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DENOX ENVIRONMENTAL & TECHNOLOGY HOLDINGS LIMITED
迪諾斯環保科技控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1452)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024

The board (the "**Board**") of directors (the "**Directors**") of Denox Environmental & Technology Holdings Limited (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024 (the "**Reporting Period**") together with comparative figures for the year ended 31 December 2023 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
Revenue	3	**108,963**	126,392
Cost of sales		**(81,503)**	(101,864)
Gross profit		**27,460**	24,528
Selling and marketing expenses		**(29,046)**	(28,688)
Administrative expenses		**(26,405)**	(16,778)
Research and development expenses		**(8,052)**	(7,476)
Impairment loss recognised in respect of trade and retention receivables, net		**(538)**	(122)
Impairment loss recognised in respect of property, plant and equipment		**(4,538)**	–
Other income, gains and losses	4	**2,898**	1,737
Share of result of an associate		**9**	8
Finance income	5	**1,462**	1,850
Finance costs	5	**(577)**	(493)
Loss before tax		**(37,327)**	(25,434)
Income tax expense	6	**–**	–
Loss for the year	7	**(37,327)**	(25,434)
Other comprehensive income			
Item that will not be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of financial statements from functional currency to presentation currency		**1,428**	725
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**8**	–
Other comprehensive income for the year		**1,436**	725
Total comprehensive expense for the year		**(35,891)**	(24,709)
Loss per share attributable to owners of the Company	8		
Basic and diluted loss per share (RMB)		**RMB(0.06)**	RMB(0.05)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

	NOTES	2024 RMB'000	2023 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**35,303**	37,351
Right-of-use assets		**14,069**	8,424
Intangible assets		**–**	–
Interest in an associate		**125**	116
Long-term prepayments		**147**	128
		49,644	46,019
Current assets			
Inventories	*10*	**297,545**	220,199
Trade and retention receivables	*11*	**16,671**	23,376
Financial assets at fair value through other comprehensive income		**495**	66
Prepayments, deposits and other receivables		**12,766**	12,658
Restricted bank deposits		**–**	470
Bank deposits with original maturity over three months		**41,736**	24,077
Bank balances and cash		**18,067**	44,260
		387,280	325,106
Total assets		**436,924**	371,125
LIABILITIES			
Non-current liabilities			
Borrowings		**–**	1,740
Lease liabilities		**6,851**	323
Deferred income		**1,745**	2,053
		8,596	4,116

	NOTE	2024 RMB'000	2023 RMB'000
Current liabilities			
Trade payables	12	**33,462**	23,183
Accruals and other payables		**8,367**	10,472
Contract liabilities		**238,513**	161,167
Borrowings		**11,727**	2,748
Deferred income		**308**	308
Lease liabilities		**1,090**	1,462
Tax payables		**3,703**	3,703
		297,170	203,043
Total liabilities		**305,766**	207,159
Net assets		**131,158**	163,966
EQUITY			
Equity attributable to owners of the Company			
Share capital		**38,510**	31,423
Reserves		**92,648**	132,543
		131,158	163,966
Total equity		**131,158**	163,966
Total equity and liabilities		**436,924**	371,125

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2024

1. GENERAL

Denox Environmental & Technology Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 7 November 2014 as an exempted company with limited liability under the Companies Act of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (hereinafter collectively referred to as the "**Group**") are principally engaged in design, development, manufacture and sale of DeNOx catalysts in the People's Republic of China (the "**PRC**"). The ultimate holding company of the Group is Advant Performance Limited, a company incorporated in the British Virgin Islands ("**BVI**") which is wholly-owned by Ms. Zhao Shu, an executive director and chairlady of the Company (the "**Controlling Shareholder**").

On 12 November 2015, the Company's shares were listed on The Stock Exchange of Hong Kong Limited.

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The consolidated financial statements are presented in Renminbi ("**RMB**"), which is the functional currency of the principal subsidiaries of the Group where the primary economic environment is in the PRC. Other than the subsidiaries established in the PRC which functional currencies are RMB, the functional currency of the Company and other subsidiaries is Hong Kong dollars ("**HK$**"), United States dollars ("**USD**") and Euro ("**EUR**").

2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS

Amendments to IFRS Accounting Standards that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (the "**IASB**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2024 for the preparation of the consolidated financial statements:

Amendments to IFRS 16	Lease Liability in a Sale and Leaseback
Amendments to IAS 1	Classification of Liabilities as Current or Non current
Amendments to IAS 1	Non-current Liabilities with Covenants
Amendments to IAS 7 and IFRS 7	Supplier Finance Arrangements

The application of the amendments to IFRS Accounting Standards in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRS Accounting Standards issued but not yet effective

The Group has not early applied the following new and amendments to IFRS Accounting Standards that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments[3]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to IFRS Accounting Standards	Annual Improvements to HKFRS Accounting Standards – Volume 11[3]
Amendments to IAS 21	Lack of Exchangeability[2]
IFRS 18	Presentation and Disclosure in Financial Statements[4]
Amendments to IFRS 9 and IFRS 7	Contracts Referencing Nature-dependent Electricity[3]

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Except for the new and amendments to IFRS Accounting Standards mentioned below, the directors of the Company anticipate that the application of all other new and amendments to IFRS Accounting Standards will have no material impact on the consolidated financial statements in the foreseeable future.

