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Corporate Information



Corporate Information (Continued)



PO Box 309, Ugland House
Grand Cayman KY1-1104
Cayman Islands

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For the six months ended 30 June 2022, the Group's revenue amounted to RMB721 million, representing a decrease of 22.2% as compared to the same period last year. Of which, revenue from flue gas treatment business was RMB616 million, revenue from water treatment business was RMB90 million, revenue from hazardous and solid waste treatment/disposal business was RMB5 million and revenue from dual-carbon energy saving business was RMB10 million.

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For the six months ended 30 June 2022, the Group's gross profit amounted to RMB143 million, representing a decrease of 22.3% as compared to the same period last year. The Group's gross profit margin was 19.8%, remaining the same as the same period last year.

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For the six months ended 30 June 2022, excluding loss on fair value changes in financial asset at FVTPL and investment income, the Group's net profit was RMB73 million with a net profit margin of 10.1%, representing a decrease of 42.1% and 3.5 percentage points respectively as compared to the same period last year.

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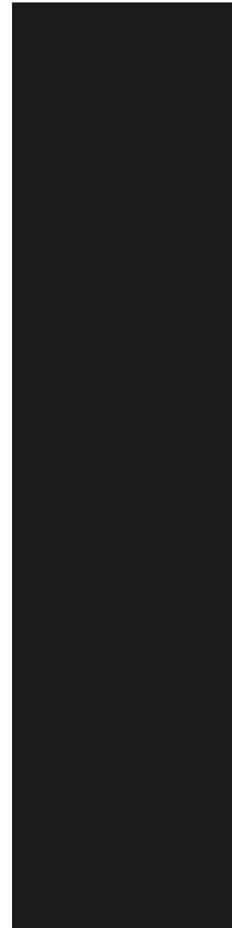
For the six months ended 30 June 2022, the net profit of the Group amounted to RMB3 million with a net profit margin of 0.4%.

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For the six months ended 30 June 2022, the Group secured 14 new contracts, covering thermal power, steel and industrial wastewater fields. In addition, the Group has made breakthrough progress in the field of water treatment, and successfully opened up the market in papermaking and pharmaceutical industries.

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For the six months ended
June 30
自 2016 年 6 月 30 日止的六個月



Financial and Operation Highlights (Continued)



		As at 31 December 2021 RMB'000 (Audited)
Total non-current assets	$\varnothing t^* < X$	2,314,192
Total current assets	$t^* < X$	2,463,021
Total assets	$* < X$	4,777,213
Total current liabilities	$t \hat{A} < X$	1,772,486
Net current assets	$t^* =$	690,535
Total assets less current liabilities	$* < X - t \hat{A}$	3,004,727
Total non-current liabilities	$\varnothing t \hat{A} < X$	256,841
Total liabilities	$\hat{A} < X$	2,029,327
Net assets	$* =$	2,747,886
Total liabilities and equity	$\hat{A} \varnothing \hat{A} B < X$	4,777,213



The Group is a green ecological governance enterprise that provides comprehensive services for flue gas treatment, water treatment, hazardous and solid waste treatment/disposal and dual-carbon energy saving to industrial enterprises and cities. We are customer-oriented, with the goal of achieving carbon neutrality and meeting customer needs as our mission. The Group has been striving to grasp the development trends of the national environmental protection industry with a vision of "letting everyone live under the blue sky and white clouds", and strives to develop into a world-class environmental industry group, making positive contributions to the environmental protection and the construction of ecological civilization in China and the world.

1. INDUSTRY OVERVIEW

During the first half of 2022, the pressure of COVID-19 pandemic prevention and control remained, and the external environment has become more complex and severe. China's economic development has been facing the multiple pressures of shrinking demand, supply

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Management Discussion and Analysis (Continued)

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Management Discussion and Analysis (Continued)

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On 17 June 2022, seven authorities including the Ministry of Ecology and Environment issued the “Implementation Plan for Enhancing Synergistic Effects of Pollution Abatement and Carbon Reduction”. The plan calls for enhancing the synergy between ecological and environmental policies and energy industry policies, strengthening the conservation and efficient use of resources and energy with a focus on major fields, key industries and crucial sectors, and accelerating the formation of industrial structures, production methods and lifestyles that are conducive to pollution abatement and carbon reduction. The plan is an important component of the “1+N” policy system for “Carbon Peaking and Carbon Neutrality”, and is of great significance for further optimizing ecological environment governance, forming a collaborative work pattern for pollution abatement and carbon reduction, helping to build a beautiful China and achieving “Carbon Peaking and Carbon Neutrality”.

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2. BUSINESS REVIEW

Since the beginning of this year, in the face of the intertwined influence of the complex and severe international situation and pandemic of the century, the world economy has struggled to recover and global development has encountered serious setbacks. The risks and challenges faced by China’s economic and social development have become more complex and volatile. The production and operation activities in certain industries and regions have been stagnant, and indicators such as industrial output, electricity consumption and freight volume have continued to decline, thus presenting great challenges to the Group’s business expansion and project execution. Moreover, the intensified geopolitical and political conflicts have resulted in a sharp rise in international commodity prices, which inevitably led to the increase of the Group’s operating costs. Against the backdrop of international conflicts and COVID-19, the Group’s performance has been affected to a certain extent and has not reached its expectation in terms of both revenue and profit.

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Management Discussion and Analysis (Continued)

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EPC

EPC business mainly involves providing project

Management Discussion and Analysis (Continued)

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Management Discussion and Analysis (Continued)

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No. • î	Environmental protection facility engineering projects under construction - £ D ^ û ° f	Type of project ° f ó è	Newly built/upgraded - J · ç	Date of contract ¥ · ! Ú œ	Aggregate contract value ¥ · X RMB million [O Æ õ - ©
7	Upgrading Project of Ultra-low Emission Flue and Fan for Flue Gas Desulfurization and Denitrification of No. 4 Nickel- iron Kiln of Guangdong Century Qingshan Nickel Industry Co., Ltd. ? ð ĩ † C 8 P " @ ! 4 â C › C Ø g m ? m õ t - ° ó g 8 ç , Ú · ç ° f	Desulfurization and denitrification	Upgraded	March 2022	23

O&M services mainly includes operation services, regular maintenance services for desulfurization, denitrification and dust removal facilities owned by the customers. Under the O&M projects, our customers are either charged (i) service fees based on the total amount of on-grid electricity or tonnes of sintering iron ore generated during the service period, or (ii) a fixed price determined based on the pre-agreed scope of work. Revenues from the O&M business can be a sustainable one, generating stable cash flow for the Group.

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Management Discussion and Analysis (Continued)

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No. Ü î	Project name ° f ¢ H	Type of project ° f ó è	Starting date of service Î • Ú , (Month/Year) € Ę J Ü •	Expiring date of service contract ¥ Ò £ Ú , (Month/Year) € Ę J Ü •	Installed capacity Ú™ Ž
1	Yangcheng #1-6 Unit Flue Gas Desulfurization O&M Project ç ì 1-6 î Ú \ g m ? 6 j ° f	Desulfurization and dust removal m ? ð ç	July 2018 2018 Ę7 Ü	March 2023 2023 Ę3 Ü	6×350MW
2	Yangcheng #7-8 Unit Flue Gas Desulfurization O&M Project ç ì 7-8 î Ú \ g m ? 6 j ° f	Desulfurization, dust removal and slag removal m ? ð ç ð @	June 2018 2018 Ę6 Ü	March 2023 2023 Ę3 Ü	2×600MW
3	Qinzhou Desulfurization O&M Project • Ę m ? 6 j ° f	Desulfurization m ?	July 2015 2015 Ę7 Ü	June 2024 2024 Ę6 Ü	2×630MW+ 2×1000MW
4	Jingjiang Flue Gas Desulfurization and Dust Removal O&M Project h ê g m ? ĺ ð ç 6 j ° f	Desulfurization and dust removal m ? ð ç	March 2016 2016 Ę3 Ü	December 2023 2023 Ę12 Ü	2×660MW
5	Yangxi Flue Gas Desulfurization and Denitrification O&M Project ç g m ? m ö 6 j ° f	Desulfurization and denitrification m ? m ö	January 2017 2017 Ę1 Ü	December 2025 2025 Ę12 Ü	2×660MW+ 2×600MW
d 6 n j T	Shauguang Auxiliary Ashing and Sulfurization Control System Entrusted Operation Project	Desulfurization T Desulfurization 3	a May 2018 5 May 2018	i March 2024u h March 2024 r	f 2×1000MW a 2×1000MW

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Management Discussion and Analysis (Continued)

