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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)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

HIGHLIGHTS

- Revenue of the Group for the six months ended 30 June 2024 amounted to approximately RMB804.01 million, representing a period-on-period decrease of 17.18%.
- Net profit attributable to equity shareholders of the Company for the six months ended 30 June 2024 amounted to approximately RMB82.14 million, representing a period-on-period decrease of 58.93%.
- Basic earnings per share for the six months ended 30 June 2024 amounted to RMB0.04, representing a period-on-period decrease of RMB0.07.
- The Board resolved not to declare any interim dividend for the six months ended 30 June 2024.

The board (the “**Board**”) of directors (the “**Director**”) of China Conch Environment Protection Holdings Limited (the “**Company**” or “**we**”) hereby presents the unaudited results of operation and financial position of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2024 (the “**Reporting Period**”).

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2024 have been approved by the Board and reviewed by the audit committee of the Board (the “**Audit Committee**”).

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

*for the six months ended 30 June 2024 — unaudited
(Expressed in Renminbi yuan)*

		Six months ended 30 June	
	<i>Note</i>	2024	2023
		RMB'000	RMB'000
Revenue	3	804,007	970,784
Cost of sales		<u>(444,356)</u>	<u>(484,427)</u>
Gross profit		359,651	486,357
Other income	4	38,143	17,392
Distribution costs		<u>(72,735)</u>	<u>(72,812)</u>
Administrative expenses		<u>(148,790)</u>	<u>(127,394)</u>
Impairment loss on trade and bills receivables		<u>(11,710)</u>	<u>(4,344)</u>
Profit from operations		164,559	299,199
Finance costs	5(a)	<u>(52,804)</u>	<u>(49,670)</u>
Share of profits less losses of associates	8	<u>(2,787)</u>	<u>2,200</u>
Profit before taxation		108,968	251,729
Income tax	6	<u>(16,664)</u>	<u>(27,290)</u>
Profit for the period		<u>92,304</u>	<u>224,439</u>
Attributable to:			
Equity shareholders of the Company		82,141	200,020
Non-controlling interests		<u>10,163</u>	<u>24,419</u>
Profit for the period		<u>92,304</u>	<u>224,439</u>
Earnings per share	7		
— Basic (RMB)		0.04	0.11
— Diluted (RMB)		<u>0.04</u>	<u>0.11</u>

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

*for the six months ended 30 June 2024 — unaudited
(Expressed in Renminbi yuan)*

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the period	92,304	224,439
Other comprehensive income for the period (after tax and reclassification adjustments)	<u>—</u>	<u>—</u>
Total comprehensive income for the period	<u>92,304</u>	<u>224,439</u>
Attributable to:		
Equity shareholders of the Company	82,141	200,020
Non-controlling interests	<u>10,163</u>	<u>24,419</u>
Total comprehensive income for the period	<u>92,304</u>	<u>224,439</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2024 — unaudited

(Expressed in Renminbi yuan)

		At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
	<i>Note</i>		
Non-current assets			
Property, plant and equipment		7,283,476	7,057,252
Right-of-use assets		307,412	298,214
Intangible assets		139,986	139,463
Goodwill		10,254	10,254
Interests in associates	8	78,072	72,860
Non-current portion of trade and other receivables	9	384,126	414,360
Deferred tax assets		13,566	10,991
		<u>8,216,892</u>	<u>8,003,394</u>
Current assets			
Inventories		48,174	31,465
Trade and other receivables	9	1,039,703	1,042,136
Financial assets measured at fair value through profit or loss (“FVPL”)		–	45,000
Restricted bank deposits		25,994	39,975
Bank deposits with original maturity over three months		–	4,044
Cash and cash equivalents		348,522	246,254
		<u>1,462,393</u>	<u>1,408,874</u>
Current liabilities			
Loans and borrowings		1,582,639	1,277,159
Trade and other payables	10	1,323,608	1,378,744
Contract liabilities		15,647	13,621
Lease liabilities		542	1,144
Income tax payables		10,729	5,658
		<u>2,933,165</u>	<u>2,676,326</u>
Net current liabilities		<u>(1,470,772)</u>	<u>(1,267,452)</u>
Total assets less current liabilities		<u>6,746,120</u>	<u>6,735,942</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)*at 30 June 2024 — unaudited**(Expressed in Renminbi yuan)*