IFRS 18 – Presentation and Disclosure in Financial Statements

IFRS 18 sets out requirements on presentation and disclosures in financial statements and will replace IAS 1 Presentation of Financial Statements. IFRS 18 introduces new requirements to present specified categories and defined subtotals in the statement of profit or loss; provide disclosures on management-defined performance measures in the notes to the financial statements and improve aggregation and disaggregation of information to be disclosed in the financial statements. Minor amendments to IAS 7 "Statement of Cash Flows" and IAS 33 "Earnings per Share" are also made.

IFRS 18, and the consequential amendments to other IFRS Accounting Standards, will be effective for annual periods beginning on or after 1 January 2027, with early application permitted.

The application of the IFRS 18 is not expected to have material impact on the financial position of the Group. The directors of the Company are in the process of making an assessment of the impact of IFRS 18, but is not yet in a position to state whether the adoption would have a material impact on the presentation and disclosures of consolidated financial statements of the Group.

3. REVENUE

Revenue represents revenue arising on sales of goods. An analysis of the Group's revenue for the year is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products		
– Sales of goods		
• Plate-type DeNOx catalysts	**53,493**	58,528
• Honey-comb DeNOx catalysts	**49,794**	21,143
• DeNOx catalysts for vehicles	**5,676**	46,721
	108,963	126,392

All revenue from contracts with customers are recognised at a point in time for both years.

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

As at 31 December 2024 and 2023, all of the Group's remaining performance obligations for contracts with customers are for periods of one year or less. Accordingly, the Group has elected the practical expedient and has not disclosed the amount of transaction price allocated to the performance obligations that are unsatisfied (or partially satisfied) as at the end of both reporting periods.

4. OTHER INCOME, GAINS AND LOSSES

	2024	2023
	RMB'000	*RMB'000*
Government grants *(note)*	**402**	418
Loss on disposal of property, plant and equipment, net	**–**	(81)
Net foreign exchange gain	**814**	423
Sales of scrap products	**487**	–
Gain on early termination of leases	**272**	–
Value-added tax credit	**947**	948
Others	**(24)**	29
	2,898	1,737

Note: The Group received in the past a government subsidy of approximately RMB3,080,000 for acquisition of machineries, which has been treated as deferred income and is amortised to profit or loss over the useful lives of the related machineries. This policy has resulted in a credit to profit or loss in the current year of approximately RMB308,000 (2023: approximately RMB308,000).

The remaining amount represented the subsidy income granted to a subsidiary of the Company by the government in Hebei, the PRC. The government grants were one-off with no specific conditions.

5. FINANCE INCOME/FINANCE COSTS

	2024	2023
	RMB'000	*RMB'000*
Finance income		
Interest income	**1,462**	1,850
Finance costs		
Interest expenses on lease liabilities	**(108)**	(114)
Interest expenses on borrowings	**(450)**	(30)
Interest expenses on discounted bills	**(19)**	(349)
	(577)	(493)

6. INCOME TAX EXPENSE

Pursuant to the rules and regulations of the Cayman Islands and the BVI, the Group is not subject to any income tax in the Cayman Islands and the BVI for the years ended 31 December 2024 and 2023.

No provision for Hong Kong Profits Tax has been made as the Group did not have any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2024 and 2023.

No provision for income tax of Italy and the United States has been made as the Group did not have any taxable profits subject to the income tax in accordance with the relevant tax laws and regulations in respective countries for the years ended 31 December 2024 and 2023.

Under the Law of the PRC on Enterprise Income Tax (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of certain PRC subsidiaries of the Group is 25%.

Pursuant to the relevant laws and regulations in the PRC, the Group's subsidiary, Gu'an Denox Environmental Equipment Manufacturing Co., Ltd., was accredited as high and new technology enterprises and entitled to the preferential tax rate of 15% for the years ended 31 December 2024 and 2023.

No provision for PRC Enterprise Income Tax has been made as the Group has sufficient available tax losses to utilise any taxable profits subject to PRC Enterprise Income Tax for the years ended 31 December 2024 and 2023.

7. LOSS FOR THE YEAR

	2024	2023
	RMB'000	*RMB'000*
Loss for the year has been arrived at after charging (crediting):		
Employee benefits expenses:		
Directors' emoluments	**1,973**	828
Other staffs' wages, salaries and bonuses	**23,907**	22,844
Other staffs' retirement benefits schemes contributions	**3,204**	3,058
Other staffs' welfare and allowance	**522**	855
Total employee benefits expenses	**29,606**	27,585
Auditor's remuneration	**674**	658
Depreciation of property, plant and equipment	**6,012**	5,898
Depreciation of right-of-use assets	**1,937**	1,757
Expense relating to short-term lease	**211**	39
Amount of inventories recognised as cost of sales	**80,666**	102,134
Write-down recognised (reversed) on inventories included in cost of sales	**837**	(270)
	81,503	101,864

8. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

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

	2024	2023
	RMB'000	*RMB'000*
Loss		
Loss for the purpose of basic and diluted loss per share (loss for the year attributable to owners of the Company)	**(37,327)**	(25,434)

	Number of shares	Number of shares
	'000	*'000*
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted loss per share	**585,825**	494,037

The diluted loss per share was the same as the basic loss per share as there were no potential dilutive ordinary shares outstanding during the years ended 31 December 2024 and 2023.

