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TIL ENVIRO LIMITED

達力環保有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1790)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

FINANCIAL HIGHLIGHTS

- Revenue for the year was approximately HK\$230.6 million, representing a year-on-year increase of approximately HK\$50.2 million or approximately 27.8% as compared to approximately HK\$180.4 million in the preceding year.
- Gross profit for the year was approximately HK\$176.1 million, representing a year-on-year increase of approximately HK\$62.0 million or approximately 54.3% as compared to approximately HK\$114.1 million in the preceding year.
- Profit for the year was approximately HK\$66.2 million, representing a year-on-year decrease of approximately HK\$7.1 million or approximately 9.7% as compared to approximately HK\$73.3 million in the preceding year.

ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**” and each a “**Director**”) of TIL Enviro Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively, “**we**”, “**us**”, “**our**” or the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”) with the comparative figures for the preceding financial year, as follows:

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	Note	2024 HK\$'000	2023 HK\$'000
Revenue			
— Wastewater treatment operation services		113,538	64,554
— Finance income from service concession arrangement		<u>117,016</u>	<u>115,799</u>
	3	230,554	180,353
Cost of sales		<u>(54,455)</u>	<u>(66,244)</u>
Gross profit		176,099	114,109
Other income	4	2,596	2,519
Other (losses)/gains, net	5	(54,896)	22,767
General and administrative expenses		<u>(13,653)</u>	<u>(15,605)</u>
Operating profit		110,146	123,790
Finance costs	6	<u>(28,086)</u>	<u>(32,873)</u>
Profit before income tax		82,060	90,917
Income tax expense	7	<u>(15,893)</u>	<u>(17,657)</u>
Profit for the year		<u>66,167</u>	<u>73,260</u>
Profit for the year attributable to:			
Owners of the Company		<u>66,167</u>	<u>73,260</u>
Earnings per share for profit attributable to owners of the Company			
Basic and diluted (<i>expressed in HK\$ per share</i>)	8	<u>0.07</u>	<u>0.07</u>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2024

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Profit for the year	66,167	73,260
Other comprehensive loss:		
<i>Items that may be reclassified to profit or loss:</i>		
Currency translation differences	<u>(45,900)</u>	<u>(36,040)</u>
Total comprehensive income for the year	<u>20,267</u>	<u>37,220</u>
Total comprehensive income attributable to:		
Owners of the Company	<u>20,267</u>	<u>37,220</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS			
Non-current assets			
Property, plant and equipment		3,405	1,441
Right-of-use assets		315	476
Receivable under service concession arrangement	<i>10</i>	1,221,653	1,317,508
Intangible assets		2,435	2,668
Restricted bank balances		4,257	4,401
		1,232,065	1,326,494
Current assets			
Inventories		1,363	1,821
Trade and other receivables	<i>11</i>	343,474	383,123
Receivable under service concession arrangement	<i>10</i>	439,135	439,866
Cash and cash equivalents		133,557	89,971
		917,529	914,781
Total assets		2,149,594	2,241,275
EQUITY			
Capital and reserves			
Share capital		10,000	10,000
Reserves		540,284	586,184
Retained earnings		829,234	763,067
Total equity		1,379,518	1,359,251

		2024	2023
	<i>Note</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
LIABILITIES			
Non-current liabilities			
Long-term borrowings	12	384,742	451,271
Lease liabilities		14	30
Deferred tax liabilities		116,118	125,772
		<u>500,874</u>	<u>577,073</u>
Current liabilities			
Trade and other payables	13	28,154	39,571
Tax payable		3,352	2,936
Current portion of long-term borrowings	12	218,950	242,741
Short-term borrowings	12	18,411	19,145
Lease liabilities		335	558
		<u>269,202</u>	<u>304,951</u>
Total liabilities		<u>770,076</u>	<u>882,024</u>
Total equity and liabilities		<u>2,149,594</u>	<u>2,241,275</u>
Net current assets		<u>648,327</u>	<u>609,830</u>
Total assets less current liabilities		<u>1,880,392</u>	<u>1,936,324</u>

NOTES TO THE FINANCIAL INFORMATION

1. BASIS OF PREPARATION

The consolidated financial statements of the Group has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies of the Group. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in the notes to the consolidated financial statements.

