



Capital Environment Holdings Limited  
首創環境控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股票代號 : 03989

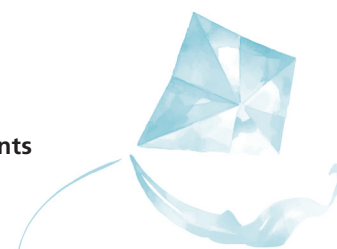
2023

INTERIM REPORT  
中期報告



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# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Executive Directors

Mr. Cao Guoxian (*Chairman*)  
Mr. Li Fujing (*Chief Executive Officer*)  
Mr. Li Qingsong (*Executive General Manager*)

### Non-executive Director

Ms. Hao Chunmei

### Independent Non-executive Directors

Mr. Pao Ping Wing  
Mr. Cheng Kai Tai, Allen  
Dr. Chan Yee Wah, Eva  
Dr. Cao Fuguo (appointed on 23 May 2023)

## COMMITTEES

### Audit Committee

Dr. Chan Yee Wah, Eva (*Chairlady*)  
Mr. Pao Ping Wing  
Mr. Cheng Kai Tai, Allen

### Nomination Committee

Mr. Cao Guoxian (*Chairman*)  
Mr. Pao Ping Wing  
Mr. Cheng Kai Tai, Allen  
Dr. Chan Yee Wah, Eva

### Remuneration Committee

Mr. Pao Ping Wing (*Chairman*)  
Mr. Cheng Kai Tai, Allen  
Mr. Cao Guoxian

## COMPANY SECRETARY

Ms. Wong Bing Ni

## AUTHORIZED REPRESENTATIVES

Mr. Cao Guoxian  
Ms. Wong Bing Ni

## REGISTERED OFFICE

Cricket Square  
Hutchins Drive  
P.O. Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS

Unit 1613–1618  
16th Floor  
Bank of America Tower  
12 Harcourt Road, Central  
Hong Kong

## AUDITORS

Ernst & Young  
*Certified Public Accountants*

## LEGAL ADVISERS

Harney Westwood & Riegels  
Jun He Law Firm

## PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited  
The Hongkong and Shanghai Banking Corporation Limited

## SHARE REGISTRARS AND TRANSFER OFFICES

### Principal Registrar in Cayman Islands

Suntera (Cayman) Limited  
Suite 3204, Unit 2A, Block 3  
Building D, P.O. Box 1586  
Gardenia Court, Cayman Bay  
Grand Cayman, KY1-1100  
Cayman Islands

### Branch Registrar in Hong Kong

Tricolor Investor Services Limited  
17/F, Far East Finance Centre  
16 Harcourt Road  
Hong Kong

## CORPORATE WEBSITE

[www.cehl.com.hk](http://www.cehl.com.hk)

## STOCK CODE

03989

# MANAGEMENT DISCUSSION AND ANALYSIS



In the first half of 2023, the global economy demonstrated a momentum of recovery, as evidenced by the positive growth achieved by major economies, such as the United States, Europe, Japan and China. In the first half of the year, the U.S. inflation showed signs of easing and the interest rate hikes were on hold in June. The annualized growth rate of the gross domestic product (GDP) of the United States in the second quarter reached 2.4%, compared to a 2% growth rate in the first quarter. This ongoing improvement reflected a robust economic growth in the United States that exceeded market expectation. The European and Japanese economies grew relatively slowly, yet they emerged from last year's "de facto stagnation" and showed signs of moderate growth in reverse. Amid signs of global recovery, China adhered to the national development strategy outlined its 14th Five-Year Plan, and stepped up macroeconomic regulation to achieve steady economic performance and steady improvement in the quality of development, resulting in a gradual recovery of market demand, sustained increases in production and supply, generally stable employment and commodity prices and a steady growth in residents' income, with the overall economic performance improving stably. In the first half of the year, China's GDP reached RMB59,303.4 billion, up by 5.5% year-on-year and 1% higher than that in the first quarter, which is the most significant growth rate among major global economies, and has helped to drive the sustained recovery of the global economy.

In 2023, the "Government Work Report" delivered at the national two sessions pointed out that in the future, China will promote the blueprint for advancing Chinese modernization, with green development as one of the key elements. According to the report, China will increase its efforts on environmental protection to strengthen ecological environmental protection and promote green and low-carbon development, thereby staying true to the idea that lucid waters and lush mountains are invaluable assets and consolidating the results of the battle to safeguard blue skies, blue water and clean soil. Moreover, since this year the Chinese government has rolled out a range of proactive measures and policies to promote the realization of carbon peaking and carbon neutrality, covering such aspects as coordinated promotion of pollution and carbon reduction, green finance, eco-product value, construction of carbon markets, carbon sinks, accelerating the development of clean energy, and curbing the blind development of projects with high energy consumption and heavy carbon emissions and low efficiency. These measures and policies aim at promoting the shift towards green development, encouraging green production and lifestyles across the country, and further promoting green economy and social sustainability. Capital Environment Holdings Limited (the "Company"), together with its subsidiaries (collectively, the "Group"), actively aligned itself with national strategies to grasp market opportunities, and fully implemented the "14th Five-Year Plan" strategy and the overall deployment of "Eco+2025" strategic iteration of Beijing Capital Eco-Environment Protection Group Co., Ltd. ("Capital Eco Group"), a substantial shareholder of the Company. With a focus on capacity building and technological innovation, it has created a diversified value driver of "investment + capability + service" to develop both asset-light and asset-heavy operations, supporting Capital Eco Group to achieve a multi-business portfolio covering "water, solid waste, air and energy" environmental services.

In the first half of the year, in respect of results of operations, the Group's total assets reached RMB20,174 million, representing a year-on-year increase of 0.18%; the turnover amounted to RMB1,909 million, representing a year-on-year decrease of 22.02%; profit for the period amounted to RMB135 million, representing a year-on-year decrease of 60.54%; and net profit attributable to parent company amounted to RMB150 million, representing a year-on-year decrease of 44.41%.

In terms of project reserves, the Group secured a total of 65 projects (including 27 waste-to-energy projects, 5 waste landfill projects, 6 organic waste treatment projects, 17 cleaning, collection and transportation and management projects, 7 hazardous waste treatment projects, 1 waste electrical appliances dismantling project and 2 biomass power generation projects) in the PRC, with a total investment of approximately RMB19,081 million, of which RMB16,652 million had been invested before 30 June 2023. The facilities are designed with an aggregate annual waste treatment capacity of approximately 14,506,000 tons and annual electrical and electronic equipment dismantling volume of approximately 1.2 million units.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

During the period, the Group's projects in operation or trial operation reached 55, including 24 waste-to-energy and biomass power generation projects, 4 waste landfill projects, 17 cleaning, collection and transportation and management projects, 1 dismantling project, 6 organic waste treatment projects, and 3 hazardous waste treatment projects. Key tasks were carried out in an orderly manner according to the Group's scientific management plan. In the first half of the year, the Group completed domestic waste disposal of 4,886,900 tons, hazardous waste disposal of 24,300 tons, and a dismantling volume of 493,400 units, providing a total of 1,200 million kWh of on-grid electricity.

### **Quality enhancement: accelerating efforts to improve the quality and efficiency of existing projects**

Looking back at the first half of 2023, in view of the environmental industry being fully-grown in terms of size, the Group worked to reduce costs and increase efficiency, and leveraged on external resources. The Group focused on its environmental protection business, explored solutions for addressing the difficulties and pain points of the solid waste industry chain, and actively sought innovation and changes to achieve "high quality, stable growth, sustainability, new development and high value", turning uncertainty into certainty and launching a second curve of growth. Furthermore, by applying the basic concept of technological innovation, technology leadership and business integration, the Group has been steadily promoting scientific and technological research and development, commercialization of technology and mechanism innovation so as to find new impetus and incubate new businesses, building up its own competitive edges in an all-round way. In the future, the Group will continue to find new tracks and directions for future development with a broader vision. The Group will upgrade its operations with a more determined approach, achieve the improvement of professional standards with more assiduous efforts, and further explore in-depth cooperation with potential partners in the sector under the three major corporate labels of marketability, execution and resilience so as to jointly move towards sustainability.