9. DIVIDENDS

No dividend was paid or proposed during the year ended 31 December 2024, nor has any dividend been proposed since the end of the reporting period (2023: nil).

10. INVENTORIES

	2024	2023
	RMB'000	*RMB'000*
Raw materials	**22,607**	16,722
Work-in-progress	**4,561**	6,166
Finished goods	**30,403**	24,942
Goods in transit	**239,974**	172,369
	297,545	220,199

During the year ended 31 December 2024, write-down was recognised on inventories of approximately RMB837,000 (2023: reversed by approximately RMB270,000).

11. TRADE AND RETENTION RECEIVABLES

	2024	2023
	RMB'000	*RMB'000*
Trade receivables	**10,274**	19,958
Retention receivables	**9,601**	6,141
	19,875	26,099
Less: Allowance for impairment of trade and retention receivables	**(3,204)**	(2,723)
	16,671	23,376

As at 1 January 2023, retention receivables amounted to approximately RMB6,524,000.

Retention receivables represent the money retained by the Company's customers to secure the due performance of the contracts. The customers normally withhold 3% to 10% of the certified amount payable to the Company as retention money (accumulated up to maximum 10% of contract sum), which is normally recoverable after the completion of defect liability period of the relevant contracts or in accordance with the terms specified in the relevant contracts, ranging from 1 year to 3 years from the date of completion of respective projects. The amount is unsecured and interest-free.

The Group allows a credit period of 30 days to 60 days (2023: 30 days to 90 days) to its customers. The following is an ageing analysis of trade and retention receivables, net of allowance for impairment of trade and retention receivables, presented based on the date of revenue recognition dates, at the end of the reporting period.

	2024	2023
	RMB'000	*RMB'000*
Within 1 year	**13,535**	20,111
1 year to 2 years	**2,654**	1,827
2 years to 3 years	**376**	1,125
Over 3 years	**106**	313
	16,671	23,376

12. TRADE PAYABLES

	2024	2023
	RMB'000	*RMB'000*
Trade payables	**33,462**	23,183

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

	2024	2023
	RMB'000	*RMB'000*
Within 6 months	**25,065**	19,056
6 months to 1 year	**3,123**	2,115
1 year to 2 years	**4,167**	943
Over 2 years	**1,107**	1,069
	33,462	23,183

The average credit period on purchases is from 30 days to 60 days (2023: 30 days to 60 days). The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

MANAGEMENT DISCUSSION AND ANALYSIS

PRINCIPAL ACTIVITIES

The Company is an investment holding company with its principal subsidiaries engaged in design, development, manufacture and sales of DeNOx catalysts in the People's Republic of China (the "**PRC**").

During the Reporting Period, there were no significant changes in the nature of the Group's principal activities.

THE GROUP'S MANAGEMENT ANALYSIS REPORT FOR 2024 AND OUTLOOK ON THE WORK FOR 2025

I. WORK OVERVIEW OF THE GROUP FOR 2024

According to the preliminary calculations, the PRC gross domestic product reached RMB134.91 trillion in 2024, representing a year-on-year growth of 5.0%, with the growth rate remaining unchanged compared to last year. In 2024, the total social electricity consumption increased by 6.8% year-on-year, and the national accumulated installed capacity of power generation reached 3.35 billion kilowatts, representing a year-on-year increase of approximately 15.0%. However, the proportion of installed capacity of thermal power in China's total installed power capacity decreased from 77.7% in 2007 to 44.1% in 2024. In view of fundamental changes in China's energy structure, this "new normal situation" of the energy structure adjustment obviously intensified competition in the catalyst industry. Competitors in the industry generally faced overcapacity of mature products, heavy operation pressure, and pressure for upgrading product application scenarios and technologies.

(I) Traditional plate-type and honey-comb DeNOx catalysts

1. Current market situation

(1) Electric power field

The thermal power catalyst market continues to maintain a competitive pattern with numerous manufacturers, fierce competition, and low gross profit level. Although the proportion of installed capacity of thermal power continues to decline, the replacement of catalysts stored in thermal power plants and the addition of a small number of thermal power units still remain the largest market for denitrification catalysts at present, which is difficult to be influenced. A number of catalyst manufacturers are attaching great importance to the catalyst market in this field and actively participating in the market.

(2) Other industrial sectors

2025 is the final year of the national "14th Five-year Plan". Nitrogen oxides emission reduction of non-electric industries including metallurgy and cement industries will also be in strict compliance with relevant emission standards. At the same time, waste incineration, biomass power generation, gas-fired power generation, etc. will also become important driving forces for the growth of the denitrification catalyst market. In addition to denitrification catalysts, there will also be a significant increase in demand for carbon monoxide ("**CO**") catalysts in the metallurgical industry and non-methane hydrocarbon ("**NMHC**") catalysts in the petrochemical industry. Meanwhile, the Group has always believed that the market demand for new catalysts is greatly related to the industry's profitability level, the affordability of enterprise pollution control, and the reward of enterprise pollution control. In overall, the Group projects that the market for denitrification catalysts outside of thermal power will remain stable or show a slight growth momentum in 2025.