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No. Ü î	Project name ° f ¢ H	Type of project ° f ó è	Starting date of service î • Ú, (Month/Year) € È J Ü •	Expiring date of service contract ¥ Ò £ Ú, (Month/Year) € È J Ü •	Installed capacity Ú ™ Ž
11	Desulfurization, Denitrification and Wastewater Zero-discharge System Equipment Maintenance Works under the O&M Project of No. 5 & 6 units of Yangxi Power Plant ¢ 6 j e @ 5 e 6 Ú \ m ? m ö ç ; á g ° ú U £ ê j • ° f	Desulfurization, denitrification and wastewater zero-discharge m ? m ö ; á g °	January 2022 2022 È 1 Ü	August 2027 2027 È 8 Ü	2×1240MW
12	Operation and Maintenance Service Project of Environmental Protection Facilities of Shanxi Yuguang Power Generation Co., Ltd. † M ^ i e P " a, @ ! - £ D 6 è L ° f	Denitrification, desulfurization and dust removal m ö m ? ç ð ¢	December 2021 2021 È 12 Ü	July 2023 2023 È 7 Ü	2×300MW+ 2×350MW
13	Hegang Chenggang O&M Project & { Ö { 6 j ° f	Denitrification, desulfurization and dust removal m ö m ? ç ð ¢	April 2022 2022 È 4 Ü	April 2027 2027 È 4 Ü	180 m ² sintering machines 180 ð Ú
14	Desulfurization and Denitrification System Contract Operation Project of No. 2 Sintering Plant of Jinxi Iron and Steel Group Co., Ltd. u { › « P " @ ! ð @ Z ð m ? m ö ú U Ö 6 ° f	Denitrification, desulfurization and dust removal m ö m ? ç ð ¢	July 2021 2021 È 7 Ü	June 2024 2024 È 6 Ü	265 m ² sintering machines 265 ð Ú
15	Sintering Machine Flue Gas Purification Device O&M Project relating to the Integrated Project of Removing the Old District of HBIS Hansteel from Urban Area of Handan Iron and Steel Group Co., Ltd. (Note 1) R*... { › « P " a, @ ! & { R { ü x i Æ ¥ ° f ð Ú g . Ä 6 j ° f € • W 1 •	Denitrification, desulfurization and dust removal m ö m ? ç ð ¢	From the date of uploading the environmental protection information to the Internet - p ½ (c j Â ~ Ú Í	Contract period of 5 years ¥ •, 5 È	435 m ² sintering machines 435 ð Ú
16	2×1000MW Desulfurization System O&M Project of SDIC Nanyang 7 ³ ì ¢ 2×1000MW m ? ú U 6 j • ° f	Lime sulfur system ò ? ú U	August 2021 2021 È 8 Ü	August 2023 2023 È 8 Ü	2×1000MW

Management Discussion and Analysis (Continued)

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No. Ú î	Project name ° f ¤ H	Type of project ° f ó è	Starting date of service î • Ú , (Month/Year) € È J Ü •	Expiring date of service contract ¥ Ö £ Ú , (Month/Year) € È J Ü •	Installed capacity Ú ™ Ž
17	24 2x660MW Lime Sulfur and Coal Transportation and Maintenance Project of Panji Power Plant of Huainan Mining (Note 2) ™ « ì \$ 8 ™ « e @ 2x660MW ò ? ii 6 ij • ° f € • W 2 •	Ash and slag removal, desulfurization and denitrification ð ò @ e m ? e m V	November 2022 2022 È 11 Ü	November 2024 2024 È 11 Ü	2x660MW
18	Environmental Protection Facilities O&M Project of Shanxi International Energy Yuguang Coal and Electricity Co., Ltd. † 7 ç • U ^ i e p " a , @ ! - £ D 6 j ° f	Desulfurization and dust removal m ? ç ð ç	April 2022 2022 È 4 Ü	March 2025 2025 È 3 Ü	1x1000MW
19	Desulfurizer purchase and sale contract of Chengde Branch of Hebei Iron and Steel Co., Ltd. & { p ... p " @ ! Ö C ± @ ! m ? ' @ ... o - ¥ •	Denitrification, desulfurization and dust removal m ö m ? ç ð ç	February 2022 2022 È 2 Ü	February 2027 2027 È 2 Ü	180 m ² sintering machines 180 ð Ú

Notes:

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- Such projects are still under construction and the Company has not yet started providing any service. Upon completion of construction, the Company will start to provide O&M services from the date of uploading the environmental protection data to the Internet.
- The service commencement date of such projects is a tentative date, and the actual commencement date is after the completion of the trial operation of Party A's first unit and its acceptance and handover.

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Under the concession operation business model, the Group is responsible for the financing, investment, construction and operation of a project according to its concession contracts with its customers.

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In 2022, the Group continued to carry out its concession operation business, including desulfurization, denitrification

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Management Discussion and Analysis (Continued)

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No.	Project name	Installed capacity	Type of project	Newly built/Upgraded	Total investment	Date of signing contract	Ending date of concession period
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1	Jiangxi Jinggangshan BOT Project	2×300MW+ 2×660MW	Desulfurization	Newly built	224	January 2008 (for Phase I) August 2008 (for Phase II)	July 2030 (for Phase I) December 2030 (for Phase II)
	ê œ ¥ † BOT ° f		m ?	-		2008 Ę1 Ü€ S , • 2008 Ę8 Ü€ Z , •	2030 Ę7 Ü€ S , • 2030 Ę12 Ü€ Z , •
2	Shanxi Hejin BOT Project	2×350MW	Denitrification	Newly built	90	June 2012	September 2033 (for Unit #1) May 2033 (for Unit #2)
	† & u BOT ° f		m ö	-		2012 Ę6 Ü	2033 Ę9 Ü€ 1 î Ú \ • 2033 Ę5 Ü€ 2 î Ú \ •
3	Shanxi Puzhou Phase I BOT Project (Note 1)	2×300MW	Denitrification	Newly built	84	June 2012	January 2034 (for Unit #1) May 2033 (for Unit #2)
	† ^ r S , BOT ° f € • W 1 •		m ö	-		2012 Ę6 Ü	2034 Ę1 Ü€ 1 î Ú \ • 2033 Ę5 Ü€ 2 î Ú \ •
4	Shanxi Puzhou Phase II BOT Project	2×350MW	Desulfurization	Newly built	112	May 2014	End of 2037
	† ^ r Z , BOT ° f		m ?	-		2014 Ę5 Ü	2037 Ę µ
5	Xinjiang Shenhuo BOT Project	4×350MW	Green Island	Upgraded	490	June 2017	End of 2032
	- › Z œ BOT ° f		- ¥	· ç		2017 Ę6 Ü	2032 Ę µ
6	Huainan Guqiao BOT Project	2×330MW	Green Island	Upgraded	173	May 2018	End of 2033
	ì ¥ x BOT ° f		- ¥	· ç		2018 Ę5 Ü	2033 Ę µ
7	Xinjiang Guotai Xinhua BOT Project	2×350MW	Green Island	Upgraded	150	July 2018	June 2028
	- › 7 - 6 BOT ° f		- ¥	· ç		2018 Ę7 Ü	2028 Ę6 Ü
8	Guangxi Laibin Desulfurization, Denitrification and Dust Removal BOO Project	2×300MW	Green Island	Upgraded	281	December 2018	End of 2033
	? 8 · m ? m ö ð ç BOO ° f		- ¥	· ç		2018 Ę12 Ü	2033 Ę µ

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Management Discussion and Analysis (Continued)

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2.2 Water Treatment Business

During the Reporting Period, the Group’s water treatment business has developed with favorable momentum. Relying on its engineering implementation experience and performance foundation in the field of water treatment, the Group successfully explored the markets of the pharmaceutical and paper industries. In January and April 2022, the Group entered into the Commission Contract for Domestic Sewage Treatment, Production and Operation of Xinjiang Northwest Oilfield Drilling Team, the Wastewater/Sewage Collection and Treatment Contract with Changzhi Yuanyan Pharmaceutical Technology Co., Ltd., and won the bid for the Pulping and Papermaking Sewage Treatment Upgrading EPC Project of Shandong Bohui Paper Co., Ltd, respectively. The contract value of the Pulping and Papermaking Sewage Treatment Upgrading EPC Project is approximately RMB275 million.

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Management Discussion and Analysis (Continued)

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2.3 Hazardous and Solid Waste Treatment/Disposal Business

During the Reporting Period, the Group's Drilling Mud Solid Waste Treatment O&M Project in Xinjiang Drilling Area was operating smoothly, with a designed processing capacity of 120,000 tons per year. In the field of co-processing of cement kilns, the first phase of the Cooperative Hazardous and Solid Waste Disposal Project of Tangshan Yandong Cement Kiln in China is under construction in an orderly manner. The project is planned to be invested and constructed in two phases. After the completion and operation of the project, the annual processing capacity of hazardous solid waste is expected to reach about 100,000 tons. The Group's subsidiary, Qinghai Boqi Ecological Environment Technology Co., Ltd. ("Qinghai Boqi"), is operating in an orderly manner.

2.4 Dual-Carbon Energy Saving Business

During the Reporting Period, the Group's dual-carbon energy saving projects operated steadily, and it always seeks to further expand its market share in the field of dual-carbon energy saving business. The CDQ Project of Energy Management Contract in Tianjin Iron Plant has been officially put into operation during the Reporting Period. In order to facilitate the implementation of the project, the contract model will be changed from the original EMC model to the BOT model, with the original contract term of 10 years remaining unchanged, which will provide a stable revenue stream for the Group in the mid- to long-term, thus laying a foundation for the strategic deployment of the Group's dual-carbon energy saving business.

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Management Discussion and Analysis (Continued)

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3. FINANCIAL POSITION AND OPERATING RESULTS

In the first half of 2022, the COVID-19 pandemic spread in China, and particularly, several key economic hubs and core cities and regions (Beijing, Shanghai, Shenzhen and Guangzhou) were directly impacted, causing serious and lagging effects on the fundamentals of the Chinese economy. The Company's market expansion and project implementation faced severe challenges, gave rise to problems such as lower-than-expected market orders and falling operating indicators. Nevertheless, the overall production and operation were stable, and the operation and management activities were still running in an orderly manner.

