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CANVEST ENVIRONMENTAL PROTECTION GROUP COMPANY LIMITED

粵豐環保電力有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1381)

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

HIGHLIGHTS

Financial Highlights	For the six months ended 30 June		Change
	2022	2021	
Revenue (HK\$'000)	4,111,537	2,695,248	+52.5%
Included: Revenue from power sales and waste treatment (HK\$'000)	1,768,406	1,357,999	+30.2%
Gross profit (HK\$'000)	1,247,329	968,978	+28.7%
EBITDA (HK\$'000)	1,608,867	1,202,079	+33.8%
Profit for the period (HK\$'000)	783,053	619,670	+26.4%
Profit attributable to equity holders of the Company (HK\$'000)	774,002	616,091	+25.6%
Basic earnings per share (HK cents)	31.9	25.4	+25.6%
Interim dividend per share (HK cents)	6.2	5.0	+24.0%
Cash generated from operating projects (HK\$'000) ⁽¹⁾	901,891	660,053	+36.6%

Note:

⁽¹⁾ Cash generated from operating projects represented net cash generated from/used in operating activities for the period, excluding net operating cash used for project construction under BOT arrangements.

Operational Highlights

- During the period under review, the Group's (including its subsidiaries, associates and joint ventures) implementation of innocuous treatment of waste volume amounted to 6,829,404 tonnes. The Group generated 2,579,150,000 kWh from green energy, saved 658,000 tonnes of standard coal and offset 5,043,000 tonnes of carbon dioxide equivalent emissions⁽¹⁾.
- During the period under review, phase 1 of Linfen WTE project commenced trial operation and the total daily operating capacity increased from 35,240 tonnes to 36,040 tonnes.
- Up to the date of this announcement, the Group obtained 3 new projects in 2022 and total daily processing capacity of the Group increased to 55,540 tonnes.
- In January 2022, Zhongshan project succeeded for the first time to obtain a loan amounted to RMB25.0 million from a financial institution by pledging the national subsidy receivable.
- In January 2022, the Group established the Strategy and Sustainability Committee.
- In February 2022, the Group entered into the operations management agreement with SIIC Baojingang, pursuant to which SIIC Baojingang entrusted the Group to manage and operate Baoshan WTE Project.
- During the period under review, the Group's environmental hygiene and related services expanded to Hebei Province and was awarded waste collection and transportation projects in Laishui County and Quyang County.

The Board is pleased to announce the unaudited consolidated results of the Group for the six months ended 30 June 2022. The condensed consolidated interim financial information has been reviewed by the audit committee of the Company and the Company's independent auditor, PricewaterhouseCoopers.

Note:

- ⁽¹⁾ The Group has adopted the methodology as stated in Clean Development Mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) to calculate and offset greenhouse gas emissions from operating projects. The greenhouse gas emission calculation methodologies account for the carbon dioxide equivalent emitted from fossil fuels used for electricity generation and emissions from the combustion of MSW, and methane released from the wastewater treatment process.

CHAIRLADY'S STATEMENT

TO ALL HONORABLE SHAREHOLDERS,

On behalf of Canvest Environmental Protection Group Company Limited, I am pleased to report the satisfactory results of the Group for the six months ended 30 June 2022 (the "Period").

In the first half of 2022, the international market environment became increasingly complicated while pandemic conditions resurged and scattered across the PRC, which brought a greater downward pressure on the PRC's economic development. As the PRC government saw results from the coordination of pandemic control and macroeconomic policies adjustments, pandemic conditions were contained effectively, followed by the orderly resumption of work and production among enterprises. As a result, the economic conditions stabilized and recovered. Despite the complex macroeconomic challenges, the PRC government remains committed to the targets of achieving "carbon peaking" and promoting "carbon neutrality".

In order to promote low-carbon transition of the energy sector and accelerate the expansion of new energy and renewable energy, the PRC government has promulgated a series of favorable policies to support the development of the WTE industry, fostering favorable conditions for the Group's development. The relevant industrial policies optimize policies and measures targeting on high-quality development of new energy in the new era, construction of modern energy system, renewable energy development and construction of "Zero-waste City". They not only aim at sustaining and increasing energy supply through new energy, but also consolidating a solid foundation for achievement of carbon peaking and carbon neutrality. The relevant policies have specified targets and key development directions for a zero-carbon lifestyle, and promoted the green transition of social development. As such, the WTE industry will enjoy ample room for market development.

Despite the challenges of diminishing project construction size in the industry, market penetration to lower-tier cities as well as the projects were changed from quantity to quality, the Group, as a leading integrated urban environmental protection and sanitation solution provider that engages in the WTE business and provides intelligent urban environmental hygiene and related services, was committed to improving its operating performance and project construction management by capitalizing on refined management and vigorous innovation. Various new projects continued to proceed as scheduled, with a stellar performance delivered despite pandemic conditions.

FINANCIAL PERFORMANCE

In the first half of 2022, the Group's revenue increased by 52.5% year-on-year to HK\$4,111.5 million, and the profit attributable to equity holders of the Company increased by 25.6% year-on-year to HK\$774.0 million. The increase in total revenue was mainly contributed by the increase in revenue from power sales and waste treatment fees from newly operating plants and revenue from project construction from the additional projects.

After taking into consideration of the Group's development plan and investment returns to our Shareholders, the Board has resolved to declare an interim dividend of HK6.2 cents per Share for the six months ended 30 June 2022 (corresponding period in 2021: HK5.0 cents).

BUSINESS REVIEW

The volatile pandemic condition in the PRC in the first half of the year led to a series of challenges such as tight schedules of project construction progress, geographical constraints and delays in equipment supply in certain regions. Operation and construction of various projects of the Group experienced certain impact, including the commencement of operation of new projects. However, as all staffs and project construction entities paid concerted efforts to overcome difficulties, the overall operating performance still met expectation.

As at the date of this announcement, the Group had secured 37 WTE projects with a total daily MSW processing capacity of 55,540 tonnes, of which phase 1 of Linfen WTE project was put into operation during the Period. A total of 28 projects of the Group have been in operation with a daily MSW processing capacity of 36,040 tonnes, ensuring a stable operating cash inflow. In the first half of 2022, the Group also secured concession rights pertaining to Huidong WTE project and Quyang WTE project thereby consolidating our regional advantages in Guangdong Province and Hebei Province, while further expanding our business deployment across the PRC market. Besides, in recognizing the importance of project construction quality, the Group consistently maintains high-standard requirements for refined operation and management. For instance, Dianbai WTE project has been awarded “Grade AAA Innocuous Waste Incineration Plant”, the highest ranking in the grading system.

Canvest continues to promote its strategic transformation by focusing on the WTE business, while strategically developing upstream and downstream asset light businesses with growth potential, including environmental sanitation and related services. During the Period, the Group won the bids for waste collection and transportation contracts in Laishui County and Quyang County in Hebei Province. Our WTE business avoids secondary pollution, reduces waste volume and generates green energy during MSW processing. With our WTE plants established as outposts, we have successfully expanded to the environmental sanitation and related services, representing an important breakthrough in the “Incineration +” model, and reinforcing the industry chain integration of the WTE business with the environmental sanitation. As a result, our regional presence has been further strengthened. In the first half of 2022, the Group innocuously treated 6,829,404 tonnes of waste, generated 2,579,150,000 kWh of green energy, offset carbon dioxide equivalent emissions by 5,043,000 tonnes and saved 658,000 tonnes of standard coal.

Meanwhile, we also actively expanded a series of diversified and integrated smart city management services, research and development on green technology and smart technology to city management. The smart car parking management business continued its stable expansion, with approximately 18,000 parking spaces under management in Dongguan City, Hebei Province, Anhui Province, Hunan Province and Chongqing Municipality during the Period. The number of parking spaces under management increased by more than 25% compared with the end of last year. Looking ahead, the Group will explore more relevant development opportunities, with the ultimate target to expand the digital technology business to the city-wide management services, as well as to expand the whole industry chain business to more regions in China.

In addition, the Group proactively pressed ahead with economic development premised on harmonious coexistence with the natural environment. In January this year, the Strategy and Sustainability Committee was established to identify certain sustainability targets that are most relevant to business and sustainability strategies, which will be incorporated into our business strategy to unite, strengthen and enhance the Group's overall strategic, environmental, social and corporate governance efforts.

Canvest, as always, commits to fulfil its social responsibilities and proactively undertook the social responsibility of environmental publicity and education by enhancing the understanding of the waste incineration process among the public, during the Period, our China Scivest project was selected by the Department of Ecology and Environment of Guangdong Province as "Top 10 Guangdong Province Advanced Entities with Open Environmental Facilities" (廣東省十佳環保設施開放先進單位). In addition, Environmental Protection Education Centre in our Lufeng project and Dianbai project were awarded as "2021 Environmental Education Centre of Guangdong Province" by the Department of Ecology and Environment of Guangdong Province. It demonstrates Canvest's effort in environmental education was recognised by the professionals and general public. Furthermore, the Group donated HK\$1 million to the charity fund in Hong Kong to purchase anti-epidemic kits for the grassroots families.

