CONCH
海螺环保

China Conch Environment Protection Holdings Limited
中國海螺環保控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 587)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

HIGHLIGHTS

- Revenue of the Group for 2023 amounted to approximately RMB1,881.56 million (2022: RMB1,729.60 million), representing an increase of 8.79% as compared with that of 2022.
- Net profit for the year attributable to equity shareholders of the Group for 2023 amounted to approximately RMB264.13 million (2022: RMB328.66 million), representing a decrease of 19.63% as compared with that of 2022.
- Basic earnings per share for 2023 amounted to RMB0.14 (2022: RMB0.18 per share).
- The Board recommended the payment of a final cash dividend of HK$0.03 per share for the year 2023.

The board (the "**Board**") of directors (the "**Directors**") of China Conch Environment Protection Holdings Limited (the "**Company**") hereby presents the audited consolidated results of operation and financial position of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2023 (the "**Reporting Period**").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the year ended 31 December 2023
(Expressed in Renminbi Yuan)

	Note	**2023** **RMB'000**	2022 RMB'000
Revenue	2	**1,881,556**	1,729,598
Cost of sales		**(987,986)**	(819,458)
Gross profit		**893,570**	910,140
Other income	3	**32,966**	62,850
Distribution costs		**(145,658)**	(157,470)
Administrative expenses		**(312,539)**	(314,535)
Impairment loss on trade and bills receivables		**(15,258)**	(3,424)
Profit from operations		**453,081**	497,561
Finance costs	4(a)	**(101,503)**	(92,026)
Share of profits of associates	7	**689**	4,996
Profit before taxation	4	**352,267**	410,531
Income tax	5	**(48,254)**	(50,068)
Profit for the year		**304,013**	360,463
Attributable to:			
Equity shareholders of the Company		**264,130**	328,656
Non-controlling interests		**39,883**	31,807
Profit for the year		**304,013**	360,463
Earnings per share	6		
Basic *(RMB)*		**0.14**	0.18
Diluted *(RMB)*		**0.14**	0.18

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2023
(Expressed in Renminbi Yuan)

	2023	2022
	RMB'000	*RMB'000*
Profit for the year	**304,013**	360,463
Other comprehensive income for the year (after tax and reclassification adjustments)	**–**	–
Total comprehensive income for the year	**304,013**	360,463
Attributable to:		
Equity shareholders of the Company	**264,130**	328,656
Non-controlling interests	**39,883**	31,807
Total comprehensive income for the year	**304,013**	360,463

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Expressed in Renminbi Yuan)

	Note	**31 December 2023** *RMB'000*	31 December 2022 *RMB'000*
Non-current assets			
Property, plant and equipment		**7,057,252**	6,366,191
Right-of-use assets		**298,214**	234,630
Intangible assets		**139,463**	121,537
Goodwill		**10,254**	9,219
Interests in associates	*7*	**72,860**	65,919
Non-current portion of trade and other receivables	*8*	**414,360**	410,652
Deferred tax assets		**10,991**	8,923
		8,003,394	7,217,071
Current assets			
Inventories		**31,465**	17,842
Trade and other receivables	*8*	**1,042,136**	975,728
Financial assets measured at fair value through profit or loss ("FVPL")		**45,000**	–
Restricted bank deposits		**39,975**	52,869
Bank deposits with original maturity over three months		**4,044**	–
Cash and cash equivalents		**246,254**	273,058
		1,408,874	1,319,497
Current liabilities			
Loans and borrowings		**1,277,159**	637,566
Trade and other payables	*9*	**1,378,744**	1,314,478
Contract liabilities		**13,621**	10,676
Lease liabilities		**1,144**	1,691
Income tax payables		**5,658**	14,666
		2,676,326	1,979,077
Net current liabilities		**(1,267,452)**	(659,580)
Total assets less current liabilities		**6,735,942**	6,557,491

	Note	**31 December 2023** *RMB'000*	31 December 2022 *RMB'000*
Non-current liabilities			
Loans and borrowings		**2,980,831**	3,137,126
Lease liabilities		**6,709**	6,124
Deferred tax liabilities		**38,212**	26,607
		3,025,752	3,169,857
NET ASSETS		**3,710,190**	3,387,634
CAPITAL AND RESERVES	*10*		
Share capital		**14,837**	14,837
Reserves		**2,978,200**	2,714,070
Total equity attributable to equity shareholders of the Company		**2,993,037**	2,728,907
Non-controlling interests		**717,153**	658,727
TOTAL EQUITY		**3,710,190**	3,387,634

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Renminbi Yuan unless otherwise indicated)

1 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("**IFRSs**"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("**IAS**") and Interpretations issued by the International Accounting Standards Board ("**IASB**") and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the "**Group**") and the Group's interests in associates.

The measurement basis used in the preparation of the financial statements is the historical cost except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

— financial assets stated at their fair value.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates

- Amendments to IAS 1, Presentation of financial statements and IFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies

- Amendments to IAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

- Amendments to IAS 12, Income taxes: International tax reform — Pillar Two model rules

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

2 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are provision of treatment solutions for industrial solid and hazardous waste.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by each significant category is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers within the scope of IFRS15, recognised over time		
Industrial solid waste treatment services	**568,674**	463,153
Industrial hazardous waste treatment services		
— General hazardous waste	**1,047,377**	1,057,841
— Oil sludge	**80,796**	124,277
— Fly ash	**91,990**	59,734
	1,788,837	1,705,005
Revenue from contracts with customers within the scope of IFRS15, recognised at point in time		
Comprehensive resource utilization	**92,719**	24,593
	1,881,556	1,729,598

(b) Segment reporting

(i) Services from which reportable segments derive their revenue:

Information reported to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance is more focused on the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on industrial solid and hazardous waste solutions. Resources are allocated based on what is beneficial for the Group in enhancing its industrial solid and hazardous waste solutions activities as a whole rather than any specific service. Performance assessment is based on the results of the Group as a whole. Therefore, management considers there is only one operating segment under the requirements of IFRS 8, *Operating segments*.

(ii) Geographic information

The geographical location of revenue is based on the selling location. All of the Group's revenue from external customers is from the PRC. The geographical location of the specified non-current assets (primarily property, plant and equipment, right-of-use assets, intangible assets and interests in associates) is based on the physical location of the assets, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interests in associates. Substantially all of the Group's specified non-current assets are physically located in the PRC.

3 OTHER INCOME

	2023	2022
	RMB'000	*RMB'000*
Interest income on bank deposits	**10,137**	9,294
Government grants (i)	**23,851**	49,645
loss on disposal of a subsidiary	**–**	(439)
Net loss on disposal of right-of-use assets and property, plant and equipment	**(15)**	(564)
Others	**(1,007)**	4,914
	32,966	62,850

(i) Government grants mainly represented subsidies received from the local government authorities for encouraging the Group's development in the industrial solid and hazardous waste solutions in the respective PRC cities.

