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CONCH VENTURE
China Conch Venture Holdings Limited
中國海螺創業控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 586)

**ANNOUNCEMENT OF
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2022**

HIGHLIGHTS

- Revenue from continuing operations of the Group for the six months ended 30 June 2022 amounted to approximately RMB3,824.35 million, representing an increase of 21.50% as compared with the corresponding period of the previous year.
- Net profit attributable to equity shareholders from continuing operations of the Group for the six months ended 30 June 2022 amounted to approximately RMB2,429.55 million, representing a decrease of 24.21% as compared with the corresponding period of the previous year; and net profit of our principal activities attributable to equity shareholders from continuing operations of the Group (excluding share of profits of associates) amounted to approximately RMB542.14 million, representing an increase of 16.43% as compared with the corresponding period of the previous year.
- Basic earnings per share from continuing operations for the six months ended 30 June 2022 amounted to RMB1.33.
- The Board has resolved not to declare any interim dividend for the six months ended 30 June 2022.

The board (the “**Board**”) of directors (the “**Directors**”) of China Conch Venture Holdings Limited (the “**Company**”) hereby presents the unaudited results of operation and financial position for the six months ended 30 June 2022 (the “**Reporting Period**”) of the Company and its subsidiaries (the “**Group**”).

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2022 have been approved by the Board and reviewed by the audit committee of the Board (the “**Audit Committee**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*for the six months ended 30 June 2022 — unaudited**(Expressed in Renminbi Yuan)*

		Six months ended 30 June	
	<i>Note</i>	2022	2021
		RMB'000	RMB'000
			(Restated)
Continuing operations			
Revenue	3	3,824,351	3,147,617
Cost of sales		(2,692,131)	(2,341,234)
		<hr/>	<hr/>
Gross profit		1,132,220	806,383
Other net income	4	186,566	86,464
Distribution costs		(9,939)	(8,606)
Administrative expenses		(236,800)	(142,954)
		<hr/>	<hr/>
Profit from operations		1,072,047	741,287
Finance costs	5(a)	(278,597)	(136,478)
Share of profits of associates	8	1,887,417	2,739,963
		<hr/>	<hr/>
Profit before taxation	5	2,680,867	3,344,772
Income tax	6	(131,947)	(110,274)
		<hr/>	<hr/>
Profit for the period from continuing operations		2,548,920	3,234,498
		<hr/>	<hr/>
Discontinued operations	14		
Profit from discontinued operations		56,758	308,711
Net gain on distribution in specie		12,049,261	—
		<hr/>	<hr/>
Profit for the period		14,654,939	3,543,209
		<hr/>	<hr/>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)
for the six months ended 30 June 2022 — unaudited
(Expressed in Renminbi Yuan)

	<i>Note</i>	Six months ended 30 June	
		2022	2021
		RMB'000	RMB'000
			(Restated)
Attributable to equity shareholders of the Company:			
— from continuing operations		2,429,553	3,205,615
— from discontinued operations		12,107,011	271,165
		<u>14,536,564</u>	<u>3,476,780</u>
Attributable to non-controlling interests of the Company:			
— from continuing operations		119,367	28,883
— from discontinued operations		(992)	37,546
		<u>118,375</u>	<u>66,429</u>
Profit for the period		<u>14,654,939</u>	<u>3,543,209</u>
Basic earnings per share			
	<i>7(a)</i>		
— from continuing operations (<i>RMB</i>)		1.33	1.78
— from discontinued operations (<i>RMB</i>)		6.63	0.15
		<u>7.96</u>	<u>1.93</u>
Diluted earnings per share			
	<i>7(b)</i>		
— from continuing operations (<i>RMB</i>)		1.33	1.71
— from discontinued operations (<i>RMB</i>)		6.63	0.14
		<u>7.96</u>	<u>1.85</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

*for the six months ended 30 June 2022 — unaudited
(Expressed in Renminbi Yuan)*

	Six months ended 30 June	
<i>Note</i>	2022	2021
	RMB'000	RMB'000 (Restated)
Profit for the period	14,654,939	3,543,209
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss:		
Share of other comprehensive income of associates, net of tax	(326,276)	(10,016)
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates, net of tax	(15,309)	(18,697)
Exchange differences on translation of financial statements of overseas subsidiaries	(154,354)	25,834
Other comprehensive income for the period	(495,939)	(2,879)
Total comprehensive income for the period	14,159,000	3,540,330
Attributable to equity shareholders of the Company:		
— from continuing operations	1,933,614	3,202,736
— from discontinued operations	12,107,011	271,165
	14,040,625	3,473,901
Attributable to non-controlling interests of the Company:		
— from continuing operations	119,367	28,883
— from discontinued operations	(992)	37,546
	118,375	66,429
Total comprehensive income for the period	14,159,000	3,540,330

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2022 — unaudited

(Expressed in Renminbi Yuan)

		At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		3,149,349	1,212,651
Right-of-use assets		1,403,946	1,109,297
Intangible assets		15,427,105	10,007,101
Goodwill		125,614	–
Interests in associates	8	35,738,113	35,768,449
Non-current portion of service concession assets	9	4,524,214	5,280,042
Non-current portion of trade and other receivables	10	1,470,165	1,145,323
Financial assets measured at fair value through profit and loss (“FVPL”)		82,500	82,500
Equity securities measured at fair value through other comprehensive income (“FVOCI”)		10,320	–
Investment deposit		–	1,003,000
Deferred tax assets		43,984	76,143
		<u>61,975,310</u>	<u>55,684,506</u>
Current assets			
Financial assets measured at fair value through profit and loss (“FVPL”)		71,503	12,255
Inventories		406,076	378,324
Service concession assets	9	347,856	186,598
Trade and other receivables	10	2,780,262	1,554,313
Restricted bank deposits		57,105	277,858
Bank deposits with original maturity over three months		1,003,090	1,150,000
Cash and cash equivalents		5,573,690	2,560,045
		<u>10,239,582</u>	<u>6,119,393</u>
Assets held for distribution		–	7,115,167
		<u>10,239,582</u>	<u>13,234,560</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*at 30 June 2022 — unaudited**(Expressed in Renminbi Yuan)*

		At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Current liabilities			
Bank loans		587,499	602,528
Trade and other payables	11	5,569,241	4,299,189
Contract liabilities		55,036	57,074
Lease liabilities		6,006	5,942
Dividends payable to equity shareholders of the Company	13	1,090,465	—
Income tax payables		271,629	174,497
		<u>7,579,876</u>	<u>5,139,230</u>
Liabilities held for distribution		—	3,878,999
		<u>7,579,876</u>	<u>9,018,229</u>
Net current assets		<u>2,659,706</u>	<u>4,216,331</u>
Total assets less current liabilities		<u>64,635,016</u>	<u>59,900,837</u>
Non-current liabilities			
Bank loans		15,154,277	9,655,302
Convertible bonds	12	3,703,621	3,483,286
Lease liabilities		4,802	4,813
Deferred tax liabilities		189,193	100,000
		<u>19,051,893</u>	<u>13,243,401</u>
Net assets		<u>45,583,123</u>	<u>46,657,436</u>
Capital and reserves			
Share capital		14,412	14,530
Reserves		43,474,317	45,255,264
Equity attributable to equity shareholders of the Company		<u>43,488,729</u>	<u>45,269,794</u>
Non-controlling interests		<u>2,094,394</u>	<u>1,387,642</u>
Total equity		<u>45,583,123</u>	<u>46,657,436</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION

These unaudited consolidated financial statements of the Group have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*, adopted by the International Accounting Standards Board (“IASB”). It was authorised for issuance on 29 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

The preparation of interim financial report is in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory Notes. The Notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and Notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of standards and amendments to IFRSs that are first effective for the current accounting period of the Group. None of the developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are construction and operation of waste-to-energy projects, port logistics services, the manufacturing and sales of new building materials and investments.

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	Six months ended 30 June	
	2022 <i>RMB'000</i>	2021 <i>RMB'000</i> (Restated)
Continuing operations		
Waste-to-energy projects		
Waste incineration solutions (i)	3,054,303	2,667,098
Energy saving equipment	588,811	306,333
Subtotal	3,643,114	2,973,431
Port logistics services	119,616	112,055
Sale of new building materials	61,621	62,131
Total revenue from continuing operations	3,824,351	3,147,617
Discontinued operations		
Solid waste solutions	328,034	731,797
	<u>4,152,385</u>	<u>3,879,414</u>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Timing of revenue recognition		
Continuing operations		
— Over time	3,249,962	2,794,012
— Point in time	574,389	353,605
Subtotal	<u>3,824,351</u>	<u>3,147,617</u>
Discontinued operations		
— Over time	<u>328,034</u>	<u>731,797</u>

- (i) Revenue of waste incineration solutions under Build-Operate-Transfer (“BOT”) arrangements mainly represents the revenue for construction services, revenue from waste incineration project operation services and finance income. The amount of each significant category of revenue during the period is as follows:

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from waste incineration project construction services	1,847,474	2,106,658
Revenue from waste incineration project operation services	1,095,245	468,914
Finance income	111,584	91,526
Total	<u>3,054,303</u>	<u>2,667,098</u>

(b) Segment reporting

- (i) The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following reportable segments. In 2022, the Group identified a new reportable segment of new energy materials, which was previously included in the segment of new building materials from the second half of 2021. Comparative disclosures have been restated on a consistent basis.