Canvest has been recognized for its good corporate governance and has won numerous awards during the Period. The Group was granted the "Honored Company — Power (Electric, Gas, Water)" in the "2022 All-Asia Executive Team" rankings by Institutional Investor, a prestigious international financial magazine, and within the Small & Midcap and Mainland China categories, it was awarded the top "Best CEO" and "Best CFO" rankings while being awarded in "Best Investor Relations Program" and "Best ESG". Furthermore, the Group was awarded the "Guangdong-Hong Kong-Macao Bay Area Environmental Leadership Recognition Award" in the "BOCHK Corporate Environmental Leadership Awards 2021", as well as the "Best Investor Relations Listed Company" in the "2021 Futubull Annual Review (2021牛牛圈年度盤點)" organized by Futu Securities International (Hong Kong) Limited.

OUTLOOK

In the first half of 2022, factors such as the volatile COVID-19 conditions, complicated international environment led to uncertainties over macroeconomic environment. Being committed to serving the grid and local government entities, the impact on the Group's operating revenue was limited. With COVID-19 conditions alleviating in the PRC, further relaxation of pandemic measures is anticipated. The Group will continue to weather the challenges and strive to complete projects as scheduled for production and operation, thus achieving the expected targets. On the other hand, the COVID-19 pandemic has not hindered the government's efforts to achieve the "Carbon Peaking" and "Carbon Neutrality" targets. In light of the ongoing introduction of policies related to energy conservation, carbon reduction and energy development by local governments, as well as successive announcements of medium-term and long-term special plans for municipal WTE projects that further clarified local deployments, we believe a far-reaching revolution of society and economy will be facilitated.

As the industry shifted to a mature phase and confronted with slower growth, the Group will work together with all employees as a whole with precise positioning and clear objectives, so as to overcome uncertainties and challenges, implement strategic transformation, as well as to improve operational quality and efficiency. We will vigorously implement our technology-led, digital-enabled and ecology-focused initiatives to consolidate our carbon reduction measures as an active response to the government's dual carbon targets.

Being one of the major WTE enterprises in China, Canvest will continue with refined management in its major business operations and further develop its WTE business among challenges and opportunities. As the industry enters a mature stage, the Group will facilitate internal management efficiency on top of the elevation of operational efficiency and quality, including increasing investments in research and development and promoting production process upgrades to increase efficiency at lower costs. We will continue to accelerate our innovation and transformation with WTE business at core, and strengthen the expansion and extension of our business to the upstream and downstream industry chain, thus engaging in other related industries such as environmental sanitation, waste transportation and collection, as well as industrial solid waste processing. The Group will continue to expand in a wide range of integrated smart city management services to drive the development of its asset light business, which will promote healthy and high-quality development of the Group with more revenue.

On behalf of the Board, I hereby express our sincere gratitude to our Shareholders, business partners and stakeholders for their continued and unfailing support and to our staff members for their dedication and hard work during the pandemic. With an aim to adhere to its mission "to protect the blue sky and clean water, and build a beautiful home", Canvest is committed to its corporate philosophy to "unite as one, work meticulously, and strive for excellence" and will develop and optimize its response to the changes in the pandemic by closely monitoring the pandemic situation, in order to achieve sustainable growth and bring greater values for all of our stakeholders.

Lee Wing Yee Loretta
Chairlady

Hong Kong, 23 August 2022

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

		Six months ended 30 June	
		2022	2021
		(Unaudited)	(Unaudited)
	<i>Note</i>	HK\$'000	HK\$'000
Revenue	3	4,111,537	2,695,248
Cost of sales	4	<u>(2,864,208)</u>	<u>(1,726,270)</u>
Gross profit		1,247,329	968,978
General and administrative expenses	4	(264,093)	(217,970)
Other income	5	104,039	112,609
Other (losses)/gains, net	6	<u>(3,355)</u>	<u>16,843</u>
Operating profit		1,083,920	880,460
Interest income	7	8,035	6,823
Interest expense	7	<u>(280,905)</u>	<u>(178,545)</u>
Interest expense, net		(272,870)	(171,722)
Share of net profits of associates and joint ventures		<u>106,408</u>	<u>33,152</u>
Profit before income tax		917,458	741,890
Income tax expense	8	<u>(134,405)</u>	<u>(122,220)</u>
Profit for the period		<u>783,053</u>	<u>619,670</u>
Attributable to:			
Equity holders of the Company		774,002	616,091
Non-controlling interests		<u>9,051</u>	<u>3,579</u>
		<u>783,053</u>	<u>619,670</u>
Earnings per share			
— basic (<i>expressed in HK cents per share</i>)	9(a)	<u>31.9</u>	<u>25.4</u>
— diluted (<i>expressed in HK cents per share</i>)	9(b)	<u>31.9</u>	<u>25.4</u>

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Profit for the period	783,053	619,670
Other comprehensive (loss)/income, net of tax:		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Currency translation differences	(47,345)	103,052
Release of exchange differences upon disposal of a subsidiary	—	(336)
Other comprehensive (loss)/income for the period, net of tax	(47,345)	102,716
Total comprehensive income for the period	735,708	722,386
Attributable to:		
Equity holders of the Company	737,340	711,103
Non-controlling interests	(1,632)	11,283
	735,708	722,386

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2022

		As at 30 June 2022 (Unaudited) <i>HK\$'000</i>	As at 31 December 2021 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
ASSETS			
Non-current assets			
Right-of-use assets		386,966	397,689
Property, plant and equipment		1,312,906	1,331,683
Intangible assets		14,716,391	13,317,241
Interests in associates and joint ventures		1,529,103	1,389,711
Long-term deposits and prepayments	11	1,454,561	1,629,637
Receivables under service concession arrangements		2,697,659	2,361,965
		22,097,586	20,427,926
Current assets			
Inventories		28,509	22,321
Other receivables, deposits and prepayments	11	927,539	913,729
Receivables under service concession arrangements		290,223	262,836
Trade and bills receivables	11	1,444,955	1,062,020
Restricted deposits		33,455	46,830
Time deposits		22,500	—
Cash and cash equivalents		1,831,130	1,704,008
		4,578,311	4,011,744
Total assets		26,675,897	24,439,670
EQUITY			
Equity attributable to equity holders of the Company			
Share capital		24,395	24,395
Share premium		2,640,551	2,640,551
Other reserves		1,670,852	1,469,618
Retained earnings		4,853,582	4,350,966
		9,189,380	8,485,530
Non-controlling interests		321,200	400,405
Total equity		9,510,580	8,885,935

		As at 30 June 2022 (Unaudited) <i>HK\$'000</i>	As at 31 December 2021 (Audited) <i>HK\$'000</i>
	<i>Note</i>		
LIABILITIES			
Non-current liabilities			
Bank borrowings		12,153,226	11,279,473
Lease liabilities		—	2,751
Deferred income tax liabilities		928,881	857,969
Deferred government grants		218,130	224,716
Other non-current liabilities		11,049	8,755
		<u>13,311,286</u>	<u>12,373,664</u>
Current liabilities			
Trade and other payables	12	1,902,645	1,699,144
Current income tax liabilities		62,507	40,908
Bank borrowings		1,873,773	1,424,402
Lease liabilities		6,017	6,493
Deferred government grants		9,089	9,124
		<u>3,854,031</u>	<u>3,180,071</u>
Total liabilities		<u>17,165,317</u>	<u>15,553,735</u>
Total equity and liabilities		<u>26,675,897</u>	<u>24,439,670</u>
Net current assets		<u>724,280</u>	<u>831,673</u>
Total assets less current liabilities		<u>22,821,866</u>	<u>21,259,599</u>

NOTES:

1 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This condensed consolidated interim financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Significant events and transactions

(a) Award of concession rights

- In March 2022, the Group was conditionally awarded the waste-to-energy (“WTE”) project located in Quyang County, Hebei Province. The total daily municipal solid waste (“MSW”) processing capacity of this WTE plant is 1,050 tonnes. It shall be constructed in two phases, of which the processing capacity of phase 1 shall be 700 tonnes and phase 2 shall be 350 tonnes.
- In June 2022, the Group was conditionally awarded the WTE project located in Huidong County, Guangdong Province. The total daily MSW processing capacity of this WTE plant is 1,500 tonnes.

(b) Acquisition of non-controlling interest

On 23 February 2022, the Group acquired 29.56% equity interests of Zaozhuang Zhongke Environmental Energy Company Limited (“Zaozhuang Zhongke”) by public auction with a total consideration of RMB15,379,000 (equivalent to HK\$18,962,000). Upon the completion of the acquisition, the Group owns 80.56% equity interests in Zaozhuang Zhongke.

(c) Prevention and control measures against COVID-19

After the outbreak of COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented across the People’s Republic of China (“PRC”). In the meantime, the Group has implemented precautionary and control measures in all projects to fight against this disease and safeguard its employees and business operations. The Group will pay close attention to the development of this disease and evaluate its impact on the financial position and operating results of the Group. As at the date of this announcement, the Group was not aware of any material adverse effects on the condensed consolidated interim financial information as a result of this disease.

2 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2021, as described in those annual consolidated financial statements, except for the estimation of income tax and the adoption of new and amended standards as set out below.