Solid progress was made in construction management. In terms of projects under construction, the Group has completed 72+24-hour trial runs for the incineration projects in Zhumadian and Nanle, and is proactively proceeding with final works such as the finishing works and defect elimination. The Group has expedited to promote two projects under construction, namely the one in Puer and the other in Nongan. In terms of newly-built projects, the Group has steadily promoted the preliminary work of project construction for the Nanchang incineration phase III project, and has proactively propelled the project preparation work for the Fangcheng incineration project. The Group strengthened the inspection, supervision and control of projects under construction, strictly controlled the construction progress, continued to enhance the quality control at the final stage of completion, and strengthened the safety management of construction sites and the investigation and rectification of hidden dangers.

Procurement management continued to be deepened. In terms of centralized procurement for cost reduction, the Group expanded the scope of centralized procurement and purchased four types of materials/services, namely filter bag cages, slaking lime, urea, and daily equipment maintenance services, through centralized procurement in the first half of the year, effectively reducing production costs. In terms of procurement management improvement, firstly, the Group has completed the development of equipment centralized procurement process for the construction phase; secondly, the Group continued to strengthen the control of bidding and procurement work, and further standardized the on-site management of the tender opening and evaluation process; and finally, the evaluation and classification management of suppliers for centralized procurement were carried out based on the characteristics of materials/services to centrally purchased.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



Operation and management are effective. In terms of the maintenance of concession agreements, the Group promoted the conversion of trial run into commercial operation. In particular, the Tanghe incineration project commenced commercial operation in the first half of the year, and the conversion of the Zhumadian incineration project, the Jishou incineration project and the Nanle incineration project towards commercial operation has been progressing as planned. In terms of improvement of operational efficiency, the Group made increasing the amount of wastes delivered to its plants a top priority in the daily operation and management of incineration projects. In the first half of the year, the Group entered into a total of 16 waste treatment agreements, securing more than 60,000 tons of wastes for its plants beyond those under the concession agreements. In terms of the system development of operation standards, the Group carried out two topics on auxiliary fuel consumption and winter waste tank insulation for waste incineration, and established a benchmarking index system for anaerobic projects.

### **Increasing quantity: accelerating the precise deployment of core operations**

In terms of market expansion, the Group consolidated the foundation of its asset-heavy operations, drove the growth of its asset-light operations, and focused on building city-level business organizations to support the implementation of its “in-depth urban presence” strategy, while being committed to driving the sustained growth in the scale of urban operations with key regions as the core. In the first half of the year, 5 projects were signed for the incineration supporting and derivative business, with a total contract amount of RMB554 million, including 4 new waste transfer, transportation and treatment projects in Luanchuan, Wugang, Weihui and Ningling, all of which can increase 950 tons of wastes per day for the incineration projects. Bids were won for 5 projects in our environmental sanitation business, with a total amount of RMB2,247 million under the service contracts, which was among the top 10 in the environmental sanitation industry in the first half of the year and hit a record high. In addition, bids were won for 4 projects in our site restoration business covering Anhui, Jiangxi, Hubei and Yunnan, with a total contract amount of RMB151 million.

### **Innovation: accelerating to promote the application of new business and new product scenarios**

In terms of technological innovation, the Group released two technical products in the field of solid waste at IE Expo China (Shanghai), namely a solution for full-volume discharge (reuse) of leachate and a solution for anaerobic treatment of food waste. The Group has promoted the implementation of research projects and accelerated the commercialization of research and development results. A total of 6 research projects have been carried out simultaneously, among which the development and application research on the humidification and dehumidification process of landfill leachate concentrate has completed the commissioning and elimination work of demonstration production projects. In the first half of the year, the Group has obtained 4 invention patents and 12 utility model patents, and registered 1 software copyright.

In terms of qualifications and honors, Beijing Capital Environment Technology Co., Ltd (北京首創環境科技有限公司), a subsidiary of the Group, was enrolled in the list of “Scientific Reform Enterprises” of the State-owned Assets Supervision and Administration Commission of the State Council. Over recent years, Beijing Capital Environment Technology Co., Ltd was rewarded the honors and qualifications, such as “National High-tech Enterprise”, “National Intellectual Property Demonstration Unit”, “Beijing Enterprise Technology Center”, “Beijing ‘Specialized and New’ Small and Medium-sized Enterprise”, and “Beijing Intellectual Property Demonstration Unit”, with its core technologies being included in the “Catalogue of Major Environmental Technologies and Equipment Encouraged by the State (2020)” (《國家鼓勵發展的重大環保技術裝備目錄(2020年)》) of the Ministry of Industry and Information Technology of the PRC, and created 80 high-quality projects in over 30 cities nationwide. The incineration projects in Huizhou, Nanchang, Xinxiang, Nanyang and Douyun of the Group have all obtained Level 1 certification for operational services. Beijing Capital Environment Investment Limited has been granted the super certification for domestic waste incineration plant operation service capability by China Association of Urban Environmental Sanitation (中國城市環境衛生協會), signifying that the Group has been equipped with a service system and corresponding service standards that meet the requirements of the highest level for the operation of domestic waste incineration plants.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

In terms of business synergy and innovation, the Group built on its existing incineration projects to seek breakthroughs in the second product route of incineration business by continuously promoting technological upgrade and innovation, and has successfully launched the Xinxiang incineration (waste-to-heat) project. The Group continues to explore the feasible approach for collaborative treatment of kitchen waste in incineration projects, and completed the process plans of 6 synergistic treatment projects such as the Nanchang, Huizhou and Duchang incineration projects. In terms of the new business track, the Group is planned to launch the project on solid-liquid separation and recycling technology for kitchen waste with hydraulic pulping + hydrothermal conversion as the core, and will carry out research work in three directions, namely existing business related services, technical bottlenecks or breakthroughs of the existing business, and new business fields.

**Sailing through the waves, we are striving to climb bravely.** In the second half of 2023, it is expected that the challenges of international trade protectionism and geopolitical risks will remain, and uncertainties such as industrial production, corporate production willingness and industry differentiation may result in a weakened economic recovery. However, with the huge demand for environmental services along China's economic and social development and the Chinese government's strong support for this industry, the Group will fully implement the deployment of the "14th Five-Year Plan" strategy and "Eco+2025" strategic iteration initiated by Capital Eco Group, the controlling shareholder of the Group. On the road to sustainability, we shall rise to the challenges, size up the situation, and enhance quality and efficiency across the board in terms of core operations, market expansion, business synergy, construction management and technological innovation. Furthermore, we shall adhere to the business management model that emphasizes the following four aspects: (i) precise investment and strict review; (ii) lean operation by enhancing management standard with information technology; (iii) strategic integration of management, finance, industry and capital; and (iv) core technology for leading business upgrade. In addition, the Group will maintain its strategic focus and work towards its goals with consistent standards and efforts. All tasks will be carried out in a high-quality, effective and coordinated way under the requirements of "working hard for the third quarter and securing victory for the fourth quarter". Also, the Group will adhere to the general keynote of "forging ahead and promoting stability with progress", further shore up its weaknesses and leverage on its strengths to consolidate its foundation. The Group will comprehensively promote the establishment of city-based companies, and plan the systematic and integrated business development in the future in each region to develop a complete business chain covering all users in the region and form a value system jointly negotiated, established and shared with excellent players in each area of the industrial chain, so as to form a long-term and stable industrial alliance, win the trust and cooperation of all parties, and create a new ecological future.

## FINANCIAL REVIEW

### Overview

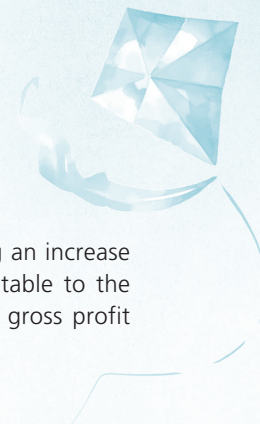
For the period under review, net profit attributable to owners of the Company was approximately RMB150,386,000, representing a decrease of approximately 44.41% as compared to approximately RMB270,512,000 for the corresponding period last year. The decrease was mainly due to a year-on-year decrease in construction revenue as construction of certain projects had been completed successively in the PRC, the impairment of assets of the PRC subsidiaries and the absence of share of profit from discontinued operation upon completion of the disposal of the entire operations in New Zealand in September 2022 for the period under review.

