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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 2021**

HIGHLIGHTS

- Revenue of the Group for the six months ended 30 June 2021 amounted to approximately RMB3,879.41 million, representing an increase of 37.72% as compared with the corresponding period of the previous year.
- Net profit attributable to equity shareholders of the Group for the six months ended 30 June 2021 amounted to approximately RMB3,476.78 million, representing an increase of 0.24% as compared with the corresponding period of the previous year; and net profit of our principal activities attributable to equity shareholders of the Group (excluding share of profits of associates attributable to equity shareholders) amounted to approximately RMB733.40 million, representing an increase of 31.38% as compared with the corresponding period of the previous year.
- Basic earnings per share for the six months ended 30 June 2021 amounted to RMB1.93.
- The Board has resolved not to declare any interim dividend for the six months ended 30 June 2021.

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 2021 (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 2021 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 2021 — unaudited
(Expressed in Renminbi Yuan)

		Six months ended 30 June	
	<i>Note</i>	2021	2020
		RMB'000	RMB'000
Revenue	3	3,879,414	2,816,978
Cost of sales		<u>(2,611,199)</u>	<u>(1,884,415)</u>
Gross profit		1,268,215	932,563
Other income	4	103,423	122,248
Distribution costs		(71,356)	(49,681)
Administrative expenses		<u>(219,838)</u>	<u>(148,943)</u>
Profit from operations		1,080,444	856,187
Finance costs	5(a)	(152,616)	(108,421)
Share of profits of associates	8	<u>2,746,808</u>	<u>2,910,247</u>
Profit before taxation	5	3,674,636	3,658,013
Income tax	6	<u>(131,427)</u>	<u>(119,470)</u>
Profit for the period		<u>3,543,209</u>	<u>3,538,543</u>
Attributable to:			
— Equity shareholders of the Company		3,476,780	3,468,485
— Non-controlling interests		<u>66,429</u>	<u>70,058</u>
Profit for the period		<u>3,543,209</u>	<u>3,538,543</u>
Earnings per share	7		
— Basic (RMB)		<u>1.93</u>	<u>1.92</u>
— Diluted (RMB)		<u>1.85</u>	<u>1.85</u>

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

*for the six months ended 30 June 2021 — unaudited
(Expressed in Renminbi Yuan)*

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Profit for the period	3,543,209	3,538,543
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	(10,016)	20,002
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates, net of tax	(18,697)	(3,314)
Exchange differences on translation of financial statements of overseas subsidiaries	25,834	(26,597)
Other comprehensive income for the period	(2,879)	(9,909)
Total comprehensive income for the period	3,540,330	3,528,634
Attributable to:		
Equity shareholders of the Company	3,473,901	3,458,576
Non-controlling interests	66,429	70,058
Total comprehensive income for the period	3,540,330	3,528,634

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2021 — unaudited

(Expressed in Renminbi Yuan)

		At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		4,851,715	3,714,696
Right-of-use assets		710,612	590,650
Intangible assets		7,792,968	6,366,195
Goodwill		5,815	–
Interests in associates	8	32,396,023	31,085,116
Non-current portion of service concession assets	9	5,497,360	4,945,952
Non-current portion of trade and other receivables	10	1,337,491	1,073,404
Financial assets measured at fair value through profit and loss (“FVPL”)		82,500	82,500
Deferred tax assets		66,842	63,093
		<u>52,741,326</u>	<u>47,921,606</u>
Current assets			
Financial assets measured at fair value through profit and loss (“FVPL”)		14,571	13,239
Inventories		359,803	269,957
Service concession assets	9	194,352	137,088
Trade and other receivables	10	3,387,960	1,908,676
Restricted bank deposits		73,935	44,767
Bank deposits with original maturity over three months		971,680	681,700
Cash and cash equivalents		3,377,601	3,350,539
		<u>8,379,902</u>	<u>6,405,966</u>
Current liabilities			
Bank loans		1,113,100	1,282,264
Trade and other payables	11	4,596,480	4,201,641
Contract liabilities		73,622	62,153
Lease liabilities		2,061	2,652
Dividends payable to equity shareholders of the Company	13	1,054,182	–
Income tax payables		203,701	139,028
		<u>7,043,146</u>	<u>5,687,738</u>
Net current assets		<u>1,336,756</u>	<u>718,228</u>
Total assets less current liabilities		<u>54,078,082</u>	<u>48,639,834</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*at 30 June 2021 — unaudited**(Expressed in Renminbi Yuan)*

		At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
	<i>Note</i>		
Non-current liabilities			
Bank loans		8,046,540	5,124,458
Convertible bonds	12	3,487,367	3,470,110
Lease liabilities		3,936	397
Deferred tax liabilities		10,903	67,690
		<u>11,548,746</u>	<u>8,662,655</u>
Net assets		<u>42,529,336</u>	<u>39,977,179</u>
Capital and reserves			
Share capital		14,530	14,347
Reserves		41,201,809	38,550,638
Equity attributable to equity shareholders of the Company			
		41,216,339	38,564,985
Non-controlling interests		1,312,997	1,412,194
Total equity		<u>42,529,336</u>	<u>39,977,179</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 China Conch Venture Holdings Limited (the “**Company**”) and its subsidiaries (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 30 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 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 2020 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 have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in 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 solid and hazardous waste solutions, 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	
	2021	2020
	RMB'000	RMB'000
Waste-to-energy projects		
Waste incineration solutions (i)	2,667,098	2,106,956
Energy saving equipment	306,333	168,728
	<hr/>	<hr/>
Subtotal	2,973,431	2,275,684
Solid and hazardous waste solutions	731,797	391,485
Port logistics services	112,055	108,261
Sale of new building materials	62,131	41,548
	<hr/>	<hr/>
Total	3,879,414	2,816,978
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Disaggregation of revenue from contracts with customers by timing of revenue recognition is as follows:

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Timing of revenue recognition		
— Over time	3,525,809	2,619,205
— Point in time	353,605	197,773
	<hr/>	<hr/>
Total	3,879,414	2,816,978
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(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	
	2021	2020
	RMB'000	RMB'000
Revenue from waste incineration project construction services	2,106,658	1,809,173
Revenue from waste incineration project operation services	468,914	226,677
Finance income	91,526	71,106
	<hr/>	<hr/>
Total	2,667,098	2,106,956
	<hr/> <hr/>	<hr/> <hr/>

(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.

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 periods ended 30 June 2021 and 2020 is set out below:

	Six months ended 30 June 2021 (Unaudited)							
	Solid and hazardous waste solutions RMB'000	Waste-to-energy projects RMB'000	Port logistics services RMB'000	New building materials RMB'000	Investments RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
Revenue from external customers	731,797	2,973,431	112,055	62,131	-	-	-	3,879,414
Inter-segment revenue	8,561	473,224	-	-	-	-	(481,785)	-
Reportable segment revenue	740,358	3,446,655	112,055	62,131	-	-	(481,785)	3,879,414
Reportable segment profit/(loss) before taxation	322,651	643,420	60,411	(7,610)	2,735,120	(53,851)	(25,505)	3,674,636
Interest income	5,078	32,517	53	280	-	3,236	(3,919)	37,245
Interest expenses	18,932	80,928	-	-	-	56,675	(3,919)	152,616
Depreciation and amortisation	67,982	101,278	22,631	8,225	-	140	(4,418)	195,838
Provision for/(reversal of) loss allowance								
— trade and other receivables	3,120	(6,152)	-	-	-	-	-	(3,032)
Reportable segment assets	6,005,032	21,347,252	418,511	1,323,701	33,614,248	4,470,412	(6,057,928)	61,121,228
Reportable segment liabilities	4,440,244	14,235,963	73,688	1,124,658	-	4,655,981	(5,938,642)	18,591,892
	Six months ended 30 June 2020 (Unaudited)							
	Solid and hazardous waste solutions RMB'000	Waste-to-energy projects RMB'000	Port logistics services RMB'000	New building materials RMB'000	Investments RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
Revenue from external customers	391,485	2,275,684	108,261	41,548	-	-	-	2,816,978
Inter-segment revenue	2,263	112,097	-	-	-	-	(114,360)	-
Reportable segment revenue	393,748	2,387,781	108,261	41,548	-	-	(114,360)	2,816,978
Reportable segment profit/(loss) before taxation	207,691	533,654	59,176	(2,722)	2,900,889	(26,810)	(13,865)	3,658,013
Interest income	3,497	23,202	72	158	-	25,465	-	52,394
Interest expenses	4,069	43,986	-	-	-	60,366	-	108,421
Depreciation and amortisation	38,791	52,810	22,831	7,785	-	140	-	122,357
Provision for loss allowance								
— trade and other receivables	4,716	2,858	-	-	-	-	-	7,574