2. The Group's key work on industrial catalyst products

(1) Marketing and sales efforts

In 2024, the Group has completed catalyst technical solutions for more than 1,500 projects, submitted nearly 400 official bids with customers such as power generation companies, local power plants and other industries, and entered into a total of over 150 supply contracts (some of which were not subject to bidding procedures) throughout the year. In light of more intense market competition in 2024, the Group has recorded a significant increase in its overall market sales workload, and maintained a high level of actual signed orders.

An emerging catalyst market that the Group focused on in 2024 is CO catalysts in the metallurgical industry. Based on current CO catalyst prices, the CO catalyst market is a market of tens of billions, additionally CO catalysts also require regular replacement, and has attracted high attention from major catalyst manufacturers.

After in-depth exchanges with customers, the Group also understands that although the reduction of CO emissions in the metallurgical industry is supported by national and local policies, the metallurgical industry in general has not been very profitable in recent years. In the process of implementing the trial and procurement of CO catalysts, steel mills have either purchased CO catalysts from general engineering contractors (who are often required to advance funds) or have requested for contractual energy management to solve their own financial constraints. At the same time, the maturity of the CO catalyst technology needs to be tested. Taken together, the Group has been adopting a proactive and cautious approach to participate in this market.

It is worth mentioning that the Group's market development efforts in 2024 were:

- The Group have signed an annual group procurement agreement with a major state-owned enterprise for its plate-type catalysts;

- The specifications and models of plate-type catalysts were further improved;

- The Group's catalysts for dioxin treatment gained further recognition in the market;

- The Group's honey-comb DeNOx catalysts achieved breakthroughs in the application performance of the shipbuilding industry and the waste incineration power generation industry;

- The Group's high-temperature and high-porosity DeNOx catalysts achieved a performance breakthrough;

- The Group's corrugated plate-type catalysts achieved breakthroughs in both domestic and overseas applications.

(2) Product manufacturing

The total amount of catalysts produced by the Group in 2024 continued to improve in compared to 2023. The Group's safety and production departments further strengthened the control of product manufacturing costs through the optimization of the production process and improvement of the production equipment, with the product manufacturing costs showing a more obvious downward trend. The Group's overall production task saturation and operating rate further improved during the Reporting Period.

The installation and commissioning of the Group's corrugated plate-type catalyst production line was completed in 2024. During the Reporting Period, the Group organized technical forces to break through a series of technical difficulties in the localization process of the products in terms of production equipment, production process, and production formula. As at the date of this announcement, the Group's corrugated plate-type products have been officially launched, and the Group has also signed new orders from domestic and international markets.

(II) Vehicle catalyst business

In the 2024 interim report, the Group disclosed that there was a relatively significant decline in OEM orders for vehicle catalysts, which was mainly due to the impact of a single customer not placing batch catalyst orders for its mature engine models. The Group's overall orders for the provision of catalyst products in the vehicle aftermarket were limited. After careful consideration, the Group made a strategy to further reduce its investment in technology research and development in the vehicle catalyst OEM market at the end of 2024. The research and development staff and equipment previously deployed by the Group have been further transformed into strengthening the research and development efforts of catalyst products for the industrial sector. As the vehicle catalysts adopt the precious metal coating technology route, the key new catalyst products for the industrial sector currently being developed by the Group, including CO catalysts, NHMC catalysts and hydrogen cyanide ("**HCN**") catalysts, are all based on this vehicle coating catalyst technology route. The technological achievements of the Group's research and development investment in vehicle catalysts over the years will be transformed into the industrial sector.

II. KEY WORK ARRANGEMENTS OF THE GROUP FOR 2025

(I) Industrial catalyst business

1. The Group will increase market development efforts, including:

   (1) Focus on the demand for catalysts in emerging environmental protection industries, such as waste incineration power generation, biomass power generation, gas power generation and metallurgical industry and other fields.

   (2) Strengthen cooperation with existing customers and improve customer loyalty. Solve problems encountered by our customers in a timely manner, and provide personalized solutions against the needs from our customers. Strive for long-term orders from customers by providing high-quality products and services.

   (3) Participate in domestic and foreign product exhibitions and industry conferences, especially focusing on opportunities to participate in the promotion and display of new products including CO catalysts, HCN catalysts, and NHMC catalysts. Maintain product promotion via online search platform.

2. On the basis of the work already performed in 2024, the Group will continue to strengthen the research and development, trial production and mass production of industrial HCN catalysts, CO catalysts for metallurgy and gas units, thin-walled honey-comb DeNOx catalysts and corrugated plate-type catalysts and other products. In particular, we will focus on strengthening the product development and marketing of the Group's advantageous corrugated plate-type catalysts and series of industrial coated catalysts (including CO catalysts, NHMC catalysts, HCN catalysts, etc.), with a view to achieving more market performance in 2025.

3. The Group will continue to strengthen the development of new products, and enhance the cooperation with scientific research institutes on new product development, so as to gradually increase the market share of the above-mentioned new catalyst products.

4. The Group will continue to strengthen the efforts on control of manufacturing costs of mature products. On the basis of the achievements made in 2024, the Group will implement various specific measures to further reduce the manufacturing costs of the Group's products, aiming to further improve the competitiveness of the products.