### Continuing Operations

#### *Revenue from Waste Treatment and Waste-to-energy Business*

For the period under review, the Group's revenue from its continuing operations of waste treatment and waste-to-energy business was approximately RMB1,908,540,000, representing a decrease of approximately 22.02% as compared to approximately RMB2,447,367,000 for the corresponding period last year. The decrease was mainly due to the decreased overall revenue as a result of a year-on-year decrease in construction revenue following the successive completion of certain projects in the PRC.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)



For the period under review, the Group's gross profit margin was approximately 34.2%, representing an increase from approximately 28.5% for the corresponding period last year. The increase was mainly attributable to the Group's comprehensive budgetary management to enhance overall efficiency, as well as the higher gross profit margins of certain projects which commenced operation during the period under review.

### *Selling and Administrative Expenses*

For the period under review, the Group's selling and administrative expenses incurred for continuing operations decreased by approximately 15.8% to approximately RMB202,671,000. The decrease was mainly due to the decrease in staff costs as a result of staff reallocation and partial transfer to the controlling shareholder of the Group and less professional fees incurred during the period under review.

### **Finance Costs**

Finance costs decreased by approximately 8.7% from RMB244,356,000 for the corresponding period last year to approximately RMB223,134,000. The decrease was mainly due to the full repayments of the US\$300 million syndicated loan and the NZ\$319 million bank loan by the end of 2022 and the decrease in interest rates of bank loans in the PRC.

### **Discontinued Operation**

On 31 March 2022, BCG NZ Investment Holding Limited, a non-wholly owned subsidiary of the Company, entered into an agreement whereby it conditionally agreed to dispose of its entire interest in Beijing Capital Group NZ Investment Holding Limited ("NZSPV"), being the entire waste treatment and waste-to-energy business operated by NZSPV and its subsidiaries in New Zealand. The transaction was completed on 30 September 2022. NZSPV together with its subsidiaries were classified as a discontinued operation for the six months ended 30 June 2022. Please refer to Note 9 to the interim condensed consolidated financial information for details.

### **Financial Position**

As at 30 June 2023, the Group had total assets of approximately RMB20,173,900,000 and net assets attributable to owners of the Company were approximately RMB6,297,416,000. The gearing ratio (calculated as total liabilities divided by total assets) was 67.49%, representing a slight increase of less than one percentage point as compared to 66.81% as at the end of 2022. The current ratio (calculated as current assets divided by current liabilities) increased from approximately 1.33 as at 31 December 2022 to approximately 2.26, mainly due to the redemption of RMB1,000 million corporate bonds upon maturity in May 2023.

### **Financial Resources**

The Group finances its operations primarily with internally generated cash flows, debt financing and bank loan facilities. As at 30 June 2023, the Group's cash and bank balances and pledged bank deposits amounted to approximately RMB1,067,216,000, representing a decrease of approximately RMB482,816,000 as compared to approximately RMB1,550,032,000 as at the end of 2022. The decrease was mainly due to partial repayment of loans and redemption of corporate bonds during the period under review. Currently, most of the Group's cash is denominated in US\$, HK\$ and RMB.

### **Borrowings**

As at 30 June 2023, the Group had borrowings of approximately RMB10,486,945,000, representing an increase of approximately RMB1,379,452,000 as compared to approximately RMB9,107,493,000 at the end of 2022. The borrowings comprised secured loans of approximately RMB6,479,992,000 and unsecured loans of approximately RMB4,006,953,000. The borrowings are denominated in US\$ and RMB. Approximately 32% and 68% of the borrowings bear interest at fixed rate and variable rate, respectively.

As at 30 June 2023, the Group's undrawn loan facilities amounted to approximately RMB2,480,814,000.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

### Foreign Exchange Exposure

The majority of the Group's sales, purchases and operating expenses were denominated in HK\$ and RMB. Although the Group has been and will continue to be exposed to foreign currency exchange risks, the board of directors of the Company ("Board") does not expect future currency fluctuations to materially impact the Group's operations. The management will continue to monitor the foreign exchange exposure flexibly and engage in prompt and appropriate hedging activities when needed.

### Pledge of Assets

As at 30 June 2023, certain banking facilities of the Group were secured by, inter alia, certain proceeds under the Group's service concession arrangements, bank balances of RMB3,921,000, and leasehold land of RMB36,341,000.

Bank deposits of RMB37,804,000 were pledged to secure operation services as required by the local governments.

### Capital Commitment Arrangements

As at 30 June 2023, the Group had commitments of approximately RMB140,942,000 in respect of construction works under service concession arrangements, which were contracted but not provided for in the consolidated financial statements.

### Contingent Liabilities

As at 30 June 2023, the Group provided performance guarantees of approximately RMB178,470,000 to the government authorities of the PRC in respect of the construction progress and continuous operation of the projects in the PRC.

### Employee Information

As at 30 June 2023, the Group had about 3,631 employees in total, mainly based in the Mainland China and Hong Kong. The Group regularly reviews its remuneration policy, which is linked to the performance of individual employees and based on the prevailing pay trends in the aforesaid regions.

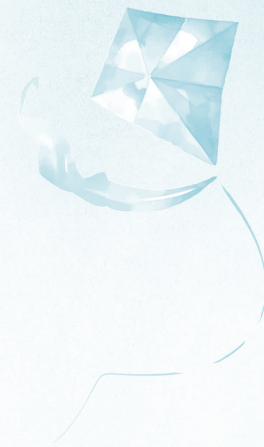
## PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the period.

### INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: nil).

# REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS



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**Independent review report**  
**To the shareholders of Capital Environment Holdings Limited**  
(Incorporated in the Cayman Islands with limited liability)

## INTRODUCTION

We have reviewed the interim financial information set out on pages 10 to 38, which comprises the condensed consolidated statement of financial position of Capital Environment Holdings Limited (the “Company”) and its subsidiaries (the “Group”) as at 30 June 2023 and the related condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 *Interim Financial Reporting* (“HKAS 34”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with HKAS 34. Our responsibility is to express a conclusion on this interim financial information based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

## SCOPE OF REVIEW

We conducted our review 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 HKICPA. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34.

*Certified Public Accountants*  
Hong Kong

17 August 2023

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Notes	2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
<b>CONTINUING OPERATION</b>			
<b>REVENUE</b>	5	<b>1,908,540</b>	2,447,367
Cost of sales		(1,256,574)	(1,749,702)
Gross profit		<b>651,966</b>	697,665
Other income and gains	5	<b>37,274</b>	166,603
Selling expenses		(14,284)	(8,652)
Administrative expenses		(188,387)	(231,954)
Other expenses		(95,471)	(134,431)
Impairment losses on financial and contract assets, net		(38,785)	(8,021)
Finance costs	7	(223,134)	(244,356)
Share of profits/(losses) of associates		<b>2,675</b>	(63)
<b>PROFIT BEFORE TAX FROM A CONTINUING OPERATION</b>	6	<b>131,854</b>	236,791
Income tax credit/(expense)	8	<b>3,644</b>	(44,279)
<b>PROFIT FOR THE PERIOD FROM A CONTINUING OPERATION</b>		<b>135,498</b>	192,512
<b>DISCONTINUED OPERATION</b>			
Profit for the period from a discontinued operation	9	–	150,878
<b>PROFIT FOR THE PERIOD</b>		<b>135,498</b>	<b>343,390</b>
Attributable to:			
Owners of the parent		<b>150,386</b>	270,512
Owners of the preference shares		–	27,163
Non-controlling interests		(14,888)	45,715
		<b>135,498</b>	<b>343,390</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>	10		
Basic and diluted			
– For profit for the period		<b>RMB1.05 cents</b>	RMB1.89 cents
– For profit from continuing operation		<b>RMB1.05 cents</b>	RMB1.35 cents

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023



	2023 <i>RMB'000</i> Unaudited	2022 <i>RMB'000</i> Unaudited
<b>PROFIT FOR THE PERIOD</b>	<b>135,498</b>	<b>343,390</b>
<b>OTHER COMPREHENSIVE INCOME</b>		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Cash flow hedges:		
Effective portion of changes in fair value of hedging instruments arising during the period	–	(1,462)
Reclassification adjustments for gains included in the consolidated statement of profit or loss	–	4,603
Income tax effect	–	234
	–	3,375
Exchange differences:		
Exchange differences on translation of foreign operations	(10,069)	(428,129)
Net other comprehensive income that may be reclassified to profit or loss in subsequent periods	(10,069)	(424,754)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	(2,001)	352
Exchange differences:		
Exchange differences on translation of the parent company	–	223,531
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	(2,001)	223,883
<b>OTHER COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX</b>	<b>(12,070)</b>	<b>(200,871)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>123,428</b>	<b>142,519</b>
Attributable to:		
Owners of the parent	143,251	103,636
Owners of the preference shares	–	27,163
Non-controlling interests	(19,823)	11,720
	<b>123,428</b>	<b>142,519</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2023