4 PROFIT BEFORE TAXATION

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

(a) Finance costs:

	2023	2022
	RMB'000	*RMB'000*
Interest on loans and borrowings	**148,822**	129,305
Interest on lease liabilities	**298**	266
*Less: interest expense capitalised in construction in progress	**(47,617)**	(37,545)
	101,503	92,026

* For the year ended 31 December 2023, the borrowing costs were capitalised at a rate of 2.80%–4.85% per annum (2022: 1.70%–4.65%).

(b) Staff costs:

	2023	2022
	RMB'000	*RMB'000*
Salaries, wages and other benefits	**374,275**	340,690
Contributions to defined contribution plans (i)	**49,025**	45,703
	423,300	386,393

(i) Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

(c) Other items:

	2023	2022
	RMB'000	*RMB'000*
Cost of services provided	**987,986**	819,458
Depreciation of owned property, plant and equipment	**234,773**	205,644
Depreciation of right-of-use assets	**7,445**	4,261
Amortisation of intangible assets	**15,040**	12,390
Loss allowance for trade receivables	**15,258**	3,424
Short-term lease payments not included in the measurement of lease liabilities	**4,634**	4,834
Auditors' remuneration	**1,900**	1,900
Listing expenses	**–**	30,881

5 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(a) Current taxation in the consolidated statement of profit and loss represents:

	2023	2022
	RMB'000	*RMB'000*
Current tax — Hong Kong Profits Tax		
Provision for the year	**–**	–
Current tax — PRC income tax		
Provision for the year	**49,018**	52,842
(Over)/Under provision in respect of prior years	**(525)**	551
Deferred tax:		
Origination and reversal of temporary differences	**(239)**	(3,325)
	48,254	50,068

(1) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(2) The Company's subsidiary incorporated in Hong Kong is subject to Hong Kong profits tax at 16.5% of the estimated assessable profits. No provision for Hong Kong profit tax has been made for the year ended 31 December 2023 (2022: nil) as there are no assessable profits during the years ended 31 December 2023 and 2022.

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

(4) Pursuant to Notice No. 23 issued by the State Administration of Taxation on 23 April 2020 and relevant local tax authorities' notices, certain subsidiaries are entitled to a preferential income tax rate of 15% as qualifying companies located in western areas in the PRC.

(5) Pursuant to the PRC Enterprise Income Tax Law Implementing Regulations issued by State Council of the PRC, certain subsidiaries engaged in industrial solid and hazardous waste solutions are eligible for income tax exemption for the first three years starting from the year in which revenue is generated and 50% income tax reduction for the next three years.

6 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB264,130,000 (2022: RMB328,656,000), with 1,826,765,000 issued ordinary shares.

7 INTERESTS IN ASSOCIATES

The following list contains associates of the Group, which are unlisted corporate entities, whose quoted market price is not available:

Name of associate	Form of business structure	Place of incorporation and operation	Registered capital/ authorised and paid-in capital	Proportion of ownership interest Group's effective interest As at 31 December		Principal activities
				2023	2022	
Jiangsu Jiexia Environmental Protection Technology Co., Ltd. (江蘇傑夏環保科技有限公司)	Incorporated as limited liability Company	The PRC	RMB80,000,000/ RMB80,000,000	**35%**	35%	Industrial solid and hazardous waste treatment
Yunfu Guangjia Haizhong Environmental Protection Technology Co., Ltd. (雲浮光嘉海中環保科技有限公司)	Incorporated as limited liability Company	The PRC	RMB60,000,000/ RMB40,000,000	**40%**	40%	Industrial solid and hazardous waste treatment
Chongqing Nantong Environmental Protection Technology Co., Ltd. (重慶南桐環保科技有限公司)	Incorporated as limited liability Company	The PRC	RMB30,000,000/ RMB30,000,000	**35%**	35%	Industrial solid and hazardous waste treatment
Nanchen Nuoke Haizhong Environmental Protection Technology Co., Ltd. (南城諾客海中環保科技有限責任公司)	Incorporated as limited liability Company	The PRC	RMB18,000,000/ RMB18,000,000	**49%**	49%	Industrial solid and hazardous waste treatment
Shanghai Conch Venture Dexin Environmental Protection Development Co., Ltd. (上海海創德鑫環保發展有限公司)	Incorporated as limited liability Company	The PRC	RMB50,000,000/ –	**40%**	40%	Industrial solid and hazardous waste treatment

The information of associates is as below:

	2023	2022
	RMB'000	*RMB'000*
Carrying amount of the associates	**72,860**	65,919
Amounts of the Group's share of associates		
Profit from continuing operations	**689**	4,996
Other comprehensive income	**–**	–
Total comprehensive income	**689**	4,996
Dividend received	**3,148**	9,620

8 TRADE AND OTHER RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables		
— Third parties	**897,583**	795,900
— Related parties	**35,216**	4,499
Bills receivable, carried at amortised cost	**44,671**	101,315
Bills receivable, carried at FVOCI	**18,382**	12,006
Less: allowance for doubtful debts	**(50,751)**	(35,493)
Trade and bills receivables	**945,101**	878,227
Other receivables		
— Deposits	**18,155**	15,009
— VAT recoverable	**53,649**	60,280
— others	**3,292**	4,729
Prepayments	**15,662**	16,242
	1,035,859	974,487
Amounts due from related parties		
— Others	**6,277**	1,241
Current portion of trade and other receivables	**1,042,136**	975,728
Non-current portion of trade and other receivables	**414,360**	410,652
Total current and non-current trade and other receivables	**1,456,496**	1,386,380

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

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

	2023	2022
	RMB'000	*RMB'000*
Current	**665,677**	651,923
Less than 1 year	**279,319**	220,082
1 to 2 years	**105**	6,222
	945,101	878,227

9 TRADE AND OTHER PAYABLES

	2023	2022
	RMB'000	*RMB'000*
Trade payables		
— Third parties	**257,263**	140,955
— Related parties	**58,286**	33,924
Bills payable	**80,939**	40,795
Trade and bills payables	**396,488**	215,674
Other payables and accruals		
— Construction and equipment payables	**381,063**	465,213
— Deposits	**30,605**	25,334
— Other taxes and surcharges payables	**5,458**	4,588
— Accrued payroll and other benefits	**140,340**	132,050
— Accrued expenses	**67,708**	70,561
— Others	**76,815**	53,611
	1,098,477	967,031
Dividends payable	**27,182**	65,993
Amounts due to related parties		
— Construction and equipment payables	**251,833**	280,910
— Others	**1,252**	544
Trade and other payables	**1,378,744**	1,314,478

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

	2023	2022
	RMB'000	*RMB'000*
Within 1 year	**396,488**	215,674

The amounts due to related parties are unsecured, non-interest bearing and repayable on demand.