5. The Group will further upgrade and transform production equipment, improve the automation level of equipment, reduce the energy consumption of major equipment, and thus reducing the manufacturing costs of products.

6. The Group will increase the list of qualified raw material suppliers, adopt bulk purchase of raw materials and bidding procurement of raw materials, etc., aiming at striving to further reduce the purchase price of raw materials.

(II) Vehicle catalyst related products

The Group will resolutely implement the reduction strategy on vehicle catalysts as determined by the Group, and accelerate the transformation of research and development personnel and equipment to the research and development of catalyst products for the industrial sector. The Group will no longer invest more personnel and funds in catalysts for the vehicle OEM market, and only maintain existing customers and existing orders. The sales of catalysts in the vehicle aftermarket will be carried out as normal. The Group conducts the vehicle aftermarket catalyst business based on its financial accounting for the vehicle business, and the vehicle aftermarket catalyst business will be carried out on the basis of the principle of being able to bear its own profits and losses or making profit contributions to the Group.

(III) Other key work of the Group

In 2025, the Group will further strengthen its other operation and management work, mainly includes:

1. The Group will continue to pay attention to the impact of the expanding global trade war on the Group's export business, capital market and exchange rate, so that we can make timely judgments and adjust its strategy and business;

2. The Group's overseas market strategy will be systematically summarized by the mid of 2025, including the analysis of overseas business orders and the actual profit situation of overseas products, after which further arrangements will be made to adjust and optimize the Group's overseas market strategy;

3. The Group will further control and optimize the expenditure on selling expenses, research and development expenses and administrative expenses, while making concerted efforts through various channels to reverse its loss-making situation and steer the Group back to profitability.

4. The Group will further control and optimize the expenditure on selling expenses, research and development expenses and administrative expenses, while making concerted efforts through various channels to reverse its loss-making situation and steer the Group back to profitability.

FINANCIAL REVIEW

Revenue from contracts with customers

The following table sets forth revenue generated from sales of plate-type DeNOx catalysts, honey-comb DeNOx catalysts and DeNOx catalysts for vehicles in absolute amount and as percentages of total revenue for the years indicated:

	2024		2023	
	RMB'000	*%*	*RMB'000*	*%*
Plate-type DeNOx catalysts	**53,493**	**49.1**	58,528	46.3
Honey-comb DeNOx catalysts	**49,794**	**45.7**	21,143	16.7
DeNOx catalysts for vehicles	**5,676**	**5.2**	46,721	37.0
Total	**108,963**	**100.0**	126,392	100.0

The Group recorded a total revenue of approximately RMB109.0 million for the Reporting Period, representing a decrease of 13.8% as compared to approximately RMB126.4 million for the same period in 2023.

Plate-type DeNOx catalysts

Revenue generated from sales of plate-type DeNOx catalysts decreased to approximately RMB53.5 million for the Reporting Period, representing a decrease of 8.5% as compared to approximately RMB58.5 million for the same period in 2023, which was primarily attributable to the decrease in average selling price of plate-type DeNOx catalysts during the Reporting Period. The average selling price of plate-type DeNOx catalysts per cubic metres ("**m^3**") decreased by approximately 23.6% from RMB14,353 per m^3 in 2023 to RMB10,968 per m^3 for the Reporting Period, while the sales volume of plate-type DeNOx catalysts increased by approximately 18.8% from 4,608 m^3 in 2023 to 5,472 m^3 for the Reporting Period. The plate-type DeNOx catalysts market was mainly derived from power plants, steel plants, cement plants, etc.

Honey-comb DeNOx catalysts

Revenue generated from sales of honey-comb DeNOx catalysts increased by 136.0% from approximately RMB21.1 million for the same period in 2023 to approximately RMB49.8 million for the Reporting Period, which was primarily due to the increase in sales volume of honey-comb DeNOx catalysts during the Reporting Period. The average selling price of honey-comb DeNOx catalysts per m^3 decreased by approximately 30.9% from RMB20,902 per m^3 in 2023 to RMB14,441 per m^3 for the Reporting Period, and the sales volume of honey-comb catalysts increased by approximately 204.5% from 1,143 m^3 in 2023 to 3,481 m^3 for the Reporting Period. The honey-comb DeNOx catalysts market was mainly derived from power plants, steel plants, cement plants, etc.

DeNOx catalysts for vehicles

During the Reporting Period, the Group recorded revenue from sales of DeNOx catalysts for vehicles of approximately RMB5.7 million which represented a decrease of 87.8% as compared with the revenue of approximately RMB46.7 million for the same period in 2023. The significant decrease in the revenue from DeNOx catalysts for vehicles as compared to the same period in 2023 was primarily due to the significant decrease in sales orders of vehicle catalysts.

Gross profit

During the Reporting Period, the Group recorded a gross profit of approximately RMB27.5 million representing an increase of 12.2% as compared to the same period in 2023 due to the increase in the production volume of honey-comb DeNOx catalysts, which in turn further resulted in the decrease in production costs.

Selling and marketing expenses

Selling and marketing expenses primarily consist of transportation cost, consulting service expenses and employee benefit expenses, etc. The Group's sales and marketing expenses increased for the Reporting Period as compared to the same period in 2023, mainly due to the increased marketing efforts in promoting our products to overseas markets, representing 22.7% and 26.6% of the Group's total revenue from contracts with customers in 2023 and 2024, respectively.