Revenue

For the six months ended 30 June 2022, the Group's total revenue was RMB721 million, representing a decrease of 22.2% from RMB927 million for the first half of 2021, which was mainly due to during the first half of 2022, (i) progress of some EPC projects were delayed due to the stringent requirements for the prevention

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Management Discussion and Analysis (Continued)

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The Group generates revenue primarily from four operating segments: (i) flue gas treatment, (ii) water

Management Discussion and Analysis (Continued)

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Management Discussion and Analysis (Continued)

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Cost of Sales and Services

For the six months ended 30 June 2022, the Group's cost of sales and services was RMB578 million, representing a decrease of 22.2% as compared with RMB743 million for the first half of 2021, mainly due to (i) progress of some EPC projects were delayed due to the stringent requirements for the prevention and control of COVID-19 pandemic outbreak in the provinces where such projects were implemented; (ii) certain O&M and concession operation projects were closed due to various reasons, such as expiry of contracts or cessation of projects due to other reasons; (iii) the power generation of certain O&M and concession operation projects in the thermal power industry decreased on a year-on-year basis.

For the six months ended 30 June 2022, the cost of sales and services of the Group's flue gas treatment business segment are as follows:

- The cost of sales and services for EPC amounted to RMB184 million, representing a decrease of 30.3% as compared with RMB264 million for the first half of 2021, mainly due to progress of some EPC projects were delayed due to the stringent requirements for the prevention and control of COVID-19 pandemic outbreak in the provinces where such projects were implemented;
- The cost of sales and services for O&M amounted to RMB130 million, representing a decrease of 13.3% as compared with RMB150 million for the first half of 2021, mainly due to the closure of certain O&M projects and the year-on-year decrease in power generation; and
- The cost of sales and services for concession operation amounted to RMB190 million, representing a decrease of 2.6% as compared with RMB195 million for the first half of 2021, basically unchanged as compared to the same period last year.

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Management Discussion and Analysis (Continued)

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Management Discussion and Analysis (Continued)

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The following table sets forth the Group's gross profit and gross profit margin for each of the business segments for the periods indicated:

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		For the six months ended 30 June 2022		For the six months ended 30 June 2021	
		Ú 2022 Ę 6 Ü30 Ú ß - H Ü	Gross Profit Margin	Ú 2021 Ę 6 Ü30 Ú ß - H Ü	Gross Profit Margin
		RMB'000 [O Æ w ©	% ã ; %	RMB'000 [O Æ w ©	% ã ; %
Flue Gas Treatment Business	g 7 # 8			161,812	
EPC	EPC			20,432	7.2
O&M	6 j			37,138	19.9
Concession Operation	\$ ç ¾			73,986	27.5
Of which: Construction	l • j ç			210	2.8
Operation	6			73,776	28.2
Others	l ü			30,256	100
Water Treatment Business	â ^ # 8			19,466	45.7
Hazardous and Solid Waste Treatment/Disposal Business	š x ; ^ # ^ Ä 8			74	11.8
Dual-Carbon Energy Saving Business	P A • • 8			2,953	2.6
Total	<			184,305	19.9

Management Discussion and Analysis (Continued)

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Management Discussion and Analysis (Continued)

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For the six months ended 30 June 2022, the gross profit of the Group's dual-carbon energy saving business segment was RMB2 million, representing a decrease of 33.3% from RMB3 million for the first half of 2021,

Management Discussion and Analysis (Continued)

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For the six months ended 30 June 2022, the Group's other income and gains and other expenses and losses amounted to a loss of RMB57 million, representing a decrease of RMB103 million from a gain of RMB46 million for the first half of 2021, mainly because under the impact of the global and domestic economy, we recorded losses on disposal of equity investments at FVTPL and losses on fair value changes of financial assets at FVTPL during the Reporting Period.

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Selling and Distribution Expenses

For the six months ended 30 June 2022, the Group's selling and distribution expenses were RMB7 million, representing a decrease of RMB2 million from RMB9 million for the first half of 2021. The mainly reason of the decrease was that the carrying out of sales activities was affected by the COVID-19 pandemic. The ratio of selling and distribution expenses to revenue remained stable.

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Administrative Expenses

For the six months ended 30 June 2022, the Group's administrative expenses amounted to RMB48 million, representing an increase of RMB13 million from RMB35 million for the first half of 2021, mainly due to the M&A of new operating entities, resulting in an increase of administrative expenses. The ratio of administrative expenses to revenue increased from 3.8% for the same period last year to 6.7%, mainly due to the decrease in revenue as compared to the same period last year, resulting in an increase in the ratio of administrative expenses to revenue.

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Management Discussion and Analysis (Continued)

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Finance Costs

The Group's finance costs consisted of interest expenses on bank borrowings, lease liabilities and discounted bills receivable. For the six months ended 30 June 2022, the Group's finance costs were RMB9 million, representing an increase of RMB4 million from RMB5 million for the first half of 2021, mainly due to the increase in the Group's bank loans and other borrowings during the Reporting Period as compared to the first half of 2021.

Gearing Ratio

The gearing ratio is calculated as a percentage of the Group's total liabilities over the Group's total assets. As of 30 June 2022, the Group's gearing ratio was 38.3%, decreased by 4.2 percentage points from 42.5% as of 31 December 2021.

Income Tax Expenses

The income tax expenses of the Group for the six months ended 30 June 2022 were RMB6 million, decreased by 75.0% from RMB24 million for the first half of 2021, mainly due to (i) the significant decrease in the Group's profit before tax during the Reporting Period; and (ii) the strengthening of preferential tax policies.

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Management Discussion and Analysis (Continued)

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Profit for the Reporting Period

For the six months ended 30 June 2022, the Group recorded a profit of RMB3 million for the period, representing a decrease of RMB160 million from RMB163 million for the first half of 2021. The decrease in the profit was mainly because during the first half of 2022, (i) progress of some EPC projects were delayed due to the stringent requirements for the prevention and control of COVID-19 pandemic outbreak in the provinces where such projects were implemented; (ii) certain O&M and concession operation projects were closed due to various reasons, such as expiry of contracts or cessation of projects due to other reasons; (iii) the power generation of certain O&M and concession operation projects in the thermal power industry decreased, which in turn led to decrease in revenue, whereas price of bulk materials increased, which in turn led to increase in cost; and (iv) as affected by the global and domestic economy, the Group recorded loss on disposal of equity investments at FVTPL.

Profit Attributable to the Owners of the Parent

As a result of the foregoing, for the six months ended 30 June 2022, profit attributable to the owners of the parent was RMB4 million, representing a decrease of RMB159 million from RMB163 million for the first half of 2021.

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Management Discussion and Analysis (Continued)

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For the six months ended 30 June 2022, we had net cash used in operating activities of RMB73 million, representing a year-on-year decrease of RMB17 million. The change was mainly attributable to the increase in receivables in stages.

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For the six months ended 30 June 2022, we had net cash generated from investing activities of RMB53 million compared to net cash used in investing activities of RMB41 million in the same period last year, representing a year-on-year increase of RMB94 million. Such change was mainly attributable to (i) the increase in withdraw of pledged bank deposits; (ii) the increase of the gain from disposal of equity investments at FVTPL; and (iii) the payment of cash in acquiring Qinghai Boqi.

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For the six months ended 30 June 2022, we had net cash used in financing activities of RMB1 million, representing a year-on-year decrease of RMB8 million. The change was mainly attributable to (i) new bank and other borrowings; and (ii) repayment of bank borrowings and interests.

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Capital Expenditure

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The capital expenditure of the Group comprises expenditures on the acquisition and construction of investment projects as well as equity investment. For the first half of 2022, the total capital expenditure of the Group was RMB138 million, representing an increase of 26.6% as compared with RMB109 million for the same period last year.

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Management Discussion and Analysis (Continued)

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Pledge of the Group's Assets

As of 30 June 2022, the Group's long-term bank borrowings of RMB43 million were secured by the mortgages on properties owned by the Group.

Jiangxi Jinggangshan Boqi Environmental Technology Co., Ltd. (ê œ ¥ † ù f - Å † Ɔ " © !) ("Jinggangshan Boqi"), a subsidiary of the Group,

Management Discussion and Analysis (Continued)

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Risks on environmental protection and pollution control policies

The Group provides substantially all of its environmental protection services to customers in the PRC, and the development of its businesses is greatly dependent on the pollution preventive policies of the PRC. Environmental protection industry is one of the major industries that benefit from the constant support of the PRC governments. The demand for the Group's environmental protection services and the revenue generated from are directly linked with the environmental protection requirements imposed on the current and potential customers of the Group. However, there can be no assurance that the specific favourable policies which are currently available will continue to exist. In addition, these policies and incentives may encourage additional new market entrants to provide other products or services with greater pollution control effects than the products and services of the Group. Therefore, there is no assurance that the Group will directly benefit from the changed industry policies. However, as the leader of the independent comprehensive flue gas treatment service provider in China, the Group will seize market opportunities to further cover the entire industrial chain of the flue gas treatment industry and explore potential markets. At the same time, the Group will actively develop new markets in non-electrical industries such as iron and steel,

Management Discussion and Analysis (Continued)

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Liquidity Risks

The Group’s ability to generate adequate cash inflows from operating activities in the future will depend on the schedule of its projects and payment arrangement, its ability to recover receivables in a timely manner and the credit terms it can obtain. If the Group is not able to generate sufficient cash flows from its operations, the Group’s development prospects may be materially and adversely affected. Ultimate responsibility for liquidity risk management rests with the Directors, who have established an appropriate liquidity risk management framework for the funding needs in the short, medium and long term and the Group’s liquidity management requirements. The Group manages liquidity risk by various measures, such as maintaining adequate reserves, banking facilities and reserving bank facilities and continuously monitoring forecast and actual cash flows, as well as the comparison of maturity profile between financial assets and liabilities.