The Board of Directors are of the view that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the next twelve months from 31 December 2024. This is based on the considerations of the Group’s forecasted positive operating cash inflows from its business operations including the settlement of outstanding trade and other receivables and the compensation receivable in respect of Plant 1. The Board of Directors consider these are sufficient to ensure the Group has adequate resources to meet its liabilities as and when they fall due over the next twelve months from 31 December 2024. Accordingly, the Group continues to adopt the going concern basis in preparing the consolidated financial statements.

2. APPLICATION OF NEW STANDARDS AND AMENDMENTS TO HKFRS

Amendments to standards and interpretation adopted in 2024

In 2024, the Group has adopted the following amendments to standards and interpretation which are relevant to its operations:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current
HKAS 1 (Amendments)	Non-current Liabilities with Covenants
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
HK Int 5 (Revised)	Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The adoption of the above amendments to standards and interpretation have no material effect on the results and financial position of the Group.

2. APPLICATION OF NEW STANDARDS AND AMENDMENTS TO HKFRS (CONTINUED)

New standards and amendments to standards which are not yet effective

The following new standards and amendments to standards have been issued and are mandatory for the Group's accounting periods beginning on or after 1 January 2025 and later periods and have not been early adopted:

		Effective for accounting periods beginning on or after
HKAS 21 (Amendments)	Lack of Exchangeability	1 January 2025
HKFRS 9 and HKFRS 7 (Amendments)	Classification and Measurement of Financial Instruments	1 January 2026
HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 (Amendments)	Annual Improvements to HKFRS Accounting Standards — Volume 11	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The Group has already commenced an assessment of the impact to the Group, certain of which may be relevant to the Group's operations and may give rise to changes in accounting policies, changes in disclosures and remeasurement of certain items in the consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Management has determined the operating segments based on the information reviewed by the chief operating decision-maker (“**CODM**”). The CODM, who is responsible for allocating resources and assessing performance of the operating segment, has been identified as the Board of directors of the Company.

Operating segments are reported in the manner consistent with the internal reporting provided to the CODM. The Group is subject to similar business risk, and resources are allocated based on what is beneficial to the Group in enhancing the value as a whole. The Board of Directors considers the performance assessment of the Group should be based on the profit before income tax of the Group as a whole and regards the Group as a single operating segment and reviews consolidated financial statements accordingly. Therefore, the Board of Directors considers these to be only one operating segment under the requirements of HKFRS 8 “Operating Segments”.

The Group provides wastewater treatment services in the People's Republic of China (the “**PRC**”).

3. REVENUE AND SEGMENT INFORMATION (CONTINUED)

An analysis of the Group's revenue from contracts with the customer is as follows:

	2024 HK\$'000	2023 HK\$'000
Wastewater treatment operation services	113,538	64,554
Finance income from service concession arrangement	117,016	115,799
	<u>230,554</u>	<u>180,353</u>

Segment assets and liabilities

No assets and liabilities are included in the Group's segment reporting that are submitted to and reviewed by the CODM internally. Accordingly, no segment assets and liabilities are presented.

Information about major customer

External customer, who contributes over 10% of total revenue of the Group are as follows:

	2024 HK\$'000	2023 HK\$'000
Customer A	<u>230,554</u>	<u>180,353</u>

Geographical information

During the year, all the revenue was from the customer in the PRC.

As at 31 December 2024, all non-current assets held by the Group (*primarily represented by property, plant and equipment, right-of-use-assets and intangible assets*) are located in the PRC.

4. OTHER INCOME

	2024 HK\$'000	2023 HK\$'000
Government subsidy	50	46
Interest income	1,368	1,870
Others	1,178	603
	<u>2,596</u>	<u>2,519</u>

5. OTHER (LOSSES)/GAINS, NET

	2024 HK\$'000	2023 HK\$'000
Remeasurement (loss)/gain on the receivable under service concession arrangement (<i>note (i)</i>)	(54,460)	84,377
Impairment loss on intangible assets (<i>note (ii)</i>)	–	(61,222)
Net foreign exchange losses	(432)	(387)
Others	(4)	(1)
	<u>(54,896)</u>	<u>22,767</u>

Notes:

- (i) Remeasurement loss on receivable under service concession arrangement of approximately HK\$54.5 million for the year ended 31 December 2024 is mainly attributable to the change in the certain assumptions in the HK(IFRIC)-Int 12 (“**IFRIC 12**”) model after considering the recent developments (31 December 2023: remeasurement gain of approximately HK\$84.4 million).
- (ii) Intangible assets represent a right to charge the government authority on the excess wastewater production volume over the minimum guaranteed wastewater production volume. Due to the slow economic recovery in Yinchuan after the coronavirus (“**COVID-19**”) pandemic, the forecasted wastewater production volume is expected to be reduced and resulted in an impairment loss of approximately HK\$61.2 million for the year ended 31 December 2023.