	Year ended 31 December 2020							
	Solid and hazardous waste solutions	Waste-to-energy projects	Port logistics services	New building materials	Investments	Unallocated	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Reportable segment assets	4,721,602	18,119,790	425,824	1,689,956	31,085,116	2,395,755	(4,110,471)	54,327,572
Reportable segment liabilities	2,714,869	10,535,556	126,283	1,484,837	-	3,599,319	(4,110,471)	14,350,393

(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, goodwill, 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 right-of-use assets, property, plant and equipment, 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		Specified non-current assets	
	Six month ended 30 June		30 June	31 December
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Mainland China	3,845,252	2,772,238	52,506,019	47,746,662
Asia (except Mainland China)	33,565	43,610	80,150	29,351
South America	-	1,130	-	-
Oceania	597	-	-	-
	3,879,414	2,816,978	52,586,169	47,776,013

4 OTHER INCOME

	Six months ended 30 June	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Interest income on bank deposits and cash at bank	37,245	52,394
Government grants	64,281	60,467
Net gain/(loss) on disposal of property, plant and equipment	9	(56)
Recognition of negative goodwill as income	644	14,033
Exchange loss	(279)	(4,465)
Net unrealised gain/(losses) on financial assets measured at FVPL	1,332	(407)
Others	191	282
	<u>103,423</u>	<u>122,248</u>

5 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
(a) Finance costs:		
Interest on bank loans	150,293	73,104
Interest on lease liabilities	178	402
Interest on convertible bonds	56,754	60,209
	<u>207,225</u>	<u>133,715</u>
Total interest expense on financial liabilities not at fair value through profit or loss	207,225	133,715
Less: interest expense capitalised into construction in progress and intangible assets	(54,609)	(25,294)
	<u>152,616</u>	<u>108,421</u>
	Six months ended 30 June	
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
(b) Other items:		
Depreciation of owned property, plant and equipment	102,413	77,615
Depreciation of right-of-use assets	11,365	7,686
Amortisation of intangible assets	82,060	37,055
Research and development costs	15,319	11,794
Reversals of/(loss allowance on) trade receivables	(3,032)	7,574
Staff costs	254,505	156,977
	<u>254,505</u>	<u>156,977</u>

6 INCOME TAX

	Six months ended 30 June	
	2021	2020
	RMB'000	RMB'000
Current tax — Hong Kong Profits Tax		
Provision for the period	–	20
Current tax-PRC Income Tax		
Provision for the period	202,088	148,856
Over provision in respect of prior years	(7,795)	(2,081)
Deferred tax:		
Origination and reversal of temporary differences, net	(62,866)	(27,325)
	131,427	119,470

- (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 2021 is calculated at 16.5% (2020: 16.5%) of the estimated assessable profits for the year. 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. (“**CK Equipment**”) 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 2022.

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 2021 (six months ended 30 June 2020: 17).

- (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 and solid waste solutions 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 2021 of RMB3,476,780,000 (six months ended 30 June 2020: RMB3,468,485,000) and the weighted average number of ordinary share of 1,804,994,612 in issue during the six months ended 30 June 2021 (six months ended 30 June 2020: 1,804,750,000).

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB3,533,534,000 (six months ended 30 June 2020: RMB3,528,324,000) and the weighted average number of ordinary shares of 1,906,632,114 (six months ended 30 June 2020: 1,904,521,225).

8 INTERESTS IN ASSOCIATES

As at 30 June 2021, 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 2021, the Group recognised share of profits of associates in the amount of RMB2,746,808,000 in the consolidated statement of profit or loss (six months ended 30 June 2020: RMB2,910,247,000).

9 SERVICE CONCESSION ASSETS

	At 30 June 2021 RMB'000	At 31 December 2020 RMB'000
Current	194,352	137,088
Non-current	5,497,360	4,945,952
	<u>5,691,712</u>	<u>5,083,040</u>

The service concession assets bear interest at rates ranging from 6.01% to 9.41% (31 December 2020: 6.01% to 9.41%) per annum as at 30 June 2021 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 RMB5,691,712,000 (31 December 2020: RMB5,083,040,000), RMB2,244,255,000 (31 December 2020: RMB2,254,774,000) 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 RMB5,691,712,000 (31 December 2020: RMB5,083,040,000), RMB158,941,000 (31 December 2020: RMB104,304,000) 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 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Trade receivables	1,283,110	1,101,403
Bills receivable	216,766	181,691
Less: loss allowance for doubtful debts	(53,123)	(56,155)
	<hr/>	<hr/>
Trade and bills receivables	1,446,753	1,226,939
Deposits and prepayments	98,001	126,420
Other receivables	341,178	479,736
Interest receivables	34,706	18,295
	<hr/>	<hr/>
Amounts due from third parties	1,920,638	1,851,390
Dividends receivable	1,409,830	6,400
Amounts due from related parties	57,492	50,886
	<hr/>	<hr/>
Current portion of trade and other receivables	3,387,960	1,908,676
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Other receivables and prepayments to be recovered after one year	1,337,491	1,043,338
Amounts due from related parties to be recovered after one year	–	30,066
	<hr/>	<hr/>
Non-current portion of trade and other receivables	1,337,491	1,073,404
	<hr style="border-top: 1px dashed black;"/>	<hr style="border-top: 1px dashed black;"/>
Total current and non-current trade and other receivables	<u>4,725,451</u>	<u>2,982,080</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 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Current	1,360,604	1,151,246
Less than 1 year	64,113	64,055
1 to 2 years	18,680	7,222
2 to 3 years	3,356	4,416
	<hr/>	<hr/>
	<u>1,446,753</u>	<u>1,226,939</u>

11 TRADE AND OTHER PAYABLES

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Trade payables	2,765,451	2,408,221
Bills payable	719,308	795,970
	<u>3,484,759</u>	<u>3,204,191</u>
Other payables and accruals	943,473	816,440
Amounts due to third parties	4,428,232	4,020,631
Dividends payable to non-controlling interests	10,566	24,000
Amounts due to related parties	157,682	157,010
Trade and other payables	<u>4,596,480</u>	<u>4,201,641</u>

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

	At 30 June 2021 <i>RMB'000</i>	At 31 December 2020 <i>RMB'000</i>
Within 1 year	3,455,672	3,171,796
1 year to 2 years	24,746	29,222
2 years to 3 years	3,466	2,032
Over 3 years but within 5 years	875	1,141
	<u>3,484,759</u>	<u>3,204,191</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 2020	3,574,266	54,466	3,628,732
Interest charge	117,845	–	117,845
Exchange adjustment	(222,001)	–	(222,001)
	<u>3,470,110</u>	<u>54,466</u>	<u>3,524,576</u>
At 31 December 2020	3,470,110	54,466	3,524,576
Interest charge (note 5(a))	56,754	–	56,754
Exchange adjustment	(39,497)	–	(39,497)
	<u>3,487,367</u>	<u>54,466</u>	<u>3,541,833</u>
At 30 June 2021	<u>3,487,367</u>	<u>54,466</u>	<u>3,541,833</u>

13 DIVIDENDS

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

	Six months ended 30 June	
	2021	2020
	RMB’000	RMB’000
Final dividend in respect of the previous financial year, approved during the interim period, of HKD0.70 per share (six months ended 30 June 2020: HKD0.65 per share)	<u>1,054,182</u>	<u>1,055,193</u>

Pursuant to a resolution passed at the annual general meeting on 25 June 2021, a final dividend of HKD0.70 per share totaling HKD1,263,325,000 (equivalent to approximately RMB1,054,182,000) was approved (2020: RMB1,055,193,000), which was paid in July 2021.

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2021 (six months ended 30 June 2020: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO ENVIRONMENT

In the first half of 2021, against the backdrop of increasing uncertainty and imbalance in the world macroeconomic recovery, China continued to strengthen epidemic prevention and control, coordinated the development of the social economy and the ecological environment, and achieved a period-on-period GDP growth of approximately 12.7%.