Estimation of income tax

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) **New and amended standards adopted by the Group**

A number of amended standards became applicable for the current reporting period:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to Annual Improvements Project	Annual Improvements to HKFRS Standards 2018–2020 Cycle

The amended standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive Directors of the Group. The executive Directors review the Group's internal reporting in order to assess performance and allocate resources. For the six months ended 30 June 2022, the executive Directors consider that the Group's operations are generally operated and managed as a single segment — WTE project construction and operation (2021: same). No separate segment information was presented accordingly.

The Group is mainly domiciled in the PRC. All of the Group's revenue is generated in the PRC and most of its non-current assets are located in the PRC for the six months ended 30 June 2022 (2021: same).

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Revenue from power sales	1,211,562	956,133
Waste treatment fee	556,844	401,866
Revenue from project construction services	2,157,761	1,210,827
Finance income from service concession arrangements	86,329	57,861
Environmental hygiene and other services income	99,041	68,561
	4,111,537	2,695,248

For the six months ended 30 June 2022, the Group had transactions with two (six months ended 30 June 2021: one) customers which individually exceeded 10% of the Group's revenue. Revenue of approximately HK\$432,030,000 and HK\$412,082,000 were derived from the largest and the second largest customers for the six months ended 30 June 2022, respectively, while revenue of approximately HK\$414,913,000 was derived from the largest customer for the six months ended 30 June 2021.

4 EXPENSES BY NATURE

Expenses included in cost of sales and general and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Maintenance cost	101,982	106,741
Environmental protection expenses	233,241	134,576
Research and development costs	24,210	3,793
Impairment of trade receivables	3,000	3,507
Impairment of receivables under service concession arrangements	7,000	—
Impairment of other receivables	—	18,000
Remuneration to the Company's auditor		
— Audit services	1,500	1,500
Remuneration to other auditors		
— Audit services	579	842
— Non-audit services	—	9
Employee benefit expenses	306,718	210,535
Depreciation and amortisation		
— Property, plant and equipment	76,371	68,182
— Intangible assets	324,096	207,803
— Right-of-use assets	10,037	5,659
Other lease expenses*	5,528	5,291
Donation	1,208	1,331
Construction cost recognised for project construction services (included in cost of sales)	1,836,572	1,011,622

* These expenses relate to short-term leases or leases of low-value assets. They are directly charged as expenses and are not included in the measurement of lease liabilities under HKFRS 16.

5 OTHER INCOME

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Value-added tax ("VAT") refund (Note (i))	64,433	69,970
Revenue from non-hazardous waste handling	6,570	24,677
Sales of bottom ash and scrap materials	17,859	9,010
Amortisation of deferred government grants (Note (ii))	5,618	4,366
Government subsidies (Note (iii))	160	895
Others	9,399	3,691
	104,039	112,609

Note:

- (i) The amount represents the Group's entitlement to a VAT refund in accordance with the Notice of the Ministry of Finance and State Administration of Taxation on policies regarding the VAT on Comprehensive Utilisation of Resources and Other Products. There were no unfulfilled conditions and other contingencies attached to the receipts of such tax refund. There is no assurance that the Group will continue to receive such tax refund in the future.
- (ii) Government grants recognised were related to the construction of infrastructure under service concession arrangements. There were no unfulfilled conditions and other contingencies attached to the receipts of these grants.
- (iii) Government subsidies for the six months ended 30 June 2022 mainly represent cash subsidies in respect of the Employment Support Scheme under the Anti-epidemic Fund of Hong Kong Special Administrative Region Government and subsidies received from certain PRC government authorities as financial support to the growth of enterprises and stabilizing employment (six months ended 30 June 2021: the amount mainly represents subsidies received from certain PRC government authorities as financial support to the growth of enterprises and stabilizing employment). There were no unfulfilled conditions and other contingencies attached to the entitlements of such government subsidies. There is no assurance the Group will continue to enjoy such government subsidies in the future.

6 OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Gain on disposal of a subsidiary	—	1,846
Gain/(loss) on disposal of property, plant and equipment	19	(5)
Exchange (losses)/gains, net	(3,374)	15,002
	(3,355)	16,843

7 INTEREST INCOME AND EXPENSE

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest expense on bank borrowings	(288,632)	(230,150)
Interest expense on lease liabilities	(94)	(24)
Less: amount capitalised on qualifying assets	7,821	51,629
	(280,905)	(178,545)
Interest income from bank deposits	7,448	4,340
Interest income from an associate (note)	587	2,483
Interest expense, net	(272,870)	(171,722)

Note: The shareholder's loan due from an associate, which was unsecured and interest-bearing at the rate announced by the People's Bank of China and included in "Interests in associates and joint ventures" in the consolidated balance sheet, was fully settled as at 30 June 2022 (31 December 2021: HK\$30,578,000).

8 INCOME TAX EXPENSE

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current income tax		
PRC enterprise income tax	62,698	75,821
Hong Kong profits tax	—	975
	<hr/>	<hr/>
Total current income tax	62,698	76,796
Deferred income tax	71,707	45,424
	<hr/>	<hr/>
Income tax expense	134,405	122,220
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No Hong Kong profits tax has been provided as the subsidiaries incorporated in Hong Kong have no assessable profits for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong, except for one subsidiary of the Group which is qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits of this subsidiary are taxed at 16.5%).

Subsidiaries incorporated in the PRC are subject to a tax rate of 25% for the six months ended 30 June 2022 and 2021 on the assessable profits arising in or derived from the PRC except certain subsidiaries have obtained an approval for enterprise income tax (“EIT”) incentive that the project would be fully exempted from the PRC enterprise income tax for three years starting from the tax year in which the project recorded its operating revenue for the first time, followed by a 50% tax reduction for the ensuing three years.

In addition, certain PRC subsidiaries operating in western region of the PRC were entitled to a concessionary tax rate of 15% from 2021 to 2030 pursuant to the “Continuation of Preferential EIT policies in the Western Region” (2020 Announcement No. 23) jointly issued by Ministry of Finance, State Taxation Administration and National Development and Reform Commission of the PRC.

Besides, certain PRC subsidiaries were approved as High and New Technology Enterprise and subject to a preferential EIT rate of 15%.

Subsidiaries	Applicable tax rate	
	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Dongguan China Scivest Environmental Power Company Limited		
— phase 1 of its project	15%	15%
— phase 2 of its project	12.5%	12.5%
Dongguan Eco-Tech Environmental Power Company Limited		
— phase 1 of its project	15%	15%
— phase 2 of its project	12.5%	12.5%
Zhanjiang Canvest Environmental Power Company Limited	25%	12.5%

Subsidiaries	Applicable tax rate	
	Six months ended 30 June	2021
	2022	2021
	(Unaudited)	(Unaudited)
Qianxinan Canvest Environmental Power Company Limited		
— phase 1 of its project	15%	15%
— phase 2 of its project	7.5%	7.5%
Laibin Canvest Environmental Power Company Limited	7.5%	7.5%
Zhongshan City Guangye Longcheng Environmental Company Limited		
— phase 1 of its project	12.5%	12.5%
— phase 2 of its project	0%	25%
Beiliu Canvest Environmental Power Company Limited	7.5%	7.5%
Lufeng Canvest Environmental Power Company Limited	12.5%	12.5%
Xinfeng Canvest Environmental Power Company Limited	12.5%	0%
Xinyi Canvest Environmental Power Company Limited	0%	0%
Maoming Canvest Environmental Power Company Limited	0%	0%
Zaozhuang Zhongke Environmental Energy Company Limited	0%	0%
Zaozhuang Canvest Environmental Company Limited	0%	0%
Shaoguan Canvest Environmental Power Company Limited	0%	0%
Xuwen Canvest Environmental Power Company Limited	0%	0%
Dehong Canvest Environmental Power Company Limited	0%	0%
Yingkou Canvest Power Environmental Company Limited	0%	0%
Baoding Canvest Kewei Environmental Power Company Limited	0%	0%
Qingyuan City Zhongtian New Energy Company Limited	0%	0%
Linfen Canvest Environmental Power Company Limited	0%	25%
Xiangyun Shengyun Environmental Energy Company Limited	0%	25%
Qiandongnanzhou Liping Canvest Environmental Power Company Limited	0%	25%
Jingjiang Canvest Environmental Power Company Limited	0%	25%

9 EARNINGS PER SHARE

(a) Basic

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company and weighted average number of ordinary shares in issue, excluding treasury shares and shares held under Share Award Scheme, during the period.

	Six months ended 30 June	
	2022	2021
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (<i>HK\$'000</i>)	<u>774,002</u>	<u>616,091</u>
Weighted average number of ordinary shares in issue (<i>thousand shares</i>)	<u>2,429,441</u>	<u>2,429,441</u>
Basic earnings per share (<i>HK cents</i>)	<u><u>31.9</u></u>	<u><u>25.4</u></u>

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has one category of dilutive potential ordinary share: share options (2021: same). For the share options, a calculation was performed to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares for the period) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted earnings per share for the six months ended 30 June 2022 and 2021 are the same as the basic earnings per share as the conversion of potential ordinary shares in relation to the outstanding share options would have an anti-dilutive effect on the basic earnings per share.