The measure used by the Group's senior executive management to assess segment results is the profit before taxation. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the six months ended 30 June 2022 and 2021 is set out below:

	Six months ended 30 June 2022 (Unaudited)								
	Continuing operations					Discontinued operations			Total
	Waste-to-energy projects	Port logistics services	New building materials	New energy materials	Investments	Unallocated	Solid waste solutions	Elimination	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Revenue from external customers	3,643,114	119,616	61,621	-	-	-	328,034	-	4,152,385
Inter-segment revenue	28,928	-	-	-	-	-	9,745	(38,673)	-
Reportable segment revenue	3,672,042	119,616	61,621	-	-	-	337,779	(38,673)	4,152,385
Reportable segment profit/(loss) before taxation	772,620	62,726	(7,769)	-	1,887,417	(43,373)	12,122,817	2,740	14,797,178
Interest income	16,651	153	283	-	-	31,704	2,524	(2,904)	48,411
Interest expenses	203,773	-	-	-	-	77,728	21,404	(2,904)	300,001
Depreciation and amortisation	263,593	21,440	8,904	-	-	827	49,795	-	344,559
Provision for loss allowance									
— trade and other receivables	11,143	-	-	-	-	-	870	-	12,013
Reportable segment assets	30,592,078	429,051	3,814,741	892,681	35,738,113	8,169,242	-	(7,421,014)	72,214,892
Reportable segment liabilities	23,710,379	32,555	3,633,806	253,481	-	6,022,562	-	(7,021,014)	26,631,769

Six months ended 30 June 2021 (Unaudited) (Restated)

	Continuing operations					Discontinued operations		Total
	Waste-to-energy projects	Port logistics services	New building materials	Investments	Unallocated	Solid waste solutions	Elimination	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Revenue from external customers	2,973,431	112,055	62,131	-	-	731,797	-	3,879,414
Inter-segment revenue	473,224	-	-	-	-	8,561	(481,785)	-
Reportable segment revenue	<u>3,446,655</u>	<u>112,055</u>	<u>62,131</u>	<u>-</u>	<u>-</u>	<u>740,358</u>	<u>(481,785)</u>	<u>3,879,414</u>
Reportable segment profit/(loss) before taxation	<u>643,420</u>	<u>60,411</u>	<u>(7,610)</u>	<u>2,735,120</u>	<u>(53,851)</u>	<u>322,651</u>	<u>(25,505)</u>	<u>3,674,636</u>
Interest income	32,517	53	280	-	3,236	5,078	(3,919)	37,245
Interest expenses	80,928	-	-	-	56,675	18,932	(3,919)	152,616
Depreciation and amortisation	101,278	22,631	8,225	-	140	67,982	(4,418)	195,838
(Reversal of)/provision for loss allowance								
— trade and other receivables	(6,152)	-	-	-	-	3,120	-	(3,032)

At 31 December 2021 (Restated)

	Continuing operations					Discontinued operations		Total	
	Waste-to-energy projects	Port logistics services	New building materials	New energy materials	Investments	Unallocated	Solid waste solutions		Elimination
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		RMB'000
Reportable segment assets	24,693,005	396,135	2,407,702	525,113	35,637,850	3,318,493	7,523,347	(5,582,579)	68,919,066
Reportable segment liabilities	15,684,940	39,815	2,224,215	125,113	-	4,796,084	4,426,043	(5,034,580)	22,261,630

(ii) *Geographic information*

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets, intangible assets, interests in associates, non-current portion of service concession assets and trade and other receivables (“**specified non-current assets**”). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment and right-of-use assets, the location of the operation to which they are allocated, in the case of intangible assets and non-current portion of service concession assets and trade and other receivables, and the location of operations, in the case of interests in associates.

Revenue from external customers

	Continuing operations		Discontinued operations	
	Six month ended 30 June		Six month ended 30 June	
	2022	2021	2022	2021
	RMB'000	<i>RMB'000</i>	RMB'000	<i>RMB'000</i>
		(Restated)		(Restated)
Mainland China	3,795,884	3,113,455	328,034	731,797
Asia-Pacific (except Mainland China)	28,467	34,162	–	–
	3,824,351	3,147,617	328,034	731,797

Specified non-current assets

	30 June	31 December
	2022	2021
	RMB'000	<i>RMB'000</i>
Mainland China	61,468,818	54,348,120
Asia-Pacific (except Mainland China)	244,074	174,743
	61,712,892	54,522,863

4 OTHER NET INCOME

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
		(Restated)
Continuing operations		
Interest income on bank deposits and cash at bank	45,887	32,167
Government grants	123,177	53,775
Net gain on disposal of property, plant and equipment	25	11
Recognition of negative goodwill as income	17,083	–
Net exchange gain/(loss)	3,172	(279)
Net unrealised (losses)/gain on financial assets measured at FVPL	(7,051)	1,332
Others	4,273	(542)
	<u>186,566</u>	<u>86,464</u>
	-----	-----
Discontinued operations		
Interest income on bank deposits and cash at bank	2,524	5,078
Government grants	5,776	10,506
Net loss on disposal of right-of-use assets and property, plant and equipment	–	(2)
Recognition of negative goodwill as income	–	644
Others	215	733
	<u>8,515</u>	<u>16,959</u>
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	<u>195,081</u>	<u>103,423</u>
	=====	=====

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Finance costs:

	Six months ended 30 June	
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i> (Restated)
Continuing operations		
Interest on loans and borrowings	245,411	122,712
Interest on lease liabilities	274	89
Interest on convertible bonds	60,187	56,754
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	305,872	179,555
Less: interest expense capitalised into construction in progress and intangible assets	(27,275)	(43,077)
	<hr/>	<hr/>
	278,597	136,478
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Discontinued operations		
Interest on bank loans	30,388	27,581
Interest on lease liabilities	39	89
	<hr/>	<hr/>
Total interest expense on financial liabilities not at fair value through profit or loss	30,427	27,670
Less: interest expense capitalised into construction in progress and intangible assets	(9,023)	(11,532)
	<hr/>	<hr/>
	21,404	16,138
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
	300,001	152,616
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(b) Other items:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
		(Restated)
Continuing operations		
Depreciation of owned property, plant and equipment	51,094	39,585
Depreciation of right-of-use assets	18,513	9,587
Amortisation of intangible assets	225,157	78,684
Research and development costs	31,904	15,319
Loss allowance on/(reversal of) trade receivables	11,143	(6,152)
Staff costs	241,685	141,895
	<u>241,685</u>	<u>141,895</u>
Discontinued operations		
Depreciation of owned property, plant and equipment	46,433	62,828
Depreciation of right-of-use assets	1,360	1,778
Amortisation of intangible assets	2,002	3,376
Loss allowance on of trade receivables	870	3,120
Staff costs	176,059	112,609
	<u>176,059</u>	<u>112,609</u>

6 INCOME TAX

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
		(Restated)
Continuing operations		
Current tax — Hong Kong Profits Tax		
Provision for the period	—	—
Current tax — PRC Income Tax		
Provision for the period	186,217	179,081
Over provision in respect of prior years	(6,109)	(7,946)
Deferred tax:		
Origination and reversal of temporary differences, net	(48,161)	(60,861)
	<u>(48,161)</u>	<u>(60,861)</u>
Income tax expense on continuing operations	<u>131,947</u>	<u>110,274</u>

	Six months ended 30 June	
	2022	2021
	RMB'000	<i>RMB'000</i>
		(Restated)
Discontinued operations		
Current tax — Hong Kong Profits Tax		
Provision for the period	–	–
Current tax — PRC income tax		
Provision for the period	10,431	23,007
Under provision in respect of prior years	–	151
Deferred tax:		
Origination and reversal of temporary differences, net	<u>(139)</u>	<u>(2,005)</u>
Income tax expense on discontinued operations	<u>10,292</u>	<u>21,153</u>

- (a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (b) The provision for Hong Kong Profits Tax for 2022 is calculated at the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax was calculated at the same basis in 2021. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.
- (c) The PRC income tax law and its relevant regulations also impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, on dividend distributions made out of the PRC from earnings accumulated from 1 January 2008.

Under the Arrangement between the Mainland of China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, a qualified Hong Kong tax resident which is the “beneficial owner” and holds 25% or more of the equity interest in a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5% on dividends received.

Since the Group can control the quantum and timing of distribution of profits of the Group’s PRC subsidiaries, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

- (d) The provision for PRC income tax is based on a statutory rate of 25% of the assessable income of the Company’s mainland China subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC.

Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd., Hunan Huiming Environmental Protection Technology Co., Ltd. and Jilin Shuangjia Environmental Protection Energy Utilization Co., Ltd. was accredited as a “High and New Technology Enterprise” (“**HNTE**”) and was entitled to a preferential income tax rate of 15% for a period of three years, from 2020 to 2023, 2020 to 2023 and 2021 to 2024, respectively.

Pursuant to Notice No. 23 issued by the State Administration of Taxation on 23 April 2020 and relevant local tax authorities' notices, 34 PRC subsidiaries of the Group are entitled to a preferential income tax rate of 15% as qualifying companies located in western areas in the PRC during the six months ended 30 June 2022 (six months ended 30 June 2021: 34).

- (e) Pursuant to the PRC Enterprise Income Tax Law Implementing Regulations issued by State Council of the People's Republic of China, certain subsidiaries engaged in waste incineration are eligible for a preferential tax treatment of income tax exemption for the first three years starting from which revenue is generated and 50% income tax reduction for the next three years.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2022 and the weighted average number of ordinary shares in issue during the six months ended 30 June 2022.