During the Reporting Period, under the leadership of the Board, the Group seized development opportunities and followed closely the trend of national environmental protection policies, and maintained a stable and positive development trend in its operating performance. The net profit attributable to the equity shareholders from the principal businesses increased by approximately 31.38% as compared with the corresponding period of the previous year.

BUSINESS REVIEW

Environmental Protection Business

Since the start of this year, the Group had focused on the “dual engines” of solid and hazardous waste treatment and waste incineration solutions, steadily promoted projects development, continuously expanded business presence and explored technological innovation. As at the date of this announcement, the Group had newly added 17 environmental protection projects including 11 solid and hazardous waste treatment projects with a production capacity of approximately 1.22 million tonnes/year and 6 waste treatment projects with a production capacity of approximately 1.02 million tonnes/year (i.e. 2,900 tonnes/day).

As at the date of this announcement, the Group had secured a total of 168 environmental protection projects in 25 provinces, municipalities and autonomous regions nationwide, which include 88 solid and hazardous waste treatment projects, 64 grate furnace power generation projects, 14 projects of waste treatment by cement kilns and 2 foul water treatment projects. Our annual treatment capacities of industrial solid and hazardous waste and municipal waste had reached approximately 9.67 million tonnes and approximately 13.17 million tonnes (i.e. 37,900 tonnes/day) respectively.

Solid and Hazardous Waste Treatment

1) Project expansion

Since the start of 2021, the Group has focused on the main idea of “taking collaborative treatment by cement kiln as the main path and promoting the development of an industry chain of solid and hazardous waste treatment, fly ash treatment via water washing, oil-bearing sludge treatment and polluted soil treatment”. As at the date of this announcement, the Group secured 11 solid and hazardous waste treatment projects with a treatment capacity of approximately 1.22 million tonnes/year. Among them, there were 3 projects using cements kilns for the collaborative treatment of industrial solid waste and hazardous waste, which were in Chaohu, Anhui Province, Ganzhou, Jiangxi Province and Changzhi, Shanxi Province, with a treatment capacity of approximately 400,000 tonnes/year. In terms of treatment without kilns, the Group secured 8 projects, including oil-bearing sludge treatment in Changjiang, Hainan Province, Yan’an, Shanxi Province and Binzhou, Shandong Province and fly ash treatment via water washing in Yangchun, Guangdong Province, Chaohu, Anhui Province, Qingzhen, Guizhou Province, Changjiang, Hainan Province and Ganzhou, Jiangxi Province, with a treatment capacity of approximately 820,000 tonnes/year.

2) Project operation

The Group further explored its core market, made every effort to expand treatment capacity and continued to implement technological transformation and enhancement of technical measures to tackle various technical problems and improve the quality of operations. During the Reporting Period, our solid and hazardous waste treatment segment received a total of approximately 944,300 tonnes of solid and hazardous waste, representing a period-on-period increase of approximately 121%, of which approximately 322,600 tonnes were hazardous waste, representing a period-on-period increase of approximately 106%, and approximately 621,700 tonnes were general solid waste, representing a period-on-period increase of approximately 130%.

Details of hazardous waste treatment projects of the Group are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date	Cooperation Methods	Remarks
1	In operation	Fuping, Shaanxi Province	100,000 tonnes/year	100,000 tonnes/year	April 2016	Wholly-owned projects	
2		Qian County, Shaanxi Province	70,000 tonnes/year	63,600 tonnes/year	April 2017		
3		Qianyang, Shaanxi Province	100,000 tonnes/year	100,000 tonnes/year	October 2018		
4		Tongchuan, Shaanxi Province	100,000 tonnes/year	81,500 tonnes/year	August 2019		
5		Wuhu, Anhui Province	2×100,000 tonnes/year	130,000 tonnes/year (two phases)	December 2017		
6		Yiyang, Jiangxi Province	2×100,000 tonnes/year	170,000 tonnes/year (two phases)	May 2018		
7		Xingye, Guangxi Region	2×100,000 tonnes/year	161,500 tonnes/year (two phases)	August 2018		
8		Suzhou, Anhui Province	2×100,000 tonnes/year	125,000 tonnes/year (two phases)	August 2018		
9		Wenshan, Yunnan Province (Phase 1)	100,000 tonnes/year	66,000 tonnes/year	August 2019		
10		Sishui, Shandong Province	100,000 tonnes/year	14,900 tonnes/year	January 2020		
11		Qiyang, Hunan Province	100,000 tonnes/year	69,500 tonnes/year	January 2020		
12		Yangchun, Guangdong Province	100,000 tonnes/year	65,300 tonnes/year	August 2020		
13		Zhong County, Chongqing City	2×100,000 tonnes/year	90,000 tonnes/year (two phases)	June 2019		
14		Qingzhen, Guizhou Province	100,000 tonnes/year	100,000 tonnes/year	September 2019	The Group holding 85%	
15		Long'an, Guangxi Region	100,000 tonnes/year	70,000 tonnes/year	March 2021	Wholly-owned projects	
16		Linxiang, Hunan Province	100,000 tonnes/year	88,500 tonnes/year	January 2021		
17		Ningguo, Anhui Province	100,000 tonnes/year	Certificate to be obtained	July 2021		Municipal waste treatment by cement kilns changed to solid and hazardous waste treatment
Subtotal			2,170,000 tonnes/year	1,495,800 tonnes/year			

No.	Status of Construction	Project Location	Treatment Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date	Cooperation Methods	Remarks
18	Under approval and planning	Wenshan, Yunnan Province (Phase 2)	100,000 tonnes/year	/	/	Wholly-owned project	
19		Ganzhou, Jiangxi Province	100,000 tonnes/year			The Group holding 70%	
20	Pipeline projects	Baoshan, Yunnan Province	100,000 tonnes/year			Wholly-owned project	Municipal waste treatment by cement kilns changed to solid and hazardous waste treatment
21		Qingyuan, Guangdong Province	100,000 tonnes/year			The Group holding 65%	
22		Dazhou, Sichuan Province	200,000 tonnes/year			The Group holding 80%	
Subtotal			600,000 tonnes/year				
Total			2,770,000 tonnes/year	1,495,800 tonnes/year			

Details of solid waste treatment projects are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity	Actual/Expected Completion Date	Cooperation Methods
1	In operation	Mian County, Shaanxi Province	45,000 tonnes/year	October 2017	Wholly-owned projects
2		Huaining, Anhui Province	70,000 tonnes/year	September 2017	
3		Huaipei, Anhui Province	70,000 tonnes/year	December 2017	
4		Xianyang, Shaanxi Province	300,000 tonnes/year	August 2019	
5		Liangping, Chongqing City	75,000 tonnes/year	September 2019	
6		Guangyuan, Sichuan Province	70,000 tonnes/year	January 2020	
7		Fanchang, Anhui Province	210,000 tonnes/year	July 2020	
8		Chizhou, Anhui Province	100,000 tonnes/year	November 2020	
9		Yiyang, Hunan Province	70,000 tonnes/year	January 2021	
10		Quanjiao, Anhui Province	60,000 tonnes/year	July 2021	
11		Zongyang, Anhui Province (Phase 1)	100,000 tonnes/year	July 2021	
Subtotal			1,170,000 tonnes/year		
12	Under construction	Xinhua, Hunan Province	66,000 tonnes/year	September 2021	Wholly-owned projects
13	Pipeline projects	Zongyang, Anhui Province (Phase 2)	100,000 tonnes/year	/	
14		Chaohu, Anhui Province	200,000 tonnes/year		
15		Changzhi, Shanxi Province	100,000 tonnes/year		
Subtotal			466,000 tonnes/year		
Total			1,636,000 tonnes/year		

Details of the solid and hazardous waste treatment projects cooperated with China National Building Material Company Limited* (中國建材股份有限公司) (“**CNBM**”) and Inner Mongolia Mengxi Cement Co., Ltd.* (內蒙古蒙西水泥股份有限公司) (“**Mengxi Cement**”) are set out in the following table:

No.	Status of Construction	Cooperative Entity	Project Location	Treatment Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date	Cooperation Methods	Remarks
1	In operation	South Cement	Sanming, Fujian Province	100,000 tonnes/year	20,500 tonnes/year	August 2019	Anhui Haizhong Environmental Company Limited* (安徽海環環保有限公司) (“ Haizhong Environmental ”) holding 100%	
2			Yixing, Jiangsu Province	100,000 tonnes/year	100,000 tonnes/year	December 2019	Haizhong Environmental holding 35%	
3			Chongzuo, Guangxi Region	100,000 tonnes/year	85,000 tonnes/year	March 2021	Haizhong Environmental holding 100%	
4			Guilin, Guangxi Region	100,000 tonnes/year	Certificate to be obtained	July 2021		
5		China United Cement	Luoyang, Henan Province	100,000 tonnes/year	72,000 tonnes/year	December 2020	Haizhong Environmental holding 89%	
6			Jiyuan, Henan Province	100,000 tonnes/year	50,000 tonnes/year	December 2020		
7			Dezhou, Shandong Province	100,000 tonnes/year	75,000 tonnes/year	December 2020	Haizhong Environmental holding 51%	
8			Tai'an, Shandong Province	100,000 tonnes/year	100,000 tonnes/year	December 2020		
9			Baoding, Hebei Province	100,000 tonnes/year	/	March 2021	Haizhong Environmental holding 100%	Polluted soil project
10			Dengfeng, Henan Province	100,000 tonnes/year	80,000 tonnes/year	July 2021		
Subtotal				1,000,000 tonnes/year	582,500 tonnes/year			

No.	Status of Construction	Cooperative Entity	Project Location	Treatment Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date	Cooperation Methods	Remarks
11	Under construction	South Cement	Fuyang, Zhejiang Province	200,000 tonnes/year	/	October 2021	Haizhong Environmental holding 65%	
12		Mengxi Cement	HulunBuir, Inner Mongolia	50,000 tonnes/year		April 2022	Inner Mongolia Mengxi Technology	
13			Arong Banner, Inner Mongolia	100,000 tonnes/year		June 2022	Development Limited* (內蒙古海創蒙西科技發展有限公司) ("Haimeng Technology") holding 100%	
14		China United Cement	Xin'an, Henan Province	50,000 tonnes/year		December 2021	Haizhong Environmental holding 100%	General solid waste
15		Qilianshan Cement	Jiayuguan, Gansu Province	100,000 tonnes/year		June 2022		
Subtotal				500,000 tonnes/year				
16	Under approval and planning	China United Cement	Rizhao, Shandong Province	100,000 tonnes/year	/	/	Haizhong Environmental holding 70%	Polluted soil project
17		Sinoma Cement	Luoding, Guangdong Province	80,000 tonnes/year			Haizhong Environmental holding 40%	
18			Yunfu, Guangdong Province	100,000 tonnes/year			Haizhong Environmental holding 100%	General solid waste
19		South Cement	Quzhou, Zhejiang Province	100,000 tonnes/year			Haizhong Environmental holding 29.4%	
20			Fuzhou, Jiangxi Province	100,000 tonnes/year				
21	Pipeline projects	China United Cement	Wolong, Henan Province	100,000 tonnes/year	/	/	Haizhong Environmental holding 100%	General solid waste
22			Dengzhou, Henan Province	50,000 tonnes/year				
23			Anyang, Henan Province	100,000 tonnes/year				
24			Tengzhou, Shandong Province	201,500 tonnes/year			Haizhong Environmental holding 51%	Polluted soil project
25		Mengxi Cement	Erdos, Inner Mongolia	100,000 tonnes/year			Haimeng Technology holding 100%	
26		Fanlin Cement	Longkou, Shandong Province	200,000 tonnes/year			The Group holding 53%	
Subtotal				1,231,500 tonnes/year				
Total				2,731,500 tonnes/year	582,500 tonnes/year			

Details of the fly ash treatment via water washing, oil-bearing sludge treatment, dry distillation, and comprehensive utilization of resources projects are set out in the following table:

No.	Status of Construction	Project Type	Project Location	Treatment Capacity	Actual/Expected Completion Date	Remarks
1	In operation	Fly ash treatment via water washing	Wuhu, Anhui Province	100,000 tonnes/year	December 2020	
2	Under construction		Yiyang, Hunan Province	50,000 tonnes/year	November 2021	
3			Yiyang, Jiangxi Province	100,000 tonnes/year	December 2021	
4			Quanjiao, Anhui Province	100,000 tonnes/year	December 2021	
5			Qian County, Shaanxi Province	100,000 tonnes/year	June 2022	
6			Under approval and planning	Chaohu, Anhui Province	100,000 tonnes/year	/
7	Jining, Shandong Province			100,000 tonnes/year	Haizhong Environmental holding 100%	
8	Xin'an, Henan Province			50,000 tonnes/year		
9	Rizhao, Shandong Province			100,000 tonnes/year	Haizhong Environmental holding 70%	
10	Qingzhen, Guizhou Province			100,000 tonnes/year	The Group holding 85%	
11	Changjiang, Hainan			100,000 tonnes/year	The Group holding 60%	
12	Yangchun, Guangdong Province			100,000 tonnes/year		
13	Ganzhou, Jiangxi Province			100,000 tonnes/year		
14	Xinhua, Hunan Province			50,000 tonnes/year		
15	Pipeline projects			Dengzhou, Henan Province	50,000 tonnes/year	
16			Anyang, Henan Province	100,000 tonnes/year		
17			Longyan, Fujian Province	100,000 tonnes/year	The Group holding 51%	
Subtotal				1,500,000 tonnes/year		

No.	Status of Construction	Project Type	Project Location	Treatment Capacity	Actual/Expected Completion Date	Remarks	
18	In operation	Oil-bearing sludge treatment	Yulin, Shaanxi Province	100,000 tonnes/year	May 2020	The Group holding 70%	
19			Binzhou, Shandong Province	100,000 tonnes/year	May 2021		
20		Dry distillation	Wuhu, Anhui Province	15,000 tonnes/year	January 2021		
21		Comprehensive utilization of resources	Ninghai, Zhejiang Province	100,000 tonnes/year	May 2021	The Group holding 70%	
22	Under construction	Oil-bearing sludge treatment + incineration	Jinzhou, Liaoning Province	Oil-bearing sludge treatment: 20,000 tonnes/year Incineration: 42,000 tonnes/year	October 2021	Conch Venture Environmental Protection Technology (Shanghai) Co., Ltd.* (海螺創業環保科技(上海)有限公司) holding 80%	
23	Under approval and planning	Oil-bearing sludge treatment	Dongying, Shandong Province	160,000 tonnes/year	/	The Group holding 70%	
24		Oil-bearing sludge treatment + Comprehensive utilization of resources	Leizhou, Guangdong Province	Oil-bearing sludge treatment: 150,000 tonnes/year Comprehensive utilization of resources: 50,000 tonnes/year			
25		Oil-bearing sludge treatment	Yan'an, Shaanxi Province	170,000 tonnes/year			The Group holding 60%
26			Changjiang, Hainan Province	50,000 tonnes/year			The Group holding 70%
27			Pipeline projects	Qingyang, Gansu Province			80,000 tonnes/year
Subtotal				1,037,000 tonnes/year			
Total				2,537,000 tonnes/year			

As at the date of this announcement, the Group has reached a treatment capacity of approximately 9.67 million tonnes/year of solid and hazardous waste treatment, the details of which are set out in the following table:

(Unit: 10,000 tonnes/year)

Category	Hazardous Waste						Solid Waste				
	Collaborative treatment by cement kilns						Fly ash (under construction and completed)	Dry distillation and comprehensive utilization of resource (under construction and completed)	Oil-bearing sludge treatment (under construction and completed)	In operation	Under construction
	Conch Project			Cooperation Project							
	In operation	Hazardous waste qualification	Under construction	In operation	Hazardous waste qualification	Under construction					
	180	115.07	60	141.5	92.76	173.15	150	20.7	83	112.5	46.6

Grate Furnace Power Generation

1) Project expansion

As at the date of this announcement, the Group had successfully secured 6 projects in Qingzhen, Guizhou Province, Wushan, Chongqing City, Taonan, Jilin Province, Weichang, Hebei Province, Huayin, Shaanxi Province, Tai'an, Liaoning Province, with a treatment capacity of approximately 1.02 million tonnes/year (i.e. 2,900 tonnes/day).

2) Project operation

The Group continued to strengthen its supervision over the operation, set benchmarks for project management, carried out technological improvement of the systems, and optimized equipment configuration, so as to further improve the quality of project operations. During the Reporting Period, the Group received a total of approximately 2,320,800 tonnes of municipal waste, of which approximately 1,962,700 tonnes were treated, and achieved approximately 701 million kwh of on-grid electricity. The average on-grid electricity calculated according to the volume processed in furnace is 357 kwh, representing a period-on-period increase of approximately 22 kwh.