Credit Risks

The credit risk primarily arises from trade and notes receivables, receivables under concession arrangement, bank balance and cash, pledged bank deposit, contract assets, debt instrument at fair value through other comprehensive income, other receivables and amounts due from related parties. Due to the nature of business of the Group, the Group has significant concentration of credit risk on a small number of customers and the financial guarantee provided by the Group. As at 30 June 2022, the aggregated amount of the Group’s trade receivables of the top five customers was RMB408 million, representing 44.2% of the total trade receivables of the Group as of 30 June 2022. The Group’s concentration of credit risk by geographical locations is solely in the PRC. The Group has a credit policy in place and the exposure to these credit risks are monitored on an ongoing basis.

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Management Discussion and Analysis (Continued)

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Foreign Exchange and Conversion Risks

As of 30 June 2020, almost all of the Group’s operating activities are carried out in the PRC with most of the transactions denominated in RMB. The Group is exposed to foreign exchange and conversion risks primarily through its sales and procurement transactions that are denominated in currencies other than RMB. In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC Government. As of 30 June 2022, the Group does not have a foreign currency hedging policy. However, the Board will monitor the Group’s foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

5. THE GROUP’S FUTURE OUTLOOK

The Group strives to develop into a green ecological governance enterprise that provides comprehensive environmental protection services for industrial enterprises and cities, and realize the development pattern of “gas, water, solid and dual-carbon energy saving” and the integration of the four business sectors with mutual synergic effect. The Group will continue to closely follow the national strategy and the Group’s development plan, strive ahead with unswerving determination and adhere to the path of high-quality development, thereby the Group will solidly carry out the following tasks.

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Management Discussion and Analysis (Continued)

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The Group will promote the coordinated development of the four major business segments. Leveraging on the technology and experience of existing projects,

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Management Discussion and Analysis (Continued)

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The Group will insist on innovation-driven development and increasing R&D efforts. Under the background of “Carbon Peaking and Carbon Neutrality”, the Group’s technological research and innovation direction will be more focused on new business areas, while it will also expand to other sub-segments. Through the combination of technical cooperation and independent research and development, the Group will enhance its own technological innovation capabilities and continuously achieve technological upgrades and breakthroughs and establish key core technologies. By integrating resources such as technology, talents and markets, combining with focusing on specific business difficulties and needs, the Group will accelerate the transformation and application of technology and R&D achievements, thereby creating an advanced, scientific, standardized and high-quality low-carbon environmental protection service system.

Focusing on elevating the role of capital as a booster, and achieving mutual integration and growth of capital and industry, the Group will also utilize various methods such as resource injection by strategic shareholders, investments, M&A and multi-channel fund raising, to achieve the Group’s strategic goals in the 14th Five-Year Plan.

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Major Events in the First Half of 2022 (Continued)

2022年1-6月

Human Resources

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As of 30 June 2022, the Group had 1,815 employees in total (30 June 2021: 1,785 employees), most of whom were based in the PRC. The Group has established independent labor union branches. Currently, the Group has entered into employment agreements with all employees, which specify the position, duties, remuneration, employment benefits, training, confidentiality obligations relating to trade secrets, grounds for termination and other aspects pursuant to PRC Labor Law and other relevant regulations.

The table below sets forth the number of employees as of 30 June 2022 categorised by their functions:

Function	Number of employees	Percentage of the total number of employees
	‡ p [p	& < ‡ p [p ã ± â
Concession operation management personnel	\$ ç ¾ M # [p	

EMPLOYEE INCENTIVE

Guided by business strategy and annual business targets, the Company has carried out its cost-leading, technology-leading and execution-leading business philosophy. Through the management method of “high-level authorization, strict assessment and emphasis on incentives”, the Company can stimulate the vitality of the workforce and create value for the corporation. During the Reporting Period, the Company implemented a responsibility system for operational and management objectives, pursuant to which the appraisal of managers and employees at all levels is carried out based on their working performance with an objective, fair, open and standardized core assessment concept, with a view to establishing a comprehensive appraisal system and an incentive mechanism. By providing profit sharing and other incentives which are performance-oriented, the Company has stimulated employees’ potential ability, encouraged each business center to achieve business indicators and implemented redline regulations on management. The Company has also enhanced incentives for the marketing team, in order to selectively expand new business and explore into new sectors while maintaining the stability of the flue gas market. Through rational planning of personnel structure, the Company has opened up the promotion pathway for employees, realized the optimization of talent structure and the construction of talent echelon. As such, we can fully stimulate employees’ enthusiasm for work and lead employees to create efficiency and excellence, thus improving the overall profitability of the Group.

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THE EMPLOYEES REMUNERATION POLICY

The remuneration package of the employees includes salaries, bonuses and allowances. Our employees also receive supplementary medical provision, transportation allowances, meal allowances, communication allowances and other benefits. During the Reporting Period, the Company carried out performance appraisals of employees at all levels, and implemented a performance-based salary system for management, project managers, sales directors and

benefits. The Compensation Committee, S (¼ Di
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Other Information

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Other Information (Continued)

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Long position in our Shares, underlying Shares and debentures of our Company

Name of Director	Nature of Interest	Number and class of Shares	Approximate percentage of shareholding
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Other Information (Continued)

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Save as disclosed above, as at 30 June 2022, none of the Directors and the chief executive of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

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SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of 30 June 2022, to the best knowledge of the Directors, the following persons had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

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 , - â 7 K 336 â ^ 2 Ä Ä ~ î ¼ « Y ì ½ Ç N
 ¿ , - â 7 K XV Å K2 ¿ 3 ± Á Y â Ö ^ 2 £ l ®
 ! Þ £ Y Æ B Ð ñ Q j

Name ' ¼ J ¼ H	Capacity/Nature of interest ... J Æ B ì /	Number of Shares p ... p f	Approximate percentage of shareholding p Æ ? Ö ö ± â
Mr. Zeng Zhijun € ~ ^ ¿ [	Interest of a controlled corporation (Note 1) a › , Æ B € • W1 •	267,113,331 (Long Position) (» Q)	26.56%
Best Dawn Best Dawn	Beneficial owner (Note 1) ¼ B ^ 1 Þ [€ • W1 •	244,172,143 (Long Position) (» Q)	24.28%
Ms. Ge Tong Ñ • ~ {	Interest of spouse (Note 2) ã Æ B € • W2 •	267,113,331 (Long Position) (» Q)	26.56%
Mr. Cheng Liqun Richard ù " Æ ¿ [Interest of a controlled corporation (Note 3); and beneficial owner (Note 4) a › , Æ B € • W3 • i ¿ ¼ B ^ 1 Þ [€ • W4 •	168,534,580 (Long Position) (» Q)	16.76%

Other Information (Continued)

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Name ' ¨ J ¨ H	Capacity/Nature of interest ... J Æ B Ì /	Number of Shares p ... p f	Approximate percentage of shareholding p Æ ? Ò ò ± â
World Hero World Hero	Beneficial owner ¼ B ¹ Þ [	168,134,580 (Long Position) (» Q)	16.72%
Ms. Zhou Xuan t Å ~ {	Interest of spouse (Note 5) ã Æ B € • W5 •	168,534,580 (Long Position) (» Q)	16.76%
Mr. Zhu Weihang á ~ { [	Interest of a controlled corporation (Note 6) a › , Æ B € • W6 •	152,170,529 (Long Position) (» Q)	15.13%
Great Origin U	Interest of a controlled corporation (Note 6) a › , Æ B € • W6 •	152,170,529 (Long Position) (» Q)	15.13%
New Asia New Asia	Beneficial owner ¼ B ¹ Þ [	152,170,529 (Long Position) (» Q)	15.13%
Sinopec Overseas Investment Holding Limited ("Sinopec") • 7 i . . ³ › p Þ " ® ! € • j . 7 4	Beneficial owner ¼ B ¹ Þ [	110,294,118 (Long Position) (» Q)	10.97%
China Petroleum & Chemical Corporation • 7 i 0 . ^ p ... Þ " ® !	Interest of a controlled corporation (Note 7) a › , Æ B € • W7 •	110,294,118 (Long Position) (» Q)	10.97%

* The percentage has been calculated based on 1,005,720,799 shares in issue as at 30 June 2022.

* ò ± â W i ½ ò 2022 Æ 6 Ü 30 Ú Š ï
1,005,720,799 p p ... Q f

Other Information (Continued)

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Notes:

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- (1) Mr. Zeng holds the entire issued share capital of Best Dawn and 47.2% of interest in Asia Environment. Therefore, Mr. Zeng is deemed to be interested in the Shares held by Best Dawn and Asia Environment under the SFO.
- (2) Ms. Ge Tong is the spouse of Mr. Zeng. Under the SFO, Ms. Ge is deemed to be interested in the same number of Shares in which Mr. Zeng is interested.
- (3) Mr. Cheng holds the entire issued share capital of World Hero. Therefore, Mr. Cheng is deemed to be interested in the Shares held by World Hero under the SFO.
- (4) Mr. Cheng directly holds 400,000 shares of the Company.
- (5) Ms. Zhou Xuan is the spouse of Mr. Cheng. Under the SFO, Ms. Zhou is deemed to be interested in the same number of Shares in which Mr. Cheng is interested.
- (6) The entire issued share capital of New Asia is held by Great Origin, whose entire issued share capital is in turn held by Mr. Zhu. Therefore, Mr. Zhu is deemed to be interested in the Shares held by New Asia under the SFO.
- (7) China Petroleum & Chemical Corporation holds the entire issued share capital of Sinopec. Therefore, China Petroleum & Chemical Corporation is deemed to be interested in the Shares held by Sinopec under the SFO. China Petroleum & Chemical Corporation is a PRC state-owned company, whose H shares are listed on the Main Board (stock code: 386).