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Non-current liabilities		
Loans and borrowings	2,949,242	2,980,831
Lease liabilities	6,517	6,709
Deferred tax liabilities	36,762	38,212
	<u>2,992,521</u>	<u>3,025,752</u>
Net assets	<u>3,753,599</u>	<u>3,710,190</u>
Capital and reserves		
Share capital	14,837	14,837
Reserves	3,010,297	2,978,200
Equity attributable to equity shareholders of the Company	3,025,134	2,993,037
Non-controlling interests	<u>728,465</u>	<u>717,153</u>
Total equity	<u>3,753,599</u>	<u>3,710,190</u>

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 27 August 2024.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2023 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2024 annual financial statements. Details of any changes in accounting policies are set out in Note 2.

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2023 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

2 CHANGES IN ACCOUNTING POLICIES

The group has applied the following new and amended IFRSs issued by the IASB to this interim financial report for the current accounting period:

- Amendments to IFRS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“**2020 amendments**”)
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“**2022 amendments**”)
- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*
- Amendments to IAS 7, *Statement of cash flows and IFRS 7, Financial instruments: Disclosures — Supplier finance arrangements*

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

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by each significant category for the six months ended 30 June 2024 and 30 June 2023 recognised in the consolidated statements of profit or loss are as follows:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Revenue from contracts with customers within the scope of IFRS15, all recognised over time		
Solid and hazardous waste solutions		
— Industrial solid waste	197,293	293,516
— General hazardous waste	469,119	549,652
— Oil sludge	42,861	40,292
— Fly ash	46,647	41,713
	<u>755,920</u>	<u>925,173</u>
Revenue from contracts with customers within the scope of IFRS15, recognised at point in time		
Solid and hazardous waste solutions		
— Comprehensive resource utilization	48,087	45,611
	<u>48,087</u>	<u>45,611</u>
	<u>804,007</u>	<u>970,784</u>

For the six months ended 30 June 2024, there was no customer from which revenue accounted for 10% or more of the Group's revenue.

(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 solid and hazardous waste solutions. Resources are allocated based on what is beneficial for the Group in enhancing its 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, goodwill, 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. During the Relevant Periods, substantially all of the Group's specified non-current assets are physically located in the PRC.

4 OTHER INCOME

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Interest income on bank deposits	2,279	2,678
Government grants	28,278	14,677
Others	7,586	37
	38,143	17,392

5 PROFIT BEFORE TAXATION

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

(a) Finance costs:

	Six months ended 30 June	
	2024	2023
	RMB'000	RMB'000
Interest on loans and borrowings	77,943	75,772
Interest on lease liabilities	144	158
Total interest expense on financial liabilities not at fair value through profit or loss	78,087	75,930
Less: interest expense capitalised in construction in progress	(25,283)	(26,260)
	52,804	49,670

(b) Other items:

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of services provided	444,356	484,427
Depreciation of owned property, plant and equipment	123,342	118,494
Depreciation of right-of-use assets	4,162	3,234
Amortisation of intangible assets	11,481	7,100
Loss allowance for trade receivables	11,710	4,344
Short-term lease payments not included in the measurement of lease liabilities	5,310	2,221
	<u>5,310</u>	<u>2,221</u>

6 INCOME TAX

	Six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax — Hong Kong Profits Tax		
Provision for the period	—	—
Current tax — PRC Income Tax		
Provision for the period	21,494	29,935
Over provision in respect of prior years	(805)	(525)
Deferred tax:		
Origination and reversal of temporary differences, net	<u>(4,025)</u>	<u>(2,120)</u>
	<u>16,664</u>	<u>27,290</u>

- (a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (b) The estimated annual effective tax rate applicable to group entities incorporated in Hong Kong for the income subject to Hong Kong Profits Tax is 16.5% (2023: 16.5%) to the six months ended 30 June 2024. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the period.
- (c) 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.
- (d) Pursuant to Notice No.14 issued by the State Administration of Taxation on 10 March 2015 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.
- (e) Pursuant to the PRC Enterprise Income Tax Law Implementing Regulations issued by State Council of the PRC, certain subsidiaries engaged in solid 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.