No.	Status of Construction	Project Location	Treatment Capacity	Actual/Expected Completion Date	Cooperation Methods
1	In operation	Jinzhai, Anhui Province	2×100,000 tonnes/year (2×300 tonnes/day)	January 2016	Wholly-owned projects
2		Tongren, Guizhou Province	2×100,000 tonnes/year (2×300 tonnes/day)	July 2017	
3		Yanshan, Yunnan Province	100,000 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)	100,000 tonnes/year (300 tonnes/day)	January 2019	
7		Shanggao, Jiangxi Province	140,000 tonnes/year (400 tonnes/day)	February 2019	
8		Yiyang, Jiangxi Province	2×100,000 tonnes/year (2×300 tonnes/day)	June 2019	
9		Shache, Xinjiang	2×100,000 tonnes/year (2×300 tonnes/day)	June 2019	
10		Sishui, Shandong Province	140,000 tonnes/year (400 tonnes/day)	June 2019	
11		Bole, Xinjiang	100,000 tonnes/year (300 tonnes/day)	July 2019	
12		Yang County, Shaanxi Province	100,000 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 (Phase 1)	100,000 tonnes/year (300 tonnes/day)	January 2020	
15		Lujiang, Anhui Province	2×180,000 tonnes/year (2×500 tonnes/day)	January 2020	
16		Xianyang, Shaanxi Province	2×250,000 tonnes/year (2×750 tonnes/day)	July 2020	
17		Xishui, Guizhou Province (Phase 1)	140,000 tonnes/year (400 tonnes/day)	July 2020	
18		Shizhu, Chongqing City	100,000 tonnes/year (300 tonnes/day)	August 2020	
19		Huoshan, Anhui Province	140,000 tonnes/year (400 tonnes/day)	August 2020	
20		Tengchong, Yunnan Province	100,000 tonnes/year (300 tonnes/day)	November 2020	
21		Ningguo, Anhui Province	140,000 tonnes/year (400 tonnes/day)	November 2020	
22		Luxi, Yunnan Province (Phase 1)	100,000 tonnes/year (300 tonnes/day)	January 2021	
23		Mangshi, Yunnan Province	100,000 tonnes/year (300 tonnes/day)	March 2021	
24		Luoping, Yunnan Province	100,000 tonnes/year (300 tonnes/day)	March 2021	

No.	Status of Construction	Project Location	Treatment Capacity	Actual/Expected Completion Date	Cooperation Methods
25	In operation	Dexing, Jiangxi Province	140,000 tonnes/year (400 tonnes/day)	November 2020	The Group holding 90%
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	140,000 tonnes/year (400 tonnes/day)	July 2021	
Subtotal			5,900,000 tonnes/year (17,100 tonnes/day)		
35	Under construction	Tongchuan, Shaanxi Province	180,000 tonnes/year (500 tonnes/day)	September 2021	Wholly-owned projects
36		Fuquan, Guizhou Province (Phase 2)	100,000 tonnes/year (300 tonnes/day)	September 2021	
37		Hejin, Shanxi Province	180,000 tonnes/year (500 tonnes/day)	October 2021	
38		Zhenxiong, Yunnan Province (Phase 1)	180,000 tonnes/year (500 tonnes/day)	October 2021	
39		Wuwei, Anhui Province (Phase 1)	180,000 tonnes/year (500 tonnes/day)	November 2021	
40		Shuangfeng, Hunan Province	180,000 tonnes/year (500 tonnes/day)	November 2021	
41		Pingliang, Gansu Province	180,000 tonnes/year (500 tonnes/day)	January 2022	

No.	Status of Construction	Project Location	Treatment Capacity	Actual/Expected Completion Date	Cooperation Methods
42	Under construction	Tongzi, Guizhou Province	140,000 tonnes/year (400 tonnes/day)	March 2022	The Group holding 70%
43		Binzhou, Shaanxi Province	100,000 tonnes/year (300 tonnes/day)	March 2022	Wholly-owned projects
44		Luxi, Yunnan Province (Phase 2)	100,000 tonnes/year (300 tonnes/day)	April 2022	
45		Suzhou, Anhui Province	180,000 tonnes/year (500 tonnes/day)	April 2022	
46		Fugou, Henan Province	180,000 tonnes/year (500 tonnes/day)	April 2022	
47		Zhangjiakou, Hebei Province	180,000 tonnes/year (500 tonnes/day)	May 2022	
48		Luzhai, Guangxi Region	140,000 tonnes/year (400 tonnes/day)	May 2022	
49		Bac Ninh, Vietnam	100,000 tonnes/year (300 tonnes/day)	May 2022	The Group holding 95%
50		Du'an, Guangxi Region	180,000 tonnes/year (500 tonnes/day)	June 2022	Wholly-owned projects
51		Jinning, Yunnan Province	140,000 tonnes/year (400 tonnes/day)	August 2022	
52		Longkou, Shandong Province	200,000 tonnes/year (600 tonnes/day)	July 2022	The Group holding 60%
53		Naiman Banner, Inner Mongolia	140,000 tonnes/year (400 tonnes/day)	September 2022	Wholly-owned project
54		Fengning, Hebei Province	100,000 tonnes/year (300 tonnes/day)	November 2022	The Group holding 70%
55		Shulan, Jilin Province	140,000 tonnes/year (400 tonnes/day)	December 2022	Wholly-owned project
Subtotal			3,200,000 tonnes/year (9,100 tonnes/day)		

No.	Status of Construction	Project Location	Treatment Capacity	Actual/Expected Completion Date	Cooperation Methods		
56	Under approval and planning	Xishui, Guizhou Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)	/	Wholly-owned projects		
57		Zongyang, Anhui Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)				
58		Xichou, Yunnan Province	140,000 tonnes/year (400 tonnes/day)				
59		He County, Anhui Province	200,000 tonnes/year (600 tonnes/day)				
60		Qingzhen, Guizhou Province	2×180,000 tonnes/year (2×500 tonnes/day)				
61		Songming, Yunnan Province (Phase 2)	100,000 tonnes/year (300 tonnes/day)				
62		Wushan, Chongqing City	140,000 tonnes/year (400 tonnes/day)				
63		Taonan, Jilin Province	140,000 tonnes/year (400 tonnes/day)				
64		Weichang, Hebei Province	100,000 tonnes/year (300 tonnes/day)				
65		Huayin, Shaanxi Province	140,000 tonnes/year (400 tonnes/day)				
66		Tai'an, Liaoning Province	140,000 tonnes/year (400 tonnes/day)				
67		Gampaha District, Sri Lanka	180,000 tonnes/year (500 tonnes/day)			The Group holding 97.5%	
68		Pipeline projects	Thai Nguyen, Vietnam			180,000 tonnes/year (500 tonnes/day)	The Group holding 51%
69			Shahe, Hebei Province (Phase 2)			2×180,000 tonnes/year (2×500 tonnes/day)	The Group holding 66%
70	Zhenxiong, Yunnan Province (Phase 2)		180,000 tonnes/year (500 tonnes/day)	Wholly-owned projects			
71	Wuwei, Anhui Province (Phase 2)		180,000 tonnes/year (500 tonnes/day)				
72	Nanyang, Henan Province		200,000 tonnes/year (600 tonnes/day)				
Subtotal			3,020,000 tonnes/year (8,600 tonnes/day)				
Total			12,120,000 tonnes/year (34,800 tonnes/day)				

Waste Treatment by Cement Kilns

During the Reporting Period, 14 projects of waste treatment by cement kilns were completed, with a treatment capacity of approximately 1.05 million tonnes/year (i.e. 3,100 tonnes/day), and a total of approximately 312,700 tonnes of municipal waste were received.