6. FINANCE COSTS

	2024 HK\$'000	2023 HK\$'000
Interest expenses on borrowings	28,067	32,820
Interest expenses on lease liabilities	19	53
	<u>28,086</u>	<u>32,873</u>

7. INCOME TAX EXPENSE

	2024 HK\$'000	2023 HK\$'000
Current income tax	21,707	15,769
Deferred income tax	(5,814)	1,888
	<u>15,893</u>	<u>17,657</u>

8. EARNINGS PER SHARE

(a) Basic

The basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2024	2023
Profit attributable to the ordinary shareholders of the Company (<i>HK\$'000</i>)	66,167	73,260
Weighted average number of ordinary shares in issue (<i>thousand</i>)	1,000,000	1,000,000
Basic earnings per share (<i>HK\$ per share</i>)	<u>0.07</u>	<u>0.07</u>

(b) Diluted

Diluted earnings per share is the same as basic earnings per share as there were no potential diluted ordinary shares outstanding as at 31 December 2024 and 2023, respectively.

9. DIVIDENDS

No dividend has been paid or declared by the Company for the year ended 31 December 2024 (31 December 2023: Nil).

10. RECEIVABLE UNDER SERVICE CONCESSION ARRANGEMENT

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
— Current	439,135	439,866
— Non-current	<u>1,221,653</u>	<u>1,317,508</u>
	<u>1,660,788</u>	<u>1,757,374</u>

11. TRADE AND OTHER RECEIVABLES

	2024 HK\$'000	2023 HK\$'000
Trade receivables	326,658	343,111
Other receivables	16,209	36,969
Prepayments	607	3,043
	<u>343,474</u>	<u>383,123</u>

In general, the Group agreed the credit periods with the customer. Aging analysis of gross trade receivables based on the invoice dates is as follows:

	2024 HK\$'000	2023 HK\$'000
0–30 days	16,240	16,849
31–60 days	17,302	16,884
61–90 days	17,999	17,348
91–180 days	57,780	51,926
181–365 days	102,373	106,269
Over 365 days (<i>note</i>)	114,964	133,835
	<u>326,658</u>	<u>343,111</u>

Note: Due to the COVID-19 pandemic, Municipal Administration of Yinchuan (銀川市市政管理局) (“**Yinchuan Municipal**”) has delayed the settlement process. As a result, there are long outstanding trade receivables aged over 365 days as at 31 December 2024 and 2023. The settlement process improves gradually after the COVID-19 pandemic.

12. BORROWINGS

	2024 HK\$'000	2023 HK\$'000
Non-current		
Long-term borrowings	384,742	451,271
Current		
Current portion of long-term borrowings	218,950	242,741
Short-term borrowings	18,411	19,145
	<u>622,103</u>	<u>713,157</u>

The Group’s borrowings as at 31 December 2024 and 2023 were secured by contractual rights to receive revenue generated by the Group and the land use right granted by the government in relation to parcels of land at which the wastewater treatment plants are situated.

13. TRADE AND OTHER PAYABLES

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
Trade payables	17,933	27,596
Retention payables	489	395
Other payables and accruals	<u>9,732</u>	<u>11,580</u>
	<u>28,154</u>	<u>39,571</u>

The aging analysis of trade payables based on the invoice dates is as follows:

	2024 <i>HK\$'000</i>	2023 <i>HK\$'000</i>
0–30 days	723	2,143
31–60 days	574	1,952
61–90 days	657	2,261
Over 90 days	<u>15,979</u>	<u>21,240</u>
	<u>17,933</u>	<u>27,596</u>

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

We are a wastewater treatment service provider operating and managing three wastewater treatment facilities located in Yinchuan, being the capital city of Ningxia Hui Autonomous Region (“**Ningxia**”), the People’s Republic of China (the “**PRC**”), providing wastewater treatment services to the local government. We operate and manage our wastewater treatment plants on a Transfer — Operate — Transfer (“**TOT**”) basis for 30 years since September 2011. We also undertake the upgrading and expansion of our wastewater treatment facilities to achieve higher wastewater discharge standards and to increase our designed treatment capacities.