(i) Weighted average number of ordinary shares

	Six months ended 30 June	
	2022	2021
	'000	'000
Issued ordinary shares at 1 January	1,826,765	1,804,750
Effect of new shares issued on 28 June 2021	–	245
Effect of repurchased and cancelled ordinary shares	(1,015)	–
	<u>1,825,750</u>	<u>1,804,995</u>

(ii) Profit attributable to ordinary equity shareholders

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
		(Restated)
Profit attributable to ordinary equity shareholders		
— Continuing operations	2,429,553	3,205,615
— Discontinued operations	12,107,011	271,165
	<u>14,536,564</u>	<u>3,476,780</u>

(iii) *Basic earnings per share*

	Six months ended 30 June	
	2022	2021
	<i>RMB</i>	<i>RMB</i>
		(Restated)
Basic earnings per share		
— Continuing operations	1.33	1.78
— Discontinued operations	6.63	0.15
	<u>7.96</u>	<u>1.93</u>

(b) **Diluted earnings per share**

Diluted earnings per share for the six months ended 30 June 2022 is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

The calculation of diluted earnings per share of continuing operations for the six months ended 30 June 2021 is based on the profit attributable to ordinary equity shareholders of the Company of RMB3,262,369,000 from continuing operations and the weighted average number of ordinary shares of 1,906,632,114. The calculation of diluted earnings per share of discontinued operations for the six months ended 30 June 2021 is based on the profit attributable to ordinary equity shareholders of the Company of RMB271,165,000 from discontinuing operations and the weighted average number of ordinary shares of 1,906,632,114.

8 INTERESTS IN ASSOCIATES

As at 30 June 2022, interests in associates represented share of net assets of Anhui Conch Holdings Co., Ltd. (“**Conch Holdings**”) and other associates that are not individually material. For the six months period ended 30 June 2022, the Group recognised share of profits of associates in the amount of RMB1,887,417,000 in profit or loss from continuing operations (six months ended 30 June 2021: RMB2,739,963,000).

9 SERVICE CONCESSION ASSETS

	At	At
	30 June	31 December
	2022	2021
	<i>RMB'000</i>	<i>RMB'000</i>
Current	347,856	186,598
Non-current	4,524,214	5,280,042
	<u>4,872,070</u>	<u>5,466,640</u>

The service concession assets bear interest at rates ranging from 6.01% to 9.41 % (31 December 2021: 6.01% to 9.41%) per annum as at 30 June 2022 and relate to certain BOT arrangements of the Group. The amounts are not yet due for payment and will be settled during the operating periods of the arrangements. Among the total of RMB4,872,070,000 (31 December 2021: RMB5,466,640,000), RMB1,158,003,000 (31 December 2021: RMB1,788,552,000) relates to BOT arrangements which are in construction phase and should be deemed as contract assets as defined under IFRS 15.

Among the total of RMB4,872,070,000 (31 December 2021: RMB5,466,640,000), RMB312,697,000 (31 December 2021: RMB152,706,000) relates to the government on-grid tariff subsidy for certain projects which will be billed and settled upon the successful completion of government administrative procedures pursuant to notices jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration.

10 TRADE AND OTHER RECEIVABLES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade receivables	1,947,584	881,426
Bills receivable	139,641	69,632
Less: loss allowance for doubtful debts	(137,881)	(55,330)
	<hr/>	<hr/>
Trade and bills receivables	1,949,344	895,728
Deposits and prepayments	117,347	64,131
Other receivables	519,064	491,221
Interest receivables	60,412	51,382
	<hr/>	<hr/>
Amounts due from third parties	2,646,167	1,502,462
Dividends receivable	38,729	–
Amounts due from related parties	95,366	51,851
	<hr/>	<hr/>
Current portion of trade and other receivables	2,780,262	1,554,313
	<hr/>	<hr/>
Other receivables and prepayments to be recovered after one year	1,470,165	1,145,323
	<hr/>	<hr/>
Non-current portion of trade and other receivables	1,470,165	1,145,323
	<hr/>	<hr/>
Total current and non-current trade and other receivables	<u>4,250,427</u>	<u>2,699,636</u>

All of the current portion of trade and other receivables are expected to be recovered within one year.

All of the amounts due from related parties are unsecured, non-interest bearing and repayable on demand.

Ageing analysis

As of the end of the reporting periods, the ageing analysis of trade receivables and bills receivable (which are included in trade and other receivables), based on the past due aging and net of loss allowance, is as follows:

	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Current	1,610,396	817,605
Less than 1 year	263,400	70,229
1 to 2 years	66,067	5,487
2 to 3 years	9,481	2,407
	<u>1,949,344</u>	<u>895,728</u>

11 TRADE AND OTHER PAYABLES

	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Trade payables	3,095,019	2,358,279
Bills payable	380,025	891,391
	<u>3,475,044</u>	<u>3,249,670</u>
Other payables and accruals	<u>1,727,056</u>	<u>793,507</u>
Amounts due to third parties	5,202,100	4,043,177
Dividends payable to the then-shareholders of the acquired subsidiaries	58,728	–
Dividends payable to non-controlling interests	10,972	10,566
Amounts due to related parties	<u>297,441</u>	<u>245,446</u>
Trade and other payables	<u>5,569,241</u>	<u>4,299,189</u>

An ageing analysis of trade and bills payables of the Group is as follows:

	At 30 June 2022 <i>RMB'000</i>	At 31 December 2021 <i>RMB'000</i>
Within 1 year	3,425,405	3,239,416
1 year to 2 years	27,732	8,900
2 years to 3 years	13,394	1,014
Over 3 years but within 5 years	8,513	340
	<u>3,475,044</u>	<u>3,249,670</u>

The amounts due to related parties are all aged within one year, and are unsecured, non-interest bearing and repayable on demand.

12 CONVERTIBLE BONDS

On 5 September 2018, Conch Venture BVI, a subsidiary of the Company, issued zero coupon guaranteed convertible bond (the “**Bonds**”) with aggregate principal amount of HKD3,925,000,000 (equivalent to approximately RMB3,413,730,000) and received cash after deduction of transaction costs of HKD3,882,043,000 (equivalent to approximately RMB3,376,369,000).

Pursuant to the terms of the Bonds, the Bonds will be due in September 2023 and are guaranteed by the Company. The bond holders could convert part of or the entire outstanding bond balances at the holder’s option into fully paid ordinary shares of the Company at an initial conversion price of HKD40.18 per share, subject to adjustments under certain terms and conditions of the Bonds.

The convertible bonds can be settled by exchange of a fixed amount of cash in HKD with a fixed number of the Company’s equity instruments. In accordance with the Group’s accounting policy, the convertible bonds are accounted for as compound financial instruments which contain both a liability component and an equity component.

The movements of the components of the convertible bonds during current period are set out below:

	Liability component (At amortised cost) RMB'000	Equity component (Residual amount) RMB'000	Total RMB'000
At 1 January 2021	3,470,110	54,466	3,524,576
Interest charge	113,882	–	113,882
Exchange adjustment	(100,706)	–	(100,706)
	<hr/>	<hr/>	<hr/>
At 31 December 2021	3,483,286	54,466	3,537,752
Interest charge (<i>Note 5(a)</i>)	60,187	–	60,187
Exchange adjustment	160,148	–	160,148
	<hr/>	<hr/>	<hr/>
At 30 June 2022	<u>3,703,621</u>	<u>54,466</u>	<u>3,758,087</u>

13 DIVIDENDS

Dividend payable to equity shareholders attributable to the previous financial year, approved during the interim period:

		Six months ended 30 June	
		2022	2021
	<i>Note</i>	RMB'000	RMB'000
Distribution in specie	<i>(i)</i>	14,495,378	–
Final dividend in respect of the previous financial year, approved during the interim period, of HKD0.70 per share (six months ended 30 June 2021: HKD0.70 per share)	<i>(ii)</i>	<u>1,090,465</u>	<u>1,054,182</u>

- (i) The entire issued share capital of Conch Environment was spun-off via a distribution in specie completed on 30 March 2022. The transaction was recognized and measured in accordance with “*IFRIC 17 – Distribution of Non-cash Assets to Owners*”. The fair value of the net assets attributable to Conch Environment, subject to the distribution in specie, amounted to approximately RMB14,495,378,000. The transaction resulted in a non-cash gain of approximately RMB12,049,261,000 attributable to the shareholders of the Company.
- (ii) Pursuant to a resolution passed at the annual general meeting on 24 June 2022, a final dividend of HKD0.70 per share totaling HKD1,269,090,000 (equivalent to approximately RMB1,090,465,000) was approved (2021: HKD1,263,325,000 (equivalent to approximately RMB1,054,182,000)), which was paid in July 2022.

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2022 (six months ended 30 June 2021: Nil).

14 DISCONTINUED OPERATIONS

As at 31 December 2021, the directors of the Company considered that it was highly probably that the solid waste solutions business would be distributed to the Company's shareholders within the next twelve months. As a result, the consolidated assets and liabilities of Conch Environment were classified as held for distribution as at 31 December 2021 and the consolidated results of Conch Environment for the period from 1 January 2022 to 30 March 2022 and the six months ended 30 June 2021 were presented in the consolidated statements of profit or loss and other comprehensive income as discontinued operations. The consolidated statements of profit or loss and other comprehensive income distinguished the discontinued operations from the continuing operations, and the comparative figures have been restated accordingly.

The summarised financial information of Conch Environment presented below represents the amounts after the intra-group elimination.