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	Completed	Pingliang, Gansu Province	BOT	100,000 tonnes/year (300 tonnes/day)	Wholly-owned projects
2		Qingzhen, Guizhou Province		100,000 tonnes/year (300 tonnes/day)	
3		Yangchun, Guangdong Province		70,000 tonnes/year (200 tonnes/day)	
4		Yuping, Guizhou Province		30,000 tonnes/year (100 tonnes/day)	The Group holding 70%
5		Qiyang, Hunan Province		100,000 tonnes/year (300 tonnes/day)	Wholly-owned projects
6		Shimen, Hunan Province		70,000 tonnes/year (200 tonnes/day)	
7		Shuicheng, Guizhou Province		70,000 tonnes/year (200 tonnes/day)	
8		Fusui, Guangxi Province		70,000 tonnes/year (200 tonnes/day)	
9		Shuangfeng, Hunan Province		70,000 tonnes/year (200 tonnes/day)	
10		Nanjiang, Sichuan Province		70,000 tonnes/year (200 tonnes/day)	
11		Lingyun, Guangxi Province		30,000 tonnes/year (100 tonnes/day)	
12		Linxia, Gansu Province		100,000 tonnes/year (300 tonnes/day)	
13		Xing'an, Guangxi Province		100,000 tonnes/year (300 tonnes/day)	
14		Yingjiang, Yunnan Province		70,000 tonnes/year (200 tonnes/day)	
Subtotal				1,050,000 tonnes/year (3,100 tonnes/day)	
Total				13,170,000 tonnes/year (37,900 tonnes/day)	

As at the date of this announcement, the Group had a municipal waste treatment capacity of approximately 13.17 million tonnes/year (i.e. 37,900 tonnes/day), including approximately 6.95 million tonnes/year (i.e. 20,200 tonnes/day) completed and approximately 6.22 million tonnes/year (i.e. 17,700 tonnes/day) under construction and under approval and planning.

New Building Materials and Port Logistics

For the new building materials segment, the Group conducted in-depth analysis on the changes in the market situation, actively promoted the establishment of the foreign trade market, consolidated the market share of core customers, and strictly controlled the quality of incoming materials, strengthened the technological transformation of equipment, and improved production efficiency. During the Reporting Period, the Group recorded product sales of approximately 4.12 million square meters, representing a period-on-period increase of 32.90%.

For the port logistics segment, the Group strengthened its customer relationships, enhanced market development, ensured smooth information transmission, optimized customer and resource structure, and increased market share. During the Reporting Period, the Group achieved a throughput of approximately 16.03 million tonnes, which was almost the same level as that of the corresponding period of the previous year.

PROFITS

Item	January– June 2021 Amount (RMB'000)	January– June 2020 Amount (RMB'000)	Changes between the Reporting Period and the corresponding period of the previous year (%)
Revenue	3,879,414	2,816,978	37.72
Profit before taxation	3,674,636	3,658,013	0.45
Share of profits of associates	2,746,808	2,910,247	-5.62
Share of profits of associates attributable to equity shareholders of the Company	2,743,385	2,910,247	-5.73
Profit before taxation from principal businesses	927,828	747,766	24.08
Net profit attributable to equity shareholders of the Company	3,476,780	3,468,485	0.24
Net profit from principal businesses attributable to equity shareholders of the Company	<u>733,395</u>	<u>558,238</u>	<u>31.38</u>

During the Reporting Period, the Group recorded a revenue of RMB3,879.41 million, representing a period-on-period increase of 37.72%. Profit before taxation amounted to RMB3,674.64 million, representing a period-on-period increase of 0.45%. Share of profits of associates amounted to RMB2,746.81 million, representing a period-on-period decrease of 5.62%. Profit before taxation from principal businesses amounted to RMB927.83 million, representing a period-on-period increase of 24.08%. Net profit attributable to equity shareholders of the Company amounted to RMB3,476.78 million, representing a period-on-period increase of 0.24%, among which, net profit from principal businesses attributable to equity shareholders amounted to RMB733.40 million, representing a period-on-period increase of 31.38%. Basic earnings per share amounted to RMB1.93, diluted earnings per share amounted to RMB1.85.

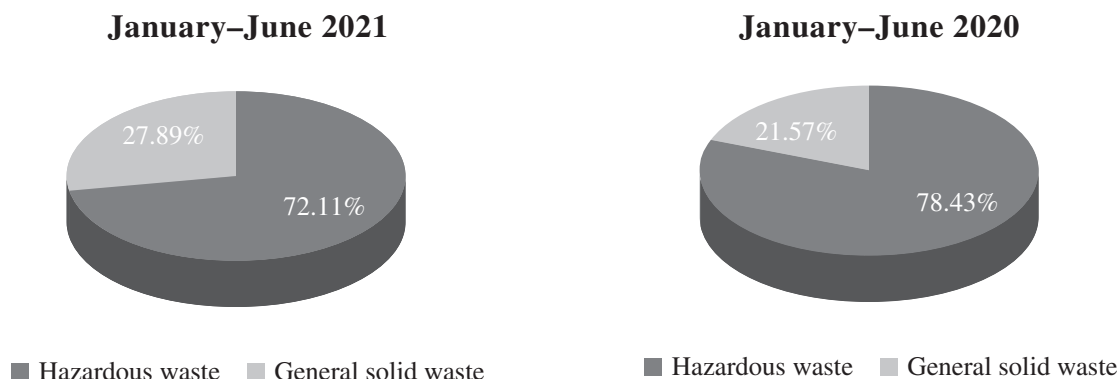
Revenue by business segments

Item	January–June 2021		January–June 2020		Change in amount (%)	Change in percentage (percentage points)
	Amount	Percentage	Amount	Percentage		
	(RMB'000)	(%)	(RMB'000)	(%)		
Solid and hazardous waste solutions	731,797	18.86	391,485	13.90	86.93	4.96
Waste incineration solutions	2,667,098	68.75	2,106,956	74.80	26.59	–6.05
Energy saving equipment	306,333	7.90	168,728	5.99	81.55	1.91
New building materials	62,131	1.60	41,548	1.47	49.54	0.13
Port logistics	112,055	2.89	108,261	3.84	3.50	–0.95
Total	3,879,414	100.00	2,816,978	100.00	37.72	–

During the Reporting Period, the revenue from all segments of the Group maintained growth, of which the revenue from solid and hazardous waste solutions and energy saving equipment grew at a faster rate period-on-period. With a breakdown by segments:

- (i) the revenue from solid and hazardous waste solutions amounted to RMB731.80 million, representing a period-on-period increase of 86.93%, which was mainly due to the rapid period-on-period growth in revenue from the Group's projects in Wuhu, Yangchun, and Yiyang;
- (ii) the revenue from waste incineration solutions amounted to RMB2,667.10 million, representing a period-on-period increase of 26.59%, which was mainly due to the successive commencement of operation of 10 projects of the Group in Shahe, Ningguo, Tengchong and other locations, and the increase in the number of power generation projects under construction, leading to the growth in revenue;
- (iii) the revenue from energy saving equipment amounted to RMB306.33 million, representing a period-on-period increase of 81.55%, which was mainly due to the period-on-period increase in orders for residual heat power generation and spare parts in Hunan Yunfeng, etc;
- (iv) the revenue from new building materials amounted to RMB62.13 million, representing a period-on-period increase of 49.54%, which was mainly due to the increase in volume and price as a result of proactive market expansion, resulting in the growth in revenue; and
- (v) the revenue from port logistics amounted to RMB112.06 million, representing a period-on-period increase of 3.50%.

Breakdown of revenue from solid and hazardous waste solutions



During the Reporting Period, the Group's revenue from the treatment of hazardous waste amounted to RMB527.66 million, representing a period-on-period increase of 71.86%; the revenue from treatment of general solid waste amounted to RMB204.13 million, representing a period-on-period increase of 141.72%.

Breakdown of revenue from waste incineration solutions

Revenue breakdown	January–June 2021		January–June 2020		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Construction revenue	2,106,658	78.99	1,809,173	85.87	16.44	-6.88
Waste treatment by cement kilns	7,872	0.30	27,544	1.31	-71.42	-1.01
Grate furnace power generation	<u>2,098,786</u>	<u>78.69</u>	<u>1,781,629</u>	<u>84.56</u>	<u>17.80</u>	<u>-5.87</u>
Operation revenue	468,914	17.58	226,677	10.76	106.86	6.82
Waste treatment by cement kilns	22,197	0.83	23,478	1.11	-5.46	-0.28
Grate furnace power generation	<u>446,717</u>	<u>16.75</u>	<u>203,199</u>	<u>9.65</u>	<u>119.84</u>	<u>7.10</u>
Interest revenue	91,526	3.43	71,106	3.37	28.72	0.06
Waste treatment by cement kilns	19,878	0.74	25,216	1.19	-21.17	-0.45
Grate furnace power generation	<u>71,648</u>	<u>2.69</u>	<u>45,890</u>	<u>2.18</u>	<u>56.13</u>	<u>0.51</u>
Total	<u><u>2,667,098</u></u>	<u><u>100.00</u></u>	<u><u>2,106,956</u></u>	<u><u>100.00</u></u>	<u><u>26.59</u></u>	<u><u>-</u></u>

During the Reporting Period, the revenue from waste incineration solutions segment during the construction period amounted to RMB2,106.66 million, representing a period-on-period increase of 16.44%, which was mainly due to the increase in the number of the Group's grate furnace power generation projects which are under construction. The operation revenue from waste incineration solutions segment amounted to RMB468.91 million, representing a period-on-period increase of 106.86%, which was mainly due to the commencement of operation of 10 new projects in Shahe, Ningguo, Tengchong and other locations.