- (1) € ‹ [5 Þ Best Dawn ~ œ Å Š ĩ p l ç Asia Environment ~ 47.2% œ B d ª ä d € ‹ [i ½ Ç N ç , - â 7 - V % õ Best Dawn ç Asia Environment Ô 5 Þ Y p ... • 1 Þ œ B f
- (2) Ñ • ~ { % € ‹ [~ ª f i ½ Ç N ç , - â 7 d Ñ ~ { - V % õ € ‹ [Ô 5 Þ œ B ~ ' • p f p ... • 1 Þ œ B f
- (3) ù ‹ [5 Þ World Hero ~ œ Å Š ĩ p l d ª ä d ù ‹ [i ½ Ç N ç , - â 7 - V % õ World Hero Ô 5 Þ Y p ... • 1 Þ œ B f
- (4) ù ‹ [\ 5 Þ l ® ! p ... 400,000 p f
- (5) t Å ~ { % ù ‹ [~ ª f i ½ Ç N ç , - â 7 d t ~ { - V % õ ù ‹ [Ô 5 Þ œ B ~ ' • p f p ... • 1 Þ œ B f
- (6) U 5 Þ New Asia Y œ Å Š ĩ p l d p ª ‹ [5 Þ U Y œ Å Š ĩ p l f ª ä d ª ‹ [i ½ Ç N ç , - â 7 - V % õ New Asia Ô 5 Þ Y p ... • 1 Þ œ B f
- (7) • 7 i 0 . ^ p ... Þ " ® ! 5 Þ • i . ~ œ Å Š ĩ p l f ª ä d • 7 i 0 . ^ p ... Þ " ® ! i ½ Ç N ç , - â 7 - V % õ • i . Ô 5 Þ Y p ... • 1 Þ œ B f • 7 i 0 . ^ p ... Þ " ® ! % • • 7 7 Þ † 8 d l H p õ ð j 9 € p ... Þ î j 386

Save as disclosed above, and as at 30 June 2022, the Directors were not aware of any persons (who were not directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

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Other Information (Continued)

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Other Information (Continued)

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Notes:

1. Subject to the satisfaction of the vesting conditions, the Scheme adopts a 4-year vesting schedule, in the following manner:

- a. first 40% of the options are vested on the one-year anniversary from the date on which an offer for the grant of an option is made to an eligible participant (the "Offer Date");

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Other Information (Continued)

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During the Reporting Period, the Company repurchased 56,000 Shares in aggregate on the Stock Exchange at a total consideration of HK\$73,920.00, which were cancelled thereafter on 19 May 2022.

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73,920.00 ¥ © ... « I p ... ¥ • 56,000

2022_Ü Ü

Details of the repurchase are summarized as follows:

Date of repurchase ... « Ú ,	Number of Shares p ... p f	Highest price per share Ê p ð ÷ HK\$ ¥ ©	Lowest price per share Ê p ð - HK\$ ¥ ©	Aggregate consideration < p HK\$ ¥ ©
31 March 2022 2022 Ë3 Ü31 Ú	56,000	1.32	1.32	73,920

Save for the above, neither the Company nor any member of the Group has purchased, sold or redeemed any of the Company's Shares during the Reporting Period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information available to the Company and to the knowledge of the Directors, the Company maintained sufficient public float during the period from the Listing Date to 30 June 2022.

DIVIDEND POLICY

On 18 May 2018, the Board resolved to approve and announce the Group's dividend policy.

INTERIM DIVIDEND

In accordance with the Dividend Policy announced by the Company on 18 May 2018, the Board considers paying out annual dividends within the range of 30% to 50% of the net profit each year. The Board has resolved not to declare any interim dividend for the six months ended 30 June 2022 (2021: Nil).

Other Information (Continued)

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Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

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For the six months ended 30 June 2022
Ú 2022 Ę6 Ú30 Ú ß - H Ú

For the six months ended 30 June
Ú 6 Ú



Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income (Continued)
 簡明綜合損益及其他全面收益表(續)

For the six months ended 30 June 2022
 截至2022年6月30日止六個月

For the six months ended 30 June
 截至2021年6月30日止六個月

		Notes	2021	2021
		• W	RMB'000	RMB'000
			(Unaudited)	(Unaudited)
			€ J ¼ 2 è •	€ J ¼ 2 è •
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	N @ ! w · p Æ B 5 p [Ð & Ê p @ ;	9		
- Basic (RMB)	Ñ ? I € [O Æ © •		0.16	0.16
- Diluted (RMB)	Ñ Å [€ [O Æ © •		0.16	0.16

Condensed Consolidated Statement of Financial Position

簡明綜合財務狀況表

As at 30 June 2022
於2022年6月30日

		As at 31 December 2021 於2021年 12月31日 RMB'000 [O A w © (Audited) € ¼ 2 è •
	<i>Notes</i> • W	
Non-current assets	ç t *	
Property, plant and equipment	J 8 e @ Ò ç £ ê	590,267
Investment properties	³ J 8	10,271
Goodwill	'	147,957
Other Intangible assets	l ü ì - *	650,714
Receivables under service concession arrangement	\$ ç ¼ Ä ° ° h Y Ð x › °	316,691
Investment in associates	õ L ® ! Y ³	80,101
Long term receivable	—, Ð x ›	45,548
Contract assets	¥ Ò *	202,027
Amounts due from related parties	Ð x ë ¹ Û › °	138,852
Deferred tax assets	Ë · ü ° *	33,158
Other non-current assets	l ü ç t *	98,606
Total non-current assets	ç t * < X	2,314,192
Current assets	t *	
Receivables under service concession arrangement	\$ ç ¼ Ä ° ° h Y Ð x › °	24,865
Debt instruments at fair value through other comprehensive income	2 ® ^a =] l ü Ç & x B Y Ä ^ H	284,168
Inventories	Ä -	29,549
Equity instrument at FVTPL	2 ® ^a =] & B Y p l ^ H	178,771
Contract assets	¥ Ò *	240,308
Trade receivables	q ø Ð x › °	885,420
Prepayments, deposits and other receivables	k ù › ° e 2 - ç l ü Ð x › °	157,426
Amounts due from related parties	Ð x ë ¹ Û › °	177,547
Pledged time deposits and bank balances	Š ê ä ›, Ä › ç Õ q	142,009
Cash and cash equivalents	\$ - ç \$ - J	342,958
		2,463,021

Condensed Consolidated Statement of Financial Position (Continued)

簡明綜合財務狀況表(續)

As at 30 June 2022
於2022年6月30日

		<i>Notes</i>	As at 31 December 2021 2021 年 12 月 31 日 RMB'000 [O A E w © (Audited) € % 2 è •
		<i>• W</i>	
Current liabilities	t À		
Trade and notes payables	q ø Ð ù › ° ç Ð ù C ½	13	1,136,336
Other payables, deposits received and accrued expenses	l ü Ð ù › ° e Š x 2 – ç Ð š Ő		392,200
Contract liabilities	¥ Ò À	11	82,607
Income tax payable	Ð ® Ô { ü		26,222
Borrowings	> ›		82,566
Lease liabilities	a # À		3,264
Amounts due to companies / liabilities	a # À		

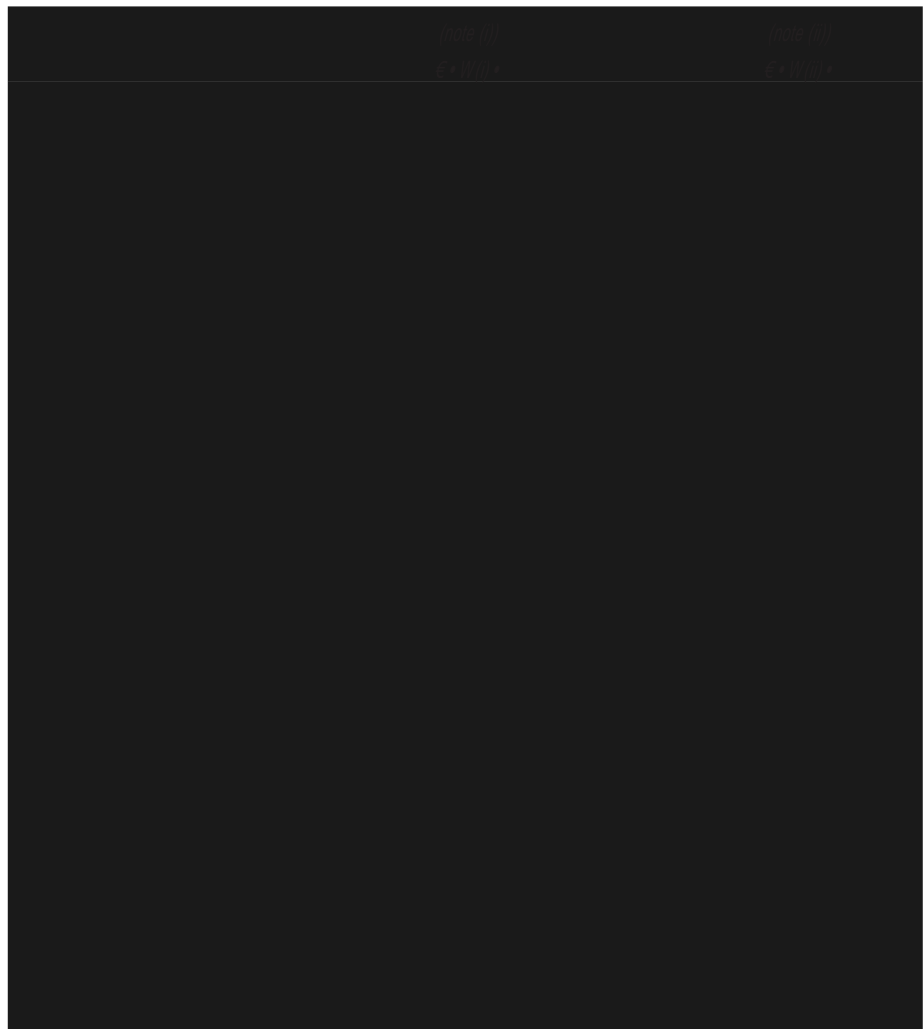
Condensed Consolidated Statement of Changes in Equity