(a) Results of discontinued operations

	For the period from 1 January 2022 to 30 March 2022 RMB'000	For the six months ended 30 June 2021 RMB'000 (Restated)
Revenue	328,034	731,797
Cost of sales	<u>(163,125)</u>	<u>(278,195)</u>
Gross profit	164,909	453,602
Other net income	8,515	16,959
Distribution costs	(28,244)	(54,520)
Administrative expenses	<u>(58,988)</u>	<u>(76,884)</u>
Profit from operations	86,192	339,157
Finance costs	(21,404)	(16,138)
Share of profits of associates	<u>2,262</u>	<u>6,845</u>
Profit before taxation	67,050	329,864
Income tax	<u>(10,292)</u>	<u>(21,153)</u>
Profit for the period	56,758	308,711
Net gain on distribution in specie	<u>12,049,261</u>	<u>–</u>
Profit for the period from discontinued operations	<u>12,106,019</u>	<u>308,711</u>
Attributable to:		
Equity shareholder of the Company	12,107,011	271,165
Non-controlling interests	<u>(992)</u>	<u>37,546</u>
Profit for the period from discontinued operations	<u>12,106,019</u>	<u>308,711</u>

(b) **Net gain on distribution in specie**

Details of net assets of discontinued operations at date of distribution in specie are set out below:

	As at 30 March 2022 <i>RMB'000</i>
Net assets distributed	
Property, plant and equipment	5,543,932
Right-of-use assets	207,531
Intangible assets	132,231
Goodwill	9,219
Interests in associates	71,101
Non-current portion of trade and other receivables	339,101
Deferred tax assets	4,864
Inventories	9,897
Trade and other receivables	793,082
Restricted bank deposits	25,827
Bank deposits with original maturity over three months	1,680
Cash and cash equivalents	<u>541,906</u>
Total assets	7,680,371
Loans and borrowings	(3,339,595)
Trade and other payables	(1,072,017)
Contract liabilities	(17,895)
Lease liabilities	(3,976)
Income tax payables	(18,348)
Deferred tax liabilities	<u>(28,974)</u>
Total liabilities	(4,480,805)
Book value of net assets	3,199,566
Non-controlling interest	<u>(677,292)</u>
Book value of net assets distributed	<u><u>2,522,274</u></u>

The fair value of Conch Environment is with reference to the closing price and the number of issued shares on the first day of listing of Conch Environment on 30 March 2022 in accordance with IFRIC 17.

Analysis of net gain on distribution in specie:

	As at 30 March 2022 <i>RMB'000</i>
Fair value of Conch Environment	14,495,378
Less: Net assets distributed of Conch Environment	(2,522,274)
Add: recognition of unrealised profits arising from intra-group transactions	<u>76,157</u>
Net gain on distribution	<u><u>12,049,261</u></u>
Attributable to:	
Equity shareholder of the Company	12,049,261
Non-controlling interests	<u>–</u>
Net gain on distribution	<u><u>12,049,261</u></u>

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO ENVIRONMENT

In the first half of 2022, international and domestic economic environment became increasingly challenging, and economic inflation caused by regional conflicts further imposed downward pressure on the global economy, slowing down the recovery of the international economy. Due to the impact of the pandemic, economic development has been facing huge challenges. Driven by a series of macroeconomic policies, the national economy has shown strong resilience, with a year-on-year GDP growth of approximately 2.5%, and the economy has shown a stable recovery overall.

With the rapid development of China's environmental protection industry and the successive introductions of a number of environmental protection policies, the domestic environmental protection industry is also undergoing a transition from "fast development" to "great development". The Group closely followed the direction of national environmental protection development, seized the business development opportunities, focused on the principal businesses, comprehensively strengthened market development, improved project management standards, intensified cooperation in the technical field, and took the initiative to develop the new energy materials business field, which laid a solid foundation for the new round of business development of the Group.

During the Reporting Period, the Group achieved operating revenue of RMB3.824 billion, increased by approximately 21.50% as compared with the corresponding period of the previous year. The net profit attributable to the parent company from the principal businesses amounted to RMB0.542 billion, increased by approximately 16.43% as compared with the corresponding period of the previous year.

BUSINESS REVIEW

In the first half of 2022, under the strong leadership of the Board, the Group overcame negative external factors, stepped up its efforts in project expansion, carried out mergers and acquisitions of high-quality projects, accelerated the progress of project construction, promoted refined management of projects, continued to optimize technical processes, strived to improve the standard of project operation, and maintained a steady development momentum in the domestic waste treatment business.

At the same time, the Group adhered to the diversified development strategy, focused on the new energy materials business segment, explored innovations of production technology, took the initiative to strengthen communication with industry-leading companies, accelerated the development of national network of lithium battery recycling projects, and continuously improved the upstream and downstream industry chain of new energy, with a view to building a new core for the development of the Group's environmental protection business.

In March 2022, China Conch Environment Protection Holdings Limited (“**Conch Environment**”) (which, together with its subsidiaries, are principally engaged in solid waste treatment business) was spun-off by way of introduction through a distribution in specie to the shareholders of the Company and separately listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (the “**Conch Environment Spin-off**”). The solid waste solutions business is classified as discontinued operations of the Group. For further details in relation to the Conch Environment Spin-off, please refer to the announcements of the Company dated 28 September 2021, 4 March 2022, 7 March 2022 and 16 March 2022 respectively and the listing document in relation to the Conch Environment Spin-off issued by Conch Environment on 22 March 2022.

The Company is considering a possible spin-off and separate listing of its subsidiary, Anhui Conch Venture Green Energy Environmental Protection Group Co., Ltd.* (安徽海創綠能環保集團股份有限公司) (the “**Proposed CV Green Energy Spin-off**”), on the main board of the Shanghai Stock Exchange in the PRC. For purpose of the Proposed CV Green Energy Spin-off, the Company has submitted an application in relation to the Proposed CV Green Energy Spin-off under Practice Note 15 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) to the Stock Exchange for its review and approval. The Proposed CV Green Energy Spin-off is subject to, inter alia, the prevailing market conditions and approvals from relevant authorities, including the Chinese Securities Regulatory Commission, the relevant stock exchange in the PRC and the Stock Exchange, therefore the Proposed CV Green Energy Spin-off may or may not occur. For further details in relation to the Proposed CV Green Energy Spin-off, please refer to the announcement of the Company dated 6 May 2022.

As at the date of this announcement, the Group had secured a total of 111 environmental protection projects in 24 provinces, municipalities and autonomous regions nationwide, which include 98 grate furnace power generation projects, 10 projects of waste treatment by cement kilns, 2 projects of new energy and 1 project of lithium battery recycling. Our annual treatment capacities of municipal waste had reached approximately 19.57 million tonnes (54,600 tonnes/day).

Municipal Waste Treatment

1. Grate Furnace Power Generation

1) Project expansion

The Group continued to focus on market expansion, seized development opportunities and timely carried out mergers and acquisitions of companies in the same industry. As at the date of this announcement, the Group acquired 11 grate furnace power generation projects under Agile Group Holdings Limited (“**Agile Holdings**”) and Hangzhou Jinjiang Group Co., Ltd. (“**Hangzhou Jinjiang Group**”) and signed new contracts for 11 grate furnace power generation projects in Danjiangkou, Hubei Province, Yongde, Yunnan Province, Dongzhi, Anhui Province, Pingguo, Guangxi Region (Phase 2), Zhuanglang, Gansu Province, Yanshan, Yunnan Province (Phase 2), Jianshui, Yunnan Province, Songming, Yunnan Province (Phase 2), Yi County, Liaoning Province, Gengma, Yunnan Province and Hunyuan, Shanxi Province, totaling 22 new projects.

2) Project operation

The Group always regards the improvement of operational quality as the core of management. Drawing on the operation experience of high-quality projects, the Group carried out differentiated technical transformation measures so as to improve project operation rate. For newly acquired projects, the Group delivered targeted professional technical assistance by taking measures such as optimizing resource allocation and adjusting technical equipment, which has effectively reduced unit energy consumption and improved various operational indicators.

During the Reporting Period, the Group’s grate furnace power segment received a total of approximately 5.58 million tonnes of municipal waste, of which approximately 4.73 million tonnes were treated, and achieved approximately 1.617 billion kwh of on-grid electricity. The average on-grid electricity calculated according to the volume processed in furnace is 342 kwh (including mergers and acquisitions projects).