Revenue by geographical locations

Item	January–June 2021		January–June 2020		Change in amount (%)	Change in Percentage (percentage points)
	Amount	Percentage	Amount	Percentage		
	(RMB'000)	(%)	(RMB'000)	(%)	(%)	(percentage points)
Mainland China	3,845,252	99.11	2,772,238	98.41	38.71	0.70
Asia (except Mainland China)	33,565	0.87	43,610	1.55	-23.03	-0.68
South America	-	-	1,130	0.04	-100	-0.04
Oceania	597	0.02	-	-	-	0.02
Total	3,879,414	100.00	2,816,978	100.00	37.72	-

During the Reporting Period, the Group's revenue derived from Mainland China market recorded a period-on-period increase of 38.71%, with its proportion in total revenue increased by 0.70 percentage points period-on-period, which was mainly due to the increase in the number of the Group's grate furnace power generation projects in Mainland China and the rapid period-on-period growth in revenue of solid and hazardous waste solutions companies. The revenue derived from Asia (except Mainland China) market amounted to RMB33.57 million, representing a period-on-period decrease of 23.03%, with its proportion in total revenue decreased by 0.68 percentage points period-on-period, which was mainly due to the period-on-period decrease in the number of the Group's overseas orders for energy saving equipment, leading to the decrease in revenue.

Gross profit and gross profit margin

Item	January–June 2021		January–June 2020		Change in amount (%)	Change in gross profit margin (percentage points)
	Gross profit	Gross profit margin	Gross profit	Gross profit margin		
	(RMB'000)	(%)	(RMB'000)	(%)	(%)	(percentage points)
Solid and hazardous waste solutions	453,610	61.99	260,435	66.52	74.17	-4.53
Waste incineration solutions	662,302	24.83	558,779	26.52	18.53	-1.69
Energy saving equipment	73,260	23.92	39,212	23.24	86.83	0.68
New building materials	10,583	17.03	6,728	16.19	57.30	0.84
Port logistics	68,460	61.09	67,409	62.27	1.56	-1.18
Total	1,268,215	32.69	932,563	33.11	35.99	-0.42

During the Reporting Period, the consolidated gross profit margin of the Group's products was 32.69%, representing a period-on-period decrease of 0.42 percentage points. With a breakdown by segments:

- (i) the gross profit margin for solid and hazardous waste solutions was 61.99%, representing a period-on-period decrease of 4.53 percentage points, which was mainly because the Group further adjusted its sales strategy by lowering the prices in some regions in order to capture market share. Among which, the gross profit margin of hazardous waste was 64.42%, representing a period-on-period decrease of 4.83 percentage points; the gross profit margin for general solid waste was 55.69%, representing a period-on-period decrease of 1.80 percentage points;
- (ii) the gross profit margin for waste incineration solutions was 24.83%, representing a period-on-period decrease of 1.69 percentage points. Among which, the gross profit margin for operating period was 60.65%, representing a period-on-period decrease of 1.91 percentage points; the gross profit margin for construction period was 15.30%, representing a period-on-period decrease of 5.28 percentage points, which was mainly due to an increase in material procurement costs, leading to a decrease in gross profit margin of equipment;
- (iii) the gross profit margin for energy saving equipment was 23.92%, representing a period-on-period increase of 0.68 percentage points;
- (iv) the gross profit margin for new building materials was 17.03%, representing a period-on-period increase of 0.84 percentage points; and
- (v) the gross profit margin for port logistics was 61.09%, representing a period-on-period decrease of 1.18 percentage points, which was mainly due to centralized maintenance of equipment and the period-on-period increase in unit costs.

Other income

During the Reporting Period, the Group's other income amounted to RMB103.42 million, representing a period-on-period decrease of RMB18.83 million, or 15.40%, which was mainly because of the period-on-period decrease in interest income from bank deposits.

Distribution costs

During the Reporting Period, the Group's distribution costs amounted to RMB71.36 million, representing a period-on-period increase of RMB21.68 million, or 43.63%, which was mainly due to the proactive effort of the Group in market expansion and the increase in cost of market expansion.

Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB219.84 million, representing a period-on-period increase of RMB70.90 million, or 47.60%, which was mainly due to an increase in the number of projects commencing operation.

Finance costs

During the Reporting Period, the Group's finance costs amounted to RMB152.62 million, representing a period-on-period increase of RMB44.20 million, or 40.76%, which was mainly due to the increase in 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 amounted to RMB3,674.64 million, representing a period-on-period increase of RMB16.62 million, or 0.45%, of which share of profits of associates amounted to RMB2,746.81 million, representing a period-on-period decrease of 5.62%, and profit before taxation from principal businesses amounted to RMB927.83 million, representing a period-on-period increase of 24.08%.

FINANCIAL POSITION

As at 30 June 2021, the Group's total assets amounted to RMB61,121.23 million, representing an increase of RMB6,793.66 million as compared to the end of the previous year. The equity attributable to equity shareholders of the Company amounted to RMB41,216.34 million, representing an increase of RMB2,651.35 million as compared to the end of the previous year. Gearing ratio of the Group (total liabilities/total assets) was 30.42%, representing an increase of 4.01 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 2021 (RMB'000)	As at 31 December 2020 (RMB'000)	Change between the end of the Reporting Period and the end of the previous year (%)
Property, plant and equipment	4,851,715	3,714,696	30.61
Non-current assets	52,741,326	47,921,606	10.06
Current assets	8,379,902	6,405,966	30.81
Current liabilities	7,043,146	5,687,738	23.83
Non-current liabilities	11,548,746	8,662,655	33.32
Net current assets	1,336,756	718,228	86.12
Equity attributable to equity shareholders of the Company	41,216,339	38,564,985	6.88
Total assets	61,121,228	54,327,572	12.50
Total liabilities	18,591,892	14,350,393	29.56

Non-current assets and current assets

As at 30 June 2021, non-current assets of the Group amounted to RMB52,741.33 million, representing an increase of 10.06% as compared to the end of the previous year, which was mainly due to the increase in interests in associates, investment in fixed assets and intangible assets.

Current assets of the Group amounted to RMB8,379.90 million, representing an increase of 30.81% as compared to the end of the previous year, which was mainly due to the increases in dividends receivable from associates and bank deposits due after three months.

Non-current liabilities and current liabilities

As at 30 June 2021, non-current liabilities of the Group amounted to RMB11,548.75 million, representing an increase of 33.32% as compared to the end of the previous year, which was mainly due to the increase in bank loans during the Reporting Period.

Current liabilities of the Group amounted to RMB7,043.15 million, representing an increase of 23.83% as compared to the end of the previous year, which was mainly due to the Group's provision for outstanding dividend payable in 2020 and the increases in trade and other payables.

As at 30 June 2021, current ratio (calculated by dividing total amount of current assets by current liabilities) and debt to equity ratio (calculated by dividing total amount of loans by total equity) of the Group were 1.19 and 0.22, respectively, as compared to 1.13 and 0.16, respectively, as at the end of the previous year.

Net current assets

As at 30 June 2021, net current assets of the Group amounted to RMB1,336.76 million, representing an increase of RMB618.53 million as compared to the end of the previous year, which was mainly due to the increase in current assets as a result of the dividends receivable from the Group's associates in 2020.

Equity attributable to equity shareholders of the Company

As at 30 June 2021, the Group's equity attributable to equity shareholders amounted to RMB41,216.34 million, representing an increase of 6.88% as compared to the end of the previous year, which was mainly due to increases in the Group's interests in associates and net profit from principal businesses attributable to the equity shareholders.