7 EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2024 is based on the profit attributable to shareholders of the Company for the six months ended 30 June 2024 of RMB82,141,000 (30 June 2023: RMB200,020,000) and the weighted average number of ordinary shares of 1,826,765,059 in issue (30 June 2023: 1,826,765,059).

Diluted earnings per share for the six months ended 30 June 2024 and 2023 is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

8 INTERESTS IN ASSOCIATES

As at 30 June 2024, interests in associates represented share of net assets of four associates that are not individually material. For the six months period ended 30 June 2024, the Group recognised share of profits of associates in the amount of RMB-2,787,000 in the consolidated statement of profit or loss (six months ended 30 June 2023: RMB2,200,000).

9 TRADE AND OTHER RECEIVABLES

	At 30 June 2024 RMB'000	At 31 December 2023 RMB'000
Trade receivables		
— Third parties	847,721	897,583
— Related parties	59,629	35,216
Bills receivable, carried at amortised cost	77,621	47,799
Bills receivable, carried at FVOCI	17,507	15,254
Less: loss allowance	<u>(62,461)</u>	<u>(50,751)</u>
Trade and bills receivables	940,017	945,101
Other receivables		
— Deposits	22,535	18,155
— VAT recoverable	49,411	53,649
— Others	4,455	3,292
Prepayments	<u>23,285</u>	<u>15,662</u>
	1,039,703	1,035,859
Amounts due from related parties		
— Others	<u>—</u>	<u>6,277</u>
Current portion of trade and other receivables	<u>1,039,703</u>	<u>1,042,136</u>
Non-current portion of trade and other receivables	<u>384,126</u>	<u>414,360</u>
Total current and non-current trade and other receivables	<u>1,423,829</u>	<u>1,456,496</u>

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

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

Non-current portion of trade and other receivables mainly consist of non-current portion of VAT recoverable and prepayments for land use right.

Ageing analysis

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

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Current	728,990	665,677
Less than 1 year	211,027	279,319
1 to 2 years	—	105
	<u>940,017</u>	<u>945,101</u>

10 TRADE AND OTHER PAYABLES

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Trade payables		
— Third parties	259,976	257,263
— Related parties	73,120	58,286
Bills payable	85,365	80,939
	<u>418,461</u>	<u>396,488</u>
Trade and bills payables		
	418,461	396,488
Other payables and accruals		
— Construction and equipment payables	394,599	381,063
— Deposits	30,731	30,605
— Other taxes and surcharges payables	9,112	5,458
— Accrued payroll and other benefits	14,241	145,800
— Accrued expenses	65,410	67,708
— Others	63,473	76,815
	<u>996,027</u>	<u>1,098,477</u>
Dividends payable to equity shareholders	50,044	—
Dividends payable to the then-shareholder	27,182	27,182
Amounts due to related parties		
— Construction and equipment payables	249,299	251,833
— Others	1,056	1,252
	<u>1,323,608</u>	<u>1,378,744</u>
Trade and other payables		
	<u>1,323,608</u>	<u>1,378,744</u>

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

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
Within 1 year	<u>418,461</u>	<u>396,488</u>

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

11 DIVIDENDS

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

	At 30 June 2024 <i>RMB'000</i>	At 31 December 2023 <i>RMB'000</i>
*Final dividend in respect of the previous financial year, approved during the following interim period, of HKD0.03 per share (six months ended 30 June 2023: HKD Nil per share)	<u>50,044</u>	<u>–</u>

* Pursuant to a resolution passed at the annual general meeting on 26 June 2024, a final dividend of HKD0.03 per share totaling HKD54,803,000 (equivalent to approximately RMB50,044,000) was approved (2023: HKD Nil, equivalent to approximately RMB Nil), which was paid in July 2024.