10 DIVIDENDS

Final dividend for the year ended 31 December 2023 proposed after the statement of financial position date is HK$0.03 (2022: HK$0) per share, totaling HK$54,803,000, equivalent to approximately RMB49,662,000 (2022: HK$0). No dividend has been provided for in the consolidated financial statements for the year ended 31 December 2023.

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO ENVIRONMENT

In 2023, despite the complex and ever-changing international environment and the frequent geopolitical conflicts, China made remarkable achievements by firmly pursuing high-quality development and green transformation under the coordination of national macro policies. The economy has shown signs of revival, achieving steady advancement across all macro indicators. GDP grew by approximately 5.2% over last year.

During the Reporting Period, in the face of numerous adverse factors such as intensified competition in the solid and hazardous waste treatment industry and a downturn in treatment prices, the Group focused on its business objectives and tasks, and made every effort to expand its markets. The Group strengthened production management coordination with cement enterprises and factories, consolidated basic management, and promoted cost reduction and efficiency improvement, thus achieving a new record high in "factory intake" and "treatment volume".

BUSINESS REVIEW

Since 2023, under the leadership of the Board, the Group has closely focused on the development plan and seized the policy opportunity of "green and low-carbon transformation". The Group continued to consolidate its leading position in cement kiln co-treatment, accelerated its business expansion in alternative fuels, fly ash treatment and oil sludge treatment, and proactively tapped into the medical waste treatment market.

At the end of the Reporting Period, the Group put into operation and constructed a total of 82 environmental protection projects in 22 provinces, municipalities, and autonomous regions across the country, including 41 general hazardous waste projects, 5 fly ash washing projects, 7 oil sludge treatment projects, 25 industrial solid waste projects and 4 comprehensive resource utilization projects. The treatment scale of the projects was approximately 9,436,300 tonnes/year (excluding projects subject to approval and to be constructed).

Industrial hazardous waste treatment and comprehensive resource utilization

1) *Project expansion*

The Group proactively copes with the downward turnover rate of cement kilns and speeds up its diversified layouts in the hazardous waste treatment and comprehensive resource utilization business. During the Reporting Period, by fully leveraging the advantages of the academician workstation platform, the Group gave top priority to the distribution of fly ash projects in regions with advanced economies and favorable policies; seized the opportunity of the policy of carbon peaking and carbon neutrality to actively prepare and develop alternative fuels projects in regions with abundant material resources, such as the Pearl River Delta and the Yangtze River Delta; took the initiative to enter the medical waste treatment industry and successfully completed the merger and acquisition project in Wuhan, Hubei Province, which filled the gap in the field of medical waste disposal of the Group; made full use of the advantage of regional resources and completed the oil-based rock chip disposal project with 200,000 tonnes/year in Zhong County, Chongqing, which was contracted and constructed in the year. Meanwhile, the Group also conducted technical research on organic solvents, waste salt, waste acid, and other industries to pave the way for the subsequent development of the industry.

During the Reporting Period, the Group successfully entered into four contracts for hazardous waste treatment projects (including merger and acquisition), comprising two fly ash projects in Leshan, Sichuan Province (100,000 tonnes/year) and Queshan, Henan Province (100,000 tonnes/year), one oil-based rock chip project in Zhong County, Chongqing (200,000 tonnes/year), and one medical waste treatment project in Wuhan, Hubei Province (18,000 tonnes/year) with disposal capacity of approximately 418,000 tonnes/year, and also successfully entered into three comprehensive resource utilization projects, comprising two alternative fuel projects in Wuhu, Anhui Province (100,000 tonnes/year) and Chizhou, Anhui Province (500,000 tonnes/year), and one recycling and disassembling project for scraped motor vehicles in Changjiang, Hainan Province (50,000 vehicles/year).

2) *Project operation*

In terms of market expansion, leveraging a detailed research database of waste-producing enterprises, the Group places great emphasis on customers at the source to consolidate its market share, with further increase in the number of customers and contracts. Focusing on the bidding management of key waste-producing enterprises, the Group has successively obtained the treatment franchise from key projects involving overhaul slag and landfill disposal of hazardous wastes. At the same time, the Group has successfully established cross-provincial transfer channels in Hubei Province, Tianjin and Sichuan Province, effectively making up for the operating efficiency of the project companies in Northwestern China and Southern China.

In terms of operation and management, the Group actively promotes its integration with the management of cement enterprises, continuously carries out specialized analysis and seminars on production and operation, establishes a regional hazardous waste database, optimizes market coordination, and solidly promotes technological reforms and measures, thereby steadily improving its treatment efficiency.

During the Reporting Period, the total treatment volume of industrial hazardous waste of the Group was approximately 1,076,600 tonnes, representing a year-on-year increase of approximately 16.82%, among which approximately 940,500 tonnes were general hazardous waste, approximately 63,700 tonnes were oil sludge, and approximately 72,400 tonnes were fly ash. Approximately 3,000 tonnes of comprehensive resource utilization products were sold, and 101,500 tonnes of alternative fuels were disposed of and supplied.

Industrial solid waste treatment

1) *Project expansion*

The Group made full use of advantageous resources in the regions, gave priority to the distribution of economically developed regions with reasonable treatment prices and actively cooperated with water affairs groups and local governments to accelerate the implementation of sludge disposal projects. During the Reporting Period, the Group successfully entered into two contracts for solid waste treatment projects in Leshan, Sichuan Province (100,000 tonnes/year) and Bin County, Heilongjiang Province (200,000 tonnes/year).

2) *Project operation*

The Group, on the one hand, actively expands its market reach in solid waste treatment and has obtained the treatment franchise for a number of large key projects. The Group, on the other hand, focuses on improving production efficiency to further enhance the disposal volume. During the Reporting Period, the total treatment volume of industrial solid waste of the Group was approximately 2,071,500 tonnes, representing a year-on-year increase of approximately 29.99%.