	Notes	30 June 2023 RMB'000 Unaudited	31 December 2022 RMB'000 Audited
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	527,949	547,756
Right-of-use assets		78,856	88,355
Goodwill		6,055	6,055
Other intangible assets	13	4,688,767	3,990,473
Investments in associates		44,839	42,164
Trade receivables	16	119,825	107,422
Equity investments designated at fair value through other comprehensive income		5,000	7,001
Deferred tax assets		52,056	56,833
Concession financial assets	14	7,689,748	7,182,407
Contract assets	14	607,705	1,826,112
Prepayments, other receivables and other assets	15	142,224	114,688
Pledged deposits		6,654	3,278
Total non-current assets		13,969,678	13,972,544
<b>CURRENT ASSETS</b>			
Inventories		74,216	65,230
Concession financial assets	14	1,516,130	1,432,800
Contract assets	14	576,533	405,346
Trade receivables	16	1,982,952	1,694,538
Prepayments, other receivables and other assets	15	993,820	1,020,784
Pledged deposits		35,071	33,948
Cash and cash equivalents		1,025,491	1,512,806
Total current assets		6,204,213	6,165,452
<b>CURRENT LIABILITIES</b>			
Trade payables	17	1,651,711	1,786,155
Other payables and accruals		238,159	412,427
Deferred income		15,985	15,962
Interest-bearing bank and other borrowings	18	544,463	1,233,041
Corporate bonds	19	–	997,536
Lease liabilities		34,087	33,625
Amounts due to related parties		56,595	25,135
Tax payables		68,980	125,997
Dividends payable		131,590	–
Total current liabilities		2,741,570	4,629,878
<b>NET CURRENT ASSETS</b>		<b>3,462,643</b>	<b>1,535,574</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>17,432,321</b>	<b>15,508,118</b>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

30 June 2023



	Notes	30 June 2023 RMB'000 Unaudited	31 December 2022 RMB'000 Audited
<b>NON-CURRENT LIABILITIES</b>			
Deferred income		296,907	297,733
Interest-bearing bank and other borrowings	18	9,942,482	7,874,452
Deferred tax liabilities		634,244	651,849
Total non-current liabilities		<b>10,873,633</b>	<b>8,824,034</b>
Net assets		<b>6,558,688</b>	<b>6,684,084</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the parent</b>			
Issued capital	20	1,275,167	1,275,167
Reserves		5,022,249	5,218,181
		<b>6,297,416</b>	<b>6,493,348</b>
Non-controlling interests		261,272	190,736
Total equity		<b>6,558,688</b>	<b>6,684,084</b>

# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Attributable to equity holders of the Company										Total equity RMB'000
	Issued capital RMB'000 (note 20)	Share premium RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Capital redemption reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	
At 1 January 2023 (audited)	1,275,167	462,602	4,702	(481,084)	1,488,583	(9,233)	(59,433)	3,812,044	6,493,348	190,736	6,684,084
Profit for the period	-	-	-	-	-	-	-	150,386	150,386	(14,888)	135,498
Other comprehensive income for the period:											
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	-	(2,001)	-	-	(2,001)	-	(2,001)
Exchange differences related to foreign operations	-	-	-	-	-	-	(5,134)	-	(5,134)	(4,935)	(10,069)
Total comprehensive income for the period	-	-	-	-	-	(2,001)	(5,134)	150,386	143,251	(19,823)	123,428
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	5,600	5,600
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	(122,834)	(122,834)
Dividend declared	-	-	-	-	-	-	-	(131,590)	(131,590)	-	(131,590)
Others	-	-	-	-	-	-	(207,593)	-	(207,593)	207,593	-
At 30 June 2023 (unaudited)	1,275,167	462,602*	4,702*	(481,084)*	1,488,583*	(11,234)*	(272,160)*	3,830,840*	6,297,416	261,272	6,558,688

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

For the six months ended 30 June 2023



	Attributable to equity holders of the Company											
	Issued capital RMB'000 (note 20)	Share premium RMB'000	Other equity instruments RMB'000	Capital reserve RMB'000	Merger reserve RMB'000	Cash flow hedge reserve RMB'000	Fair value reserve of financial assets at fair value through other comprehensive income RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2022 (audited)	1,188,219	1,670,391	1,367,694	4,702	(481,084)	(4,179)	431	(28,069)	2,492,791	6,210,896	1,505,725	7,716,621
Profit for the period	-	-	-	-	-	-	-	-	297,675	297,675	45,715	343,390
Other comprehensive income for the period:												
Changes in fair value of financial assets at fair value through other comprehensive income, net of tax	-	-	-	-	-	-	352	-	-	352	-	352
Cash flow hedge, net of tax	-	-	-	-	-	4,442	-	-	-	4,442	(1,067)	3,375
Exchange differences related to foreign operations	-	-	-	-	-	-	-	(171,670)	-	(171,670)	(32,928)	(204,598)
Total comprehensive income for the period	-	-	-	-	-	4,442	352	(171,670)	297,675	130,799	11,720	142,519
Capital contribution from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	1,000	1,000
Dividend paid to a non-controlling shareholder	-	-	-	-	-	-	-	-	-	-	(30,904)	(30,904)
At 30 June 2022 (unaudited)	<u>1,188,219</u>	<u>1,670,391</u>	<u>1,367,694</u>	<u>4,702</u>	<u>(481,084)</u>	<u>263</u>	<u>783</u>	<u>(199,739)</u>	<u>2,790,466</u>	<u>6,341,695</u>	<u>1,487,541</u>	<u>7,829,236</u>

\* These reserve accounts comprise the consolidated reserves of RMB5,022,249,000 (31 December 2022: RMB5,218,181,000) in the interim condensed consolidated statement of financial position.



# INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Notes	2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax:			
From a continuing operation		131,854	236,791
From a discontinued operation	9	–	154,237
Adjustments for:			
Depreciation and amortisation		137,677	182,998
Gain on disposal of items of property, plant and equipment		(26)	356
Impairment of prepayments, other receivables and other assets	6	2,889	735
Impairment of trade receivables	6	29,054	4,329
Impairment of concession financial assets and relevant contract assets	6	6,842	3,048
Impairment of other intangible assets	6	87,800	–
Impairment loss recognised on right-of-use assets	6	3,679	–
Written-down of assets classified as held for sale to fair value	6	–	7,895
Share of profits of joint ventures and associates		(2,675)	(28,302)
Impairment of investments in associates		–	127
Fair value gains of a derivative instrument		–	(23,230)
Interest income		(278,325)	(286,092)
Finance costs		223,134	276,266
		<b>341,903</b>	<b>529,158</b>
Increase in inventories		(8,986)	(19,241)
Decrease/(increase) in concession financial assets and relevant contract assets in relation to service concession arrangements		162,664	(447,212)
Increase in trade receivables		(292,636)	(103,655)
Increase in other contract assets		(234,892)	(136,473)
(Increase)/decrease in prepayments, other receivables and other assets		(4,623)	246,525
Decrease in trade payables		(134,444)	(11,181)
(Decrease)/increase in other payables and accruals		(156,781)	17,869
Decrease in provision		–	(3,227)
(Decrease)/increase in deferred income		(606)	47,766
		<b>(328,401)</b>	<b>120,329</b>
Cash (used in)/generated from operations		(328,401)	120,329
Income tax paid		(66,201)	(92,428)
		<b>(394,602)</b>	<b>27,901</b>
Net cash flows (used in)/from operating activities			

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the six months ended 30 June 2023