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: Nil).

12 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Anhui Conch Environment Group Co., Ltd. (“**Conch Environment Group**”), a subsidiary of the Company, has received the approval of registration from National Association of Financial Market Institutional Investors (Zhong Shi Xie Zhu [2024] GN13) for issuing unsecured medium term notes in the aggregate amount of not more than RMB3 billion (the “**Medium-term Notes**”) with a validity period of two years from 25 July 2024, the completion of registration date. From 5 to 6 August 2024, Conch Environment Group successfully issued the first batch of the Medium-term Notes of RMB1.5 billion, the proceeds of which will be mostly utilised to repay interest-bearing loans of Conch Environment Group and its subsidiaries.

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO ENVIRONMENT

In the first half of 2024, the international environment became more complex and challenging and the geopolitical risks increased, and the global economic recovery faced significant pressure. Under the coordination of national macro policies, the national economy of the People’s Republic of China (the “**PRC**” or “**China**”) continued to recover and improve, and the growth of new drivers accelerated, with GDP increasing by 5.0% period-on-period.

2024 is also a key year for achieving the goals and tasks of the “14th Five-Year” Plan. With the in-depth promotion of green transformation policies, China is in a critical period of focusing on carbon reduction, promoting synergy in pollution reduction and carbon reduction, and realizing the improvement of ecological environment quality from quantitative to qualitative change. As a leading enterprise in the field of solid and hazardous waste treatment, the Group has always adhered to the business concept of “lucid waters and lush mountains are invaluable assets”, and is committed to high quality and sustainable development. With “seeking progress in stability” as the keynote, we consolidate and further expand our environmental protection business horizontally and vertically, and focus on refined operation, innovation and research and development, so as to continue to consolidate the core competitiveness of the enterprise.

During the Reporting Period, amidst fierce competition in the hazardous waste treatment market and the continuous decline in the operating rate of cement kilns, the Group made every effort to expand the market, strengthened production management coordination with cement enterprises and factories, continued to consolidate basic management, and actively reserved development projects. Although the Group’s profit declined due to the ongoing decrease in treatment prices, the overall operating situation was basically stable and all work was carried out in an orderly manner.

BUSINESS REVIEW

During the Reporting Period, the Group has continued to refine implementation directions and pathways for businesses such as cement kiln co-processing treatment of solid and hazardous wastes, fly ash washing, oil sludge treatment and comprehensive resource utilization by adhering to the development plans, and increased the development of recycling and hazard-free projects, so as to further improve the Group’s environmental protection industry chain.

At the end of the Reporting Period, the Group put into operation and constructed a total of 83 environmental protection projects in 21 provinces, municipalities, and autonomous regions across the country, including 41 general hazardous waste projects, 5 fly ash washing projects, 6 oil sludge treatment projects, 26 industrial solid waste projects and 5 resource utilization projects. The treatment scale of the projects was approximately 11,752,600 tonnes/year (excluding projects subject to approval and to be constructed).

Industrial hazardous waste treatment and comprehensive resource utilization

1) Project expansion

The Group has accelerated its pace towards the development of industrial hazardous waste treatment business based on a policy-guided, market-oriented and efficiency-focused approach. During the Reporting Period, the Group successfully entered into a contract for a fly ash treatment project in Taizhou, Zhejiang Province (100,000 tonnes/year).

In terms of comprehensive resource utilization, the Group actively sought market opportunities and conducted extensive market research on alternative fuels, taking into account the actual needs of cement enterprises. During the Reporting Period, the Group successfully entered into a contract for an alternative fuel project (50,000 tonnes/year) in Xuancheng, Anhui Province. Meanwhile, the Group has also actively launched research on projects involving waste salt, organic solvents and metal resource utilization, paving the way for the Group's layout of resource utilization projects.