Details of grate furnace power projects are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date	Cooperation Methods
1	In operation	Jinzhai, Anhui Province	2×110,000 tonnes/year (2×300 tonnes/day)	January 2016	Wholly-owned projects
2		Tongren, Guizhou Province	2×110,000 tonnes/year (2×300 tonnes/day)	July 2017	
3		Yanshan, Yunnan Province (Phase 1)	110,000 tonnes/year (300 tonnes/day)	August 2017	
4		Huoqiu, Anhui Province	2×140,000 tonnes/year (2×400 tonnes/day)	January 2018	
5		Li County, Hunan Province	2×140,000 tonnes/year (2×400 tonnes/day)	April 2018	
6		Songming, Yunnan Province (Phase 1)	110,000 tonnes/year (300 tonnes/day)	January 2019	
7		Shanggao, Jiangxi Province	140,000 tonnes/year (400 tonnes/day)	February 2019	
8		Yiyang, Jiangxi Province	2×110,000 tonnes/year (2×300 tonnes/day)	June 2019	
9		Shache, Xinjiang	2×110,000 tonnes/year (2×300 tonnes/day)	June 2019	
10		Sishui, Shandong Province	140,000 tonnes/year (400 tonnes/day)	June 2019	
11		Bole, Xinjiang	110,000 tonnes/year (300 tonnes/day)	July 2019	
12		Yang County, Shaanxi Province	110,000 tonnes/year (300 tonnes/day)	October 2019	
13		Baoshan, Yunnan Province	2×140,000 tonnes/year (2×400 tonnes/day)	January 2020	
14		Fuquan, Guizhou Province	2×110,000 tonnes/year (2×300 tonnes/day)	January 2020	
15		Lujiang, Anhui Province	2×180,000 tonnes/year (2×500 tonnes/day)	January 2020	
16		Xianyang, Shaanxi Province	2×270,000 tonnes/year (2×750 tonnes/day)	July 2020	
17		Xishui, Guizhou Province (Phase 1)	140,000 tonnes/year (400 tonnes/day)	July 2020	

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date	Cooperation Methods
18	In operation	Shizhu, Chongqing City	110,000 tonnes/year (300 tonnes/day)	August 2020	Wholly-owned projects
19		Huoshan, Anhui Province	140,000 tonnes/year (400 tonnes/day)	August 2020	
20		Tengchong, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	November 2020	
21		Ningguo, Anhui Province	140,000 tonnes/year (400 tonnes/day)	November 2020	
22		Luxi, Yunnan Province	2×110,000 tonnes/year (2×300 tonnes/day)	January 2021	
23		Mangshi, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	March 2021	
24		Luoping, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	March 2021	
25		Dexing, Jiangxi Province	140,000 tonnes/year (400 tonnes/day)	November 2020	
26		Zongyang, Anhui Province (Phase 1)	140,000 tonnes/year (400 tonnes/day)	April 2021	Wholly-owned project
27		Shahe, Hebei Province (Phase 1)	2×180,000 tonnes/year (2×500 tonnes/day)	April 2021	The Group holding 66%
28		Shimen, Hunan Province	180,000 tonnes/year (500 tonnes/day)	May 2021	Wholly-owned projects
29		Jiuquan, Gansu Province	180,000 tonnes/year (500 tonnes/day)	June 2021	
30		Manzhouli, Inner Mongolia	140,000 tonnes/year (400 tonnes/day)	June 2021	
31		Hanshou, Hunan Province	140,000 tonnes/year (400 tonnes/day)	June 2021	
32		Suiyang, Guizhou Province	140,000 tonnes/year (400 tonnes/day)	June 2021	The Group holding 70%
33		Panshi, Jilin Province	140,000 tonnes/year (400 tonnes/day)	July 2021	Wholly-owned projects
34		Pingguo, Guangxi Province (Phase 1)	140,000 tonnes/year (400 tonnes/day)	July 2021	
35		Tongchuan, Shaanxi Province	180,000 tonnes/year (500 tonnes/day)	August 2021	
36		Zhenxiong, Yunnan Province (Phase 1)	180,000 tonnes/year (500 tonnes/day)	September 2021	
37		Shuangfeng, Hunan Province	180,000 tonnes/year (500 tonnes/day)	October 2021	
38	Hejin, Shanxi Province	180,000 tonnes/year (500 tonnes/day)	October 2021		
39	Pingliang, Gansu Province	180,000 tonnes/year (500 tonnes/day)	November 2021		
40	Binzhou, Shaanxi Province	110,000 tonnes/year (300 tonnes/day)	November 2021		

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date	Cooperation Methods
41	In operation	Tongzi, Guizhou Province	180,000 tonnes/year (500 tonnes/day)	November 2021	The Group holding 70%
42		Wuwei, Anhui Province (Phase 1)	180,000 tonnes/year (500 tonnes/day)	December 2021	Wholly-owned projects
43		Fugou, Henan Province	220,000 tonnes/year (600 tonnes/day)	April 2022	
44		Du'an, Guangxi Region	140,000 tonnes/year (400 tonnes/day)	June 2022	
45		Luzhai, Guangxi Region	140,000 tonnes/year (400 tonnes/day)	June 2022	
46	In operation (Project acquired)	Luanzhou, Hebei Province	180,000 tonnes/year (500 tonnes/day)	January 2021	
47		Guantao, Hebei Province	180,000 tonnes/year (500 tonnes/day)	January 2021	
48		Guan County, Shandong Province	220,000 tonnes/year (600 tonnes/day)	March 2020	The Group holding 90%
49		Chiping, Shandong Province	220,000 tonnes/year (600 tonnes/day)	June 2018	The Group holding 95%
50		Jinxiang, Shandong Province	290,000 tonnes/year (800 tonnes/day)	October 2019	The Group holding 90%
51		Chenzhou, Hunan Province	450,000 tonnes/year (1,250 tonnes/day)	July 2015	Wholly-owned project
52		Baotou, Inner Mongolia	490,000 tonnes/year (1,350 tonnes/day)	December 2012	Wholly-owned project
53		Hohhot, Inner Mongolia (Phase 1)	360,000 tonnes/year (1,000 tonnes/day)	November 2017	The Group holding 70%
54		Jilin, Jilin Province	540,000 tonnes/year (1,500 tonnes/day)	January 2009	The Group holding 99.67%
55		Bijie, Guizhou Province	290,000 tonnes/year (800 tonnes/day)	April 2021	The Group holding 90%
56		Jingdezhen, Jiangxi Province	360,000 tonnes/year (1,000 tonnes/day)	November 2016	The Group holding 70%
Subtotal			11,790,000 tonnes/year (32,800 tonnes/day)		

No.	Status of Construction	Project Location	Treatment Capacity	Expected Completion Date	Cooperation Methods
57	Under construction	Hohhot, Inner Mongolia (Phase 2)	270,000 tonnes/year (750 tonnes/day)	July 2022	The Group holding 70%
58		Suzhou, Anhui Province	180,000 tonnes/year (500 tonnes/day)	August 2022	Wholly-owned project
59		Longkou, Shandong Province	220,000 tonnes/year (600 tonnes/day)	August 2022	The Group holding 60%
60		Zhangjiakou, Hebei Province	180,000 tonnes/year (500 tonnes/day)	September 2022	Wholly-owned project
61		Bac Ninh, Vietnam	110,000 tonnes/year (300 tonnes/day)	November 2022	The Group holding 95%
62		Naiman Banner, Inner Mongolia	110,000 tonnes/year (300 tonnes/day)	December 2022	Wholly-owned projects
63		He County, Anhui Province	220,000 tonnes/year (600 tonnes/day)	December 2022	
64		Fengning, Hebei Province	110,000 tonnes/year (300 tonnes/day)	January 2023	
65		Shulan, Jilin Province	140,000 tonnes/year (400 tonnes/day)	March 2023	
66		Shucheng, Anhui Province	140,000 tonnes/year (400 tonnes/day)	May 2023	
67		Jinning, Yunnan Province	140,000 tonnes/year (400 tonnes/day)	August 2023	
68		Taonan, Jilin Province	140,000 tonnes/year (400 tonnes/day)	August 2023	
69		Weichang, Hebei Province	110,000 tonnes/year (300 tonnes/day)	August 2023	
70		Liangping, Chongqing City	140,000 tonnes/year (400 tonnes/day)	October 2023	
71		Meitan, Guizhou Province	140,000 tonnes/year (400 tonnes/day)	October 2023	
72		Danjiangkou, Hubei Province	110,000 tonnes/year (300 tonnes/day)	December 2023	The Group holding 60%
73		Xichou, Yunnan Province	180,000 tonnes/year (500 tonnes/day)	December 2023	Wholly-owned projects
74		Huayin, Shaanxi Province	140,000 tonnes/year (400 tonnes/day)	December 2023	
75		Qingzhen, Guizhou Province	180,000 tonnes/year (500 tonnes/day)	December 2023	
76		Haidong, Qinghai Province	180,000 tonnes/year (500 tonnes/day)	December 2023	
Subtotal			3,140,000 tonnes/year (8,750 tonnes/day)		

No.	Status of Construction	Project Location	Treatment Capacity	Expected Completion Date	Cooperation Methods	
77	Under approval and planning	Wushan, Chongqing City	130,000 tonnes/year (350 tonnes/day)	/	Wholly-owned projects	
78		Tai'an, Liaoning Province	110,000 tonnes/year (300 tonnes/day)	/		
79		Qiyang, Hunan Province	180,000 tonnes/year (500 tonnes/day)	/		
80		Yongde, Yunnan Province	180,000 tonnes/year (500 tonnes/day)	/		
81		Dongzhi, Anhui Province	140,000 tonnes/year (400 tonnes/day)	/		
82		Zhuanglang, Gansu Province	180,000 tonnes/year (500 tonnes/day)	/		
83		Pingguo, Guangxi Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)	/		
84		Yanshan, Yunnan Province (Phase 2)	110,000 tonnes/year (300 tonnes/day)	/		
85		Songming, Yunnan Province (Phase 2)	180,000 tonnes/year (500 tonnes/day)	/		
86		Jianshui, Yunnan Province	180,000 tonnes/year (500 tonnes/day)	/		
87		Yi County, Liaoning Province	140,000 tonnes/year (400 tonnes/day)	/		
88		Gengma, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	/		
89		Hunyuan, Shanxi Province	180,000 tonnes/year (500 tonnes/day)	/		The Group holding 99%
90		Xuan Son, Vietnam	2×180,000 tonnes/year (2×500 tonnes/day)	/		The Group holding 51%
91		Gampaha District, Sri Lanka	180,000 tonnes/year (500 tonnes/day)	/	The Group holding 97.5%	
92		Pipeline projects	Zhenxiong, Yunnan Province (Phase 2)	180,000 tonnes/year (500 tonnes/day)	/	Wholly-owned projects
93			Wuwei, Anhui Province (Phase 2)	180,000 tonnes/year (500 tonnes/day)	/	
94			Shahe, Hebei Province (Phase 2)	2×180,000 tonnes/year (2×500 tonnes/day)	/	The Group holding 66%
95	Nanyang, Henan Province		220,000 tonnes/year (600 tonnes/day)	/	Wholly-owned projects	
96	Xishui, Guizhou Province (Phase 2)		140,000 tonnes/year (400 tonnes/day)	/		
97	Zongyang, Anhui Province (Phase 2)		140,000 tonnes/year (400 tonnes/day)	/		
98	Thai Nguyen, Vietnam		180,000 tonnes/year (500 tonnes/day)	/	The Group holding 51%	
Subtotal			3,900,000 tonnes/year (10,850 tonnes/day)			
Total			18,830,000 tonnes/year (52,400 tonnes/day)			

Note: Annual treatment capacity of the project = Daily treatment capacity of the project multiplied by 360 days

During the Reporting Period, 23 grate furnace power projects of the Group were included in the list of national renewable energy power generation subsidies, and 5 other projects were reviewed by the Information Center of National Energy Administration and are currently in the stage of public notice.