簡明綜合權益變動表

For the six months ended 30 June 2022
截至2022年6月30日止六個月

As at 1 January 2022
(audited)

2022 1 1
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Condensed Consolidated Statement of Changes in Equity (Continued)

簡明綜合權益變動表(續)

For the six months ended 30 June 2022
截至2022年6月30日止六個月

Attributable to owners of the parent

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Share

capitalAttributable to owners of the parent

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Condensed Consolidated Statement of Changes in Equity (Continued)

簡明綜合權益變動表(續)

For the six months ended 30 June 2022
截至2022年6月30日止六個月

Condensed Consolidated Statement of Cash Flows

簡明綜合現金流量表

For the six months ended 30 June 2022
截至2022年6月30日止六個月For the six months ended 30 June
20212021
RMB'000
[Unaudited]
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NET CASH USED IN OPERATING ACTIVITIES	¼ z Ô \ \$ - X		(90,385)
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Condensed Consolidated Statement of Cash Flows (Continued)

簡明綜合現金流量表(續)

For the six months ended 30 June 2022
截至2022年6月30日止六個月For the six months ended 30 June
截至2021年6月30日止六個月2021
2021 年
RMB'000
[Unaudited]
未經審核NET CASH USED IN FINANCING
ACTIVITIES

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(8,737)

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For the six months ended 30 June 2022
 Ú 2022 Ę6 Ü30 Ú ß - H Ü

3. REVENUE AND SEGMENT INFORMATION

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Flue Gas Treatment Business:

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EPC

project design, procurement of equipment and materials, project construction and equipment installment and testing services
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O&M

operation service and regular maintenance service for desulfurization and denitrification facilities and dust removal facilities

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Concession operation

(“BOT”, and “Transfer-Operate-Transfer”, “TOT”)

\$ ç ¾ 8

€ BOT™

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construction of infrastructure or acquisition of existing infrastructure from grantor, operation and maintenance of flue gas treatment project for a pre-defined period according to the concession contract and transfer the ownership of the infrastructure to the customer at the end of the period
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 œ † g 7 # ° f 6 ~ j • (ö , K 7 + ? p £ D Ô p Æ š Ò

Others

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Water Treatment Business

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mainly involved in the sewage treatment for industrial parks in coal chemical, coking and steel sectors

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Hazardous and Solid Waste Treatment/Disposal Business

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mainly involved in the harmlessness, quantity reduction and resource utilization of bulk solid waste and industrial hazardous waste

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Dual-Carbon Energy Saving Business

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mainly involved in project engineering and design, procurement of equipment and materials, project construction, equipment installation and commissioning services

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Notes to the Condensed Consolidated Financial Statements (Continued)

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For the six months ended 30 June 2022
Ü 2022 Ē 6 Ü 30 Ü ß - H Ü

Disaggregation of revenue

× B Y Z ±

For the six months ended
30 June



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For the six months ended 30 June 2022
 Ú 2022 Ę6 Ü30 Ú ß - H Ü

3. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue (Continued)

Transaction price allocated to the remaining performance obligations for contracts with customers

The performance obligations for the EPC services and construction services under service concession arrangements have an original expected duration of one year or less. Therefore the transaction price allocated to these unsatisfied contracts is not disclosed as permitted by IFRS 15.

For certain O&M services and the O&M service under service concession arrangements, the Group applies the practical expedient by recognising revenue in

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Notes to the Condensed Consolidated Financial Statements (Continued)

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For the six months ended 30 June 2022
Ú 2022 È6 Ú30 Ú ß - H Ü

Disaggregation of revenue (Continued)

The analysis of the Group's revenue and results by operating and reportable segment is as follows:

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For the six months ended 30 June 2022
 Ü 2022 Ë 6 Ü 30 Ú ß Ñ H Ü ? ì ±

3. REVENUE AND SEGMENT INFORMATION (Continued)

Disaggregation of revenue (Continued)

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales for the six months ended 30 June ed 30 J2ohere -4.667 TD <035F05F502F40805195 673.1151 Tm29o(2021: Nil).30 J)intersegment sales 14 June: Nop (

× B Y Z ± € f •

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Notes to the Condensed Consolidated Financial Statements (Continued)

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For the six months ended 30 June 2022
 Ú 2022 È 6 Ü 30 Ú ß - H Ü

Disaggregation of revenue (Continued)

Information about major customers

Revenue from customers during the year contributing over 10% of the total revenue of the Group are as follows:

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x B Y Z ± € f •

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õ l È d 8 Í l « < x B 10% ø

j Ò Y x B ½ h j

For the six months ended
 30 June
 Ú 6 Ü 30 Ú ß - H Ü

		2022 2022 È RMB'000 [O Æ w © (Unaudited) € J ¼ 2 è •	2021 2021 È RMB'000 [O Æ w © (Unaudited) € J ¼ 2 è •
	Business segment ± Å		
Customer A Ò A	Concession operation and O&M \$ ç ¾ ç 6 j		*

* Revenue from these major customers was less than 10% in the relevant period presented.

* õ O Y ' è , œ d 8 ô Ò Y x B " 10% f

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For the six months ended 30 June 2022
 Ú 2022 Ę6 Ü30 Ú ß Ñ H Ü

For the six months ended
 30 June
 Ú 6 Ü30 Ú ß Ñ H Ü

		2021 2021 Ę RMB'000 [O Æ w © (Unaudited) € J ¼ 2 è •
Interest income	; 1 ×]	7,463
Government grants	A ´ p ?	3,416
Rental income, net	a – x] =	(160)
Fair value (losses) J gain on financial assets at FVTPL	2 ® ^a =] & B Y – D * ~ ® ^a = € f & j × B	34,509
Foreign exchange gain J (losses)	. Ò × B J € f & •	(2,453)
Losses on disposal of financial assets at FVTPL	2 ® ^a =] & B Y – D * ~ ^ Ä & 0	–
Others	I ü	2,981
		45,756

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For the six months ended
 30 June
 Ú 6 Ü30



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Notes to the Condensed Consolidated Financial Statements (Continued)

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For the six months ended 30 June 2022
Ú 2022 Ë6 Ú30 Ú ß - H Ú

The Company and CBEE Holdings Co., Ltd. (“CBEE”), the Company’s subsidiary, were incorporated in the Cayman Islands and the British Virgin Islands (“BVI”), respectively. Both entities did not have tax assessable profit in Cayman Islands, BVI or other jurisdiction during the Reporting Period.

Pursuant to the Enterprise Income Tax Law (the “EIT Law”) effective on 1 January 2008, Beijing Boqi obtained a “High and New Technology Enterprise” (the “HNTE”) in 2008 which Beijing Boqi was entitled to a preferential tax rate of 15% from 2008 to 2010 and could be re-applied every three years; the current active HNTE certificate has an effective date until December 2023.

In October 2015, Shanxi Hejin Boqi Environmental Technology Co., Ltd. € † & u ù f - Å Ì Þ " ® ! • (“

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For the six months ended 30 June 2022
Ú 2022 Ë6 Ü30 Ú ß Ñ H Ü

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õ Ú 2016 Ë12 Ü31 Ú ß Ë ¥ ø ‰
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2018 Ë . Þ 15% Y ´ l ü ò Ê ^
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õ 2017 Ë12 Ü d † ^ r ù f - Å !
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ü Y ´ l d l g Ë . Þ 12.5% Y ´ l
ü f

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f Y é á ^ # 8 œ 2018 Ë . Þ 5 t
g Ë Ô { ü Y ´ l d l g . Þ 12.5%
Y ´ l ü f

õ 2019 Ë1 Ü d ì ù f - Å ! Þ " ®
€ ì ù f ™ - õ ì ù f Y m ? 8
œ 2019 Ë . Þ 5 ® g Ë Ô { ü Y ´
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Notes to the Condensed Consolidated Financial Statements (Continued)

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For the six months ended 30 June 2022
Ú 2022 Ē6 Ü30 Ú ß - H Ü

In May 2019, Laibin Boqi Environmental Technology
Co., Ltd. € 8 • ù f - Å ! Ɔ " © ! • (“Laibin Boqi”

ü] ¶ Ì œ • W € f •

For the six months ended 30 June 2022
Ú 2022 Ě6 Ü30 Ú ß - H Ü



Notes to the Condensed Consolidated Financial Statements (Continued)

ü] ¥ Ì CE • W€ f •

For the six months ended 30 June 2022
Ú 2022 Ē6 Ü30 Ú ß - H Ü

ü] ¥ Ì Ö • W € f •

For the six months ended 30 June 2022
Ú 2022 Ě6 Ü30 Ú ß - H Ü

10. RECEIVABLES UNDER SERVICE CONCESSION
ARRANGEMENT

		As at 31 December 2021 5 2021 Ě 12 Ü31 Ú RMB'000 [O Æ w © (Audited) € ¾ 2 è •
Current portion	C , Å ±	24,865
Non-current portion	¢ C , Å ±	316,691
		341,556
Expected collection schedule is analysed as follows:	k x › Ũ œ ± ½ h j	
Within one year	S Ě «	24,865
More than one year, but not more than two years	S Ě ø j (" t @ G Ě	24,079
More than two years but not more than five years	G Ě ø j (" t @ ž Ě	81,839
More than five years	ž Ě ø j	210,773
		341,556

Notes to the Condensed Consolidated Financial Statements (Continued)

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For the six months ended 30 June 2022
 Ú 2022 Ę6 Ü30 Ú ß - H Ü

11. ¥ Ò * ¿ ¥ Ò À

The Group has rights to considerations from customers for the provision of construction, operation and maintenance services. Contract assets arise when the Group has rights to considerations for completion of such services and not yet billed under the relevant contracts, and their rights are conditioned on factors other than passage of time. Any amount previously recognised as a contract assets are transferred to trade receivables when the rights become unconditional. Remaining rights and performance obligations in a particular contract are accounted for and presented on a net basis, as either a contract asset or a contract liability.