2) Project operation

In terms of market expansion, the Group conducted market visits to key customers to further stabilize customer resources. The Group focused on bidding for major waste production enterprises and entered into co-operation with large-scale waste production enterprises such as 比亞迪股份有限公司 (BYD Company Limited*) and 中國石油化工股份有限公司勝利油田分公司濱南採油廠 (China Petroleum & Chemical Corporation Shengli Oilfield Branch Company Binnan Oil Production Plant*). In addition, the Group successfully opened an inter-provincial channel between Tianjin and Shandong, effectively enhancing its competitiveness in the regional market and maintaining growth in the total volume of inter-provincial contracts.

In terms of operation and management, the Group has been implementing technological reforms and initiatives to effectively ensure the stable operation of its projects. Against the backdrop of low kiln operating rate, the Group has continued to consolidate its experience in production management with cement enterprises and further explored solid and hazardous waste treatment, thus realizing a steady increase in relative operating rate.

* For identification purpose only

During the Reporting Period, the total treatment volume of industrial hazardous waste of the Group was approximately 549,900 tonnes, representing a period-on-period increase of approximately 0.69%, among which, approximately 472,400 tonnes were general hazardous waste, approximately 42,100 tonnes were oil sludge, and approximately 35,300 tonnes were fly ash; approximately 1,200 tonnes of comprehensive resource utilization matte products were sold, representing a period-on-period decrease of approximately 18.64%; and approximately 93,700 tonnes of alternative fuels were disposed of and supplied, representing a period-on-period increase of approximately 129.09%.

Industrial solid waste treatment

1) Project expansion

The Group conducted in-depth market research on its reserve projects, continued to strengthen communication with water enterprises and local governments, and actively promoted projects with economic advantages by leveraging on the successful operating experience of its existing sludge drying projects.

2) Project operation

The Group actively expanded industrial solid waste market and has obtained the disposal rights for a number of emergency projects such as sludge from accumulator batteries and sludge from steel slag. However, due to the delays in implementation of some intended orders for disposal of contaminated soil, the total treatment volume of industrial solid waste of the Group was approximately 821,400 tonnes during the Reporting Period, representing a period-on-period decrease of approximately 20.73%.

At the end of 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 ^{note}	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	266,000 tonnes/year	130,000 tonnes/year	December 2017
4		Yiyang, Jiangxi Province	300,000 tonnes/year	170,000 tonnes/year	May 2018
5		Xingye, Guangxi Province	320,000 tonnes/year	161,500 tonnes/year	August 2018
6		Suzhou, Anhui Province	200,000 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	448,000 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	200,000 tonnes/year	40,500 tonnes/year	August 2019
12		Qingzhen, Guizhou Province	150,000 tonnes/year	100,000 tonnes/year	September 2019
13		Yixing, Jiangsu Province	190,000 tonnes/year	100,000 tonnes/year	December 2019
14		Sishui, Shandong Province	200,000 tonnes/year	100,000 tonnes/year	January 2020
15		Qiyang, Hunan Province	270,000 tonnes/year	69,500 tonnes/year	January 2020
16		Yangchun, Guangdong Province	185,300 tonnes/year	85,300 tonnes/year	August 2020
17		Luoyang, Henan Province	138,000 tonnes/year	72,000 tonnes/year	December 2020
18		Jiyuan, Henan Province	80,000 tonnes/year	50,000 tonnes/year	December 2020

No.	Status of Construction	Project Location	Treatment Capacity ^{note}	Hazardous Waste Qualification	Actual/Expected Completion Date
19	In operation	Dezhou, Shandong Province	100,000 tonnes/year	75,000 tonnes/year	December 2020
20		Tai'an, Shandong Province	160,000 tonnes/year	100,000 tonnes/year	December 2020
21		Linxiang, Hunan Province	190,000 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 Province	100,000 tonnes/year	85,000 tonnes/year	March 2021
24		Long'an, Guangxi Province	100,000 tonnes/year	70,000 tonnes/year	March 2021
25		Guilin, Guangxi Province	230,000 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	130,000 tonnes/year	60,000 tonnes/year	June 2022
30		Fuyang, Zhejiang Province	200,000 tonnes/year	90,000 tonnes/year	June 2022
31		Jiayuguan, Gansu Province	200,000 tonnes/year	100,000 tonnes/year	June 2022
32		Hulunbair, 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	160,000 tonnes/year	50,000 tonnes/year	December 2022
36		Shaoguan, Guangdong Province	430,000 tonnes/year	180,600 tonnes/year	April 2023