2. Waste Treatment by Cement Kilns

During the Reporting Period, 10 projects of waste treatment by cement kilns were completed, with a treatment capacity of approximately 740,000 tonnes/year (2,200 tonnes/day), and a total of approximately 210,000 tonnes of municipal waste were received, and a total of approximately 210,000 tonnes of municipal waste were treated.

Details of waste treatment by cement kilns projects are set out in the following table:

No.	Status of Construction	Project Location	Business Model	Treatment Capacity	Cooperation Methods
1	In operation	Yuping, Guizhou Province	BOT	30,000 tonnes/year (100 tonnes/day)	The Group holding 70%
2		Qingzhen, Guizhou Province		100,000 tonnes/year (300 tonnes/day)	Wholly-owned projects
3		Yangchun, Guangdong Province		70,000 tonnes/year (200 tonnes/day)	
4		Qiyang, Hunan Province		100,000 tonnes/year (300 tonnes/day)	
5		Fusui, Guangxi Province		70,000 tonnes/year (200 tonnes/day)	
6		Nanjiang, Sichuan Province		70,000 tonnes/year (200 tonnes/day)	
7		Lingyun, Guangxi Province		30,000 tonnes/year (100 tonnes/day)	
8		Xing'an, Guangxi Province		100,000 tonnes/year (300 tonnes/day)	
9		Yingjiang, Yunnan Province		70,000 tonnes/year (200 tonnes/day)	
10		Linxia, Gansu Province		100,000 tonnes/year (300 tonnes/day)	
Total				740,000 tonnes/year (2,200 tonnes/day)	

As at the date of this announcement, the Group had a municipal waste treatment capacity of approximately 19.57 million tonnes/year (54,600 tonnes/day), including approximately 12.53 million tonnes/year (35,000 tonnes/day) completed and approximately 7.04 million tonnes/year (19,600 tonnes/day) under construction and under approval and planning.

New Energy Materials

With the introduction of national strategies of “carbon peak” and “carbon neutrality”, the development of clean energy and the transformation and upgrading of the energy structure have become mainstream, and the new energy industry has ushered in a period of vast development opportunities. The Group closely followed the direction of national industrial development, integrated high-quality resources, established a comprehensive layout in the industry of new energy materials, and continuously increased efforts in technological research and development through advanced production technology, with a view to becoming a benchmark enterprise in the new energy industry and achieving leapfrog development in the Group’s environmental protection business.

During the Reporting Period, the Group began to develop the new energy materials business, adopted a market-oriented approach, actively sought strategic cooperation with industry-leading companies; built a comprehensive marketing system, and carried out product marketing and promotion activities; and coordinated project construction and accelerated construction and certificate applications, so as to allow the projects on lithium iron phosphate cathode materials and anode materials for energy storage batteries to “commence production and make profit as soon as possible”. In particular, the Group is accelerating the construction of the first phase of the project on lithium iron phosphate cathode materials with an annual production capacity of 50,000 tonnes and the first phase of the project on anode materials for energy storage batteries with an annual production capacity of 40,000 tonnes. The project on lithium iron phosphate cathode materials will strive to be put into operation in October 2022.

In recent years, with the continuous increase in the number of retired power batteries for new energy vehicles in China, the government has issued relevant policies to standardize the management of power battery recycling, providing a favourable policy environment for the waste power battery recycling industry and guiding the industry to achieve standardized development. Following the industry trend, the Group actively carried out research and development of lithium battery recycling projects. Through the effective decomposition of waste lithium batteries, valuable metals such as lithium carbonate and nickel cobalt manganese were extracted and recycled, creating positive economic and social effects. The promotion of such business will further improve the Group’s new energy industry chain and help the Group to expand and strengthen its new energy business.

During the Reporting Period, the Group signed contracts for the project on anode materials for energy storage batteries in Leshan, Sichun Province, with an annual production capacity of 200,000 tonnes, and the lithium battery recycling project in Huaibei, Anhui Province.

New Building Materials and Port Logistics

The new building materials segment has always placed strong emphasis on market expansion, adhered to the marketing strategy of simultaneous development of domestic and international markets and, by optimizing sales channels, diversified the source of orders, and put emphasis on maintaining customer relationships, further enhancing the brand effect of products.

During the Reporting Period, the Group recorded product sales of approximately 3.70 million square meters, and achieved revenue of RMB61.62 million.

For the port logistics segment, the Group continued to enhance market development, seized market share, pressed on with the technological transformation of terminals, improved efficiency of cargo transportation, secured more high-quality customers and recorded a steady increase in port throughput.

During the Reporting Period, the Group recorded a throughput of approximately 17.73 million tonnes, and achieved revenue of RMB119.62 million.

PROFITS FROM CONTINUING OPERATIONS

Item	January– June 2022 Amount (RMB'000)	January– June 2021 Amount (RMB'000) (Restated)	Changes between the Reporting Period and the corresponding period of the previous year (%)
Revenue	3,824,351	3,147,617	21.50
Profit before taxation	2,680,867	3,344,772	–19.85
Share of profits of associates	1,887,417	2,739,963	–31.12
Profit before taxation from principal businesses	793,450	604,809	31.19
Net profit attributable to equity shareholders of the Company	2,429,553	3,205,615	–24.21
Net profit from principal businesses attributable to equity shareholders of the Company	542,136	465,652	16.43

During the Reporting Period, the Group recorded a revenue from continuing operations of RMB3,824.35 million, representing a period-on-period increase of 21.50%. Profit before taxation from continuing operations amounted to RMB2,680.87 million, representing a period-on-period decrease of 19.85%, which was mainly due to the decrease in profits receivable from associates such as Conch Holdings. Share of profits of associates from continuing operations amounted to RMB1,887.42 million, representing a period-on-period decrease of 31.12%. Profit before taxation from principal businesses from continuing operations amounted to RMB793.45 million, representing a period-on-period increase of 31.19%. Net profit attributable to equity shareholders of the Company from continuing operations amounted to RMB2,429.55 million, representing a period-on-period decrease of 24.21%, among which, net profit from principal businesses attributable to equity shareholders of the Company from continuing operations amounted to RMB542.14 million, representing a period-on-period increase of 16.43%. Basic and diluted earnings per share from continuing operations amounted to RMB1.33.

Revenue by business stream

Item	January–June 2022		January–June 2021		Change in amount	Change in percentage (percentage points)
	Amount	Percentage	Amount	Percentage		
	(RMB'000)	(%)	(RMB'000)	(%)	(%)	
Waste incineration solutions	3,054,303	79.86	2,667,098	84.74	14.52	-4.88
Energy saving equipment	588,811	15.40	306,333	9.73	92.21	5.67
New building materials	61,621	1.61	62,131	1.97	-0.82	-0.36
Port logistics	119,616	3.13	112,055	3.56	6.75	-0.43
Total	<u>3,824,351</u>	<u>100.00</u>	<u>3,147,617</u>	<u>100.00</u>	<u>21.50</u>	<u>-</u>

During the Reporting Period, the revenue from continuing operations of the Group maintained growth, of which the revenue from energy saving equipment and waste incineration solutions grew at a greater rate period-on-period. With a breakdown by segments:

- (i) the revenue from waste incineration solutions amounted to RMB3,054.30 million, representing a period-on-period increase of 14.52%, which was mainly due to the successive commencement during the Reporting Period of 9 new projects of the Group in Wuwei, Hejin, Zhoukou, Pingliang, Tongzi and other locations, and merger and acquisition of 11 projects under Agile Holdings and Hangzhou Jinjiang Group, leading to the growth in revenue.
- (ii) the revenue from energy saving equipment amounted to RMB588.81 million, representing a period-on-period increase of 92.21%, which was mainly due to the increase in orders for residual heat power generation and vertical mill, etc.

(iii) the revenue from new building materials amounted to RMB61.62 million, representing a period-on-period decrease of 0.82%.

(iv) the revenue from port logistics amounted to RMB119.62 million, representing a period on-period increase of 6.75%, which was mainly due to the Group's active market expansion and period-on-period increase of throughput, leading to the growth in revenue.