Administrative expenses

Administrative expenses mainly consist of employee benefit expenses, depreciation and amortisation, research and development expenses and professional fees. The Group's administrative expenses increased by 57.1% from approximately RMB16.8 million in 2023 to approximately RMB26.4 million for the Reporting Period which was primarily attributable to increase in bonuses paid to senior management, share issuance expenses and overseas operating expenses, etc.

Finance income/(costs)

Finance income includes interest income on bank balances and cash, restricted cash and bank deposits with original maturity over three months. Finance costs includes interest expenses on lease liabilities, borrowing and bill receivables. The Group recorded net finance income of approximately RMB0.9 million for the Reporting Period as compared to approximately RMB1.4 million in the same period in 2023.

Loss attributable to owners of the Company

As a result of the foregoing and an impairment loss recognised for property, plant and equipment, the loss attributable to owners of the Company increased by 46.8% from approximately RMB25.4 million in 2023 to approximately RMB37.3 million for the Reporting Period.

Other performance indicators

The following table sets forth other performance indicators of the Group as at the dates or for the years indicated:

	As at or for the year ended 31 December	
	2024	2023
Current Ratio *(Note 1)*	**1.3 times**	1.6 times
Quick Ratio *(Note 2)*	**0.3 times**	0.5 times
Return on equity *(Note 3)*	**N/A**	N/A
Return on total assets *(Note 4)*	**N/A**	N/A

Notes:

(1) Current ratio is calculated based on total current assets of the Group divided by total current liabilities of the Group as at the end of the respective year.

(2) Quick ratio is calculated based on total current assets of the Group less inventories of the Group divided by total current liabilities of the Group as at the end of the respective year.

(3) Return on equity is calculated by dividing profit attributable to owners of the Company for the year by the arithmetic mean of the opening and closing balance of total equity attributable to owners of the Company.

(4) Return on total assets is calculated by dividing profit attributable to owners of the Company for the year by the arithmetic mean of the opening and closing balance of total assets of the Group.

Current ratio and quick ratio

The Group's current ratio decreased from 1.6 times as at 31 December 2023 to 1.3 times as at 31 December 2024 and quick ratio decreased from 0.5 times as at 31 December 2023 to 0.3 times as at 31 December 2024. Such decrease was mainly due to the increase in down payment from customers of approximately RMB161.2 million as at 31 December 2023 to approximately RMB238.5 million as at 31 December 2024 because more sales contracts were signed in the second half of 2024.

Return on equity and return on total assets

The Group did not record a return on equity and return on total assets in 2023 and 2024, as it has recorded a loss attributable to owners of the Company for the years ended 31 December 2023 and 2024.

Liquidity and Capital Resources

The Group's financial position remains solid and the Group possessed sufficient financial resources to meet its commitments and working capital requirements in the foreseeable future. As at 31 December 2024, the Group had net current assets of approximately RMB90.1 million (2023: approximately RMB122.1 million) of which cash and cash equivalents were approximately RMB18.1 million (2023: approximately RMB44.3 million) and were denominated in Euro, Hong Kong Dollars, RMB and United States Dollars as at 31 December 2024.

Gearing Ratio

Our gearing ratio which is calculated by total borrowings divided by total assets was 2.7% as of 31 December 2024 (2023: 1.2%). The increase in gearing ratio was mainly due to increase in bank borrowings.

Use of net proceeds from the Listing

As at 31 December 2024, the remaining balance of the unutilised amount of net proceeds from the listing (the "**Listing**") of the shares of the Company on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 12 November 2015 of approximately RMB11.3 million were deposited into interest bearing bank accounts with licensed commercial banks. After the Listing, a part of these net proceeds have been applied according to the section headed "Use of proceeds" of the prospectus of the Company dated 30 October 2015, taking into account the reallocations as set out in the announcements of the Company dated 28 December 2020 and 28 December 2022 respectively.

Purposes	Original allocation of net proceeds as stated in the Prospectus	Re-allocation of net proceeds on 28 December 2020 *(Note 1)*	Re-allocation of net proceeds on 28 December 2022 *(Note 1)*	Remaining balance of the unutilized net proceeds (immediately after the 2nd re-allocation of net proceeds on 28 December 2022) *(Note 1)*	Remaining balance of the unutilized net proceeds as at 31 December 2023	Utilized net proceed during the Reporting Period	Remaining balance of the unutilized net proceeds as at 31 December 2024	Expected timeline for fully utilization of the remaining net proceeds *(Note 2)*
	RMB'million	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	*RMB'million*	
Development of DeNOx catalysts for diesel-powered vehicles	78.6	78.6	75.1	–	–	–	–	N/A
Acquisition of potential target companies in the Group's industry that can help to expand the Group's market coverage or key raw material suppliers	46.2	21.9	21.9	–	–	–	–	N/A
Research and development	17.1	17.1	33.2	16.1	12.3	1.6	10.7	Fourth quarter of 2025
Expansion of the Group's sales network and establishment of the Group's regional sales offices in China as well as Europe	6.9	6.9	5.9	–	–	–	–	N/A
Replacement of the Group's No. 1 production line	5.1	3.5	3.5	–	–	–	–	N/A
Working capital and general corporate purposes	17.1	43.0	31.4	10.0	7.0	6.4	0.6	Fourth quarter of 2025
Total	171.0	171.0	171.0	26.1	19.3	8.0	11.3	

Note 1: The utilisation of the net proceeds and the use of net proceeds for the remaining balance of the unutilised net proceeds from the Listing was updated. For details, please refer to the announcements of the Company dated 28 December 2020 and 28 December 2022 respectively.

