors and senior management members is based on their qualifications, work experience, job duties and position with the Group. The Group has implemented an annual review system to assess the performance of its employees, which forms the basis of the determinations on salary raises, discretionary bonuses and promotion.

The Group has also established various welfare plans including the provision of basic medical insurance, unemployment insurance and other relevant insurance to its employees pursuant to the PRC rules and regulations and the existing policy requirements of the local government. The Group has also made contributions to statutory mandatory provident fund scheme for its employees in Hong Kong.

The Group puts great emphasis on staff training. The Group arranges orientation programs for newly hired staff to familiarise them with the Company's working environment and culture. The Group also regularly provides employees with on-the-job trainings so as to ensure their work performances will meet the Group's strategic goals, operating standards, customer and regulatory requirements. The Company adopted a share option scheme on 18 June 2019 for the purpose of providing incentives and rewards to eligible directors and employees of the Group. During the Year and up to the date of this announcement, no share option under the share option scheme has been granted.

CAPITAL COMMITMENTS

As at 31 December 2023, the Group's total capital expenditure which have been contracted for but not incurred were approximately RMB186.6 million (31 December 2022: RMB390.0 million) for the development of the ancillary facilities of Guangdong Huizhou Park and Huazhong Park and the development of factory premises and wastewater treatment facilities of the Tianjin Bingang Park, Qingshen Park and Huadong Park. These capital expenditures were mainly financed by internal resources and bank loans and other borrowings.

FOREIGN EXCHANGE RISK

Individual companies within the Group have limited foreign currency risk as most of the transactions are denominated in the same currency as the functional currency of the operations in which they relate. However, as the principal subsidiaries mainly carried out transactions in RMB, therefore any appreciation or depreciation of Hong Kong dollar against RMB will affect the Group's financial position and be reflected in the exchange reserve.

During the Year, the Group did not use any financial derivatives to hedge against any foreign exchange risks.

INTEREST RATE RISK

The Group's interest rate risk arises primarily from bank loans issued at variable rates that expose the Group to interest rate risk. The Group's management closely monitored the Group's loan portfolio in order to manage the Group's interest rate risk exposure.

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, restricted deposits with banks and deposits with a bank with original maturity over three months is limited because the counterparties are banks and financial institutions, for which the Group considers having low credit risk.

LIQUIDITY RISK

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the Board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

CORPORATE GOVERNANCE CODE

The Company recognises the importance of good corporate governance for enhancing the management of the Company as well as preserving the interests of the shareholders of the Company ("**Shareholders**") as a whole. The Company has adopted and committed to a code of corporate governance, containing the code provisions set out in the Corporate Governance Code ("**CG Code**") contained in the Appendix C1 to the Listing Rules.

The Directors considers that, the Company has complied, to the extent applicable and permissible, with the code provisions as set out in the then prevailing CG Code during the Year except for the temporary failure to meet the requirements of Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules as set out below:

On 22 December 2022, Mr. Li Yinquan resigned as an independent non-executive Director. Upon the resignation of Mr. Li Yinquan, he also ceased to be the chairman of the Audit Committee. As a result, the Company temporarily failed to comply with the requirements as set out in Rules 3.10(1), 3.10(2) and 3.21 of the Listing Rules.

On 1 March 2023, Mr. Liu Da has been appointed as an independent non-executive Director and the chairman of the Audit Committee. Following the appointment of Mr. Liu, the Company is in compliance with the requirements of (i) Rule 3.10(1) of the Listing Rules that the Board must include at least three independent non-executive Directors; (ii) the Audit Committee must comprise at least three members under Rule 3.21 of the Listing Rules, and at least one of whom is an independent non-executive Director with appropriate professional qualifications or accounting or related financial management expertise as required under Rule 3.10(2) of the Listing Rules; and the Audit Committee must be chaired by an independent non-executive Director.

As always, the Directors will use their best endeavours to procure the Company to comply with the requirements under the CG Code and make disclosure of deviation from such code in accordance with the Listing Rules.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix C3 to the Listing Rules as its code of conduct regarding its Directors' securities transactions. The Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiry, all Directors have confirmed that they have complied with the required standard set out in the Model Code throughout the Year.

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

During the Year, the Company repurchased a total of 3,386,000 shares of the Company on the Stock Exchange for a total consideration of approximately HK$3,460,000 (equivalent to approximately RMB3,135,000). The Company considers that such repurchases will result in an increase in the net asset value per share and/or the earnings per share, which is the best way to enhance shareholder value and is in the best interests of Shareholders.

Details of the aforesaid repurchases are tabulated as follows:

Date	**Number of Shares repurchased** *(Shares)*	**Highest Price per Share** *(HK$)*	**Lowest Price per Share** *(HK$)*	**Total Consideration** *(HK$)*
30 March 2023	310,000	0.98	0.95	297,140.00
31 March 2023	1,650,000	1.01	1.01	1,666,500.00
15 November 2023	746,000	1.05	0.98	782,360.00
16 November 2023	680,000	1.05	1.00	713,440.00

On 9 May 2023, the Company cancelled 3,838,000 repurchased shares of the Company.

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

AUDIT COMMITTEE

The Board established the audit committee (the "**Audit Committee**") on 18 June 2019. As at the date of this announcement, the Audit Committee comprises three independent non-executive Directors, namely Mr. Liu Da, Mr. Kan Chung Nin, Tony and Mr. Li Xiaoyan. Mr. Liu Da was the chairman of the Audit Committee. None of them is a member of the former or existing auditors of the Company. Details of the terms of reference of the Audit Committee are published on the Company's website and the website of the Stock Exchange.