10 DIVIDENDS

The Board has resolved to declare an interim dividend of HK6.2 cents per ordinary share for the six months ended 30 June 2022 (six months ended 30 June 2021: HK5.0 cents per ordinary share), which will be payable on or about Monday, 31 October 2022 to shareholders whose names appear on the register of members of the Company on Friday, 16 September 2022. The interim dividend, amounting to HK\$151,252,000 (six months ended 30 June 2021: HK\$121,977,000), has not been recognised as a dividend payable in the condensed consolidated interim financial information. The amount of interim dividend declared for the six months ended 30 June 2022 was calculated based on the number of ordinary shares in issue at the date of this announcement (i.e. 23 August 2022).

The final dividend of HK5.8 cents per ordinary share for the year ended 31 December 2021 (for the year ended 31 December 2020: HK4.9 cents per ordinary share) has been approved by the shareholders at the annual general meeting of the Company held on Friday, 17 June 2022, and was subsequently paid on Friday, 22 July 2022. The final dividends for the year ended 31 December 2021, amounting to HK\$141,493,000, have been recognised as dividends payable as at 30 June 2022.

11 TRADE AND BILLS RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Non-current assets		
Prepayments for property, plant and equipment and concession rights	1,451,421	1,626,490
Deposits and prepayments	<u>3,140</u>	<u>3,147</u>
	<u>1,454,561</u>	<u>1,629,637</u>
Current assets		
Trade and bills receivables		
— Bills receivable	1,218	1,084
— Trade receivables (<i>Note</i>)	1,452,670	1,066,869
— Less: Impairment of trade receivables	<u>(8,933)</u>	<u>(5,933)</u>
	<u>1,444,955</u>	<u>1,062,020</u>
Other receivables, deposits and prepayments		
— Deposits and prepayments	28,887	25,064
— Other receivables	268,682	261,361
— Value-added tax recoverable	647,970	645,304
— Less: Impairment of other receivables	<u>(18,000)</u>	<u>(18,000)</u>
	<u>2,372,494</u>	<u>1,975,749</u>
	<u>3,827,055</u>	<u>3,605,386</u>

Note: As at 30 June 2022, included in “Trade receivables” are receivables of HK\$8,647,000 (31 December 2021: nil) due from the subsidiary of the Group’s associate, which are unsecured, interest-free and repayable on the twenty-fifth of next month according to the credit term, and receivables of HK\$755,000 (31 December 2021: nil) due from the Group’s related party, which are unsecured, interest-free and repayable upon the receipt of the VAT invoices.

An impairment analysis is performed at each reporting date using the probability of default approach to measure expected credit losses. As the Group’s customers are primarily PRC local governments and state-owned entities, the probabilities of default rates are estimated based on comparable companies with published credit ratings. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forward-looking credit risk information. The Group has identified the gross domestic product growth rates in the PRC to be the most relevant factors, and accordingly adjusted the historical loss rates based on the expected changes in these factors in the future period.

For trade and bills receivables which are long overdue with significant balances, they are assessed individually for impairment allowance. The loss allowance was assessed to be HK\$8,933,000 as at 30 June 2022 (31 December 2021: HK\$5,933,000).

The credit period granted by the Group is generally 30 days. The maturity of the bills receivable is within 12 months. The ageing analysis of trade receivables, net of impairment, as at the end of the reporting period, based on invoice date, is as follows:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Up to 1 month	957,512	763,596
1 to 3 months	201,075	103,342
3 to 6 months	133,332	88,074
Over 6 months	151,818	105,924
	<u>1,443,737</u>	<u>1,060,936</u>

As at 30 June 2022, other receivables mainly include a sum of HK\$135,186,000 (31 December 2021: HK\$135,908,000) which is agreed to be reimbursed by an entity ultimately controlled by the local municipal government in related to interests in certain PRC companies. The remaining balances mainly include refundable tender deposits for potential projects (31 December 2021: same).

If there is no significant increase in credit risk since initial recognition, impairment on other receivables is measured at 12-month expected credit losses. If a significant increase in credit risk has occurred, then impairment is measured as lifetime expected credit losses. As at 30 June 2022, the impairment was assessed to be HK\$18,000,000 in respect of other receivables (31 December 2021: HK\$18,000,000).

12 TRADE AND OTHER PAYABLES

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Current liabilities		
Trade payables (<i>Note (i)</i>)	320,210	261,313
Construction payables	1,149,712	1,115,560
Dividend payable (<i>Note 10</i>)	141,493	—
Accruals and other payables (<i>Note (ii)</i>)	291,230	322,271
	<u>1,902,645</u>	<u>1,699,144</u>

Note:

- (i) As at 30 June 2022, included in “Trade payables” are payable of HK\$50,869,000 (31 December 2021: HK\$48,223,000) due to the Group’s associate, which are unsecured, interest-free and repayable on credit terms of 10 days after the receipt of VAT invoices, and payable of HK\$1,726,000 (31 December 2021: nil) due to the Group’s related party, which are unsecured, interest-free and repayable upon the receipt of the VAT invoices.
- (ii) Accruals and other payables mainly include accrued staff costs and other staff benefits and VAT payables.

The ageing analysis of trade payables based on invoice date is as follows:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Up to 1 month	224,486	202,022
1 to 2 months	32,148	24,694
2 to 3 months	16,199	7,738
Over 3 months	47,377	26,859
	<u>320,210</u>	<u>261,313</u>

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, China's economy saw increased operational pressure and faced various risks and challenges due to various factors such as the complicated and severe international environment, the sporadic and frequent outbreak of the pandemic in multiple cities across the country, and high temperature and frequent rain in the southern region of China.

In the midst of the arduous campaigns to pursue reform, development and stability policies in the PRC under the complicated and challenging international environment, the PRC government has put forward the requirements for preventing the pandemic, stabilizing the economy and ensuring safe development. However, prices of raw materials saw a sharp rise as the personnel control and the transportation of building materials and environmental protection materials were constantly affected by ongoing resurgent pandemic conditions in various areas across the PRC. Despite the above, the PRC government remains committed to the targets of achieving "carbon peaking" and promoting "carbon neutrality". During the period under review, the PRC government issued the Guiding Opinion on Accelerating the Promotion of Construction of Urban Environmental Infrastructures (《關於加快推進城鎮環境基礎設施建設的指導意見》) and the Implementation Plan for Synergistic Efficiency of Pollution Reduction and Carbon Reduction (《減污降碳協同增效實施方案》), to comprehensively promote the planning and layout of urban environmental infrastructure, encourage the construction and resource utilization of "multi-in-one" comprehensive disposal bases, and promote the intelligent green upgrading. Also, the establishment of renewable energy settlement companies has been considered so that the power grid companies can take the lead in financing the renewable energy subsidies.

However, in the new context of the normalized pandemic, industry entered into maturity stage, and enterprises have embraced the era of efficiency improvement and low carbon emissions. In view of the above, the Group focused on improving efficiency by implementing delicacy management, optimizing the business process, implementing digital management, and adopting real-time dynamic control. Furthermore, the talent management and training was strengthened to promote strategic transformation and increase revenue at lower expenses. In addition, the Group has continued to enhance the internal control and standardized management of its various project companies, which will promote the implementation of system, enhance the level of standardized management of safety and environmental protection, and continue to minimize safety and environmental risks.

During the period under review and up to the date of this announcement, there were no ongoing cases of infection identified among all staff and construction teams, while other related businesses proceeded orderly. The Group will closely monitor and assess the pandemic impacts, with more proactive measures to be taken in due course. As at the date of this announcement, the Group is not aware of any material adverse impact on the condensed consolidated interim financial information as a result of the pandemic.

Leveraging on our market leadership in WTE plants and environmental hygiene and related services, the Group will continue to expand into other integrated smart city management services.

In addition, to further enhance the Company's corporate governance and fulfill its social responsibility, in January 2022, the Group established the Strategy and Sustainability Committee, chaired by an executive Director, to demonstrate the importance of the Group's commitment to sustainable development.

OVERALL PERFORMANCE

For the six months ended 30 June 2022, the Group's revenue was HK\$4,111.5 million (corresponding period in 2021: HK\$2,695.2 million). Revenue from power sales and waste treatment was HK\$1,768.4 million (corresponding period in 2021: HK\$1,358.0 million). The operating profit was HK\$1,083.9 million (corresponding period in 2021: HK\$880.5 million). Profit attributable to equity holders of the Company was HK\$774.0 million (corresponding period in 2021: HK\$616.1 million), representing an increase of 25.6%. Basic earnings per share was HK31.9 cents (corresponding period in 2021: HK25.4 cents).

During the period under review, the Group's implementation of innocuous treatment of waste volume amounted to 6,829,404 tonnes. The Group generated 2,579,150,000 kWh from green energy, saved 658,000 tonnes of standard coal and offset 5,043,000 tonnes of carbon dioxide equivalent emissions.

I. Waste-to-energy Business

Projects and Processing Capacity

As at 30 June 2022 and the date of this announcement, the operating daily MSW processing capacity of 28 projects, which included phase 1 of Linfen WTE project commenced trial operation during the period under review, reached 36,040 tonnes.

As at 30 June 2022 and the date of this announcement, there are 36 and 37 operating, secured and announced projects in our portfolio, respectively. Daily MSW processing capacity reached 53,540 tonnes as at 30 June 2022 and 55,540 tonnes as at the date of this announcement.