At the end of the Reporting Period, details of general hazardous waste treatment projects of the Group in operation and under construction are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date
1	In operation	Fuping, Shaanxi Province	100,000 tonnes/year	100,000 tonnes/year	April 2016
2		Qian County, Shaanxi Province	80,100 tonnes/year	80,100 tonnes/year	April 2017
3		Wuhu, Anhui Province	2×100,000 tonnes/year	130,000 tonnes/year	December 2017
4		Yiyang, Jiangxi Province	2×100,000 tonnes/year	170,000 tonnes/year	May 2018
5		Xingye, Guangxi Region	2×100,000 tonnes/year	161,500 tonnes/year	August 2018
6		Suzhou, Anhui Province	2×100,000 tonnes/year	125,000 tonnes/year	August 2018
7		Qianyang, Shaanxi Province	100,000 tonnes/year	100,000 tonnes/year	October 2018
8		Zhong County, Chongqing Municipality	2×100,000 tonnes/year	143,500 tonnes/year	June 2019
9		Tongchuan, Shaanxi Province	100,000 tonnes/year	81,500 tonnes/year	August 2019
10		Wenshan, Yunnan Province*	71,000 tonnes/year	66,000 tonnes/year	August 2019
11		Sanming, Fujian Province	100,000 tonnes/year	40,500 tonnes/year	August 2019
12		Qingzhen, Guizhou Province	100,000 tonnes/year	100,000 tonnes/year	September 2019
13		Yixing, Jiangsu Province	100,000 tonnes/year	100,000 tonnes/year	December 2019
14		Sishui, Shandong Province	100,000 tonnes/year	100,000 tonnes/year	January 2020
15		Qiyang, Hunan Province	100,000 tonnes/year	69,500 tonnes/year	January 2020
16		Yangchun, Guangdong Province	100,000 tonnes/year	85,300 tonnes/year	August 2020
17		Luoyang, Henan Province	100,000 tonnes/year	72,000 tonnes/year	December 2020
18		Jiyuan, Henan Province*	80,000 tonnes/year	50,000 tonnes/year	December 2020
19		Dezhou, Shandong Province	100,000 tonnes/year	75,000 tonnes/year	December 2020
20		Tai’an, Shandong Province	100,000 tonnes/year	100,000 tonnes/year	December 2020
21		Linxiang, Hunan Province	100,000 tonnes/year	88,500 tonnes/year	January 2021
22		Wuhu, Anhui Province	16,500 tonnes/year	16,500 tonnes/year	January 2021
23		Chongzuo, Guangxi Region	100,000 tonnes/year	85,000 tonnes/year	March 2021
24		Long’an, Guangxi Region	100,000 tonnes/year	70,000 tonnes/year	March 2021
25		Guilin, Guangxi Region	100,000 tonnes/year	50,000 tonnes/year	July 2021
26		Dengfeng, Henan Province	100,000 tonnes/year	80,000 tonnes/year	July 2021
27		Ningguo, Anhui Province	100,000 tonnes/year	70,000 tonnes/year	January 2022
28		Nanjing, Jiangsu Province	100,000 tonnes/year	94,600 tonnes/year	January 2022
29		Pingliang, Gansu Province	100,000 tonnes/year	60,000 tonnes/year	June 2022
30		Fuyang, Zhejiang Province	2×100,000 tonnes/year	90,000 tonnes/year	June 2022
31		Jiayuguan, Gansu Province	100,000 tonnes/year	100,000 tonnes/year	June 2022
32		Hulunbuir, Inner Mongolia	50,000 tonnes/year	35,000 tonnes/year	June 2022
33		Arong Qi, Inner Mongolia	100,000 tonnes/year	85,000 tonnes/year	June 2022
34		Fuzhou, Jiangxi Province	100,000 tonnes/year	75,000 tonnes/year	October 2022
35		Nantong, Chongqing Municipality	100,000 tonnes/year	22,300 tonnes/year	December 2022
36		Shaoguan, Guangdong Province	2×100,000 tonnes/year	182,600 tonnes/year	April 2023
37		Qingyuan, Guangdong Province	100,000 tonnes/year	67,500 tonnes/year	August 2023
38		Wuhan, Hubei Province	18,000 tonnes/year	18,000 tonnes/year	December 2023

No.	Status of Construction	Project Location	Treatment Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date
Subtotal			**4,215,600 tonnes/year**	**3,239,900 tonnes/year**	
39	Under construction	Tongchuan, Shaanxi Province	2×100,000 tonnes/year	/	April 2024
40		Luoding, Guangdong Province	80,000 tonnes/year		April 2024
41		Yongdeng, Gansu Province	100,000 tonnes/year		December 2024
Subtotal			**380,000 tonnes/year**		
Total			**4,595,600 tonnes/year**	**3,239,900 tonnes/year**	

Note:* The treatment capacity of the above projects is adjusted according to the production capacity pursuant to the environmental impact assessment approvals obtained.

At the end of the Reporting Period, details of fly ash washing projects of the Group in operation and under construction are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity	Actual/Expected Completion Date
1	In operation	Wuhu, Anhui Province	100,000 tonnes/year	December 2020
2		Yiyang, Hunan Province	49,500 tonnes/year	March 2022
3		Yiyang, Jiangxi Province	100,000 tonnes/year	March 2022
4		Quanjiao, Anhui Province	100,000 tonnes/year	May 2023
5		Qian County, Shaanxi Province	50,000 tonnes/year	December 2023
Total			**399,500 tonnes/year**	

At the end of the Reporting Period, details of oil sludge treatment projects of the Group in operation and under construction are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date
1	In operation	Yulin, Shaanxi Province	225,000 tonnes/year	225,000 tonnes/year	May 2020
2		Binzhou, Shandong Province	100,000 tonnes/year	100,000 tonnes/year	May 2021
3		Dongying, Shandong Province	160,000 tonnes/year	160,000 tonnes/year	January 2022
4		Jinzhou, Liaoning Province	Oil sludge treatment: 20,000 tonnes/year Incineration: 42,000 tonnes/year	62,000 tonnes/year	September 2023
Subtotal			**547,000 tonnes/year**	**547,000 tonnes/year**	
5	Under construction	Zhoushan, Zhejiang Province	36,000 tonnes/year	/	January 2024
6		Qingyang, Gansu Province *	96,000 tonnes/year		April 2024
7		Zhong County, Chongqing Municipality (Phase 1)	50,000 tonnes/year		October 2024
Subtotal			**182,000 tonnes/year**		
Total			**729,000 tonnes/year**		

Note:* The treatment capacity of the above projects is adjusted according to the production capacity pursuant to the environmental impact assessment approvals obtained.

At the end of the Reporting Period, details of industrial solid waste treatment projects of the Group in operation and under construction are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity	Actual/Expected Completion Date
1	In operation	Huaining, Anhui Province	66,000 tonnes/year	September 2017
2		Mian County, Shaanxi Province	16,500 tonnes/year	October 2017
3		Huaibei, Anhui Province	2×66,000 tonnes/year	December 2017
4		Liangping, Chongqing Municipality	75,000 tonnes/year	September 2019
5		Guangyuan, Sichuan Province	2×60,000 tonnes/year	January 2020
6		Fanchang, Anhui Province	210,000 tonnes/year	July 2020
7		Chizhou, Anhui Province	100,000 tonnes/year	November 2020
8		Yiyang, Hunan Province	66,200 tonnes/year	January 2021
9		Baoding, Hebei Province	100,000 tonnes/year	March 2021
10		Quanjiao, Anhui Province	60,000 tonnes/year	July 2021
11		Zongyang, Anhui Province	100,000 tonnes/year	July 2021
12		Xinhua, Hunan Province	66,000 tonnes/year	January 2022
13		Linan, Zhejiang Province	100,000 tonnes/year	March 2022
14		Changshou, Chongqing Municipality	149,000 tonnes/year	April 2022
15		Xin'an, Henan Province*	49,500 tonnes/year	June 2022
16		Chaohu, Anhui Province (sludge drying)	200,000 tonnes/year	January 2023
17		Wuhu, Anhui Province (sludge drying)	146,000 tonnes/year	February 2023
18		Tongling, Anhui Province	650,000 tonnes/year	March 2023
19		Xiangtan, Hunan Province	200,000 tonnes/year	May 2023
20		Yunfu, Guangdong Province	160,000 tonnes/year	June 2023
21		Shuicheng, Guizhou Province	66,000 tonnes/year	October 2023
Subtotal			**2,832,200 tonnes/year**	
22	Under construction	Changjiang, Hainan Province	100,000 tonnes/year	January 2024
23		Changshan, Zhejiang Province	250,000 tonnes/year	January 2024
24		Mianyang, Sichuan Province	100,000 tonnes/year	March 2024
25		Dazhou, Sichuan Province	100,000 tonnes/year	May 2024
Subtotal			**550,000 tonnes/year**	
Total			**3,382,200 tonnes/year**	

Note:* The treatment capacity of the above projects is adjusted according to the production capacity pursuant to the environmental impact assessment approvals obtained.