Breakdown of revenue from waste incineration solutions

Revenue breakdown	January–June 2022		January–June 2021		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Construction revenue	1,847,474	60.49	2,106,658	78.99	-12.30	-18.50
Grate furnace power generation	1,824,089	59.72	2,098,786	78.69	-13.09	-18.97
Waste treatment by cement kilns	23,385	0.77	7,872	0.30	197.07	0.47
Operation revenue	1,206,829	39.51	560,440	21.01	115.34	18.50
Grate furnace power generation	1,175,421	38.48	518,365	19.43	126.76	19.05
Waste treatment by cement kilns	31,408	1.03	42,075	1.58	-25.35	-0.55
Total	<u>3,054,303</u>	<u>100.00</u>	<u>2,667,098</u>	<u>100.00</u>	<u>14.52</u>	<u>-</u>

During the Reporting Period, the revenue from waste incineration solutions segment during the construction period amounted to RMB1,847.47 million, representing a period-on-period decrease of 12.30%, which was mainly due to the delayed progress of the Group's certain projects under construction. The operation revenue from waste incineration solutions segment amounted to RMB1,206.83 million, representing a period on-period increase of 115.34%, which was mainly due to the commencement of operation of 9 new projects in Wuwei, Hejin, Zhoukou, Pingliang, Tongzi and other locations and merger and acquisition of 11 power generation projects under Agile Holdings and Hangzhou Jinjiang Group.

Revenue by geographical locations

Item	January–June 2022		January–June 2021		Change in amount	Change in percentage (percentage points)
	Amount	Percentage	Amount	Percentage		
	(RMB'000)	(%)	(RMB'000) (Restated)	(%)	(%)	
China	3,795,884	99.26	3,113,455	98.91	21.92	0.35
Asia (except Mainland China)	28,467	0.74	34,162	1.09	-16.67	-0.35
Total	3,824,351	100.00	3,147,617	100.00	21.50	-

During the Reporting Period, the Group's revenue from continuing operations derived from China market recorded a period-on-period increase of 21.92%, which was mainly due to the increase in the number of the Group's power generation projects, leading to the growth in revenue. The revenue derived from Asia (except Mainland China) market amounted to RMB28.47 million, representing a period-on-period decrease of 16.67%, which was mainly due to the decrease in the number of the Group's overseas orders.

Gross profit and gross profit margin

Item	January–June 2022		January–June 2021		Change in amount	Change in gross profit margin (percentage points)
	Gross Profit	Gross Profit margin	Gross Profit	Gross Profit margin		
	(RMB'000)	(%)	(RMB'000)	(%)	(%)	
Waste incineration solutions	879,082	28.78	654,080	24.52	34.40	4.26
Energy saving equipment	170,794	29.01	73,260	23.92	133.13	5.09
New building materials	8,762	14.22	10,583	17.03	-17.21	-2.81
Port logistics	73,582	61.52	68,460	61.09	7.48	0.43
Total	1,132,220	29.61	806,383	25.62	40.41	3.99

During the Reporting Period, the gross profit margin of the Group's continuing operations was 29.61%, representing a period-on-period increase of 3.99 percentage points. With a breakdown by segments:

- (i) the gross profit margin for waste incineration solutions was 28.78%, representing a period-on-period increase of 4.26 percentage points, which was mainly due to the increase in number of projects in operation of the Group, resulting in a higher proportion of projects in operation with higher gross profit margin.

- (ii) the gross profit margin for energy saving equipment was 29.01%, representing a period on-period increase of 5.09 percentage points, which was mainly due to the improvement in gross profit margin of projects undertaken.
- (iii) the gross profit margin for new building materials was 14.22%, representing a period-on period decrease of 2.81 percentage points, which was mainly due to the increase in price of raw materials.
- (iv) the gross profit margin for port logistics was 61.52%, representing a period-on-period increase of 0.43 percentage points.

Other net income

During the Reporting Period, the Group's other net income from continuing operations amounted to RMB186.57 million, representing a period-on-period increase of RMB100.10 million, or 115.77%, which was mainly because of the period-on-period increase in the Group's interest income from bank deposits and government grants.

Administrative expenses

During the Reporting Period, the Group's administrative expenses from continuing operations amounted to RMB236.80 million, representing a period-on-period increase of RMB93.85 million, or 65.65%, which was mainly due to the increase in number of operating companies resulted in an increase in employee compensation and research and development expenses.

Finance costs

During the Reporting Period, the Group's finance costs from continuing operations amounted to RMB278.60 million, representing a period-on-period increase of RMB142.12 million, or 104.13%, which was mainly due to the increase in new bank loans of the Group, resulting in the increase in finance costs.

Profit before taxation

During the Reporting Period, the Group's profit before taxation from continuing operations amounted to RMB2,680.87 million, representing a period-on-period decrease of RMB663.91 million, or 19.85%, which was mainly due to the decrease in share of profits of associates. Share of profits of associates from continuing operations amounted to RMB1,887.42 million, representing a period-on period decrease of 31.12%, and profit before taxation from principal businesses from continuing operations amounted to RMB793.45 million, representing a period-on-period increase of 31.19%.

FINANCIAL POSITION

As at 30 June 2022, the Group's total assets amounted to RMB72,214.89 million, representing an increase of RMB3,295.83 million as compared to the end of the previous year. The equity attributable to equity shareholders of the Company amounted to RMB43,488.73 million, representing a decrease of RMB1,781.07 million as compared to the end of the previous year. Gearing ratio of the Group (total liabilities/total assets) was 36.88%, representing an increase of 4.58 percentage points as compared to the end of the previous year. The balance sheet items of the Group are as follows:

Item	As at 30 June 2022 (RMB'000)	As at 31 December 2021 (RMB'000)	Change between the end of the Reporting Period and the end of the previous year (%)
Property, plant and equipment	3,149,349	1,212,651	159.71
Non-current assets	61,975,310	55,684,506	11.30
Non-current liabilities	19,051,893	13,243,401	43.86
Current assets	10,239,582	13,234,560	-22.63
Current liabilities	7,579,876	9,018,229	-15.95
Net current assets	2,659,706	4,216,331	-36.92
Equity attributable to equity shareholders of the Company	43,488,729	45,269,794	-3.93
Total assets	72,214,892	68,919,066	4.78
Total liabilities	26,631,769	22,261,630	19.63

Non-current assets and non-current liabilities

As at 30 June 2022, non-current assets of the Group amounted to RMB61,975.31 million, representing an increase of 11.30% as compared to the end of the previous year, which was mainly due to the increase in interests in investment in property, plant and equipment and intangible assets; non-current liabilities amounted to RMB19,051.89 million, representing an increase of 43.86% as compared to the end of the previous year, which was mainly due to the increase in bank loans during the Reporting Period.

Current assets and current liabilities

As at 30 June 2022, current assets of the Group amounted to RMB10,239.58 million, current liabilities amounted to RMB7,579.87 million, net current assets amounted to RMB2,659.71 million, all representing a decrease as compared to the end of the previous year, which was mainly due to the classification of Conch Environment as held for distribution at the end of last year and included in current assets and current liabilities.

Equity attributable to equity shareholders of the Company

As at 30 June 2022, the Group's equity attributable to equity shareholders amounted to RMB43,488.73 million, representing a decrease of 3.93% as compared to the end of the previous year, which was mainly due to the spin-off and separate listing of Conch Environment during the Reporting Period.

LIQUIDITY AND CAPITAL SOURCES

During the Reporting Period, the Group took full advantage of the capital size and enhanced returns of the stock funds through enhancing capital planning and management and reasonable allocation of project loans, so as to fully satisfy the Company's capital needs. As at 30 June 2022, the Group's cash and cash equivalents amounted to RMB5,573.69 million, which were mainly denominated in RMB, Hong Kong dollars and US dollars.

Bank loans

Item	As at 30 June 2022 (RMB'000)	As at 31 December 2021 (RMB'000)
Due within one year	587,499	602,528
Due after one year but within two years	758,038	832,071
Due after two years but within five years	5,684,962	2,972,312
Due after five years	8,711,277	5,850,919
Total	<u>15,741,776</u>	<u>10,257,830</u>

As at 30 June 2022, the balance of bank loans of the Group amounted to RMB15,741.78 million, representing an increase of RMB5,483.95 million as compared to the end of the previous year, which was mainly due to the increase in bank loans raised by the Group during the Reporting Period. As at 30 June 2022, the Group's bank loans were denominated in RMB, and most of the loan interests were subject to variable interest rate.

Cash flows

Item	January– June 2022 (RMB'000)	January– June 2021 (RMB'000)
Net cash generated from operating activities	866,517	606,100
Net cash used in investing activities	–2,257,870	–3,196,096
Net cash generated from financing activities	4,395,077	2,630,721
Net increase in cash and cash equivalents	3,003,724	40,725
Effect of foreign exchange rate changes	–44,286	–13,663
Cash and cash equivalents at the beginning of the period	3,156,158	3,350,539
Distribution in specie	–541,906	–
Cash and cash equivalents at the end of the period	<u>5,573,690</u>	<u>3,377,601</u>

Net cash generated from operating activities

During the Reporting Period, net cash generated from operating activities of the Group amounted to RMB866.52 million, representing a period-on-period increase of RMB260.42 million, which was mainly due to increase in the number of waste-to-energy projects in operation of the Group.

Net cash used in investing activities

During the Reporting Period, net cash used in investing activities of the Group amounted to RMB2,257.87 million, representing a period-on-period decrease of RMB938.23 million, which was mainly due to the dividends received from the associate of Conch Holdings during the Reporting Period.

Net cash generated from financing activities

During the Reporting Period, net cash generated from financing activities of the Group amounted to RMB4,395.08 million, representing a period-on-period increase of RMB1,764.36 million, which was mainly due to the increase in proceeds from new bank loans of the Group.