As at 31 December 2024, our aggregate daily wastewater treatment capacity was 375,000 cubic metres per day pursuant to the cessation of Plant 1 operations. The discharge standard for all wastewater treatment plants were Class IA (*275,000 cubic metres per day*) and Quasi Surface Water Standard Class IV (準四類水標準) (*100,000 cubic metres per day*).

For the Reporting Period, the total quantity of wastewater treated was approximately 78.7 million cubic metres, representing a decrease of approximately 1.7 million cubic metres or approximately 2.1%, from the year ended 31 December 2023 at approximately 80.4 million cubic metres. This was mainly due to overall lower inflow of wastewater during the Reporting Period.

Our Group has actively adhered to all the prescribed discharge standards/parameters set in the national policies throughout the Reporting Period and had not encountered any material quality problems or disruption with respect to our wastewater treatment services.

During the Reporting Period, the Group reported revenue and profit after tax (“**PAT**”) of approximately HK\$230.6 million and HK\$66.2 million, respectively. The revenue was higher than the preceding year revenue of approximately HK\$180.4 million. However, the PAT was lower than the preceding year PAT of approximately HK\$73.3 million.

The higher revenue for the Reporting Period was primarily attributable to the higher revenue derived from the wastewater treatment operation services by approximately HK\$48.9 million caused by the forecasted cash flow (“**FCF**”) variance computed in the IFRIC 12 model. Please refer to the section headed “Financial Review — Revenue” in this announcement for further analysis.

The lower PAT for the Reporting Period was primarily attributable to higher other losses, net by approximately HK\$77.7 million, resulted from the remeasurement loss on receivable under service concession arrangement of approximately HK\$54.5 million. Please refer to the section headed “Financial Review — Other (losses)/gains, net” in this announcement for further analysis.

DEVELOPMENT STRATEGY AND PROSPECTS

For the year 2025, China's economic growth is expected to ease as consumption growth is expected to remain weak.¹ This is mainly due to soft labour market conditions, subdued consumer confidence, as well as detrimental wealth effects from the declining property prices.²

The property sector is not expected to stabilise until later this year, as the leading indicators of the property sector such as construction starts and mortgage lending remain weak. Thus, affecting the overall investment growth.²

Export growth is expected to moderate after the rebound in 2024, while import growth is expected to be dampened by the subdued domestic demand. Consumer price inflation is expected to be below the target of approximately 3%, as lacklustre demand will continue to weigh on inflation pressures.²

During the Reporting Period, there were delays in finalising the new tariff and new basic volume with the local authorities, as well as finalising the compensation agreement with Yinchuan Municipal regarding the closing down of Plant 1, resulted from the change of the leadership within the local government.

Our Group's strategy for this year is to remain focused on finalising the new tariff and new basic volume with the local authorities for the expansion and/or upgrading works done on Plant 2 Phase 1, Plant 4 Phase 1 (*upgrading works*) and Plant 4 Phase 2 (*expansion works*), respectively. The management will continue to follow up closely with the local authorities on this matter.

Besides that, our Group will remain focused on finalising the compensation agreement with Yinchuan Municipal regarding the closing down of Plant 1. The management will continue to follow up closely with Yinchuan Municipal on this matter.

Operationally, our Group will continue to strengthen our mission of ensuring stable operation, stable outflow of treated wastewater as per required discharge standards (穩定達標排放) under the Concession Agreement entered with the local government of Yinchuan. Our Group will also continue to focus on cost optimisation and increase efficiency in managing our Wastewater Treatment Plants.

Our Group is also eyeing for potential merger and acquisition opportunities for wastewater treatment assets in Yinchuan, Ningxia and other regions within the PRC with the aim of strengthening our footprint in the PRC and the region.

¹ Source: *World Economic Outlook — January 2025, International Monetary Fund*

² Source: *Global Economic Prospects — January 2025, World Bank Group*

FINANCIAL REVIEW

Revenue

Our Group's revenue is derived from (i) wastewater treatment operation services; and (ii) finance income from service concession arrangement.