At the end of the Reporting Period, details of alternative fuel processing projects of the Group in operation and under construction are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity	Actual/Expected Completion Date
1	In operation	Qingyuan, Guangdong Province	30,000 tonnes/year	July 2023
2		Wuhu, Anhui Province	100,000 tonnes/year	November 2023
Subtotal			**130,000 tonnes/year**	
3	Under construction	Chizhou, Anhui Province (Phase 1)	100,000 tonnes/year	April 2024
Subtotal			**100,000 tonnes/year**	
Total			**230,000 tonnes/year**	

Please refer to the table below for details of the comprehensive metal resource utilization project of the Group as at the end of the Reporting Period:

Status of Construction	Project Location	Treatment Capacity	Hazardous Waste Qualification	Completion Date
In operation	Ninghai, Zhejiang Province	100,000 tonnes/year	100,000 tonnes/year	May 2021

At the end of the Reporting Period, the treatment capacity of the Group's projects in operation and under construction was approximately 9,436,300 tonnes/year, the details of which are set out in the following table:

Unit: 10,000 tonnes/year

Category	General hazardous waste		Fly ash washing	Oil sludge treatment		Solid waste		Comprehensive resource utilization	
Status	**In operation**	**Under construction**	**In operation**	**In operation**	**Under construction**	**In operation**	**Under construction**	**In operation**	**Under construction**
Treatment capacity	421.56	38	39.95	54.7	18.2	283.22	55	23	10

FINANCIAL PROFITABILITY

Item	2023 Amount (RMB'000)	2022 Amount (RMB'000)	Change between the Reporting Period and the same period last year (%)
Revenue	**1,881,556**	1,729,598	8.79
Profit before taxation	**352,267**	410,531	–14.19
Profit for the year	**304,013**	360,463	–15.66
Net profit attributable to equity shareholders of the Company	**264,130**	328,656	–19.63

During the Reporting Period, the Group recorded a revenue of RMB1,881.56 million, representing a year-on-year increase of 8.79%. Profit before taxation amounted to RMB352.27 million, representing a year-on-year decrease of 14.19%. Profit for the year amounted to RMB304.01 million, representing a year-on-year decrease of 15.66%. Net profit attributable to equity shareholders of the Company amounted to RMB264.13 million, representing a year-on-year decrease of 19.63%. During the year ended 31 December 2023, basic earnings per share amounted to RMB0.14, representing a year-on-year decrease of RMB0.04.

Revenue by business stream

Item	**2023** Amount (RMB'000)	**2023** Percentage (%)	2022 Amount (RMB'000)	2022 Percentage (%)	Change in amount (%)	Change in percentage (percentage points)
Industrial hazardous Waste treatment services	**1,220,163**	**64.85**	1,241,852	71.8	–1.75	–6.95
General hazardous waste	**1,047,377**	**55.67**	1,057,841	61.16	–0.99	–5.49
Oil Sludge	**80,796**	**4.29**	124,277	7.19	–34.99	–2.90
Fly ash	**91,990**	**4.89**	59,734	3.45	54.00	1.44
Industrial solid waste treatment service	**568,674**	**30.22**	463,153	26.78	22.78	3.44
Comprehensive Resource utilization	**92,719**	**4.93**	24,593	1.42	277.01	3.51
Total	**1,881,556**	**100.00**	1,729,598	100.00	8.79	–

During the Reporting Period, revenue of the Group was derived from three business segments, namely (i) industrial hazardous waste treatment services; (ii) industrial solid waste treatment services; and (iii) comprehensive resource utilization. With a breakdown by business streams:

(i) Revenue from **industrial solid waste treatment services** was RMB1,220.16 million, representing a year-on-year decrease of 1.75%, of which:

    Revenue from **general hazardous waste** was RMB1,047.38 million, representing a year-on-year decrease of 0.99%.

    Revenue from **oil sludge treatment** was RMB80.8 million, representing a year-on-year decrease of 34.99%. This was primarily due to the technical transformation of production facility in the oil sludge treatment companies, resulting in a phased reduction in intake.

    Revenue from **fly ash treatment** was RMB91.99 million, representing a year-on-year increase of 54%. This was primarily due to increase in revenue caused by increase in intake as a result of the commencement of operation of the fly ash project in Quanjiao and improvement in treatment efficiency of fly ash treatment project in Wuhu after the technical transformation.

(ii) Revenue from **industrial solid waste treatment services** was RMB568.67 million, representing a year-on-year increase of 22.78%. This was primarily due to the Group's projects in Chaohu, Shaoguan and Qingyuan being put into operation.

(iii) Revenue from **comprehensive resource utilization** was RMB92.72 million. The year-on-year increase in revenue was primarily due to the improvement in the operating quality of the project in Ninghai, as well as the operation of alternative fuel injection service and ancillary product projects in Qingyuan, Chizhou, Wuhu and Fanchang.

Gross profit and gross profit margin

Item	2023 Gross profit	2023 Gross profit margin	2022 Gross profit	2022 Gross profit margin	Change in amount	Change in percentage
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(%)*	*(Percentage points)*
Industrial hazardous Waste treatment services	**582,865**	**47.77**	670,207	53.97	–13.03	–6.20
General hazardous waste	**529,645**	**50.57**	599,638	56.69	–11.67	–6.12
Oil Sludge	**24,740**	**30.62**	63,117	50.79	–60.80	–20.17
Fly ash	**28,480**	**30.96**	7,452	12.48	282.17	18.48
Industrial solid waste treatment service	**282,403**	**49.66**	231,780	50.04	21.84	–0.38
Comprehensive resource utilization	**28,302**	**30.52**	8,153	33.15	247.14	–2.63
Total	**893,570**	**47.49**	910,140	52.62	–1.82	–5.13

During the Reporting Period, the Group recorded a gross profit of RMB893.57 million, representing a year-on-year decrease of 1.82%. With a breakdown by streams:

(i) Gross profit margin for **general hazardous waste** was 50.57%, representing a year-on-year decrease of 6.12 percentage points, which was primarily due to intensified competition in the market, leading to the decrease in price of hazardous waste treatment in Guangdong, Jiangxi, Chongqing and other provinces.