Notes	2023 <i>RMB'000</i> Unaudited	2022 <i>RMB'000</i> Unaudited
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions of other intangible assets in relation to service concession arrangements and relevant contract assets	(132,981)	(325,576)
Purchases of items of property, plant and equipment	(8,157)	(166,214)
Additions to other intangible assets	(490)	(21)
Proceeds from disposal of items of property, plant and equipment	38	3,910
Decrease in other current assets of the discontinued operation	–	10,370
Interest received	6,019	9,130
Acquisition of subsidiaries	(6,040)	(50,620)
Disposal of a subsidiary	–	5,000
Deposit received for a proposed disposal of a subsidiary	–	5,000
Dividend received from joint ventures	–	21,473
Increase in pledged deposits	(4,499)	(175)
Proceeds from sale of service concession right	–	50,000
Net cash flows used in investing activities	<b>(146,110)</b>	<b>(437,723)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Interest paid	(199,157)	(302,873)
Repayment of bank loans and other borrowings	(1,092,544)	(1,856,832)
Principal portion of lease payments	–	(14,429)
New bank and other borrowings	2,467,701	2,920,528
Repayment of corporate bonds	(1,000,000)	–
Dividends paid to a non-controlling shareholder	(122,834)	(30,904)
Capital contribution from non-controlling shareholders of subsidiaries	5,600	1,000
Net cash flows from financing activities	<b>58,766</b>	<b>716,490</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Effect of foreign exchange rate changes, net	(5,369)	25,596
Cash and cash equivalents at beginning of the period	<b>1,512,806</b>	<b>1,682,745</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>1,025,491</b>	<b>2,015,009</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	<b>1,067,216</b>	1,928,021
Pledged deposits	(41,725)	(37,921)
Cash and short-term deposits attributable to a discontinued operation	–	124,909
Cash and cash equivalents as stated in the interim condensed consolidated statement of cash flows	<b>1,025,491</b>	<b>2,015,009</b>

# NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

30 June 2023

## 1. CORPORATE AND GROUP INFORMATION

The Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 27 May 2004 and its shares have been listed on the Main Board of the Stock Exchange of Hong Kong Limited with effect from 13 July 2006. The address of the registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The Company's head office and principal place of business in Hong Kong is located at Unit 1613-1618, 16th Floor, Bank of America Tower, 12 Harcourt Road, Central.

The principal activity of the Company and its subsidiaries (the "Group") is waste treatment and waste-to-energy business.

The Group's principal operations and geographic markets are in the People's Republic of China ("PRC").

## 2. BASIS OF PREPARATION

The interim condensed consolidated financial information of the Group for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard 34 ("HKAS 34") Interim Financial Reporting. The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

## 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies adopted in the preparation of the interim condensed consolidated financial information are consistent with those applied in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2022, except for the adoption of the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") for the first time for the current period's financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKFRS 17	<i>Insurance Contracts</i>
Amendment to HKFRS 17	<i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Annual Improvements to HKAS 8	<i>Definition of Accounting Estimates</i>
Annual Improvements to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Annual Improvements to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023



### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES *(continued)*

The nature and impact of the new and revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has applied the amendments since 1 January 2023. The amendments did not have any impact on the Group's interim condensed consolidated financial information but are expected to affect the accounting policy disclosures in the Group's annual consolidated financial statements.
- (b) Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The Group has applied the amendments to changes in accounting policies and changes in accounting estimates that occur on or after 1 January 2023. Since the Group's policy of determining accounting estimates aligns with the amendments, the amendments did not have any impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022, with any cumulative effect recognised as an adjustment to the balance of retained profits or other component of equity as appropriate at that date. In addition, the Group has applied the amendments prospectively to transactions other than leases that occurred on or after 1 January 2022, if any.
- (d) Amendments to HKAS 12 International Tax Reform – Pillar Two Model Rules introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. Entities are required to disclose the information relating to their exposure to Pillar Two income taxes in annual periods beginning on or after 1 January 2023, but are not required to disclose such information for any interim periods ending on or before 31 December 2023. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

### 4. OPERATING SEGMENT INFORMATION

With the New Zealand business been disposed in the previous year, the Group has only one reporting segment: waste treatment and waste-to-energy business in the PRC, of which the further details are included in this interim condensed consolidated financial information.

### 5. REVENUE, OTHER INCOME AND GAINS

An analysis of the Group's revenue, other income and gains from the continuing operation for the period is as follows:

#### Revenue

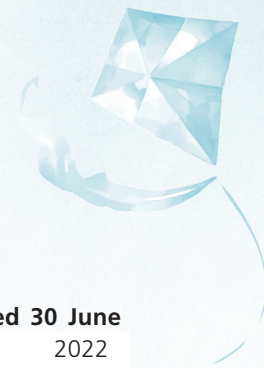
	For the six months ended 30 June	
	2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
Revenue from contracts with customers	1,639,245	2,194,925
Effective interest income on concession financial assets	269,295	252,442
	<b>1,908,540</b>	<b>2,447,367</b>

Disaggregated revenue information for revenue from contracts with customers:

	For the six months ended 30 June	
	2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
<b>Types of goods or services</b>		
Construction services under service concession arrangements	297,268	1,042,240
Operation services under service concession arrangements	892,187	741,040
Electronic appliance dismantling	107,404	150,141
Operation services not under service concession arrangements	235,094	174,438
Others	107,292	87,066
Total revenue from contracts with customers	<b>1,639,245</b>	<b>2,194,925</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	130,780	173,307
Services transferred over time	1,508,465	2,021,618
Total revenue from contracts with customers	<b>1,639,245</b>	<b>2,194,925</b>

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023



### 5. REVENUE, OTHER INCOME AND GAINS *(continued)* Other income and gains

	For the six months ended 30 June	
	2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
Bank interest income	6,019	6,859
Other interest income	3,011	114,924
Gain on disposal of items of property, plant and equipment	26	–
Government grants	17,042	20,821
Fair value gains of a derivative instrument	–	23,230
Foreign exchange gains	8,172	–
Others	3,004	769
	<b>37,274</b>	<b>166,603</b>

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

### 6. PROFIT BEFORE TAX FROM A CONTINUING OPERATION

The Group's profit before tax from the continuing operation is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
Cost of services rendered for service concession arrangements	867,048	1,456,343
Cost of other services provided	259,941	135,660
Cost of inventories sold	129,585	157,699
Depreciation		
– Property, plant and equipment	27,952	27,058
– Right-of-use assets	5,539	1,534
Amortisation of other intangible assets	104,186	67,867
Research and development costs	20,879	29,888
Lease payments not included in the measurement of lease liabilities	2,797	8,926
Auditor's remuneration	1,317	2,553
Employee benefit expense (excluding directors' remuneration):		
– Wages and salaries	78,370	93,986
– Pension scheme contributions	23,490	25,565
Foreign exchange differences, net	(8,172)	93,972
Impairment of financial and contract assets, net:		
– Impairment of trade receivables	29,054	4,238
– Impairment of financial assets included in prepayments, other receivables and other assets	2,889	735
– Impairment of concession financial assets and relevant contract assets	6,842	3,048
Impairment of other intangible assets	87,800	–
Impairment loss recognised on right-of-use assets	3,679	–
Written-down of assets classified as held for sale to fair value	–	7,895
Gain on disposal of items of property, plant and equipment	(26)	–

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023



### 7. FINANCE COSTS

An analysis of finance costs from the continuing operation is as follows:

	For the six months ended 30 June	
	2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
Interest on bank and other borrowings	206,371	245,964
Interest on corporate bonds (note 19)	15,119	18,351
Interest on lease liabilities	743	–
Total interest	222,233	264,315
Less: Interest capitalised	4,576	21,560
	217,657	242,755
Others	5,477	1,601
	223,134	244,356

### 8. INCOME TAX

Hong Kong profits tax has been provided at the rate of 16.5% (six months ended 30 June 2022: 16.5%) on the estimated assessable profits arising in Hong Kong during the period.

Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	For the six months ended 30 June	
	2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
Current income tax:		
– Hong Kong	–	11,909
– Mainland China	9,184	(60,571)
Deferred	(12,828)	92,941
Total tax charge/(credit) for the period from the continuing operation	(3,644)	44,279
Total tax charge for the period from the discontinued operation	–	3,359
	(3,644)	47,638



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

### 9. DISCONTINUED OPERATION

On 31 March 2022, BCG NZ Investment Holding Limited ("BCG NZ"), a non-wholly owned subsidiary of the Company, entered into an agreement and conditionally agreed to sell its entire interest in Beijing Capital Group NZ Investment Holding Limited ("NZSPV"), which, together with its subsidiaries, operate the waste treatment and waste-to-energy business in New Zealand. The transaction was completed on 30 September 2022 and NZSPV and its subsidiaries were classified as a discontinued operation during the six months ended 30 June 2022.