No.	Status of Construction	Project Location	Treatment Capacity ^{note}	Hazardous Waste Qualification	Actual/Expected Completion Date
37	In operation	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
39		Tongchuan, Shaanxi Province	200,000 tonnes/year	147,000 tonnes/year	April 2024
40		Luoding, Guangdong Province	300,000 tonnes/year	100,000 tonnes/year	April 2024
Subtotal			6,582,900 tonnes/year	3,512,600 tonnes/year	
41	Under construction	Yongdeng, Gansu Province	100,000 tonnes/year	/	October 2024
Subtotal			100,000 tonnes/year		
Total			6,682,900 tonnes/year	3,512,600 tonnes/year	

At the end of 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 ^{note}	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 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 ^{note}	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
5		Qingyang, Gansu Province	96,000 tonnes/year	88,000 tonnes/year	April 2024
Subtotal			643,000 tonnes/year	635,000 tonnes/year	
6	Under construction	Zhong County, Chongqing Municipality (Phase 1)	50,000 tonnes/year		October 2024
Subtotal			50,000 tonnes/year		
Total			693,000 tonnes/year		

At the end of 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 ^{Note}	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	132,000 tonnes/year	December 2017
4		Liangping, Chongqing Municipality	235,000 tonnes/year	September 2019
5		Guangyuan, Sichuan Province	120,000 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		Lin'an, 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
22		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		Jining, Shandong Province	50,000 tonnes/year	April 2024
26		Dazhou, Sichuan Province	155,000 tonnes/year	May 2024
Total			3,647,200 tonnes/year	

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 ^{Note}	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
3		Chizhou, Anhui Province (Phase 1)	100,000 tonnes/year	May 2024
Total			230,000 tonnes/year	

At the end of the Reporting Period, details of the other comprehensive resource utilization projects of the Group are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity ^{Note}	Hazardous Waste Qualification	Actual/Expected Completion Date	Category
1	In operation	Ninghai, Zhejiang Province	100,000 tonnes/year	100,000 tonnes/year	May 2021	Metal resource recycling
2	Under construction	Changjiang, Hainan Province	50,000 vehicles/year	/	September 2024	Motor vehicle dismantling

Note: Project treatment capacity is calculated according to the production capacity pursuant to the environmental impact assessment approvals obtained.

At the end of Reporting Period, the treatment capacity of the Group's projects in operation and under construction was approximately 11,752,600 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		Industrial solid waste	Comprehensive resource utilization
	In operation	Under construction	In operation	In operation	Under construction	In operation	In operation
Treatment Capacity that has obtained environmental impact assessment approvals	658.29	10	39.95	64.3	5	364.72	33

FINANCIAL PROFITABILITY

Item	January- June 2024	January- June 2023	Changes between the Reporting Period and the corresponding period of the previous year
	Amount (RMB'000)	Amount (RMB'000)	(%)
Revenue	804,007	970,784	-17.18
Profit before taxation	108,968	251,729	-56.71
Profit for the period	92,304	224,439	-58.87
Net profit attributable to equity shareholders of the Company	82,141	200,020	-58.93

During the Reporting Period, the Group recorded revenue of RMB804.01 million, representing a period-on-period decrease of 17.18%. Profit before taxation amounted to RMB108.97 million, representing a period-on-period decrease of 56.71%. Profit for the period amounted to RMB92.3 million, representing a period-on-period decrease of 58.87%. Net profit attributable to equity shareholders of the Company amounted to RMB82.14 million, representing a period-on-period decrease of 58.93%. During the six months ended 30 June 2024, basic earnings per share amounted to RMB0.04, representing a period-on-period decrease of RMB0.07.