Gross profit margin for **oil sludge treatment** was 30.62%, representing a year-on-year decrease of 20.17 percentage points, which was mainly due to the insufficient oil sludge for treatment in the factory, resulting in a decrease in revenue.

Gross profit margin for **fly ash treatment** was 30.96%, representing a year-on-year increase of 18.48 percentage points, which was primarily because the cost reduction as a result of treatment efficiency promotion due to the technical improvement of fly ash treatment project in Wuhu.

(ii) Gross profit margin for **industrial solid waste treatment services** was 49.66%, representing a year-on-year decrease of 0.38 percentage point.

(iii) Gross profit margin for **comprehensive resource utilization** was 30.52%.

Other income

During the Reporting Period, the Group's other income amounted to RMB32.97 million, representing a year-on-year decrease of RMB29.88 million, or 47.55%, primarily due to a year-on-year decrease in government subsidies received.

Distribution costs

During the Reporting Period, the Group's distribution costs amounted to RMB145.66 million, representing a year-on-year decrease of RMB11.81 million, or 7.5%, primarily due to the decrease in related costs as the Company strengthened sales management and controlled sales cost.

Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB312.54 million, representing a year-on-year decrease of RMB2 million, or 0.63%.

Finance costs

During the Reporting Period, the Group's finance costs amounted to RMB101.5 million, representing a year-on-year increase of RMB9.48 million, or 10%. The increase in finance costs was primarily due to new bank loans raised by the Group.

Profit before taxation

During the Reporting Period, the Group's profit before taxation amounted to RMB352.27 million, representing a year-on-year decrease of RMB58.26 million, or 14.19%, and share of profits of associates amounted to RMB0.69 million, representing a year-on-year decrease of 86.21%.

FINANCIAL POSITION

As at 31 December 2023, the Group's total assets amounted to RMB9,412.27 million, representing an increase of RMB875.7 million as compared to the end of the previous year. The equity attributable to equity shareholders of the Company amounted to RMB2,993.04 million, representing an increase of RMB264.13 million as compared to the end of the previous year. Gearing ratio of the Group (total liabilities/total assets) was 60.58%, representing an increase of 0.26 percentage point as compared to the end of the previous year. The balance sheet items of the Group are as follows:

Item	**As at 31 December 2023** ***(RMB'000)***	As at 31 December 2022 *(RMB'000)*	Change between the end of the Reporting Period and the end of the previous year *(%)*
Property, plant and equipment	**7,057,252**	6,366,191	10.86
Non-current assets	**8,003,394**	7,217,071	10.90
Current assets	**1,408,874**	1,319,497	6.77
Non-current liabilities	**3,025,752**	3,169,857	–4.55
Current liabilities	**2,676,326**	1,979,077	35.23
Net current liabilities	**1,267,452**	659,580	92.16
Equity attributable to equity shareholders of the Company	**2,993,037**	2,728,907	9.68
Total assets	**9,412,268**	8,536,568	10.26
Total liabilities	**5,702,078**	5,148,934	10.74

Non-current assets and current assets

As at 31 December 2023, non-current assets of the Group amounted to RMB8,003.39 million, representing an increase of 10.90% as compared to the end of the previous year, primarily due to the increase in property, plant and equipment.

Current assets of the Group amounted to RMB1,408.87 million, representing an increase of 6.77% as compared to the end of the previous year, primarily due to the increase in trade and other receivables as a result of new operating projects.

Non-current liabilities and current liabilities

As at 31 December 2023, non-current liabilities of the Group amounted to RMB3,025.75 million, representing a decrease of 4.55% as compared to the end of the previous year, primarily due to the long-term borrowings due within one year of the Group was reclassified as current liabilities during the Reporting Period.

Current liabilities of the Group amounted to RMB2,676.33 million, representing an increase of 35.23% as compared to the end of the previous year, primarily due to the long-term borrowings due within one year of the Group was reclassified as current liabilities during the Reporting Period.

As at 31 December 2023, current ratio of the Group was 0.53 (compared to 0.67 at the end of the previous year) and debt to equity ratio (calculated by dividing total amount of loans by total equity) was 1.15 (compared to 1.11 at the end of the previous year).

Net current liabilities

As at 31 December 2023, net current liabilities of the Group amounted to RMB1,267.45 million, representing an increase of RMB607.87 million as compared to the end of the previous year, primarily due to the reclassification of the Group's long-term borrowings due within one year as current liabilities.

Equity attributable to equity shareholders of the Company

As at 31 December 2023, the Group's equity attributable to equity shareholders of the Company amounted to RMB2,993.04 million, representing an increase of 9.68% as compared to the end of the previous year, primarily due to the increase in net profit attributable to the equity shareholders of the Group.

LIQUIDITY AND CAPITAL SOURCES

During the Reporting Period, the Group improved the returns on its stock capital, enhanced capital planning and management and conducted reasonable allocation of project loans, so as to fully satisfy the Group's capital needs. As of 31 December 2023, the Group's cash and cash equivalents amounted to RMB246.25 million, which were mainly denominated in RMB.

Loans and borrowings

Item	**As at 31 December 2023** *(RMB'000)*	As at 31 December 2022 *(RMB'000)*
Due within one year	**1,277,159**	637,566
Due after one year but within two years	**1,218,512**	1,135,745
Due after two years but within five years	**1,364,472**	1,634,774
Due after five years	**397,847**	366,607
Total	**4,257,990**	3,774,692

As at 31 December 2023, the balance of loans and borrowings of the Group amounted to RMB4,257.99 million, representing an increase of RMB483.30 million as compared to the end of the previous year, primarily due to the increase in bank loans obtained for the development of Group's projects during the Reporting Period. As at 31 December 2023, the Group's loans and borrowings were denominated in RMB, and most of the loan interests were subject to variable interest rate.

Cash flow

As at 31 December 2023, the Group's balance of cash and cash equivalents amounted to RMB246.25 million, representing a year-on-year decrease of RMB26.80 million.

Item	**2023** *(RMB'000)*	2022 *(RMB'000)*
Net cash generated from operating activities	**631,105**	542,994
Net cash used in investing activities	**–973,724**	–1,407,369
Net cash generated from financing activities	**315,815**	541,320
Decrease in cash and cash equivalents	**–26,804**	–323,055
Cash and cash equivalents at the beginning of the year	**273,058**	596,113
Cash and cash equivalents at the end of the year	**246,254**	273,058

Net cash generated from operating activities

During the Reporting Period, net cash generated from operating activities of the Group amounted to RMB631.11 million, representing a year-on-year increase of RMB88.11 million, primarily due to the growth in revenue and increase in sales returns as a result of business development.