COMMITMENTS

As at 30 June 2022, the Group's commitments for purchases in connection with construction contracts from continuing operations were as follows:

Item	As at 30 June 2022 (RMB'000)	As at 31 December 2021 (RMB'000)
Contracted for	5,365,278	2,485,364
Authorized but not contracted for	2,600,670	4,039,912
Total	<u>7,965,948</u>	<u>6,525,276</u>

FOREIGN EXCHANGE RISK

The Group's functional currency is RMB. Foreign exchange risks faced by the Group were mainly derived from account receivables and account payables arising from sales and procurement which were mainly denominated in currencies including US dollars and Hong Kong dollars. Other than that, most of the assets and transactions of the Group were denominated in RMB, and the capital expenditures of the Group's domestic business were generally funded with the revenue in RMB. As a result, the Group is not exposed to significant foreign exchange risks.

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

CONTINGENT LIABILITIES

As at 30 June 2022, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2022, right-of-use assets with carrying amount of RMB357.49 million and property, plant and equipment with carrying amount of RMB438.80 million were pledged as collaterals for certain bank loans.

Save as disclosed above, the Group did not have any pledge of assets as at 30 June 2022.

MATERIAL INVESTMENTS, ACQUISITIONS OR DISPOSALS

During the Reporting Period, the Group acquired the equity interest of six subsidiaries directly or indirectly held by Agile Holdings that are engaged in waste incineration power generation projects, at a total consideration of RMB1,401.81 million.

During the Reporting Period, the Group acquired the equity interest of five subsidiaries directly or indirectly held by Hangzhou Jinjiang Group that are principally engaged in waste incineration solutions, at a total consideration of RMB673.97 million.

The consideration of the above equity transfer agreements are subject to adjustment under the terms of relevant equity transfer agreements.

In March 2022, through introduction by way of distribution in specie to the shareholders of the Company, the shares of Conch Environment were spun off and separately listed on the Main Board of the Stock Exchange. For further details of Conch Environment Spin-off, please refer to the announcements of the Company dated 28 September 2021, 4 March 2022, 7 March 2022 and 16 March 2022 and the listing document of Conch Environment dated 22 March 2022 in relation to Conch Environment Spin-off.

Save as disclosed above, during the Reporting Period, the Group did not have any material investments, acquisitions or disposals.

CONVERTIBLE BONDS

On 5 September 2018, China Conch Venture Holdings International Limited (中國海創控股國際有限公司) (“**Conch Venture BVI**”), a wholly-owned subsidiary of the Company, issued zero coupon guaranteed convertible bonds (“**Bonds**”) with an aggregate amount of HKD3,925,000,000, the net proceeds from which amounted to approximately RMB3,376.40 million (“**Net Proceeds**”). All the Net Proceeds raised have been fully utilized according to the intended use as disclosed during the year ended 31 December 2020.

During the Reporting Period, the holders of the Bonds did not exercise any conversion rights, and no redemption of any amounts of the Bonds had been made by Conch Venture BVI.

HUMAN RESOURCES

The Group attached great importance to the management of human resources and continued to optimize the enterprise management system, strived to build a multi-level and systematic training system, and regularly conducted professional business training for employees in various positions to improve their comprehensive occupational skills and develop work capability on the job. At the same time, the Group also recruited students from vocational colleges and universities through various channels such as internal training and social recruitment, carried out targeted job training, continuously strengthened the construction of talent teams, and reserved professional talents for the Company’s development.

As at 30 June 2022, the Group had 4,969 employees (excluding those of the solid waste disposal business segment). The remuneration of employees is based on qualifications, experience, work performance and market conditions. As required by the PRC regulations on social insurance, the Group participated in the social insurance schemes operated by local government authorities which include pension insurance, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance. During the Reporting Period, the total remuneration of employees (including the remuneration of the Directors) was approximately RMB241.69 million (for the corresponding period of 2021: RMB141.90 million).

The Company adopted a share option scheme (“**Share Option Scheme**”) pursuant to a resolution in writing passed by all shareholders on 3 December 2013 for the purpose of granting options to certain participants as incentives or rewards for their contributions to the Group. Since listing, the Company did not grant any share options under the Share Option Scheme.

FUTURE PLAN AND OUTLOOK

In the second half of 2022, the Group will overcome all difficulties, forge ahead, strive to create a development paradigm of “new dual engines” for the two principal businesses of municipal waste treatment and new energy materials, further develop the domestic municipal waste treatment market, accelerate the expansion of projects, and make every effort to advance the progress of the project on lithium iron phosphate cathode materials in Wuhu and the project on anode materials for energy storage batteries in Leshan. The Group will strengthen technological research and development and market expansion, and actively promote the overall layout of lithium battery recycling projects to facilitate the Group’s new round of high-quality development of the environmental protection business and reward shareholders with excellent performance.

Promote the high-quality development of the waste treatment segment and seize new opportunities for development

For the waste treatment segment, the Group will continue to strengthen operational management, seek market expansion, formulate new plans for business development, and strive to further improve the quality of business operations.

Firstly, the Group will continue to benchmark against high-quality enterprises in the industry, promote the refined management of projects, focus on technological transformation of mergers and acquisitions projects, further optimize the treatment process, reduce unit energy consumption, further increase the electricity generation in tonne and on-grid electricity generation in tonne, and set a benchmark for high-quality projects in the industry.

Secondly, the Group will attach importance to market development, mobilize the initiative of project companies, and steadily increase the amount of waste. The Group will leverage on regional advantages, promote kitchen waste treatment business in key areas, enrich the treatment categories of projects, and improve the operational efficiency of projects.

Thirdly, the Group will coordinate high-quality resources, focus on areas where no projects have been deployed, and carry out mergers and acquisitions of high-quality projects when appropriate, to ensure the Group's leading position in the industry.

Focus on new energy to ensure the rapid development of the new energy business

As the core of the Group's future business development, the new energy industry undertakes an important mission. The Group will coordinate high-quality resources, benchmark against leading enterprises in the industry, enrich and optimise the business chain, and focus on the following aspects to develop the new energy business:

Firstly, the Group will continue to strengthen the research and development of new technologies to enhance the overall competitiveness of products. The Group will concentrate its efforts on product innovation and give full play to its production capacity. The Group will keep up with the future development trend of the industry, strengthen cooperation with renowned enterprises in the industry, technical experts and colleges and universities, and carry out research and development of new products and establish technical reserves. At the same time, the Group will optimise the new energy business chain, focus on the development of marketing system, strengthen business cooperation with upstream and downstream customers, and strive to build a stable production and sales channel. Lastly, the Group will accelerate the national layout of lithium battery recycling projects, and in accordance with the plan of "one province, one project", accelerate the deployment of regional lithium battery recycling and disposal centers, improve the recovery and extraction rate of products, in order to facilitate further expansion of the Group's new energy business.

Strengthen market expansion and strive to further improve profitability

For the new building materials business, the Group will focus on the market, strictly control product costs, improve product quality, and continuously innovate marketing methods, optimise the development of marketing systems, and strive to increase market share.

For the port logistics business, the Group will aim to build an intelligent port, continue to optimize the terminal management system, improve the efficiency of cargo transportation, strengthen collaboration with customers, and expand the sources of cargos.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2022.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board confirmed that the Company complied with the principles and all applicable code provisions of Part 2 of Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the transactions of securities of the Company by the Directors and the relevant employees (who likely possess inside information of the Company or its securities) (“**Securities Dealing Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) set out in Appendix 10 to the Listing Rules. Having made specific enquiries by the Company, all Directors confirmed that they complied with the Model Code and the Securities Dealing Code during the Reporting Period.

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

During the Reporting Period, the Company repurchased a total of 13,780,000 shares of the Company at an aggregate consideration of HK\$276,985,110 which was funded by internal resources of the Group on the Stock Exchange.

Particulars of the shares repurchased during the Reporting Period are as follows:

Months in which shares were repurchased in 2022	Date of cancellation	Number of shares repurchased (Shares)	Highest price paid per share (HK\$)	Lowest price paid per share (HK\$)	Total consideration paid (HK\$)
April	15 June 2022	7,149,500	22.50	19.98	154,538,385
May	15 June 2022	1,154,000	20.05	19.82	22,968,045
June	15 and 27 June 2022	<u>5,476,500</u>	20.00	16.22	<u>99,478,680</u>
Total		<u><u>13,780,000</u></u>			<u><u>276,985,110</u></u>

The Directors considered the above share repurchases were made with a view to place emphasis on shareholders’ interest.

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

REVIEW OF THE INTERIM RESULTS

The Audit Committee, which comprises three independent non-executive Directors, namely Mr. Chan Chi On (alias Derek Chan), being the chairman of the Audit Committee, Mr. Chan Kai Wing and Mr. Lau Chi Wah, Alex, has reviewed the unaudited interim results and interim report of the Group for the six months ended 30 June 2022. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT

This results announcement is available on the website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the website of the Company (<http://www.conchventure.com>). The interim report of the Company for the six months ended 30 June 2022 will be dispatched to the shareholders of the Company and published on the above websites in due course.

For and on behalf of the Board
China Conch Venture Holdings Limited
中國海螺創業控股有限公司
GUO Jingbin
Chairman

China, 29 August 2022

As at the date of this announcement, the Board comprises Mr. JI Qinying (Chief Executive Officer), Mr. LI Jian and Mr. LI Daming as executive Directors; Mr. GUO Jingbin (Chairman), Mr. SHU Mao and Mr. YU Kaijun as non-executive Directors; and Mr. CHAN Chi On (alias Derek CHAN), Mr. CHAN Kai Wing and Mr. LAU Chi Wah, Alex as independent non-executive Directors.

* *English translation or transliteration of Chinese name for identification purpose only.*