Our revenue increased from approximately HK\$180.4 million for the year ended 31 December 2023 to approximately HK\$230.6 million for the Reporting Period, representing an increase of approximately HK\$50.2 million or approximately 27.8%.

Further analysis on the revenue is set out below:

- revenue derived from the wastewater treatment operation services increased from approximately HK\$64.6 million for the year ended 31 December 2023 to approximately HK\$113.5 million for the Reporting Period, representing an increase of approximately HK\$48.9 million or approximately 75.7%.

The increase was primarily attributable to the change in FCF variance computed in the IFRIC 12 model, as shown in the table below:

	2024	2023	Difference
FCF variance	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
FCF gain/(loss)	<u>20,762</u>	<u>(38,962)</u>	<u>59,724</u>

- revenue derived from the finance income from service concession arrangement increased from approximately HK\$115.8 million for the year ended 31 December 2023 to approximately HK\$117.0 million for the Reporting Period, representing an increase of approximately HK\$1.2 million or approximately 1.0%, which was primarily attributable to the higher opening balance of receivable under the service concession arrangement.

Cost of sales

Our cost of sales decreased from approximately HK\$66.2 million for the year ended 31 December 2023 to approximately HK\$54.5 million for the Reporting Period, representing a decrease of approximately HK\$11.7 million or approximately 17.7%.

Further analysis on the cost of sales is set out below:

- costs of wastewater treatment operation decreased from approximately HK\$45.0 million for the year ended 31 December 2023 to approximately HK\$36.9 million for the Reporting Period, representing a decrease of approximately HK\$8.1 million or approximately 18.0%. The decrease was mainly attributable to lower chemical costs by approximately HK\$7.3 million; and
- the remaining cost of sales, which consisted primarily of employee benefit expenses, depreciation and amortisation expenses, repair and maintenance expenses and other costs, recorded a decrease from approximately HK\$21.2 million for the year ended 31 December 2023 to approximately HK\$17.5 million for the Reporting Period, representing a decrease of approximately HK\$3.7 million or approximately 17.5%. The decrease was mainly attributable to lower depreciation and amortisation expenses by approximately HK\$3.1 million.

Gross profit and gross profit margin

Our gross profit increased from approximately HK\$114.1 million for the year ended 31 December 2023 to approximately HK\$176.1 million for the Reporting Period, representing an increase of approximately HK\$62.0 million or approximately 54.3%, which was primarily attributable to the increase in revenue derived from wastewater treatment operation services during the Reporting Period.

Our gross profit margin increased from 63.2% for the year ended 31 December 2023 to 76.4% for the Reporting Period.

Other income

Other income increased from approximately HK\$2.5 million for the year ended 31 December 2023 to approximately HK\$2.6 million for the Reporting Period, representing an increase of approximately HK\$0.1 million, or approximately 4.0%. The increase was mainly attributable to the unpaid retention sum for more than 8 years of approximately HK\$0.4 million which have been recorded as other income during the Reporting Period.

Other (losses)/gains, net

Our Group recorded other losses, net of approximately HK\$54.9 million for the Reporting Period, representing an increase of approximately HK\$77.7 million or approximately 340.8%, from other gains, net of approximately HK\$22.8 million for the year ended 31 December 2023.

Such increase in the other losses, net balance was mainly attributable to the: (i) remeasurement loss on receivable under service concession arrangement of approximately HK\$54.5 million for the Reporting Period; and (ii) remeasurement gain on receivable under service concession arrangement of approximately HK\$84.4 million, which was partially offsetted by the impairment loss on intangible assets of approximately HK\$61.2 million in the preceding year.

General and administrative expenses

General and administrative expenses decreased from approximately HK\$15.6 million for the year ended 31 December 2023 to approximately HK\$13.7 million for the Reporting Period, representing a decrease of approximately HK\$1.9 million or approximately 12.2%. Such decrease was primarily due to lower employee benefit expenses by approximately HK\$1.2 million during the Reporting Period.

Finance costs

Finance costs decreased from approximately HK\$32.9 million for the year ended 31 December 2023 to approximately HK\$28.1 million for the Reporting Period, representing a decrease of approximately HK\$4.8 million, or approximately 14.6%. Such decrease was primarily attributable to lower interest expenses on borrowings by approximately HK\$4.8 million during the Reporting Period, resulted from: (i) downward revision of the 5-year People's Bank of China loan prime rate; and (ii) the repayment of bank borrowings of approximately HK\$86.1 million during the Reporting Period.