The following table sets forth the breakdown of the daily MSW processing capacity by regions as at the date of this announcement:

	Number of projects	Daily MSW processing capacity (tonnes)
Southern China Region	21	31,590
Western China Region	4	7,000
Eastern China Region	5	8,850
Northern China and Northeast China Regions	5	6,300
Central China Region	2	1,800
	<hr/>	<hr/>
Total	37	55,540
	<hr/> <hr/>	<hr/> <hr/>

The following table sets forth the operational details by regions for the period under review:

		Six months ended 30 June	
		2022	2021
Southern China Region	Guangdong Province		
	Processed MSW (<i>tonnes</i>)	4,311,435	3,293,829
	Power generated (<i>MWh</i>)	1,718,945	1,329,618
	Power sold (<i>MWh</i>)	1,488,939	1,166,898
	Guangxi Zhuang Autonomous Region		
	Processed MSW (<i>tonnes</i>)	429,581	421,121
	Power generated (<i>MWh</i>)	157,431	162,909
	Power sold (<i>MWh</i>)	138,177	143,526
	Guizhou Province		
Processed MSW (<i>tonnes</i>)	324,193	227,420	
Power generated (<i>MWh</i>)	116,577	80,400	
Power sold (<i>MWh</i>)	98,766	67,174	
Western China Region	Processed MSW (<i>tonnes</i>)	519,678	26,207
	Power generated (<i>MWh</i>)	181,880	3,039
	Power sold (<i>MWh</i>)	155,860	2,674
Eastern China Region	Processed MSW (<i>tonnes</i>)	518,685	355,709
	Power generated (<i>MWh</i>)	171,428	119,860
	Power sold (<i>MWh</i>)	149,609	105,257
Northern China and Northeast China Regions	Processed MSW (<i>tonnes</i>)	573,179	136,803
	Power generated (<i>MWh</i>)	172,987	34,675
	Power sold (<i>MWh</i>)	147,377	29,452
Central China Region	Processed MSW (<i>tonnes</i>)	152,653	162,832
	Power generated (<i>MWh</i>)	59,902	63,651
	Power sold (<i>MWh</i>)	52,787	55,632
Total	Processed MSW (<i>tonnes</i>)	6,829,404	4,623,921
	Power generated (<i>MWh</i>)	2,579,150	1,794,152
	Power sold (<i>MWh</i>)	2,231,515	1,570,613

Note: The difference between the power generated and the power sold is attributable to various factors, including but not limited to internal power usage and transmission losses.

Southern China Region

During the period under review, 15 WTE plants located in Guangdong Province continued to provide contributions. Huizhou WTE plant is in the planning stage.

In June 2022, the Group was conditionally awarded the WTE project located in Huidong County, Guangdong Province. The total daily MSW processing capacity of this WTE project shall be 1,500 tonnes. The project is currently in the planning stage.

4 WTE plants located in Guizhou Province and Guangxi Zhuang Autonomous Region continued to provide contributions during the period under review.

Western China Region

3 WTE plants located in Sichuan Province and Yunnan Province continued to provide contributions during the period under review.

The Group holds 30% equity interests of Sichuan SIIC. On 3 August 2022, Sichuan SIIC completed the acquisition of all equity interests in Dazhou Jiajing, which holds a WTE plant, with the total daily MSW processing capacity of 2,000 tonnes, and is under construction.

Eastern China Region

1 WTE plant located in Shandong Province and 1 WTE plant located in Jiangsu Province continued to provide contributions during the period under review. Baoshan WTE Project and Taizhou WTE project are currently under construction. Shen County WTE project is in the planning stage.

Northern China and Northeast China Regions

1 WTE plant located in Hebei Province and 1 WTE plant located in Liaoning Province continued to provide contributions during the period under review. Phase 1 of Linfen WTE plant commenced trial operation in 2022. With the change of the economic factors, Hunyuan WTE project is terminated after the negotiation with the local government. Yi County WTE project is under planning.

In March 2022, the Group was conditionally awarded the WTE project located in Quyang County, Baoding City, Hebei Province. The total daily MSW processing capacity of this WTE project shall be 1,050 tonnes. The project is currently in the planning stage.

Central China Region

1 WTE plant located in Jiangxi Province continued to provide contributions during the period under review. Changning WTE project is under planning.

II. Environmental Hygiene and Related Services

During the period under review, Dongguan Xindongyue processed 84,320 tonnes of solidified fly ash and continued to provide contributions to the Group.

Zhongzhou Environmental, which is principally engaged in the treatment of bottom ash created from the incineration of waste in the PRC, continued to provide contributions to the Group.

Sichuan Jiajieyuan, a renowned environmental hygiene and related services player in the PRC, continued to provide stable contributions during the period under review. Xinyi and Laibin waste collection and transportation projects continued to provide contributions to the Group. In 2022, environmental hygiene business expanded into Hebei Province and were awarded waste collection and transportation projects in Laishui County and Quyang County.

Johnson, a leading environmental hygiene service provider providing a wide range of environmental services in Hong Kong, continued to provide contributions to the Group during the period under review.

III. Management and Operation of Smart Car Parking Business

Leveraging on our market leading position in the WTE and environmental hygiene and services industry, the Group continued to develop its integrated smart city management services, such as smart car parking solutions.

During the period under review, the Group provided smart car parking solutions for over 18,000 parking spaces, covering Guangdong Province, Hebei Province, Chongqing Municipality, Anhui Province and Hunan Province.

ANALYSIS OF FINANCIAL RESULTS

Revenue

During the period under review, the Group's revenue reached HK\$4,111.5 million, representing an increase of 52.5% when compared with HK\$2,695.2 million in 2021. Among that, revenue from power sales and waste treatment fees for the period under review reached HK\$1,768.4 million, representing an increase of 30.2% from the corresponding period in 2021. The increase in total revenue was mainly contributed by the increase in revenue from power sales and waste treatment fees from newly operating plants and the revenue from project construction services from the additional projects.

The following table sets forth the breakdown of revenue for the six months ended 30 June 2022 and 2021:

	Six months ended 30 June			
	2022		2021	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Revenue from power sales	1,211,562	29.5%	956,133	35.5%
Revenue from waste treatment fees	556,844	13.5%	401,866	14.9%
Revenue from project construction services	2,157,761	52.5%	1,210,827	44.9%
Finance income from service concession arrangements	86,329	2.1%	57,861	2.2%
Environmental hygiene and other services income	99,041	2.4%	68,561	2.5%
Total	<u>4,111,537</u>	<u>100.0%</u>	<u>2,695,248</u>	<u>100.0%</u>

The following table sets forth the breakdown of the Group's revenue by region for the six months ended 30 June 2022 and 2021:

	Six months ended 30 June			
	2022		2021	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Southern China Region	2,505,710	60.9%	1,906,875	70.7%
Central China Region	57,822	1.4%	48,088	1.8%
Western China Region	377,755	9.2%	215,896	8.0%
Northern China and Northeast China Regions	760,107	18.5%	212,506	7.9%
Eastern China Region	410,143	10.0%	311,883	11.6%
Total	<u>4,111,537</u>	<u>100.0%</u>	<u>2,695,248</u>	<u>100.0%</u>

Cost of Sales

Cost of sales primarily consists of maintenance cost, depreciation and amortisation, employee and related benefit expenses, environmental protection expenses and construction cost.

During the period under review, cost of sales increased by 65.9% from HK\$1,726.3 million in 2021 to HK\$2,864.2 million in 2022. The increase was mainly attributable to the operating costs of new WTE plants that have commenced operation and increase in construction cost for project construction services.

Gross Profit and Gross Profit Margin

During the period under review, gross profit of the Group amounted to HK\$1,247.3 million, representing an increase of 28.7% as compared to HK\$969.0 million in 2021. The increase in gross profit was mainly attributable to the increase in processing capacity in operation.

The following table sets forth the breakdown of the Group's gross profit by nature for the six months ended 30 June 2022 and 2021:

	Six months ended 30 June			
	2022		2021	
	HK\$'000	%	HK\$'000	%
Power sales and waste treatment operations	812,252	65.1%	697,429	72.0%
Project construction services	321,189	25.8%	199,205	20.6%
Finance income from service concession arrangements	86,329	6.9%	57,861	5.9%
Environmental hygiene and other services	27,559	2.2%	14,483	1.5%
Total	<u>1,247,329</u>	<u>100.0%</u>	<u>968,978</u>	<u>100.0%</u>

Gross profit margin of the Group slightly decreased from 36.0% in the corresponding period in 2021 to 30.3% in the current period of 2022. The decrease was mainly due to the significant increase in environmental protection expenses, increase in portion of construction revenue which has lower gross profit margin and the relatively lower gross profit margin from the WTE projects which is still under trial operation.

The following table sets forth the Group's gross profit margin by nature for the six months ended 30 June 2022 and 2021:

	Six months ended 30 June	
	2022	2021
	Gross profit margin	Gross profit margin
Power sales and waste treatment operations	45.9%	51.4%
Project construction services	14.9%	16.5%
Finance income from service concession arrangements	100.0%	100.0%
Environmental hygiene and other services	27.8%	21.1%
	<hr/>	<hr/>
Gross profit margin of the Group	30.3%	36.0%
	<hr/> <hr/>	<hr/> <hr/>

General and Administrative Expenses

General and administrative expenses mainly comprise of employee and related benefit expenses for administrative personnel, promotion, entertainment and travelling expenses, depreciation and amortisation, research and development expenses, office expenses and others.