Net cash used in investing activities

During the Reporting Period, net cash used in investing activities of the Group amounted to RMB973.72 million, representing a year-on-year decrease of RMB433.65 million, primarily due to the decrease in payment for purchase of property, plant and equipment and construction in progress.

Net cash generated from financing activities

During the Reporting Period, net cash generated from financing activities of the Group amounted to RMB315.82 million, representing a year-on-year decrease of RMB225.51 million, primarily due to a decrease in the amount of loans obtained but an increase in repayment of loans as compared with the corresponding period.

COMMITMENTS

As at 31 December 2023, purchase commitments of the Group in connection with construction contracts were as follows:

Item	**As at 31 December 2023 *(RMB'000)***	As at 31 December 2022 *(RMB'000)*
Contracted for	**508,872**	385,482
Authorized but not contracted for	**441,181**	313,766
Total	**950,053**	699,248

FOREIGN EXCHANGE RISK

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

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

CONTINGENT LIABILITIES

As at 31 December 2023, the Group had no material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2023, the bank loans of the Group amounting to RMB44,286,000 (31 December 2022: RMB47,857,000) were secured by right-of-use assets provided by Luoyang Haizhong Environmental Protection Technology Co., Ltd., a subsidiary of the Group.

As at 31 December 2023, the bank loans of the Group amounting to RMB23,206,000 (2022: nil) were secured by plant and buildings of Ninghai Xinyuantai Environmental Protection Technology Co., Ltd., a subsidiary of the Group.

MATERIAL INVESTMENTS

During the Reporting Period, the Group had no material investment.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS ACQUISITION

During the Reporting Period, the Board has not approved any material investment or capital asset acquisition.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

In December 2023, the Company acquired 100% equity interest in 武漢漢氏環保工程有限公司 (Wuhan Hanshi Environmental Engineering Co., Ltd.*), with an investment amount of RMB93,853,000. The book value of this investment as of 31 December 2023 represented less than 5% of the Group's total assets.

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

CONVERTIBLE BONDS

As at the end of the Reporting Period, the Group did not have any convertible bonds.

As disclosed in the listing document of the Company dated 22 March 2022, in September 2018, China Conch Venture Holdings International Limited (a subsidiary of China Conch Venture Holdings Limited (中國海螺創業控股有限公司) , whose shares in issue are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (stock code: 00586) ("**Conch Venture**")) issued zero coupon guaranteed convertible bonds (the "**2018 Convertible Bonds**") in the aggregate principal amount of HK$3,925,000,000 due 2023, which were listed on the Frankfurt Stock Exchange in September 2018. According to the terms and conditions of the 2018 Convertible Bonds (the "**2018 CB Terms and Conditions**") as disclosed in the announcement of Conch Venture on the website of the Stock Exchange on 30 August 2018, the 2018 Convertible Bonds can be convertible into the ordinary shares of Conch Venture at the initial conversion price of HK$40.18 (subject to the adjustment according to 2018 CB Terms and Conditions) at any time on and after 16 October 2018 up to the close of business on the 10th day prior to 5 September 2023, the maturity date of the 2018 Convertible Bonds. According to the 2018 CB Terms and Conditions, in the event of the occurrence of the spin-off, no adjustment to the conversion price shall occur and bondholders may only exercise their conversion right in respect of both the shares of Conch Venture and the shares of the Company jointly and may not exercise such rights individually. As of the maturity date of the 2018 Convertible Bonds, all of the 2018 Convertible Bonds are still outstanding, which is convertible into (1) 109,820,928 shares of Conch Venture based on the current conversion price of HK$35.74, representing approximately 6.06% of the issued share capital of Conch Venture and approximately 5.71% of the issued share capital of Conch Venture as enlarged by the issue of the conversion shares, and (2) 103,698,811 shares of the Company with no consideration based on the current conversion price of HK$37.85, representing approximately 5.68% of the issued share capital of the Company immediately upon the completion of listing, and approximately 5.37% of the issued share capital of the Company as enlarged by the issue of the conversion shares.

On 5 September 2023, the 2018 Convertible Bonds matured and none of the outstanding principal amount of the 2018 Convertible Bonds had been converted into shares. China Conch Venture Holdings International Limited redeemed the outstanding 2018 Convertible Bonds in whole at a redemption price equal to 114.63% of the outstanding principal amount of HK$3,817,000,000 together with all accrued and unpaid interests thereon and completed all relevant procedures thereafter pursuant to the terms of the subscription agreement and the 2018 Convertible Bonds. Following the aforesaid redemption, the 2018 Convertible Bonds were cancelled in whole. (For details, please refer to the announcement dated 5 September 2023 published by Conch Venture). As at the end of the Reporting Period, there are no outstanding convertible bonds in issue that can be converted into shares of the Company.

HUMAN RESOURCES

The Group will continue to explore a more optimized employment management model based on the strategic planning for future development and the actual needs of the operation and management, and innovate the employment methods by combining the actual situation of each project; meanwhile, under the existing salary and performance appraisal system of the Group, the appraisal indicators are continuously improved and refined to make them more suitable for the Group's operation and management, so that the performance appraisal can be more effective. In addition, the Group offers competitive remuneration packages and various enriching training programs to its employees, taking into account the salary level of the industry and the local economic development level of the area where the projects are located.

During the Reporting Period, the Group continued to optimize and enhance its remuneration management system. It implemented a top-down, vertical management for middle and senior management to improve the remuneration assessment and incentive system oriented with value creation, further refined the contents of the assessment, adopted a concurrent approach with reward and punishment, and explored diversified incentive measures to motivate employees and fully utilize the incentive and restraining effect of the Group's remuneration mechanism.

The Group endeavours to build a diversified and professional training system by organising training in safety, marketing and financial professional knowledge and skills by professions, and arranging declaration and assessment of middle and senior level professions in the engineering division, electrical and mechanical division and chemical division as well as participating in the safety qualification examinations organized by the country, so as to strongly promote professional training and skills enhancement. The Group also selected outstanding young cadres and improved relevant tracking and training mechanisms, and provided off-the-job training for management cadre candidates to enhance their comprehensive management skills. The Group strives to build up a professional and multi-level talent management team to secure manpower for the Group's high-quality development.

As at the end of the Reporting Period, the Group had 3,539 employees (2022: 3,686 employees). The remuneration of employees is determined by qualifications, experience, work performance and market conditions. As required by the PRC regulations on social insurance, the Group participated in the social insurance schemes operated by local government authorities which include pension insurance, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance.

During the Reporting Period, the total remuneration of employees (including the remuneration of the Directors) was approximately RMB423.30 million (2022: approximately RMB386.39 million).