The results of the discontinued operation for the six months ended 30 June 2022 are presented below:

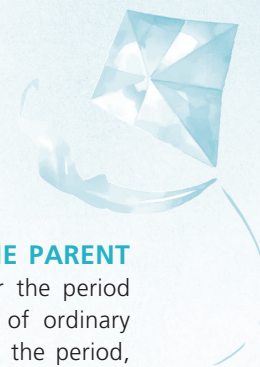
	For the six months ended 30 June 2022 <i>RMB'000</i> Unaudited
Revenue	1,197,667
Cost of sales	(792,215)
Other income and gains	1,849
Administrative expenses	(159,245)
Other expenses	(1,525)
Finance costs	(120,659)
Share of profits of joint ventures	28,365
Profit before tax from the discontinued operation	154,237
Income tax (note 8)	(3,359)
Profit for the period from the discontinued operation	150,878

The net cash flows incurred by the discontinued operation are as follows:

	For the six months ended 30 June 2022 <i>RMB'000</i> Unaudited
Operating activities	297,461
Investing activities	(139,665)
Financing activities	(151,320)
Effect of foreign exchange rate changes	(3,907)
Net cash flow	2,569

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023



### 10. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share ("EPS") amounts is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 14,294,733,167 (six months ended 30 June 2022: 14,294,733,167) in issue during the period, as adjusted to reflect the rights issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2023 and 2022.

The calculation of basic earnings per share is based on:

	For the six months ended 30 June	
	2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
<b>Earnings</b>		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation		
From the continuing operation	150,386	193,564
From the discontinued operation	–	76,948
	<b>150,386</b>	<b>270,512</b>
	Number of shares	
	2023	2022
<b>Shares</b>		
Weighted average number of shares in issue during the period used in the basic earnings per share calculation	<b>14,294,733,167</b>	<b>14,294,733,167</b>

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

### 11. DIVIDENDS

	For the six months ended 30 June	
	2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
Final declared – HK\$1 cent (2022: Nil)	131,590	–

On 28 June 2023, the annual general meeting of the Company approved the special dividend of HK\$1 cent per share for the year ended 31 December 2022 (six months ended 30 June 2022: Nil). The dividends were paid on 28 July 2023.

### 12. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired assets with a cost of RMB8,157,000 (six months ended 30 June 2022: RMB166,214,000).

### 13. OTHER INTANGIBLE ASSETS

For the six months ended 30 June 2023, addition in other intangible assets arising from service concession arrangements of RMB846,192,000 is mainly due to the completion of the construction of build-operate-transfer (“BOT”) projects operated by Zhumadian Tailai Environmental Protection Energy Co., Ltd. (駐馬店泰來環保能源有限公司) and Puyang Capital Environmental Energy Co., Ltd. (濮陽首創環保能源有限公司), which are engaged in waste incineration power generation.

The intangible assets arising from the service concession arrangements are amortised over the period which commences from the date when they are available for use to end of the service concession period, using a straight-line method.

During the six months ended 30 June 2023, impairment of RMB48,900,000 and RMB38,900,000 was provided for Suichuan Capital Environmental Energy Co., Ltd. (遂川首創環保能源有限公司) and Fuzhou Capital Haihuan Environmental Technology Co., Ltd. (福州首創海環環保科技有限公司), respectively.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023



### 14. CONCESSION FINANCIAL ASSETS AND RELEVANT CONTRACT ASSETS

The Group provides construction and operation services to the certain government authorities in Mainland China (“Grantor”) under the service concession arrangements, the consideration received or receivable by the Group is recognised in accordance with HKFRS 15. The consideration may be rights to a financial asset, or an intangible asset. The Group recognises a financial asset to the extent that it has an unconditional contractual right to receive cash or another financial asset from or at the direction of the Grantor for the construction services; the Grantor has little, if any, discretion to avoid payment, usually because the agreement is enforceable by law. The Group recognises an intangible asset to the extent that it receives a right (a licence) to charge users of the public service. A right to charge users of the public service is not an unconditional right to receive cash because the amounts are contingent on the extent that the public uses the service. Sometimes the Group is paid for the construction services partly by a financial asset and partly by an intangible asset, the Group accounts separately for each component of the consideration. Both types of consideration are classified as a contract asset during the construction period in accordance with HKFRS 15.

The effective interest rates used in service concession arrangements ranged from 5.00% to 6.56%.

Service concession arrangements with certain government authorities in Mainland China require the Group to operate and maintain the waste treatment and waste-to-energy plants at a specified level of service ability on behalf of the relevant government authorities over the relevant service concession periods.

An impairment analysis is performed at each reporting date using the probability of default method to measure expected credit losses. The probabilities of default rates are estimated based on published credit information of the Grantors. 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. As at 30 June 2023, the probability of default applied ranging from 0.08% to 1.89% (31 December 2022: from 0.06% to 1.19%) and the loss given default was estimated to be 45%(31 December 2022: 45%). In addition, the Group provided special loss allowance of RMB4,049,000 for a transportation project considering its increase in credit risk during this period (31 December 2022: RMB39,751,000). Accordingly, the loss allowance was assessed to be RMB51,266,000 (31 December 2022: RMB44,424,000) as at 30 June 2023 in respect of the concession financial assets and relevant contract assets.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

### 15. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	Notes	30 June 2023 RMB'000 Unaudited	31 December 2022 RMB'000 Audited
Advances to suppliers		62,342	92,766
Value added tax receivables		524,877	580,283
Loans receivable		5,024	5,024
Tender deposits		191,624	213,642
New Zealand adjusted price	(a)	–	47,695
Prepayment for service concession arrangement	(b)	136,271	–
Disposal receivables	(c)	111,069	111,069
Others		104,837	84,993
		<b>1,136,044</b>	<b>1,135,472</b>
Analysed for reporting purposes as:			
Current assets		993,820	1,020,784
Non-current assets		142,224	114,688
		<b>1,136,044</b>	<b>1,135,472</b>

Notes:

- (a) BCG NZ completed the disposal of the discontinued operation in 2022. The adjusted price of RMB47,695,000 was determined according to the delivery settlement audit which was completed in January 2023. The price was received in February 2023.
- (b) The amount represented an advance payment for a service concession arrangement to operate an urban-rural sanitation integration concession project in Sanhe City, Hebei Province.
- (c) The amount was mainly in relation to the termination of two service concession arrangements, resulting in receivables due from Shangrao Chengtou Energy Group Co., Ltd. (上饒市城投能源環保有限公司) and Huludao municipal government (葫蘆島市政府) amounting to RMB35,567,000 and RMB75,502,000, respectively.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023



### 16. TRADE RECEIVABLES

	<b>30 June 2023 RMB'000 Unaudited</b>	31 December 2022 RMB'000 Audited
Trade receivables	<b>2,185,223</b>	1,855,352
Impairment	<b>(82,446)</b>	(53,392)
	<b>2,102,777</b>	1,801,960
Analysed for reporting purposes as:		
Current assets	<b>1,982,952</b>	1,694,538
Non-current assets	<b>119,825</b>	107,422
	<b>2,102,777</b>	1,801,960

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date (or date of revenue recognition, if earlier) and net of loss allowance, is as follows:

	<b>30 June 2023 RMB'000 Unaudited</b>	31 December 2022 RMB'000 Audited
0 – 90 days	<b>616,120</b>	812,904
91 – 180 days	<b>275,427</b>	223,526
Over 180 days	<b>1,211,230</b>	765,530
	<b>2,102,777</b>	1,801,960

Included in the Group's trade receivable balances is an amount due from Sichuan BlueStone Construction Co., Ltd. ("SC BlueStone", a fellow subsidiary of the Company) of RMB32,509,000 (31 December 2022: RMB32,342,000).

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

### 17. TRADE PAYABLES

An aged analysis of trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2023 RMB'000 Unaudited	31 December 2022 RMB'000 Audited
0 – 90 days	352,913	657,817
91 – 180 days	87,132	23,955
Over 180 days	1,211,666	1,104,383
	<b>1,651,711</b>	<b>1,786,155</b>

Included in the Group's trade payable balances is an amount due to Beijing Capital Air Environmental Science & Technology Co., Ltd. ("Beijing Capital Air", a fellow subsidiary of the Company) of RMB34,612,000 (31 December 2022: RMB7,533,000).