General and administrative expenses increased by 21.2% from HK\$218.0 million in the corresponding period in 2021 to HK\$264.1 million in the current period of 2022. It was mainly due to additional WTE projects under operation and increase in research and development expenses for innovation and digitalisation.

Other Income

Other income mainly consisted of VAT refund, amortisation of deferred government grants and others. Other income decreased by 7.6% from HK\$112.6 million in the corresponding period of 2021 to HK\$104.0 million in the current period of 2022. The decrease was mainly due to the low demand from the handling service for non-hazardous waste.

Other (Losses)/Gains, Net

During the period under review, the Group recorded other net losses of HK\$3.4 million as compared to other net gains of HK\$16.8 million in the corresponding period in 2021. It was mainly due to foreign exchange loss was recognised in 2022 while foreign exchange gain was recognised in 2021.

Interest Expense, Net

Net interest expense mainly consisted of interest expenses on borrowings from banks and net of interest income. Net interest expenses increased by 58.9% from HK\$171.7 million in the corresponding period of 2021 to HK\$272.9 million in the current period of 2022. The increase in interest expenses was due to the increase in borrowings.

Share of Net Profits of Associates and Joint Ventures

During the period under review, share of net profits of associates and joint ventures increased by 220.5% from HK\$33.2 million in 2021 to HK\$106.4 million in 2022. It was mainly due to the profit sharing from Machong WTE plant which commenced trial operation in second quarter of 2021.

Income Tax Expense

Income tax expense increased by 10.0% from HK\$122.2 million in the corresponding period of 2021 to HK\$134.4 million in the current period of 2022. It was mainly attributable to the increase in deferred income tax as a result of the increase in revenue from project construction services.

Profit Attributable to the Equity Holders of the Company

Profit attributable to the equity holders of the Company increased by 25.6% from HK\$616.1 million in the corresponding period in 2021 to HK\$774.0 million in the current period of 2022.

Capital Structure

The shares of the Company were listed on the Hong Kong Stock Exchange on 29 December 2014. The capital structure of the Company is comprised of ordinary shares.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Financial resources

During the period under review, the Group generated HK\$901.9 million in cash from operating projects (corresponding period in 2021: HK\$660.0 million). Net cash prepaid and used for the construction of various WTE plants under BOT arrangements amounted to HK\$1,696.4 million (corresponding period in 2021: HK\$2,234.6 million). As a result, the total net cash used in operating activities amounted to HK\$794.5 million during the period under review (corresponding period in 2021: HK\$1,574.6 million).

The Group generated cash flow through operating activities and loan facilities from banks. As at 30 June 2022, the total cash and cash equivalents of the Group were HK\$1,831.1 million (31 December 2021: HK\$1,704.0 million). The Group pursues a prudent approach to balance the risk level and costs of capital. The Group has adequate financial resources to meet the future funding requirements for project development.

In August 2022, the Group received renewable national subsidies which amounted to HK\$163.5 million.

Borrowings

The Group sensibly diversifies its funding sources to optimise its debt portfolio and lower the financing cost. As at 30 June 2022, the Group's bank borrowings were HK\$14,027.0 million (31 December 2021: HK\$12,703.9 million). Such bank borrowings were secured by the pledge of certain assets and corporate guarantees. The bank borrowings were denominated in Renminbi and Hong Kong dollars (31 December 2021: same) and all of them were at floating interest rates (31 December 2021: same).

On 17 July 2020, the Company (as borrower) entered into a facility agreement (the "Facility Agreement I") with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$1,938.0 million (with incremental facilities of up to a further HK\$1,170.0 million) with a term of 36 months has been granted to the Company. As at 30 June 2022 and as at the date of this announcement, the proceeds of HK\$1,938.0 million and the incremental proceeds of HK\$598.0 million have been fully utilized. Pursuant to the Facility Agreement I, it shall constitute a mandatory prepayment event (among others) if Ms. Lee Wing Yee Loretta, Mr. Lai Kin Man and Mr. Lai Chun Tung and any trust established by any of them (collectively, "the Controlling Shareholders") collectively cease directly or indirectly to (i) have the power to (a) cast, or control the casting of, more than 35% of the maximum number of votes that might be cast at a general meeting of the Company; (b) appoint or nominate a larger number of seats on the board of directors of the Company than any other person or group; or (c) exercise the management control of the Company; (ii) hold beneficially at least 35% of the issued share capital of the Company; or (iii) be collectively the single largest shareholder of the Company. Please refer to the announcement of the Company dated 17 July 2020 for further details.

On 23 November 2020, the Company (as borrower) entered into a facility agreement (the "Facility Agreement II") with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$390.0 million due to expire in July 2023 has been granted to the Company. As at 30 June 2022 and as at the date of this announcement, the proceeds of HK\$390.0 million have been fully utilised. Pursuant to the Facility Agreement II, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 23 November 2020 for further details.

On 5 August 2021, the Company (as borrower) entered into a facility agreement (the "Facility Agreement III") with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$150.0 million for a term of 36 months from the date of drawdown has been granted to the Company. As at 30 June 2022 and as at the date of this announcement, the proceeds of HK\$150.0 million have been utilized. Pursuant to the Facility Agreement III, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 5 August 2021 for further details.

On 20 April 2022, the Company (as borrower) entered into a facility agreement (the “Facility Agreement IV”) with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$250.0 million for a term of 15 months (which may be further extended for another 15 months) from the date of drawdown has been granted to the Company. As at 30 June 2022 and as at the date of this announcement, the proceeds of HK\$250.0 million have been utilized. Pursuant to the Facility Agreement IV, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 20 April 2022 for further details.

On 25 April 2022, the Company (as borrower) entered into a facility agreement (the “Facility Agreement V”) with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$150.0 million for a term of 18 months from the date of drawdown has been granted to the Company. As at 30 June 2022 and as at the date of this announcement, the proceeds of HK\$150.0 million have been utilized. Pursuant to the Facility Agreement V, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 25 April 2022 for further details.

Net asset of the Group was HK\$9,510.6 million (31 December 2021: HK\$8,885.9 million). The increase in net asset was mainly attributable to the profit generated during the period under review.

The following table sets forth the analysis of the Group’s borrowings as at 30 June 2022 and 31 December 2021:

	As at 30 June 2022 HK\$’000	As at 31 December 2021 HK\$’000
Portion of term loans due to repayment after one year — secured	12,153,226	11,279,473
Portion of term loans due for repayment within one year or on demand — secured	1,873,773	1,284,402
Revolving loans due for repayment within one year — unsecured	—	140,000
Total bank borrowings	<u>14,026,999</u>	<u>12,703,875</u>

The gearing ratio is the ratio of total liabilities divided by total assets. As at 30 June 2022, the gearing ratio was 64.3% (31 December 2021: 63.6%).

As at 30 June 2022, the Group had banking facilities in the amount of HK\$16,345.3 million, of which HK\$2,217.6 million remained unutilized. The banking facilities were denominated in Renminbi and Hong Kong dollars and were at floating interest rates.

In January 2022, Zhongshan project succeeded for the first time to obtain a loan amounted to RMB25.0 million from a financial institution by pledging the national subsidy receivable.

Cost of Borrowings

For the six months ended 30 June 2022, the total cost of borrowings of the Group was HK\$288.6 million (corresponding period in 2021: HK\$230.2 million), representing an increase of HK\$58.4 million. The increase was due to the interest expenses in relation to the increase in borrowings. Effective interest rate ranged from 2.19% to 5.19% for the six months ended 30 June 2022 (corresponding period in 2021: 1.31% to 8.00%).

Foreign Exchange Risk

The major operating subsidiaries of the Group operate in the PRC with transactions mainly settled in Renminbi, being the functional currency of such subsidiaries. Moreover, bank deposits of the Group were denominated in Hong Kong dollars, Renminbi and US dollars while bank loans were denominated in Hong Kong dollars and Renminbi. Save as disclosed above, the Group did not have any material exposures to foreign exchange risk. The Group does not have any financial instrument for the purpose of hedging. The Group manages foreign currency risk by closely monitoring the proportion of its non-Renminbi borrowings and deposits.

Commitments

As at 30 June 2022, the Group's capital commitments in relation to construction cost for concession rights, which were authorised but not contracted for, amounted to HK\$1,874.3 million (31 December 2021: HK\$2,304.4 million). Its capital commitment contracted for but not yet provided for in the consolidated financial statement in relation to construction cost for concession rights amounted to HK\$2,433.2 million (31 December 2021: HK\$4,507.3 million), and in relation to the capital injection to associates and joint ventures amounted to HK\$248.2 million (31 December 2021: HK\$204.0 million).

Pledging of shares by Controlling Shareholders

As at 30 June 2022, the Controlling Shareholders have not pledged all or part of its interests in the shares of the Company to secure the Company's debts or to secure guarantees or other support of its obligations.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, PLAN FOR SIGNIFICANT INVESTMENT OR ACQUISITION OF MATERIAL CAPITAL ASSETS IN THE FUTURE

On 23 February 2022, the Group acquired 29.56% equity interests of Zaozhuang Zhongke Environmental Energy Company Limited ("Zaozhuang Zhongke") by public auction with a total consideration of RMB15.4 million (equivalent to HK\$19.0 million). Upon the completion of the acquisition, the Group owns 80.56% equity interests in Zaozhuang Zhongke.