Note 2: The expected timeline for fully utilising the remaining balance of the unutilised net proceeds was based on the best estimation of the future market conditions made by the Group. It would be subject to change based on the current and future development of market conditions.

Borrowings

The Group has outstanding borrowings of approximately RMB11.7 million (which was denominated in RMB) as at 31 December 2024 (2023: RMB4.5 million).

Pledge of Assets

As of 31 December 2024, the Group has pledged certain machineries with the net carrying amount of approximately RMB8.8 million (2023: RMB8.8 million) and certain land and property with net carrying amount of RMB11.6 million (2023: Nil).

Capital expenditures

The Group incurred capital expenditures to expand its operations, maintain its equipment and increase its operational efficiency. During the Reporting Period, the Group had invested approximately RMB8.5 million (2023: approximately RMB0.3 million) for the purchase of property, plant and equipment. These capital expenditures were financed by internal resources of the Group.

Capital commitment

As at 31 December 2024, the Group had capital commitment amounting to RMB1.4 million (31 December 2023: RMB1.4 million) for capital contribution to an associate company, Langfang Denox Environmental & Technology Co., Ltd., which is principally engaged in development and manufacture of DeNOx catalysts for vehicles.

As at 31 December 2024, the Group had capital commitment for acquisition of property, plant and equipment amounting to approximately RMB2.8 million (31 December 2023: RMB2.4 million).

Contingent liabilities

The Group did not have any material contingent liabilities, guarantees and litigation as at 31 December 2023 and 2024.

Significant investments held, material acquisitions and disposals of subsidiaries, associates and joint ventures, and future plans for material investments or capital assets

Save as disclosed, there were no significant investments held, no material acquisitions of the Company or disposals of subsidiaries, associates and joint ventures during the Reporting Period and up to the date of this announcement.

There were no future plans authorised by the Board for other material investments or additions of capital assets of the Group during the Reporting Period and up to the date of this announcement.

Employees and Remuneration

As at 31 December 2024, the Group had 184 employees (2023: 189 employees). The majority of our employees are based in the PRC. Remuneration policies are reviewed regularly to ensure that the Group is offering competitive employment packages to employees. Remuneration of the Group's employees includes salaries, pension, discretionary bonus, medical insurance scheme and other applicable social insurance. The Group's remuneration policy for the Directors, senior management and employees are based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of the Directors, senior management members and employees. Further, the Group adopted the share option scheme on 14 October 2015. Further information of such share option scheme is available in the annual report of the Company for the year ended 31 December 2023. As the growth of the Group is dependent upon the skills and dedication of employees, the Group recognises the importance of human resources in competitive industry and has devoted resources to training employees. The Group has established an annual training program for its employees so that new employees can master the basic skills required to perform their functions and existing employees can upgrade or improve their production skills.

Share subscription Agreement and its use of proceeds

On 26 January 2024, 98,807,400 subscription shares were duly allotted and issued by the Company to Advant Performance Limited, being the subscriber, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Ms. Zhao Shu, a controlling shareholder and a connected person of the Company, at the subscription price of HK$0.048 per subscription share. For further details, please refer to the announcements of the Company dated 6 November 2023, 22 November 2023, 15 December 2023, 5 January 2024 and 26 January 2024 and the circular of the Company dated 15 December 2023, respectively.

The subscription price of HK$0.048 per subscription share represents a discount of approximately 4.0% to the closing price of HK$0.050 per share as quoted on the Stock Exchange on 6 November 2023, being the date of the share subscription agreement.

The Directors consider that the net proceeds from the share subscription could alleviate the funding pressure and generally improve the financial position of the Group. The share subscription can optimise the capital structure and reduce the financial risk of the Group by broadening the capital reserve channels of the Company.

During the Reporting Period, the net proceeds from the share subscription have been used as to (i) approximately 30% of the net proceeds (being HK$1,008,826.6) for the development of coated products; (ii) approximately 50% of the net proceeds (being HK$1,681,377.6) for the expansion of overseas markets, including setting up branches in Italy, India and the United States and employing local staff therein; and (iii) approximately 20% of the net proceeds (being HK$672,551.0) for general working capital, including employee remuneration and material costs. All of the net proceeds from the share subscription have been fully utilised during the Reporting Period.

Finance Lease Agreement

On 25 October 2023, Maxwealth Financial Leasing Co., Ltd.* (永贏金融租賃有限公司), a wholly-owned subsidiary of Bank of Ningbo Co., Ltd.* (寧波銀行), as lessor has entered into a finance lease agreement with Beijing Denox Environmental & Technology Co., Ltd.* (北京迪諾斯環保科技有限公司), an indirect wholly owned subsidiary of the Company, as lessee, pursuant to which (i) the lessee has agreed to sell the leased assets to the lessor at a consideration of RMB5,000,000 (equivalent to approximately HKD5,454,000); and (ii) the lessor has agreed to leaseback the leased assets to the lessee for a term of 24 months for a total lease payment of RMB5,362,858 (equivalent to approximately HKD5,849,806). For further details, please refer to the announcement of the Company dated 8 December 2023.