FUTURE PLAN AND OUTLOOK

2024 is a key year for the implementation of the "14th Five-Year" Plan. From the perspective of macro environment, proactively advancing carbon peak and carbon neutralization in a steady manner and moving faster to promote the green and low-carbon transformation in development style have become critical parts of the national strategy. Keeping pace with the national environmental protection policies, the Group will strive to achieve the surging growth in quantity and effective improvement in quality and strengthen its leading position within the industry by expediting project development, improving corporate management and intensifying safe production. Therefore, the Group will focus its efforts on the following areas:

Focusing on the advancement on extension and supplement to industrial chains to kick off a new chapter of high-quality development

With focus on the development of the major business, i.e. environmental protection, the Group will further improve its diversified industrial layout by fully leveraging the opportunities for industrial consolidation, and making efforts in merger and acquisition as well as establishment of new companies simultaneously, so as to focus on the advancement on extension and supplement to industrial chains.

In terms of general hazardous waste treatment, on the basis of consolidating its leading position in solid and hazardous waste treatment with the combination of cement kilns business, the Group will proactively secure more opportunities for the merger and acquisition of high-quality projects, accelerate the pace to acquire medical waste treatment projects and make sure the study and investment argument of candidate projects;

In terms of sludge treatment, the Group will proactively communicate with competent government authorities to clarify settlement methods and implementation plans for candidate projects to secure investment return of such projects;

In terms of fly ash treatment, the Group will proactively carry out projects in surroundings of densely populated areas by leveraging advantages of relevant cooperative platforms in accordance with the principle of giving priority to developed regions.

In terms of comprehensive resource utilization and other business, the Group will continue to expand the business scope to create new growth in revenue. Firstly, the Group will make deployment of alternative fuel projects in region where cement kilns are relatively concentrated with relatively short transportation distance, and accelerate the implementation of green sorting center projects in the Yangtze River Delta, the Pearl River Delta and other regions in accordance with the development model of "raw material collection + plant + user"; secondly, on the basis of the research and development of waste salt, waste acid and organic solvents, the Group will devote more efforts in promoting progress and strive for the implementation of such projects as soon as possible; thirdly, the Group will plan to step into environmental protection equipment manufacturing sector, in this regard, the Group will clarify the process route of sintered plate dust collector project after strengthening technical communication with cement and sintered plate companies and making scientific verification.

Focusing on market building to increase market shares and stabilize efficiency

Firstly, the Group will focus on key customers by paying high attention to bidding management as to waste-generating companies and regularly following status of relevant bidding, and promote the construction of temporary storage as and when appropriate to expand the small and medium-sized group with high value and digest the value of small and medium-sized market; secondly, the Group will strive to improve sale service with increasing value of signed contracts as its principle, to explore the establishment of a service system highly integrated with production and operation; thirdly, the Group will proactively communicate with large-scale environmental protection companies to establish a sound competitive and cooperative relationship with them, and conduct practical and detailed market investigation and make every effort to increase production output and stabilize price in order to improve economic efficiency; fourthly, the Group will increase support for non-kiln projects such as oil sludge treatment and spare no effort to expand market to increase operating quality and efficiency of projects.

Consolidating foundation and highly integrating to further increase operating quality

Firstly, the Group will deepen the integration in management with cement companies by ensuring management and control of production indicators in place and strive to further improve the relative operating rate to enhance treatment efficiency on all fronts; secondly, the Group will continue to optimize allocation plan and keep the balance between efficiency and admittance to steadily enhance the level of admittance; thirdly, the Group will firmly advance the technical reforms and measures including terrace furnace and "one machine, two kilns" and systematically summarize the experience thereof to provide it for the improvement on treatment efficiency of other subsequent projects; fourthly, the Group will pay high attention to operation and management of non-kiln projects and focus on the support and guidance for newly operated and merged and acquired projects, in order to improve operating quality of the Group as a whole.

Strictly controlling the project construction and fulfilling the safety responsibility

Firstly, the Group will endeavor to solve the key factors restricting the commencement and construction of the project, facilitate the application of approval and certificates, and formulate project schedule to ensure that the project is completed on schedule with high quality. Secondly, the Group will improve the planning of project design, reduce redundant projects, prepare concrete project investment budgets, and strengthen the tracking and verification of budget execution to reduce investment costs. Thirdly, the Group will improve and enhance the safety system, strengthen the supervision and inspection of the safety management process, and fulfill its safety obligations.

Strengthening basic management and preventing various operational risks

On the one hand, the Group will pay close attention to the trade receivables management, promote the implementation of the prepayment mechanism, improve the overdue pre-warning mechanism, accelerate sales and payment collection, enhance the efficiency of debt collection and prevent operational risks. On the other hand, the Group will strengthen the internal control system and policy formulation, with a focus on key risk areas, and enhance the rectification of issues and application of achievements through regular inspections, daily audits and other means.

FINAL DIVIDENDS

The Board recommended the payment of a final cash dividend of HK$0.03 per Share for the year ended 31 December 2023. The proposed final dividend is subject to approval by shareholders of the Company (the "**Shareholders**") at the 2024 annual general meeting of the Company (the "**AGM**"). The proposed final dividend will be paid on Friday, 26 July 2024.

ANNUAL GENERAL MEETING

The AGM will be held on Wednesday, 26 June 2024.

The notice of the AGM will be published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.conchenviro.com) and sent to the Shareholders, if required, as and when appropriate.

CLOSURE OF REGISTER OF MEMBERS

For determining the qualification of Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 21 June 2024 to Wednesday, 26 June 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify as Shareholders to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Thursday, 20 June 2024 for registration.

For determining the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 9 July 2024 to Friday, 12 July 2024, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 8 July 2024 for registration.

EVENTS AFTER THE REPORTING PERIOD

There are no material subsequent events undertaken by the Group after the end of the Reporting Period and up to the date of this announcement.

COMPLIANCE WITH CODE ON CORPORATE GOVERNANCE PRACTICES

The Company confirmed that it complied with the principles and all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 (formerly known as Appendix 14) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix C3 (formerly known as Appendix 10) to the Listing Rules as the code for dealing in securities of the Company by the Directors. Having made specific enquiries by the Company, all Directors confirmed that they complied with the Model Code during the Reporting Period.

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

During the Reporting Period, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company (the "**Audit Committee**"), which comprises three independent non-executive Directors, namely Ms. WANG Jiafen, being the chairperson of the Audit Committee, Mr. DING Wenjiang and Ms. LI Chen, has reviewed the annual results of the Company for the year ended 31 December 2023. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is available on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.conchenviro.com). The 2023 annual report containing all the information required by the Listing Rules will be despatched to the Shareholders, if required, and published on the above websites as and when appropriate.

For and on behalf of the Board
China Conch Environment Protection Holdings Limited
Li Qunfeng
Chairman

Anhui Province, the People's Republic of China
19 March 2024

As at the date of this announcement, the Board comprises Mr. LI Xiaobo (General Manager), Ms. LIAO Dan and Mr. FAN Zhan as executive Directors; Mr. LI Qunfeng (Chairman), Mr. JIANG Dehong and Mr. MA Wei as non-executive Directors; and Mr. DING Wenjiang, Ms. WANG Jiafen and Ms. LI Chen as independent non-executive Directors.