The primary duties of the Audit Committee are to review and supervise the Group's financial report process and internal control and risk management systems, and to formulate or review policies relating to anti-bribery compliances by ensuring regular management review of relevant corporate governance measures and its implementation and to communicate with external auditor on the audit procedures and accounting issues. The Audit Committee has reviewed the annual results of the Group for the Year.

SUBSEQUENT EVENTS AFTER THE YEAR

Mr. Zhu Heping has resigned and Mr. Huang Qiyang has been appointed as an executive Director and the chief executive officer of the Company on 1 January 2024. For further details, please refer to the announcement dated 1 January 2024 of the Company.

On 5 March 2024, Huizhou Jinzefeng Trading Co., Ltd.* (惠州金澤豐貿易有限公司) ("**Huizhou Jinzefeng**"), an indirect wholly-owned subsidiary of the Company and is principally engaged in selling chemical materials and electronic products services, entered into the purchase agreement with Shenzhen Nanqi Technology Co., Ltd.* (深圳市南起科技有限公司) ("**Vendor**"), pursuant to which the Vendor agreed to sell and Huizhou Jinzefeng agreed to purchase refurbished mobile phones at a total consideration of RMB20,058,000. Huizhou Jinzefeng also entered into the sales agreement with Yifeng Trading (Guangdong) Co., Ltd.* (逸峰貿易(廣東)有限公司) ("**Purchaser**") on 5 March 2024, pursuant to which Huizhou Jinzefeng agreed to sell and the Purchaser agreed to purchase refurbished mobile phones at a total consideration of RMB20,178,000. For further details, please refer to the announcement dated 5 March 2024 of the Company.

On 11 March 2024, the Group has successfully bid and won the public tender for the land use right of Taixing Land 3 situated at Circular Economy Industrial Park, Taixing City, Jiangsu Province, the PRC and signed the confirmation letter confirming the winning of the tender of the land use right of Taixing Land 3. The acquisition of the land use right of Taixing Land 3 together with the acquisitions of the land use right of Taixing Land 1 and Taixing Land 2 previously by the Group with Taixing City Natural Resources and Planning Bureau* (泰興市自然資源和規劃局) are to be used for the development of a surface treatment recycling eco-industrial park in Jiangsu Province for the expansion of the Group's principal business. For further details, please refer to the announcement dated 11 March 2024 of the Company.

Save as disclosed above, as the Group is aware after having made reasonable enquiries, there were no material subsequent events affecting the Group after 31 December 2023 and up to the date of this announcement.

REVIEW OF PRELIMINARY ANNUAL RESULTS ANNOUNCEMENT

The financial figures in respect of the Group's consolidated statement of financial position as at 31 December 2023, consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in the preliminary announcement have been compared by the Group's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the Year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by KPMG on the preliminary announcement.

FINAL DIVIDEND

On 28 March 2024, the Board has resolved to recommend a final dividend of HK10 cents per share for the Year (the "**Proposed Final Dividend**") to Shareholders whose names appear on the register of members of the Company on 7 June 2024. Based on the 1,109,176,000 shares in issue as at 31 December 2023, it is expected that the final dividend payable will amount to approximately HK$110,917,600 (equivalent to approximately RMB100,514,000) (tax inclusive). The Proposed Final Dividend is subject to the approval of the Shareholders at the forthcoming annual general meeting and the final dividend will be paid on or around 2 July 2024.

ANNUAL GENERAL MEETING AND CLOSURE OF THE REGISTER OF MEMBERS

The register of members of the Company will be closed from Tuesday, 21 May 2024 to Friday, 24 May 2024, both days inclusive and during which period no transfer of shares will be registered, for the purpose of ascertaining Shareholders' entitlement to attend and vote at the annual general meeting of the Company (the "**AGM**") to be held on Friday, 24 May 2024. In order to be eligible to attend and vote at the AGM, all transfer shares accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 20 May 2024.

In order to determine the entitlement of Shareholders to the Proposed Final Dividend, the register of members of the Company will be closed from Tuesday, 4 June 2024 to Friday, 7 June 2024 (both days inclusive), during which no transfer of shares will be registered. All transfer documents together with the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Computershare Hong Kong Investor Services Limited, Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 3 June 2024.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.kimou.com.cn). The annual report of the Company for the Year containing all the information required by the Listing Rules will be despatched to the Shareholders who request for to receipt of printed copies and published on the respective websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Company would like to take this opportunity to thank all our valued Shareholders and various stakeholders of the Company for their continuous support. Also, the Company would like to express its appreciation to all the staff for their efforts and commitments to the Group.

On behalf of the Board
Kimou Environmental Holding Limited
Zhang Lianghong
Chairman

Hong Kong, 28 March 2024

As at the date of this announcement, the executives Directors are Mr. Zhang Lianghong, Mr. Huang Qiyang, Mr. Lee Kin Ming and Mr. Huang Shaobo and the independent non-executive Directors are Mr. Li Xiaoyan, Mr. Liu Da and Mr. Kan Chung Nin, Tony SBS, JP.

* *English names of the PRC established companies or PRC government authorities in this announcement are only translations of their official Chinese names solely for identification purpose. In case of inconsistency, the Chinese names shall prevail.*

In this announcement, amounts quoted in HK$ has been converted into RMB at the rate of HK$1 to RMB0.9062. Such exchange rate has been used, where applicable, for purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at such rate or any other rates.