Saved as disclosed above, there was no significant investment, material acquisition and disposal of material subsidiaries by the Company and no other material investments or additions of capital assets authorised by the Board at the date of this announcement.

CAPITAL EXPENDITURES

For the six months ended 30 June 2022, capital expenditures of the Group mainly consisted of expenditures on equipment purchase and construction costs (an accrual basis) relating to service concession arrangements amounting to HK\$1,899.4 million (corresponding period in 2021: HK\$1,062.1 million). Capital expenditures were mainly funded by bank borrowings and funds generated from operating activities.

CONTINGENT LIABILITIES

On 6 July 2020, Kewei, the ultimate beneficial owner of Jianyang Lujiang Biochemical Co., Ltd. (“Jianyang Lujiang”), and his spouse (collectively, the “Guarantors”), entered into a joint and several guarantee agreement with Zhongxin sub-branch of Dongguan Rural Commercial Bank Co., Ltd. (“DRC Bank”), pursuant to which each of the Guarantors agreed to provide Jianyang Canvest a guarantee in the aggregate amount of not exceeding RMB700.0 million (equivalent to HK\$852.6 million) (equivalent to the total amount of the project loan provided by DRC Bank to Jianyang WTE plant). The term of the guarantee is from the effective date of the loan agreement to the end date of an additional three years. Please refer to the announcement of the Company dated 6 July 2020 for further details.

The Group holds 49% equity interest in Dongguan Xindongyuan, which holds 30% equity interest in Dongguan Xindongqing. As at 30 June 2022, the Group provided a corporate guarantee of RMB32.3 million (equivalent to HK\$39.3 million) for bank loans of Dongguan Xindongqing (31 December 2021: RMB32.3 million (equivalent to HK\$39.5 million)).

The Group holds 40% equity interest in Zhongzhou Environmental. As at 30 June 2022, the Group provided a corporate guarantee of RMB90.0 million (equivalent to HK\$109.6 million) for bank loans of Zhongzhou Environmental (31 December 2021: RMB90.0 million (equivalent to HK\$110.1 million)).

Saved as disclosed above, the Group did not have any significant contingent liabilities as at 30 June 2022.

PLEDGE OF ASSETS

As at 30 June 2022, the Group pledged certain of its rights to collect revenue from power sales, waste handling and environmental hygiene services, property, plant and equipment, right-of-use assets, and intangible assets (31 December 2021: certain of its right to collect revenue from power sales, waste handling and environmental hygiene services, property, plant and equipment and intangible assets) with an aggregate carrying amount of HK\$13,692.0 million (31 December 2021: HK\$12,940.5 million) to certain banks to secure certain credit facilities granted to the Group.

CONTINUING CONNECTED TRANSACTIONS

On 3 June 2021, the Company and Yue Xing entered into the supplemental leasing framework agreement (“YX Supplemental Leasing Framework Agreement”) to renew and revise the annual caps in the previous leasing framework agreement (the “YX Leasing Framework Agreement”) for a term of three years commencing from 1 July 2021 and will expire on 30 June 2024 (both days inclusive). The annual caps for the transactions for the period from 1 July 2021 to 31 December 2021, for the financial years ending 31 December 2022 and 2023 and for the period from 1 January 2024 to 30 June 2024 are RMB5.0 million, RMB10.0 million, RMB10.0 million and RMB5.0 million, respectively. Please refer to the announcement of the Company dated 3 June 2021 for further details. The rent paid by the Group to Yue Xing for the period from 1 January 2022 to 6 February 2022 was HK\$0.7 million (six months ended 30 June 2021: HK\$3.8 million).

On 7 February 2022, in order to facilitate our operations and continuing expansion and better govern the portfolio of properties available for leasing by the Group from companies controlled by Mr. Lai Chun Tung, an executive Director, (including Yue Xing), the Company and Yue Xing mutually agreed to terminate the YX Leasing Framework Agreement and YX Supplemental Leasing Framework Agreement. On the same day, the Company and Sanyang entered into a leasing framework agreement (the “Sanyang Leasing Framework Agreement”), pursuant to which Sanyang agreed to lease certain commercial properties held by itself and companies controlled by it (including that of Yue Xing) to the Company and/or its subsidiaries for use as offices or other purposes in the PRC for a term of three years commencing from 7 February 2022 to 6 February 2025 (both days inclusive). The annual caps for the transactions for the period from 7 February 2022 to 31 December 2022, for the financial years ending 31 December 2023 and 2024 and for the period from 1 January 2025 to 6 February 2025 are RMB10.8 million, RMB10.8 million, RMB10.8 million and RMB0.9 million, respectively. Please refer to the announcement of the Company dated 7 February 2022 for further details. For the period from 7 February 2022 to 30 June 2022, the rent paid by the Group to Sanyang was HK\$3.8 million (six months ended 30 June 2021: nil).

On 7 February 2022, the Company and Canvest ECT entered into a monitoring and audit services agreement (the “MAS Framework Agreement”), pursuant to which Canvest ECT has been engaged to provide monitoring and audit services for the routine maintenance works for the machineries operated by the Group in the Group’s WTE plants for a term of three years commencing from 7 February 2022 to 6 February 2025 (both days inclusive). The annual caps for the transactions for the period from 7 February 2022 to 31 December 2022, for the financial years ending 31 December 2023 and 2024 and for the period from 1 January 2025 to 6 February 2025 are RMB6.5 million, RMB7.0 million, RMB7.5 million and RMB0.7 million, respectively. Please refer to the announcement of the Company dated 7 February 2022 for further details. For the six months ended 30 June 2022, service fee amounted to HK\$1.8 million (corresponding period in 2021: nil).

On 9 February 2022, the Group entered into the operations management agreement with SIIC Baojingang, pursuant to which SIIC Baojingang entrusted the Group to manage and operate Baoshan WTE Project. The annual caps for the transactions for the financial years ending 31 December 2022 to 2025 are RMB46.0 million, RMB46.0 million, RMB46.0 million and RMB46.0 million, respectively. Please refer to the announcements of the Company dated 9

February 2022 and 11 February 2022 for further details. For the six months ended 30 June 2022, the management service income amounted to HK\$12.4 million (corresponding period in 2021: Nil).

Each of the above continuing connected transactions is subject to the reporting, annual review and announcement requirements but are exempted from the independent Shareholders' approval pursuant to Chapter 14A of the Listing Rules.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's shares.

HUMAN RESOURCES

As at 30 June 2022, the Group employed a total of 4,150 employees, 82 of them were at management level. By geographical locations, it had 4,125 employees in the PRC and 25 employees in Hong Kong. Employees are remunerated according to their qualifications, working experience, job nature and performance with reference to market conditions. The Group also maintained medical insurance and mandatory provident fund scheme for its employees in Hong Kong.

The Company adopted a share option scheme on 7 December 2014, which became effective on 29 December 2014 (i.e. the Listing Date) and a summary of the principal terms of the share option scheme was set out in Appendix VI to the prospectus. Under the share option scheme and upon the discretion of the Board, share options might be granted as performance incentives to employees (including Directors). 2,500,000 share options remained outstanding as at 30 June 2022. Total remuneration costs, including Directors' remuneration, for the period under review were HK\$306.7 million (corresponding period in 2021: HK\$210.5 million).

On 3 May 2019, the Company adopted the Share Award Scheme in which the Eligible Persons will be entitled to participate. The objectives of the Share Award Scheme are to (i) recognize the contributions of the Eligible Persons and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. A scheme rule and trust deed between the Company and Bank of Communications Trustee Limited as the Trustee have been entered into in this regard. Please refer to the announcements of the Company dated 3 May 2019 and 9 May 2019 for further details.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES BY THE COMPANY

As at 30 June 2022, the Company had not provided any financial assistance and guarantees to affiliated companies which is subject to disclosure requirement under Rule 13.22 of the Listing Rules.

ADVANCE TO AN ENTITY PROVIDED BY THE COMPANY

As at 30 June 2022, the Company had not provided any advance to an entity which is subject to disclosure requirement under Rule 13.20 of the Listing Rules.

EVENTS AFTER BALANCE SHEET DATE

From 30 June 2022 to the date of this announcement, there are no material events which affected the Group.

CHANGES SINCE 31 DECEMBER 2021

Saved as disclosed above, there were no other significant changes in the Group's financial position or information as disclosed under Management Discussion and Analysis in the annual report for the year ended 31 December 2021.

INTERIM DIVIDENDS

The Board has declared an interim dividend of HK6.2 cents (corresponding period in 2021: HK5.0 cents) per share payable in cash to Shareholders of the Company.

Interim dividend will be payable on or about Monday, 31 October 2022 to the Shareholders whose names appear on the register of members of the Company on Friday, 16 September 2022.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Wednesday, 14 September 2022 to Friday, 16 September 2022 (both days inclusive), during such period no transfer of Shares will be effected. To qualify for the interim dividend, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 13 September 2022.