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 ; ¿ 5 Ò a , 2 X ? _] * (O • % ¥
 Ò * Ð ¥ Ò À f

		As at 30 June 2022 ò 2022 Ę 6 Ü30 Ú RMB'000 [O Æ w © (Unaudited) € J ¼ 2 è •	As at 31 December 2021 ò 2021 Ę 12 Ü31 Ú RMB'000 [O Æ w © (Audited) € ¼ 2 è •
Construction contracts analysed for reporting purposes as follows:	6 O \ Ä * ± Y ¿ ¥ Ò ½ h j		
Contract assets	¥ Ò *		442,335
Contract liabilities	¥ Ò À		(116,197)
<hr/>			
Contract assets are analysed for reporting purposes as follows:	6 O \ Ä * ± Y ¥ Ò * ½ h j		
Current	C ,		240,308
Non-current	ç C ,		202,027
<hr/>			
			442,335
<hr/>			
Contract liabilities are analysed for reporting purposes as follows:	6 O \ Ä * ± Y ¥ Ò À ½ h j		
Current	C ,		116,197
<hr/>			
			116,197

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For the six months ended 30 June 2022
Ú 2022 Ę6 Ú30 Ú ß - H Ú

As at
31 December
2021
ō 2021 Ę
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Notes to the Condensed Consolidated Financial Statements (Continued)

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For the six months ended 30 June 2022
Ü 2022 Ë6 Ü30 Ü ß - H Ü

Aging analysis of trade receivables net of allowance for

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For the six months ended 30 June 2022
 Ü 2022 Ę 6 Ü 30 Ú ß - H Ü

13. TRADE AND NOTES PAYABLES

			As at 31 December 2021 õ 2021 Ę 12 Ü 31 Ú RMB'000 [O Æ w © (Audited) € ¼ 2 è •
Trade payables	q ø Đ ù › °		832,474
Notes payables	Đ ù C ½		303,862
Total	<		1,136,336

The credit period on purchases of goods and services is generally 30 to 90 days. The table below sets forth the aging analysis of trade and notes payables as at the end of the reporting periods indicated:

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 ° ç Đ ù C ½ Y * g ± j

		As at 30 June 2022 õ 2022 Ę 6 Ü 30 Ú RMB'000 [O Æ w © (Unaudited) € J ¼ 2 è •	As at 31 December 2021 õ 2021 Ę 12 Ü 31 Ú RMB'000 [O Æ w © (Audited) € ¼ 2 è •
Less than 90 days	Ç õ 90 Ú		466,320
90-180 days	91 180 Ú		277,646
180 days-1 year	181 365 Ú		113,611
1-2 years	1 2 Ę		107,132
2-3 years	2 3 Ę		71,447
Over 3 years	t @ 3 Ę		100,180
Total	<		1,136,336

Notes to the Condensed Consolidated Financial Statements (Continued)

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For the six months ended 30 June 2022
Ü 2022 Ë6 Ü30 Ü ß - H Ü

•] ¥ Ì • W € f •

For the six months ended 30 June 2022
Ú 2022 È6 Ú30 Ú ß - H Ú

(a) Share Option Scheme

No option was granted by the Company from 1 January 2022 to 30 June 2022.

The Company adopted a share option scheme (the “Scheme 2020”) on 29 December 2020, i.e. the date on which the Scheme 2020 was adopted by resolution of the Shareholders at general meeting (the “Adoption Date”). The purpose of the Scheme 2020 is to enable the Group to grant options to the eligible participants as incentives or rewards for their contribution to the Group. The Scheme 2020 shall be valid and effective for a period of ten years from the Adoption Date.

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The period within which the options must be exercised will be specified by the Company at the time of grant. This period must expire no later than ten years from the relevant date of grant. The board may also provide restrictions on the exercise of an option during the period an option may be exercised.

Share options do not confer rights on the holders to dividends or to vote at shareholders

Notes to the Condensed Consolidated Financial Statements (Continued)

ü] ¥ Ì CE • W€ f •

For the six months ended 30 June 2022

Ü 2022 Ë6 Ü30 Ü ß - H Ü

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For the six months ended 30 June 2022
 Ü 2022 Ę Ü30 Ü ß - H Ü

(a) Share Option Scheme (Continued)
 Movement of the share options

15. p ... , Æ Ö € f •

(a) p ... , Æ Ö € f •

p ... , Æ Y

At the beginning of the period ð , ‹

1 January 2022 to 30 June 2022 2022 Ę 1 Ü1 Ü 2022 Ę 6 Ü30 Ü (Unaudited) € J ¾ 2 è •	1 January 2021 to 30 June 2021 2021 Ę 1 Ü1 Ü 2021 Ę 6 Ü30 Ü (Unaudited) € J ¾ 2 è •

During the six months ended 30 June 2022, 750,000 options lapsed due to the unfulfillment of vesting condition under the Scheme 2020. The group recognized a share-based payment expense of RMB2,496,000 (2021: RMB175,000) in the unaudited interim consolidated statement of profit or loss during the six months ended 30 June 2022.

Notes to the Condensed Consolidated Financial Statements (Continued)

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For the six months ended 30 June 2022
Ü 2022 Ē6 Ü30 Ü ß - H Ü

(b) Award Share Scheme

The Company adopted the Pre-IPO Share Award Scheme (“Scheme 2016”) pursuant to a resolution passed by the Directors on 15 April 2016, through which a total of 25,000,000 shares (“

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For the six months ended 30 June 2022
Ú 2022 Ē6 Ü30 Ú ß - H Ü

(b) Award Share Scheme *(Continued)*

Pursuant to the Scheme, the Selected Employees are entitled to subscribe for the Awarded Shares at the price of RMB0.85 per Awarded Share by way of a loan provided by the Company. On 7 September 2016, the Company granted 23,170,000 Awarded Shares to the Selected Employees. The details of the Awarded Shares granted for the year ended 31 December 2016 are as follows:

The Group has determined the fair value of the Awarded Shares based on the binominal option-pricing model as of the grant date. The valuation model requi(.05333333ui(.05333333ui(.0533nput (of)13.9 (Rf)13highly (Rf)13ribj)41ive ()TJ 0.05 Tc 3

Notes to the Condensed Consolidated Financial Statements (Continued)

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For the six months ended 30 June 2022
 Ú 2022 Ē6 Ü30 Ú ß - H Ü

15. p ... , Æ CE € f •

(b) Award Share Scheme (Continued)

(b) ¨ , p ... CE € f •

7 September
 2016
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Weighted average grant date fair value per share	Ê p Æ ; i - Ú @ ^a =	RMB1.94 [O Æ1.94 ©
Weighted average exercise price	Æ ; i 4	RMB0.85 [O Æ0.85 ©
Detailed forecast period 5 years	Z k » ,	5 years 5 Ē
Weighted average cost of capital	Æ ; i I Ó I	16.83%
Leveraged beta	z Å °	1.04
Entity risk premium	p Æ , ^ P	0.5%
Discount rate due to lack of control	y ö › S ± +	10%

The Company adopted the Supplementary Scheme of the Pre-IPO Share Award Scheme ("Supplementary Scheme") pursuant to a resolution passed by the Directors on 28 August 2019, which authorises the chief executive officer to complete the selection of grantees, the allocation of shares and the signing of agreements and other related work to grant the shares withdrawn and had not been granted on 7 September 2016.