### 18. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2023 RMB'000 Unaudited	31 December 2022 RMB'000 Audited
Secured bank and other borrowings	6,479,992	6,870,464
Unsecured bank and other borrowings	4,006,953	2,237,029
	<b>10,486,945</b>	<b>9,107,493</b>
Carrying amount repayable:		
Within one year	544,463	1,233,041
More than one year, but not exceeding two years	546,891	524,552
More than two years, but not exceeding five years	5,195,909	3,242,131
Beyond five years	4,199,682	4,107,769
	<b>10,486,945</b>	<b>9,107,493</b>
Less: amounts due within one year shown under current liabilities	544,463	1,233,041
Non-current liabilities	<b>9,942,482</b>	<b>7,874,452</b>

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023



### 18. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

Notes:

- (1) Bank loans of RMB316,173,000 as at 30 June 2023 (31 December 2022: RMB293,640,000) were guaranteed by the corporate guarantee of the Group.
- (2) Bank loans of RMB806,452,000 as at 30 June 2023 (31 December 2022: RMB677,154,000) were secured by service concession arrangements in three subsidiaries of the Company which are engaged in waste incineration power generation and one other which are engaged in kitchen waste treatment, respectively.
- (3) Bank loans of RMB4,867,164,000 as at 30 June 2023 (31 December 2022: RMB4,560,517,000) were guaranteed by the corporate guarantee of the Group, and were secured by the service concession arrangements of twenty-four subsidiaries of the Company which are engaged in a variety of BOT projects.
- (4) A bank loan of RMB120,845,000 as at 30 June 2023 (31 December 2022: RMB133,346,000) was guaranteed by a corporate guarantee of the Group and Beijing Construction Engineering Group Co., Ltd (北京建工集團有限責任公司) .
- (5) Other loan of RMB69,000,000 (31 December 2022: RMB69,000,000) from China Clean Development Mechanism Fund (中國清潔發展機制基金) as at 30 June 2023 was secured by the service concession arrangement in Fuzhou Capital Haihuan Environmental Technology Co., Ltd (福州首創海環環保科技有限公司) .
- (6) A bank loan of RMB151,441,000 as at 30 June 2023 (31 December 2022: RMB179,061,000) was guaranteed by the corporate guarantee of the Group, and was secured by the leasehold land with a carrying amount of RMB36,341,000 (31 December 2022: RMB57,539,000).
- (7) Other loan of RMB20,093,000 from Beijing Guozi Financial Leasing Co., Ltd. (北京國資融資租賃股份有限公司) as at 30 June 2023 (31 December 2022: RMB29,682,000) was secured by the service concession arrangement in Zhejiang Zhuoshang Environmental Energy Company Limited (浙江卓尚環保能源有限公司) .
- (8) Other loan of RMB128,824,000 from China Merchants Bank Financial Leasing Co., Ltd. (招銀金融租賃有限公司) as at 30 June 2023 (31 December 2022: RMB228,064,000) was guaranteed by the corporate guarantee of the Group, and was secured by the service concession arrangement in Renqiu Capital Environmental Treatment Company Limited (任丘首創環境治理有限公司) .
- (9) Other loan from Ping An Asset Management Co., Ltd. (平安資產管理有限責任公司) was guaranteed by a corporate guarantee of Beijing Capital Group Co., Ltd. ("Beijing Capital Group", the ultimate holding company of the Company), which was repaid on 29 March 2023 (31 December 2022: RMB700,000,000).
- (10) Other loan of RMB3,170,000,000 from Beijing Capital Ecological Environmental Protection Group Co., Ltd. (北京首創生態環保集團股份有限公司, "Beijing Capital Eco", the intermediate holding company of the Company) as at 30 June 2023 (31 December 2022: RMB1,370,000,000) was unsecured.



## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

### 19. CORPORATE BONDS

The Group's corporate bonds were issued in May 2020 and redeemed at par value in May 2023. The movements of corporate bonds during the period are as follows:

	30 June 2023 RMB'000 Unaudited
Liabilities at 31 December 2022 (note)	1,015,881
Interest during the period	15,119
Interest paid during the period	(31,000)
	1,000,000
Repayment of the principal amount	(1,000,000)
Liabilities at 30 June 2023	–

Note:

The balance includes the corporate bonds of RMB997,536,000 and interest of RMB18,345,000 which would be paid within one year as at 31 December 2022.

### 20. ISSUED CAPITAL Shares

	30 June 2023 RMB'000 Unaudited	31 December 2022 RMB'000 Audited
Issued and fully paid: 14,294,733,167 ordinary shares of HK\$0.1 each	1,275,167	1,275,167

### 21. CONTINGENT LIABILITIES

The Group also provided performance guarantees with a total amount of RMB178,470,000 (31 December 2022: RMB192,737,000) to the Grantors in Mainland China in connection with the construction and operation services provided according to the service concession arrangements.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023



### 22. COMMITMENTS

	30 June 2023 RMB'000 Unaudited	31 December 2022 RMB'000 Audited
Contracted, but not provided for:		
– construction work under service concession arrangements	140,942	275,681

### 23. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the unaudited interim financial information, the Group entered into the following material related party transactions during the six months ended 30 June 2023.

#### (a) The transactions and balances with government-related entities are listed below:

The subsidiaries of the Group in Mainland China operate in an economic environment currently predominated by entities controlled, jointly controlled or significantly influenced by the government (“government-related entities”). The immediate shareholders of the Company, Beijing Capital (Hong Kong) Limited (“Beijing Capital (HK)”) and BCG Chinastar International Investment Limited (“BCG Chinastar”), which are companies incorporated in Hong Kong with limited liability, are ultimately controlled by the government in Mainland China. The ultimate parent of both immediate shareholders is Beijing Capital Group, which is controlled by the State-owned Assets Supervision and Administration Commission of the People’s Government of Beijing Municipality.

#### (i) Transactions and balances with related parties within Beijing Capital Group:

Name of the related parties	Nature of the transactions	For the six months ended 30 June	
		2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
Beijing Capital (HK)	Rental expenses	790	745
Beijing Capital (HK)	Interest expense*	–	11,441
BCG Chinastar	Interest expense**	–	21,770
Beijing Capital Group	Guarantees charges***	3,027	4,724
Beijing Capital Eco	Guarantees charges^	–	4,766
Beijing Capital Eco	Interest expenses^^	44,295	–
Beijing Capital Air	Purchase of machinery^^^	35,475	–
SC BlueStone	Operation service income	167	–

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

### 23. RELATED PARTY TRANSACTIONS *(continued)*

#### (a) The transactions and balances with government-related entities are listed below: *(continued)*

##### (i) *Transactions and balances with related parties within Beijing Capital Group: (continued)*

- \* The interest was related to a loan of HK\$686,000,000 from Beijing Capital (HK), which was repaid on 30 September 2022.
- \*\* The interest was related to a loan of NZ\$319,000,000 from BCG Chinastar, which was repaid on 25 May 2022.
- \*\*\* Beijing Capital Group provided guarantee services for the issued bonds of RMB1,000,000,000 based on the rate of 0.5% per annum and for a loan of RMB700,000,000 from Ping An Asset Management Co., Ltd. based on the rate of 0.6% per annum. All the guarantee charges were repaid during this period (31 December 2022: RMB8,018,000).
- ^ Beijing Capital Eco provided guarantee services for a loan of US\$300,000,000 from the Financial Institutions based on the rate of 0.5% per annum and for a bank loan of NZ\$319,000,000 from Natixis, Hong Kong Branch based on the rate of 1% per annum. Amounts due to Beijing Capital Eco as at 30 June 2023 were RMB5,498,000 (31 December 2022: RMB7,931,000).
- ^^ The interest expenses was related to the loan of RMB3,170,000,000 from Beijing Capital Eco, which bears interest at 4.38% per annum. The interest payables due to Beijing Capital Eco as at 30 June 2023 were RMB49,185,000 (31 December 2022: RMB4,890,000).
- ^^^ The Group purchased machines and construction services from Beijing Capital Air.

##### (ii) *Transactions and balances with other government-related entities:*

During the six months ended 30 June 2023, the Group recognised revenue from the construction services and operating services of RMB297,268,000 (six months ended 30 June 2022: RMB1,042,240,000) and RMB892,187,000 (six months ended 30 June 2022: RMB741,040,000) respectively, under service concession arrangements with the local governments in Mainland China.