PUBLIC FLOAT

Based on the information that is available to the Company and to the knowledge of the Directors, they confirm that the Company has maintained at least 25% of the Company's total issued share capital held by the public for the six months ended 30 June 2022 and as at the date of this announcement.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2022, the Company has complied with the code provisions of the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code. After specific enquiry, each of the Directors has confirmed to the Company that he or she had completely complied with the Model Code for the six months ended 30 June 2022.

REVIEW OF INTERIM RESULTS

The audit committee comprises three independent non-executive Directors of the Company. The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim financial information. There is no disagreement between the Board and the audit committee regarding the accounting treatment adopted by the Company.

The interim results for the six months ended 30 June 2022 have not been audited but has been reviewed by PricewaterhouseCoopers, the auditor of the Company, in accordance with Hong Kong Standard on Review Engagements 2410 “Review of Interim Financial Information Performed by the Independent Auditor of the Entity” issued by the Hong Kong Institute of Certified Public Accountants.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities for the six months ended 30 June 2022.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

This announcement is published on the websites of the Company (www.canvestenvironment.com) and the Hong Kong Stock Exchange (www.hkexnews.hk). The interim report of the Company for the six months ended 30 June 2022 containing all the information required under the Listing Rules will be dispatched to the Company’s Shareholders and will be posted on the above websites in due course.

BOARD OF DIRECTORS

As at the date of this announcement, the board comprises Ms. Lee Wing Yee Loretta, Mr. Lai Kin Man, Mr. Yuan Guozhen and Mr. Lai Chun Tung, as executive Directors; Mr. Feng Jun and Mr. Lui Ting Cheong Alexander, as non-executive Directors; Professor Sha Zhenquan, Mr. Chan Kam Kwan Jason, Mr. Chung Wing Yin and Mr. Chung Kwok Nam, as independent non-executive Directors.

By Order of the Board
Canvest Environmental Protection Group Company Limited
LEE Wing Yee Loretta
Chairlady

Hong Kong, 23 August 2022

GLOSSARY

Baoshan WTE Project	the WTE project under construction and located in Baoshan District, Shanghai municipality and owned by SIIC Baojingang
Board	the board of Directors
BOT	build-operate-transfer, a project model in which a private entity receives a concession from the public sector to finance, design, construct and operate a facility stated in the concession contract for a definite period of time and transfer the facility and assets to the public sector after the completion of the concession period, at which point the obligation of the private entity to operate the designed and constructed facility effectively terminates
Canvest or the Company	Canvest Environmental Protection Group Company Limited (粵豐環保電力有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 28 January 2014, and where the text requires, “we”, “us” or “our” shall mean the Group
Canvest ECT	Guangdong Canvest Energy Conservation Technology Co., Ltd.** (廣東粵豐節能科技有限公司), a company incorporated in the PRC and is ultimately controlled as to 49% by Mr. Lai Chun Tung and 51% by Mr. Guo Huiqiang** (郭惠強), an associate of Mr. Lai Chun Tung, respectively
Cash generated from operating projects*	Net cash generated from/used in operating activities for the year, excluding net operating cash used for construction of various WTE plants under BOT arrangements
CG Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
China or PRC	the People’s Republic of China, except where the context otherwise requires, does not include Hong Kong, Macau Special Administrative Region and Taiwan
China Scivest	Dongguan China Scivest Environmental Power Company Limited** (東莞粵豐環保電力有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
Dazhou Jiajing	Dazhou Jiajing Environment Renewable Resource Company Limited** (達州佳境環保再生資源有限公司), a company incorporated in the PRC with limited liability and Sichuan SIIC holds 100% equity interest of it

Dianbai	Maoming Canvest Environmental Power Company Limited** (茂名粵豐環保電力有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
Director(s)	director(s) of the Company
Dongguan Xindongqing	Dongguan Xindongqing Environmental Investment Company Limited** (東莞市新東清環保投資有限公司), a company incorporated in the PRC with limited liability and Dongguan Xindongyuan holds 30% equity interest of it
Dongguan Xindongyuan or Machong	Dongguan Xindongyuan Environmental Investment Company Limited** (東莞市新東元環保投資有限公司), a company incorporated in the PRC with limited liability and the Group holds 49% equity interest of it
Dongguan Xindongyue	Dongguan Xindongyue Environmental Company Limited** (東莞市新東粵環保實業有限公司), a company incorporated in the PRC with limited liability and the Group holds 35% equity interest of it
EBITDA*	Earnings before interest expense, income tax expense, depreciation and amortisation
Eligible Person(s)	(i) employees (whether full-time or part-time and including any executive Director), consultants or advisers of or to the Group, and (ii) any non-executive Director (including independent non-executive Directors) of the Group
Group	the Company and its subsidiaries
HK\$	Hong Kong dollar(s), the lawful currency of Hong Kong
Hong Kong	Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Independent Third Party(ies)	an individual(s) or a company(ies) which is/are independent of and not connected with (within the meaning of the Listing Rules), the directors, the chief executives and the substantial Shareholders of our Company and our subsidiaries and their respective associates
Jiayang or Jiayang Canvest	Jiayang Canvest Environmental Power Company Limited** (簡陽粵豐環保發電有限公司), a company incorporated in the PRC with limited liability and the Group holds 50% equity interest of it

Johnson	Hong Kong Johnson Holding Co., Ltd. (香港莊臣控股有限公司), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Hong Kong Stock Exchange (stock code: 1955) and the Group holds 30.75% equity interest of it
Kewei	Canvest Kewei Environmental Investment (Guangdong) Company Limited** (粵豐科維環保投資(廣東)有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
kWh	kilowatt-hour. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
Linfen	Linfen Canvest Environmental Power Company Limited** (臨汾粵豐環保電力有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
Listing Date	29 December 2014, the date which our Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Lufeng	Lufeng Canvest Environmental Power Company Limited** (陸豐粵豐環保電力有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
Main Board	the Main Board of the Hong Kong Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
MSW	municipal solid waste, a waste type consisting of everyday solid items that are produced from urban residents' daily life activities and services for their everyday life, as well as other solid waste deemed by the authorities as waste, including household waste, commercial waste, waste from trading markets, streets and other public places, as well as non-industrial waste from institutions, schools, factories, etc.
PPP	Public-private-partnership
RMB	Renminbi, the lawful currency of PRC

SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Sanyang	Dongguan Sanyang Industrial Development Co., Ltd.** (東莞市三陽實業發展有限公司), a company incorporated in the PRC and is jointly-owned by Mr. Lai Chun Tung, an executive Director, and his associate
Share Award Scheme	the share award scheme of the Company adopted by the Board on 3 May 2019 in accordance with the rules relating to the said scheme as amended from time-to-time
Share(s)	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
Shareholder(s)	holders of Shares
Shen County	Shen County Shanghai Industrial Environmental Energy Company Limited** (莘縣上實環保能源有限公司), a company incorporated in the PRC with limited liability and the Group holds 20% equity interest of it
Sichuan Jiajieyuan	Sichuan Jiajieyuan Environmental Technology Company Limited** (四川佳潔園環保科技有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
Sichuan SIIC	Sichuan SIIC Ecological Environmental Co., Ltd. (formerly known as “Sichuan SIIC Environmental Investment Development Co., Ltd.”)** (四川上實生態環境有限責任公司) (formerly known as 四川上實環境投資發展有限公司), a company incorporated in the PRC with limited liability. The Group effectively holds 30% equity interest of it
Strategy and Sustainability Committee	the strategy and sustainability committee established by the Board on 25 January 2022 and chaired by Mr. Lai Chun Tung, an executive Director
SIHL	Shanghai Industrial Holdings Limited (上海實業控股有限公司), a company incorporated under the laws of Hong Kong with limited liability whose shares are listed on the Hong Kong Stock Exchange (stock code: 363) and a substantial Shareholder of the Company

SIIC Baojingang	Shanghai SIIC Baojingang Environmental Resources Technology Co Ltd.** (上海上實寶金剛環境資源科技有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of SIHL. The Group effectively holds 18% equity interest of it
Trustee	Bank of Communications Trustee Limited (which is independent and not connected with the Company) and any additional or replacement trustees, being the trustee or trustees for the time being to be declared in the trust deed entered into with the Company
US dollars	United States dollars, lawful currency of the United States of America
VAT	Value-added tax in the PRC
WTE	waste-to-energy, the process of generating electricity from the incineration of waste
Yue Xing	Dongguan City Yue Xing Company Limited** (東莞市粵星建造有限公司), a company incorporated in the PRC and is jointly-owned by Mr. Lai Chun Tung, an executive Director of the Company, and his associate
Zhongshan	Zhongshan City Guangye Longcheng Environmental Company Limited** (中山市廣業龍澄環保有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
Zhongzhou Environmental	Huizhou City Zhongzhou Environmental Resources Company Limited** (惠洲市中洲環保資源有限公司), a company incorporated in the PRC with limited liability and the Group holds 40% equity interest of it
%	per cent

* *Cash generated from operating projects and EBITDA are non-HKFRS measures which are useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business. Additionally, as the Group has historically reported certain non-HKFRS results to investors, the Group considers that the inclusion of non-HKFRS measures provides consistency in our financial reporting.*

** *For identification purposes only*