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For the six months ended 30 June 2022
 Ü 2022 Ë 6 Ü 30 Ü ß ñ H Ü

15. p ... , Æ Ö € f •

(b) Award Share Scheme (Continued)

Pursuant to the Supplementary Scheme, the Selected Employees are entitled to subscribe for the Awarded Shares without a consideration. The Group did not grant any Awarded Shares under the Supplementary Scheme during the Reporting Period. On 24 February 2021 and 31 March 2021, the Company granted 3,100,000 and 1,040,000 Awarded Shares to the Selected Employees, respectively. The details of the Awarded Shares granted for the six months ended 30 June 2021 are as follows:

(b) ¤ , p ... Ö € f •

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 ¤ , p ... f ð 2021 Ë 2 Ü 24 Ü
 ç 2021 Ë 3 Ü 31 Ü d l ® ! ± 9
 £ ¼ 1 o þ p ñ 3,100,000 p ç
 1,040,000 p ¤ , p f ð Ü 2021
 Ë 6 Ü 30 Ü ß ñ H Ü ñ Y ¤ , p
 ... (½ h j

Number of Awarded Shares granted ¤ , p ... ñ š p f	Date of grant ñ š Ü	Expiry date Q , Ü	Purchase price ... o
3,100,000	24 February 2021 2021 Ë 2 Ü 24 Ü	28 August 2029 2029 Ë 8 Ü 28 Ü	–
1,040,000	31 March 2021 2021 Ë 3 Ü 31 Ü	28 August 2029 2029 Ë 8 Ü 28 Ü	–

The Group has determined the fair value of the Awarded Shares based on the binominal option-pricing model as of the grant date, taking into account the terms and conditions upon which the options were granted. The following table lists the significant inputs to the model used:

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 Y i] p ½ j

		24 February 2021 2021 Ë 2 Ü 24 Ü	31 March 2021 2021 Ë 3 Ü 31 Ü
Dividend yield (%)	p ¹ (%)	4.32	4.32
Expected volatility (%)	k , * 7 (%)	61.92	61.68
Historical volatility (%)	Ý & * 7 (%)	61.92	61.68
Risk-free interest rate (%)	ì , ^ ; (%)	1.10	1.30
Expected life of options (year)	k , Æ þ Ö Ë , € Ë •	10.00	10.00
Spot price (HK\$ per share)	\$ € Ë p ¥ © •	1.36	1.38

Notes to the Condensed Consolidated Financial Statements (Continued)

ü] ¥ Ì CE • W € f •

For the six months ended 30 June 2022
 Ú 2022 Ě6 Ü30 Ú ß - H Ü

15. SHARE OPTION SCHEME (Continued)

(b) Award Share Scheme (Continued)

Movement of the Award Shares (Unaudited)

(b) ¥ , p ... CE € f •

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		1 January 2022 to 30 June 2022 2022 Ě 1 Ü1 Ú 2022 Ě 6 Ü30 Ú	1 January 2021 to 30 June 2021 2021 Ě 1 Ü1 Ú 2021 Ě 6 Ü30 Ú
At the beginning of the period	ō , †		8,760,500
Granted during the period	, « -		4,140,000
Exercised during the period	, « Æ		(2,137,000)
Forfeited during the period	, « Ú x		(50,000)
At the end of the period	ō , K		10,713,500

The Group recognized a share-based payment expense of Award Shares of RMB1,473,000 (2021: RMB196,000) and did not reverse any share-based payment expenses in the unaudited interim consolidated statement of profit or loss during the six months ended 30 June 2022 in relation to the Awarded Shares granted by the Company.

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 « , ø p ... % ? þ ù › š Ō f

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For the six months ended 30 June 2022
 Ú 2022 Ę 6 Ü 30 Ú ß - H Ü

(a) Amounts due from related parties

(a) Ð x ë ¹ Ü › °

		As at 31 December 2021 ö 2021 Ę 12 Ü 31 Ü RMB'000 [O Æ w © (Audited) € % 2 è •
Yangxi Haibin Electric Power Development Co., Ltd. ("Yangxi Electric") (Note (i))	ç ò e b ĩ • Þ " ® ! € ç e b T M € • W (i) •	243,253
Jijiantou Shouyang Thermolectric Co., Ltd ("Shouyang Thermal Power") (Note (ii))	• ³ a ç e Þ " a , ® ! € a ç e T M € • W (ii) •	39,544
Sinopec Shanghai Petrochemical Company Limited Þ " 3 Ž €	• 7 i • j i 0 • ^ p ... Yangxi 36 T60nina f 6.2o1A00F	1,764
Chongqing Chuanwei Northwest Oilfield Branch of	E † j	28,212

Notes to the Condensed Consolidated Financial Statements (Continued)

簡明綜合財務報表附註(續)

For the six months ended 30 June 2022
截至2022年6月30日止六個月

16. 應收關聯方款項

(a) Amounts due from related parties (Continued)

	As at 30 June 2022 截至2022年 6月30日 RMB'000 (Unaudited) 人民幣千元 (未經審核)	As at 31 December 2021 截至2021年 12月31日 RMB'000 (Audited) 人民幣千元 (經審核)
Analysed for reporting purpose as:		
Current assets	177,547	177,547
Non-current assets	138,852	138,852
		316,399
Trade balances	173,054	173,054
Non-trade balances	143,345	143,345
		316,399

(i) On 28 August 2017, the Group entered into a revised management service agreement with Guangdong Huaxia Electric Development Co., Ltd (Guangdong Huaxia Electric Development Co., Ltd) and Yangxi Electric to extend the O&M service term from 1 January 2017 to 31 December 2017 to a term from 1 January 2017 to 31 December 2025 and require a deposit of RMB139,690,000, which was paid by the Group on 31 December 2017. The deposit is unsecured and repayable at the end of the O&M service term.

(i) 於2017年8月28日，本集團與廣東華夏電力發展有限公司（廣東華夏電力發展有限公司）及陽溪電力簽署了經修訂的物業管理服務協議，將物業管理服務期限由2017年1月1日至2017年12月31日延長至2025年12月31日，並要求本集團於2017年12月31日支付人民幣139,690,000元作為保證金。該保證金為無抵押，並於物業管理服務期限屆滿時償還。

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For the six months ended 30 June 2022
Ú 2022 Ē6 Ü30 Ú ß - H Ü

(a) Amounts due from related parties *(Continued)*

(ii) *Shouyang Thermal Power was 40% held by Mr. Zeng Zhijun and Mr. Cheng Liquan Richard, our Directors and substantial shareholders, through Beijing Boqi Environmental Technology Co., Ltd. ("Beijing Boqi Environmental Protection"), and was therefore a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Prior to the Listing, the Company*

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For the six months ended 30 June 2022
Ú 2022 È6 Ü30 Ú ß - H Ü

(b) Amounts due to related parties

Notes to the Condensed Consolidated Financial Statements (Continued)

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For the six months ended 30 June 2022
 Ú 2022 Ē 6 Ü 30 Ú ß - H Ü

(c) The transactions with related parties during the periods reported are listed out below:

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		As at 31 December 2021 ð 2021 Ē 6 Ü 30 Ú RMB'000 [O Æ w © (Audited) € ¾ 2 è •
Yangxi Electric (<i>note (i)</i>)	ç e b € • W (i) •	
– O&M service	Ñ 6 j	74,148
– Interest income	Ñ ; 1 x]	3,080
– Water and electricity, labor, spare parts and miscellaneous items charged by Yangxi Electric	Ñ ç e b x _ Y å e e ö ^ e ê • ç O ° I \	30,702
Chongqing Chuanwei	E ‡ j	
– EPC service (<i>note (ii)</i>) •	Ñ EPC € • W ð	–
Shouyang Thermal Power	^a ç e	
– EPC service	Ñ EPC	16,443
PetroChina Northwest Oilfield	• i 0 0 ^	
– O&M service	Ñ 6 j	–
Sinopec Fifth Construction	• i • K ž £	
– Purchase of equipment	Ñ ... o £ ê	–
– Purchase of construction service	Ñ ... o ç	–

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For the six months ended 30 June 2022
 Ú 2022 Ę6 Ü30 Ú ß - H Ü

16. ë¹ Ù t ø ÿ q € f •

(c) The transactions with related parties during the periods reported are listed out below:
 (Continued)

Notes:

(i) In December 2016, the Group entered into a management service agreement, pursuant to which the Group provided O&M service to Yangxi Electric, and RMB53,746,000 was recognised as revenue during the six months ended 30 June 2022 (first half of 2021: RMB74,148,000). The Group also purchases water and electricity, labor, space parts and miscellaneous items from Yangxi Electric to support the O&M service. During the six months ended 30 June 2022, the Group purchased a total amount of RMB20,465,000 (first half of 2021: RMB30,702,000) of water and electricity, labor, space parts and miscellaneous items from Yangxi Electric.

(ii) In September 2018, the Group entered into an EPC service contract with Chongqing Chuanwei for a total contract amount of RMB194,870,000, of which revenue of RMB1,629,000 was recognised during the period ended 30 June 2022 (first half of 2021: no revenue was recognised).

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Notes to the Condensed Consolidated Financial Statements (Continued)

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For the six months ended 30 June 2022
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		As at 30 June 2022 ö 2022 Ę 6 Ü30 Ú RMB'000 [Ö Æ w © (Unaudited) € J ¼ 2 è •	As at 31 December 2021 ö 2021 Ę 12 Ü31 Ú RMB'000 [Ö Æ w © (Audited) € ¼ 2 è •
Commitments for construction of infrastructure under concession operation (contracted but not provided for)	\$ ç ¼ ° h ç ? þ £ D Y Ö Ä € Š Ò (J a ê •		105,291

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There has been no material events subsequent to the period, which require adjustment or disclosure in accordance with IFRSs.

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Definitions

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“Board”	the board of Director(s) of the Company
“Company”, “our Company” or “China Boqi”	China Boqi Environmental (Holding) Co., Ltd. (formerly known as China Boqi Engineering Co., Ltd.), a company incorporated in the Cayman Islands on 30 January 2015 as an exempted limited liability company
“Director(s)”	the director(s) of the Company
“EPC”	project design, procurement of equipment and materials, project construction and equipment installment and testing services
“FVTPL”	fair value through profit or loss
“Group”, “our Group”, “we” or “us”	the Company and its subsidiaries
“Listing Date”	16 March 2018, on which the Shares were Listed on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“M&A”	merger and acquisition
“O&M”	operation service and regular maintenance service for desulfurization and denitrification facilities and dust removal facilities
“PRC” or “China”	the People’s Republic of China which, for the purpose of this report and for geographical reference only, excludes Hong Kong, Macau and Taiwan
“Reporting Period”	the six months ended 30 June 2022
“RMB”	Renminbi, the lawful currency of China
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of US\$0.00001 each in the issued share capital of the Company
“Shareholder(s)”	holder(s) of Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percent