Income tax expense

We incurred income tax expense of approximately HK\$17.7 million for the year ended 31 December 2023 and approximately HK\$15.9 million for the Reporting Period, representing a decrease of approximately HK\$1.8 million or approximately 10.2%, at effective tax rates of approximately 19.5% and 19.4%, respectively. The low effective tax rate was mainly attributable to the reduced corporate income tax rate (*from 25.0% to 15.0%*) announced by the China tax administration in April 2019. The new tax incentive policy is applicable to corporates involved in environment protection industry for tax assessment years from 2019 to 2021. In January 2022, this new tax incentive policy was extended for additional 2 years to 2023. In August 2023, this new tax incentive policy was extended again for additional 4 years to 2027.

Profit and total comprehensive income for the year

As a result of the foregoing factors, our profit for the year decreased from approximately HK\$73.3 million for the year ended 31 December 2023 to approximately HK\$66.2 million for the Reporting Period, representing a decrease of approximately HK\$7.1 million, or approximately 9.7%.

The total comprehensive income for the Reporting Period amounted to approximately HK\$20.3 million as compared to approximately HK\$37.2 million for the year ended 31 December 2023. The difference between the profit for the year and the total comprehensive income for the year was due to the currency translation differences from the translation of RMB, being the functional currency of the operating entities in the PRC to HK\$, being the reporting currency (31 December 2024 RMB/HK\$ closing rate: 1.0642; 31 December 2023 RMB/HK\$ closing rate: 1.1003).

Earnings per share

For the Reporting Period, the earnings per Share for profit attributable to owners of the Company (basic and diluted) was HK\$0.07 per Share (2023: HK\$0.07 per share).

Receivable under service concession arrangement

Our receivable under service concession arrangement that were classified as (i) current assets were approximately HK\$439.9 million and HK\$439.1 million as at 31 December 2023 and 31 December 2024, respectively; and (ii) non-current assets were approximately HK\$1,317.5 million and HK\$1,221.7 million as at 31 December 2023 and 31 December 2024, respectively.

Our total receivable under service concession arrangement amounted to approximately HK\$1,757.4 million and HK\$1,660.8 million as at 31 December 2023 and 31 December 2024, respectively. This represented a decrease of approximately HK\$96.6 million or approximately 5.5%, primarily due to: (i) the FCF variance computed in the IFRIC 12 model; and (ii) the depreciation of the functional currency, RMB against the reporting currency, HK\$ during the Reporting Period (31 December 2024 RMB/HK\$ closing rate: 1.0642; 31 December 2023 RMB/HK\$ closing rate: 1.1003).

Trade and other receivables

Our Group's trade and other receivables decreased by approximately HK\$39.6 million, or approximately 10.3%, to approximately HK\$343.5 million as at 31 December 2024 from approximately HK\$383.1 million as at 31 December 2023.

The decrease was primarily attributable to the: (i) decrease of trade receivables by approximately HK\$16.5 million, resulted from the collection of wastewater treatment service fees from the local authorities of approximately HK\$216.9 million (*equivalent to approximately RMB203.8 million*) during the Reporting Period; and (ii) decrease of other receivables by approximately HK\$20.8 million, resulted from the collection of value-added-tax ("VAT") refund from the local authorities of approximately HK\$19.5 million (*equivalent to approximately RMB18.3 million*).

Cash and bank balances

Our Group's cash and bank balances increased by approximately HK\$43.6 million, or approximately 48.4%, to approximately HK\$133.6 million as at 31 December 2024 as compared to approximately HK\$90.0 million as at 31 December 2023.

The increase in cash on bank balances was primarily due to the: (i) collection of wastewater treatment service fees from the local authorities of approximately HK\$216.9 million (*equivalent to approximately RMB203.8 million*) during the Reporting Period; and (ii) collection of VAT refund from the local authorities of approximately HK\$19.5 million (*equivalent to approximately RMB18.3 million*) during the Reporting Period.

The cash and bank balances were denominated in HK\$, RMB, SG\$ and US\$.

Borrowings

As at 31 December 2024, our Group had bank borrowings, which were denominated in RMB, of approximately HK\$622.1 million (31 December 2023: HK\$713.2 million), represented by short-term working capital loans of approximately HK\$18.4 million (31 December 2023: HK\$19.2 million) and long-term loans of approximately HK\$603.7 million (31 December 2023: HK\$694.0 million), which were denominated in RMB. This represented a decrease of approximately HK\$91.1 million or approximately 12.8%.