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 2021, the Group's cash and cash equivalents amounted to RMB3,377.60 million, which were mainly denominated in RMB and Hong Kong dollars.

Bank loans

Item	As at 30 June 2021 (RMB'000)	As at 31 December 2020 (RMB'000)
Due within one year	1,113,100	1,282,264
Due after one year but within two years	1,024,305	1,223,516
Due after two years but within five years	2,637,735	2,192,600
Due after five years	4,384,500	1,708,342
Total	<u>9,159,640</u>	<u>6,406,722</u>

As at 30 June 2021, the balance of bank loans of the Group amounted to RMB9,159.64 million, representing an increase of RMB2,752.92 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 2021, 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 2021 (RMB'000)	January– June 2020 (RMB'000)
Net cash generated from operating activities	606,100	69,530
Net cash used in investing activities	-3,196,096	-1,103,338
Net cash generated from financing activities	2,630,721	2,160,010
Net increase in cash and cash equivalents	40,725	1,126,202
Cash and cash equivalents at the beginning of the period	3,350,539	2,962,200
Cash and cash equivalents at the end of the period	<u>3,377,601</u>	<u>4,132,272</u>

Net cash generated from operating activities

During the Reporting Period, net cash generated from operating activities of the Group amounted to RMB606.10 million, representing a period-on-period increase of RMB536.57 million, which was mainly due to the increase in the number of operating companies of the Group and the rapid growth of operating income.

Net cash used in investing activities

During the Reporting Period, net cash used in investing activities of the Group amounted to RMB3,196.10 million, representing a period-on-period increase of RMB2,092.76 million, which was mainly due to the increase in the Group's investments in projects under construction.

Net cash generated from financing activities

During the Reporting Period, net cash generated from financing activities of the Group amounted to RMB2,630.72 million, representing a period-on-period increase of RMB470.71 million, which was mainly due to the increase in proceeds from new bank loans of the Group.

COMMITMENTS

As at 30 June 2021, the Group's commitments for purchases in connection with construction contracts were as follows:

Item	As at 30 June 2021 (RMB'000)	As at 31 December 2020 (RMB'000)
Contracted for	1,907,735	2,868,376
Authorized but not contracted for	5,459,846	3,585,630
Total	7,367,581	6,454,006

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.

The Group did not use any financial derivatives to hedge against any foreign exchange risks.

CONTINGENT LIABILITIES

As at 30 June 2021, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 30 June 2021, right-of-use assets with carrying amount of RMB21.76 million and property, plant and equipment with carrying amount of RMB15.87 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 2021.

MATERIAL INVESTMENTS, ACQUISITIONS OR DISPOSALS

On 7 June 2021, China Conch Environment Protection Holdings Limited (“**Purchaser**”) (a direct wholly-owned subsidiary of the Company), Mr. Ma Zhaoyang (“**First Vendor**”) and West China Cement Limited (“**Second Vendor**”) entered into a sale and purchase agreement (“**SP Agreement**”), pursuant to which the Purchaser conditionally agreed to acquire:

- (i) from the First Vendor, the entire issued share capital in Aqualink Global Limited at the consideration of HKD616,151,831 (“**AGL Consideration**”); and
- (ii) from the Second Vendor, the entire issued share capital in West Environmental Technology Holdings Limited at the consideration of HKD190,847,580 (“**WETH Consideration**”).

Completion of the SP Agreement took place on 28 June 2021 in accordance with the terms of the SP Agreement, (i) the AGL Consideration was settled by the allotment and issue of 16,808,710 new shares in the Company to the First Vendor, and (ii) the WETH Consideration was settled by the allotment and issue of 5,206,349 new shares in the Company to the Second Vendor, at the issue price of HKD36.6567 per share under the general mandate granted to the Directors. Details of the acquisitions are set out in the Company’s announcements dated 7 June 2021 and 28 June 2021 respectively.

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 has established a human resource management concept that keeps abreast of the times and provided its employees with competitive remuneration and welfare packages and sound and adequate vocational skills training system and career development planning. During the Reporting Period, the Group organized online and offline exchange and training sessions on production management, safety management, marketing management, financial audit and other professional fields in the environmental protection business segment. Also, based on category of staff positions, the Group carried out training and exchanges aimed at improving the comprehensive performance capabilities of middle and senior level managers, and special knowledge training for marketing professionals and elite business personnel. The subsidiaries

of the Company also organized pre-employment training for new college students and rotational training for the improvement of vocational skills of basic-level managements in combination with the actual operation. Meanwhile, the Group also continued to strengthen talents team building through a series of measures such as opening up external introduction channels, improving internal selection mechanisms, and perfecting training and exchange systems.

As at 30 June 2021, the Group had approximately 6,271 employees. 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 RMB254.51 million (for the corresponding period of 2020: RMB156.98 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 the listing of the Group, no share option had been granted under the Share Option Scheme.

FUTURE PLAN AND OUTLOOK

In the first half of 2021, through innovation and various initiatives, the Group has continuously improved the quality of its operations and delivered promising operating performance. In the second half of the year, the Group will maintain its focus on the development goals in the five-year plan, explore the core market of the environmental protection business, and extend the industry chain of the Group. The Group will focus its efforts on the following areas:

Boost technological innovation and reach new heights for the development of the environmental protection industry

Firstly, the Group will thoroughly analyze the national macroeconomic policies during the “14th Five-Year Plan” period, target the development direction of the industry, position itself strategically in terms of equipment, technology, and manufacturing process, and formulate a new stage of development planning.

Secondly, adhering to the strategic guidance of “one corporation with multi-pronged strategies bringing new driving forces (一體多翼新動能)”, the Group will expand its core competitive advantage of collaborative treatment of solid waste and hazardous waste by cement kilns, gradually enhance the fly ash washing, oil-bearing sludge and polluted soil treatment and other existing technologies, and conduct research on technological process of carbon peaking and carbon neutrality based on current hot issues, explore resource utilization for carbon capture technology product, promote the investigation and application of sludge drying, lithium battery resource utilization and other new technologies to further extend into new business areas and set a benchmark in new technology fields.

Focus on the principal business of environmental protection and strive to achieve another breakthrough in operating performance

For the solid and hazardous waste treatment business, firstly, the Group will establish a regional linkage mechanism, further proceed with market establishment, improve resource allocation. The Group will also endeavour to develop new markets such as polluted soil and oil-bearing sludge and maximize efficiency to achieve the annual profit target.

For the grate furnace power generation business, the Group will benchmark itself against leading enterprises in the industry and strengthen internal and external communication to further improve the level of delicacy management and ensure the economic benefits of projects.

Steadily enhance the quality of operations and orderly advance the construction in progress

In terms of operational management, for the solid and hazardous waste treatment business, the Group will actively implement technical transformation measures, optimize the technology of collaborative treatment by cement kilns, and rationally allocate treatment resources based on the treatment capacity and type of each region to improve production efficiency. For the grate furnace power generation business, the Group will carry out proper analysis on operating parameter and online supervision over operation, replicate the technical advantages of high-quality projects, tackle the shortcomings and consolidate experience gained to improve operational quality.

For construction works, the Group will speed up the progress of project approval and planning, strengthen the follow-up and management of the construction process, and at the same time, based on the actual conditions of different project markets and locations, devise project investment plans in a differentiated manner to reduce construction costs.

In terms of safety and environmental protection management, the Group will carry out trainings on safety and environmental protection, promote safety and environmental protection systems, implement protective measures for safe production, adopt cleaner production practices, and improve emergency monitoring and handling capability in respect of key environmental risk exposure areas.

Strive for steady advancement and improve the operating results of new building materials and port logistics businesses

In terms of new building materials business, the Group will focus on improving product quality and production efficiency, explore its core markets, strengthen the establishment of foreign trade and external markets, increase market share, actively adapt to market changes, and devise new products and applications.

In terms of port logistics business, the Group will strengthen its market linkage, develop high-quality resources, attract potential new customers, advance information system transformation, achieve intelligent upgrades of equipment and management systems, and build a sophisticated intelligent port.

INTERIM DIVIDEND

The Board resolved not to declare any interim dividend for the six months ended 30 June 2021.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board confirmed that the Company complied with the principles and code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**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, 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 2021. 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 2021 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, 30 August 2021

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