As at 30 June 2023, concession financial assets and relevant contract assets of RMB9,615,063,000 (31 December 2022: RMB9,592,054,000) were due from the local governments in Mainland China in relation to the construction services mentioned above.

As at 30 June 2023, trade receivables due from the local governments in Mainland China in relation to the waste management service and electricity generation were RMB1,474,220,000 (31 December 2022: RMB1,270,217,000).

As at 30 June 2023, trade receivables of RMB168,816,000 (31 December 2022: RMB125,621,000) were due from the Ministry of Finance of the PRC in relation to government dismantling tariffs and electricity generation.

Apart from the transactions disclosed above, the Group also conducts business with other government-related entities. The directors of the Company consider those government-related entities are independent third parties so far as the Group's business transactions with them are concerned.

In establishing its pricing strategies and approval process for transactions with other government-related entities, the Group does not differentiate whether the counter-party is a government-related entity or not.

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023



### 23. RELATED PARTY TRANSACTIONS (continued)

(b) The remuneration of key management personnel during the period was as follows:

	For the six months ended 30 June	
	2023 RMB'000 Unaudited	2022 RMB'000 Unaudited
Short-term benefits	3,993	1,516
Post-employment benefits	153	49
	<b>4,146</b>	<b>1,565</b>

### 24. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

#### Financial assets 30 June 2023

	Financial assets at fair value through other comprehensive income		
	Equity investment RMB'000	Financial assets at amortised cost RMB'000	Total RMB'000
Financial assets at fair value through other comprehensive income	5,000	–	5,000
Trade receivables	–	2,102,777	2,102,777
Financial assets included in prepayments, other receivables and other assets	–	331,875	331,875
Pledged deposits	–	41,725	41,725
Cash and cash equivalents	–	1,025,491	1,025,491
	<b>5,000</b>	<b>3,501,868</b>	<b>3,506,868</b>

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

### 24. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

#### Financial assets (continued)

31 December 2022

	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	Equity investment		
	RMB'000	RMB'000	RMB'000
Financial assets at fair value through other comprehensive income	7,001		7,001
Trade receivables		1,801,960	1,801,960
Financial assets included in prepayments, other receivables and other assets	–	414,728	414,728
Pledged deposits	–	37,226	37,226
Cash and cash equivalents	–	1,512,806	1,512,806
	<u>7,001</u>	<u>3,766,720</u>	<u>3,773,721</u>

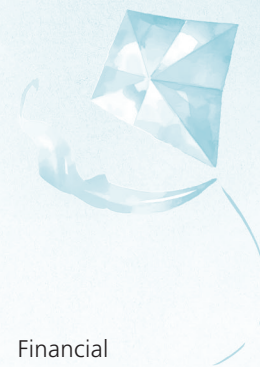
#### Financial liabilities

30 June 2023

	Financial liabilities at amortised cost
	RMB'000
Trade payables	1,651,711
Financial liabilities included in other payables and accruals	57,160
Interest-bearing bank and other borrowings	10,486,945
Amounts due to related parties	56,595
Dividends payable	131,590
	<u>12,384,001</u>

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023



### 24. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

#### Financial liabilities (continued)

31 December 2022

	Financial liabilities at amortised cost RMB'000
Trade payables	1,786,155
Financial liabilities included in other payables and accruals	88,252
Interest-bearing bank and other borrowings	9,107,493
Amounts due to related parties	25,135
Corporate bonds	997,536
	<u>12,004,571</u>

### 25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments reasonably approximate to their fair values.

#### Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

#### Assets measured at fair value:

As at 30 June 2023

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Financial assets at fair value through other comprehensive income	–	–	5,000	5,000

## NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION (CONTINUED)

30 June 2023

### 25. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

#### Fair value hierarchy *(continued)*

#### Assets measured at fair value: *(continued)*

As at 31 December 2022

	Fair value measurement using			Total RMB'000
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	
Equity investment designated at fair value through other comprehensive income	–	–	7,001	7,001

#### Liabilities measured at fair value:

No liability was measured at fair value as at 30 June 2023 (31 December 2022: Nil).

### 26. EVENT AFTER THE REPORTING PERIOD

During the subsequent period, a subsidiary of the Company, Yangzhou Capital Investment Limited (揚州首創投資有限公司) had a litigation dispute with a third party regarding to the consideration of RMB21,329,000 for land use right.

### 27. APPROVAL OF THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The interim condensed consolidated financial information were approved and authorised for issue by the board of directors on 17 August 2023.

# DISCLOSURE OF INTERESTS AND OTHER INFORMATION



## INTERESTS AND SHORT POSITIONS OF THE DIRECTORS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2023, none of the directors of the Company (the “Directors”), chief executives of the Company or their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“the SFO”)) that was required to be recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange.

## INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 June 2023, the following shareholders of the Company (other than the Directors or chief executives of the Company whose interests and short positions in the shares or underlying shares of the Company as disclosed above) had interests or short positions in the shares and underlying shares of the Company which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO:

Name of shareholders	Capacity	Number of shares/underlying shares held	Approximate percentage of shareholdings
Beijing Capital (Hong Kong) Limited	Beneficial owner (Note 1)	6,449,026,736 (L)	45.11%
Beijing Capital Eco-Environment Protection Group Co., Ltd. (“Capital Eco Group”)	Interest of a controlled corporation (Note 1)	6,449,026,736 (L)	45.11%
BCG Chinastar International Investment Limited	Beneficial owner (Note 2)	3,116,767,072 (L)	21.80%
Beijing Capital Group Co., Ltd. (“Beijing Capital Group”)	Interest of controlled corporations (Note 1 & 2)	9,565,793,808 (L)	66.92%

(L) denotes a long position

Note:

1. Beijing Capital (Hong Kong) Limited was a wholly-owned subsidiary of Capital Eco Group. Capital Eco Group is in turn controlled by Beijing Capital Group. As such, Beijing Capital Group and Capital Eco Group were deemed to have interest in the Shares held by Beijing Capital (Hong Kong) Limited for the purposes of the SFO.
2. BCG Chinastar International Investment Limited is the wholly-owned subsidiary of Beijing Capital Group. Therefore, Beijing Capital Group is deemed to be interested in the shares held by BCG Chinastar International Investment Limited in accordance with the SFO.

Save as aforesaid, the Company has not been notified by any person who had any interest or short position in the shares or underlying shares of the Company as at 30 June 2023 which are required to be notified to the Company pursuant to Part XV of the SFO or which are recorded in the register required to be kept by the Company under Section 336 of the SFO.



## DISCLOSURE OF INTERESTS AND OTHER INFORMATION (CONTINUED)

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code as its own code for dealing in securities of the Company by the Directors. The Company has made specific enquires with all Directors regarding any non-compliance with the Model Code, and all Directors confirmed that they had complied with the required standard set out in the Model Code throughout the six months ended 30 June 2023.

### CORPORATE GOVERNANCE PRACTICES

The Board believes that high standards of corporate governance are essential to the success of the Company and is committed to maintain a high level of corporate governance standards and practices. The Company has complied with all the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange during the period under review.

### CHANGES IN INFORMATION OF DIRECTORS

The changes in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange since the date of the Company's 2022 annual report are as follows:

Name of Director	Particulars of the Changes
Independent non-executive Director: Mr. Pao Ping Wing	(1) ceased to be an independent non-executive director of Zhuzhou CRRC Times Electric Co., Ltd. on 27 June 2023; and  (2) ceased to be an independent non-executive director of Oriental Enterprise Holdings Limited on 16 August 2023.

### AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") comprises three independent non-executive Directors, namely, Dr. Chan Yee Wah, Eva, Mr. Pao Ping Wing and Mr. Cheng Kai Tai, Allen. Dr. Chan Yee Wah, Eva has been appointed as the chairlady of the Audit Committee. The Audit Committee has reviewed the accounting principles and practices adopted by the Group and has also discussed auditing, internal controls and financial reporting matters including the review of the unaudited interim results for the six months ended 30 June 2023 with the management.

In addition, the Group's external auditors (the "Auditors") performed an independent review of the interim financial information for the six months ended 30 June 2023 in accordance with Hong Kong Standard on Review Engagement 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. The Auditors based on their review, concluded that nothing has come to their attention that causes them to believe that the interim financial information is not prepared, in all material respects, in accordance with HKAS 34 "Interim Financial Reporting".



Capital Environment Holdings Limited  
首創環境控股有限公司



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