The decrease in borrowings was primarily due to (i) the repayment of long-term loans of approximately HK\$67.6 million during the Reporting Period; and (ii) the depreciation of the functional currency, RMB against the reporting currency, HK\$ during the Reporting Period (31 December 2024 RMB/HK\$ closing rate: 1.0642; 31 December 2023 RMB/HK\$ closing rate: 1.1003).

Liquidity and capital resources

Our principal liquidity and capital requirements primarily related to costs and expenses from business operations, as well as purchase of equipment, if any. As at 31 December 2024, the net current assets and net assets of our Group amounted to approximately HK\$648.3 million and HK\$1,379.5 million, respectively (31 December 2023: net current assets and net assets of approximately HK\$609.8 million and HK\$1,359.3 million, respectively).

Gearing ratio

As at 31 December 2024, the gearing ratio (*calculated by net debts divided by total equity; net debts include total borrowings minus cash and bank balances*) was approximately 35.4% (31 December 2023: approximately 45.8%).

Foreign currency risk

Our Group principally operates in the PRC with most of the transactions being settled in RMB, which is the functional currency of most of the group entities. Foreign currency risk arises from the recognised assets and liabilities and net investments in foreign operations. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through financing activities denominated in the relevant foreign currencies, including the US\$ (the “**Non-functional Currency**”).

Fluctuations in exchange rates between the functional currencies of respective group entities and Non-functional Currency in which our group entities conduct business may affect our Group's financial position and results of operations. Our Group seeks to limit its exposure to foreign currency risk by closely monitoring and minimising its net foreign currency position.

Contingent liabilities

Our Group did not have any material contingent liabilities or outstanding litigation as at 31 December 2024.

FINAL DIVIDENDS

No final dividend has been recommended by the Board for the year ended 31 December 2024 and 2023, respectively.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

Our Company has applied the principles and complied with all the applicable code provisions as set out in the Corporate Governance Code (the “**CG Code**”) contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Listing Rules**”) throughout the Reporting Period.

AUDIT COMMITTEE

Our Company has established an audit committee (the “**Audit Committee**”) in compliance with Rule 3.21 of the Listing Rules and paragraph D.3 of the CG Code for the purpose of reviewing and providing supervision over our Group’s financial reporting process, risk management and internal controls.

The Audit Committee comprises of two independent non-executive Directors, Mr. Hew Lee Lam Sang (*being the chairman of the Audit Committee who has a professional qualification in accountancy*) and Mr. Tam Ka Hei Raymond, and one non-executive Director, Mr. Lim Chin Sean.

The Audit Committee has reviewed the consolidated annual results of our Group for the financial year ended 31 December 2024. The Audit Committee has also reviewed our Group’s internal control and risk management systems.

SCOPE OF WORK OF THE AUDITOR

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

EVENT AFTER THE REPORTING PERIOD

Our Group has no material subsequent event after the Reporting Period and up to the date of this announcement.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in the Appendix C3 to the Listing Rules as the code of conduct regarding securities transactions by the Directors. Our Company has made specific enquiries with all of its Directors, and all of the Directors have confirmed that they have fully complied with the required standard set out in the Model Code during the Reporting Period.

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

During the Reporting Period, neither our Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of our Company. As at 31 December 2024, no treasury shares (*as defined under the Listing Rules*) were held by our Company.

PUBLICATION OF THE ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

The annual results announcement has been published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.tilenviro.com). The annual report of our Company for the year ended 31 December 2024 will be published on the aforesaid websites in due course.

APPRECIATION

The Board would like to take this opportunity to express its sincere gratitude to our Company’s shareholders for their support and to our Group’s staff for their hard work and contribution in 2024.

By order of the Board
TIL Enviro Limited
Lim Chin Sean
Chairman

Hong Kong, 25 March 2025

As at the date of this announcement, the non-executive Directors are Mr. Lim Chin Sean and Ms. Lim Siew Ling; the executive Director is Mr. Wong Kok Sun; and the independent non-executive Directors are Mr. Tan Yee Boon, Mr. Hew Lee Lam Sang and Mr. Tam Ka Hei Raymond.