Important events affecting the Group after the Reporting Period

The Board is not aware of any other important event affecting the Group that have taken place subsequent to 31 December 2024 and up to the date of this announcement.

Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions originally denominated and settled in RMB, of which foreign exchange risk is considered insignificant. The Group is exposed to foreign exchange risk primarily relating to certain of its bank deposits which were denominated in Euro, Hong Kong Dollars and United States Dollars. The Group did not carry out any hedging activities against foreign currency risk during the Reporting Period. Any substantial fluctuation in the exchange rate of foreign currencies against RMB may have a financial impact to the Group. The Group believes that the Group have sufficient foreign currencies to meet its foreign exchange needs and will take effective measures to prevent foreign exchange risks should the need arise.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the Reporting Period (2023: Nil).

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement of the shareholders of the Company to attend and vote at the annual general meeting of the Company to be held on Friday, 20 June 2025 (the "**Annual General Meeting**"), the register of members of the Company will be closed from Tuesday, 17 June 2025 to Friday, 20 June 2025, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers documents, accompanied by the relevant share certificates, must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F., Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration no later than 4:30 p.m. on Monday, 16 June 2025.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities (including sale or transfer of treasury shares (as defined under the Listing Rules) during the Reporting Period. The Company did not have any treasury shares (as defined under the Listing Rules) as at 31 December 2024.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") in Appendix C3 to the Rules Governing the listing of Securities in the Stock Exchange (the "**Listing Rules**") as its own code of conduct regarding directors' securities transactions. Having made specific enquiries to all the Directors of the Company, each of the Directors has confirmed that he/she has complied with the required standards set out in the Model Code during the Reporting Period and up to the date of this announcement.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the corporate governance code set out in Appendix C1 to the Listing Rules (the "**CG Code**") as its own code to govern its corporate governance practices. The Company has been conducting its business according to the principles of the CG Code during the Reporting Period. Throughout the Reporting Period, the Company has complied with the relevant code provisions of the CG Code with the exception of code provision C.2.1 of part 2 of the CG Code. Pursuant to code provision C.2.1 of part 2 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual.

In considering that (a) the day-to-day responsibilities of the chief executive officer have been assumed by Ms. Zhao Shu, who is also the chairlady of the Company; and (b) Ms. Zhao Shu is the chairlady of the Group and has extensive experience in the Group's business operations and management in general, there is no separation of the roles of the chairlady and the chief executive officer of the Company. Given the current stage of the development of the Group, the Board is of the view that vesting the two roles in the same person provides the Company with strong and consistent leadership and facilitates the implementation and execution of the Group's business strategies which are in the best interests of the Company.

Under the leadership of Ms. Zhao Shu, the Board works efficiently and performs its responsibilities with all key and appropriate issues discussed in a timely manner. In addition, as all major decisions are made in consultation with members of the Board and relevant Board committees, and there are three independent non-executive Directors on the Board offering independent perspective. The Board is of the view that there are adequate safeguards in place to ensure sufficient balance of powers within the Board.

The Board shall review the structure and composition of the Board from time to time in light of prevailing circumstances, as to maintain a high standard of corporate governance practices of the Company. Save as disclosed above, the Company has complied with all relevant code provisions as set out in the CG Code during the Reporting Period

REVIEW OF ANNUAL RESULTS BY THE AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely, Ms. Chan Yeuk Wa, Mr. Ong Chor Wei and Dr. Wang Xueqian. Ms. Chan Yeuk Wa and Mr. Ong Chor Wei are independent non-executive Directors with appropriate professional qualification under Rules 3.10(2) and Rule 3.21 of the Listing Rules. Ms. Chan Yeuk Wa is the chairlady of the Audit Committee.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2024 in conjunction with the Company's auditor and management and has also discussed auditing, risk management, internal control and financial reporting matters including accounting practices and principles adopted by the Group.

SCOPE OF WORK OF THE AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other 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, CL Partners CPA Limited, to the amounts set out in the audited consolidated financial statements of the Group for the year as approved by the Board on 28 March 2025. The work performed by CL Partners CPA Limited in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by CL Partners CPA Limited on the preliminary announcement.

PUBLICATION OF 2024 ANNUAL RESULTS ANNOUNCEMENT AND 2024 ANNUAL REPORT

This annual results announcement is published on the Company's website (www.china-denox.com) and the Stock Exchange's website (www.hkexnews.hk). The Company's annual report for the year ended 31 December 2024 and notice of the Annual General Meeting will be made available on the websites of the Company and the Stock Exchange and will be despatched to the shareholders of the Company who have requested the printed copy on or before the end of April 2025.

By order of the Board
Denox Environmental & Technology Holdings Limited
Zhao Shu
Chairlady

Hong Kong, 28 March 2025

As at the date of this announcement, the Board comprises Ms. Zhao Shu and Mr. Li Ke as executive Directors; Mr. Li Xingwu as non-executive Director; and Ms. Chan Yeuk Wa, Mr. Ong Chor Wei and Dr. Wang Xueqian as independent non-executive Directors.

* *for identification purpose only*