Revenue by business stream

Item	January-June 2024		January-June 2023		Change in amount	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Industrial hazardous waste						
treatment services	558,627	69.48	631,658	65.07	-11.56	4.41
General hazardous waste	469,119	58.35	549,653	56.62	-14.65	1.73
Oil sludge	42,861	5.33	40,292	4.15	6.38	1.18
Fly ash	46,647	5.80	41,713	4.30	11.83	1.50
Industrial solid waste						
treatment services	197,293	24.54	293,516	30.23	-32.78	-5.69
Comprehensive resource						
utilization	48,087	5.98	45,610	4.70	5.43	1.28
Total	804,007	100.00	970,784	100.00	-17.18	-

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 hazardous waste treatment services** was RMB558.63 million, representing a period-on-period decrease of 11.56%, of which:

Revenue from **general hazardous waste** was RMB469.12 million, representing a period-on-period decrease of 14.65%. The decrease in revenue was mainly attributable to the following reasons: firstly, the intensified market competition resulting in the decrease of prices in provinces such as Jiangxi, Guizhou, Hunan, Anhui and other provinces, as well as the decrease in emergency response business; and secondly, the additional time of shifting suspension of cement kilns, affecting the treatment of the hazardous waste from companies in Chongqing, Fuyang and Qianyang.

Revenue from **oil sludge treatment** was RMB42.86 million, representing a period-on-period increase of 6.38%. This was primarily due to the commencement of operation of the Qingyang project and the faster period-on-period growth of the Dongying project.

Revenue from **fly ash treatment** was RMB46.65 million, representing a period-on-period increase of 11.83%. This was primarily due to the commencement of operation of the Qianxian project.

- (ii) Revenue from **industrial solid waste treatment services** was RMB197.29 million, representing a period-on-period decrease of 32.78%. This was primarily due to the delays in the implementation of some intended orders for disposal of contaminated soil by the Group resulting in insufficient treatment volume.
- (iii) Revenue from **comprehensive resource utilization** was RMB48.09 million, representing a period-on-period increase of 5.43%. This was primarily due to the commencement of operation of alternative fuel business in Wuhu, Qingyuan and Chizhou.

Gross profit and gross profit margin

Item	January-June 2024		January-June 2023		Change in amount (%)	Change in gross profit margin (percentage points)
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)		
Industrial hazardous waste treatment services	254,677	45.59	330,025	52.25	-22.83	-6.66
General hazardous waste	228,307	48.67	306,739	55.81	-25.57	-7.14
Oil sludge	12,769	29.79	9,665	23.99	32.11	5.80
Fly ash	13,602	29.16	13,621	32.65	-0.14	-3.49
Industrial solid waste treatment services	90,597	45.92	150,896	51.41	-39.96	-5.49
Comprehensive resource utilization	14,377	29.90	5,436	11.92	164.48	17.98
Total	359,651	44.73	486,357	50.10	-26.05	-5.37

During the Reporting Period, the Group recorded a gross profit of RMB359.65 million, representing a period-on-period decrease of 26.05%. With a breakdown by business streams:

- (i) Gross profit margin for **industrial hazardous waste treatment services** was 45.59%, representing a period-on-period decrease of 6.66 percentage points, among which:

Gross profit margin for **general hazardous waste** was 48.67%, representing a period-on-period decrease of 7.14 percentage points, which was primarily due to intensified competition in the market, resulting in the decrease in price of hazardous waste treatment in Jiangxi, Guizhou, Hunan, Anhui and other provinces.

Gross profit margin for **oil sludge treatment** was 29.79%, representing a period-on-period increase of 5.8 percentage points, which was mainly due to the increase in intake as a result of the improvement in the treatment efficiency after the technical transformation of the oil sludge treatment companies, and cost dilution, which effectively improved the gross profit margin.

Gross profit margin for **fly ash treatment** was 29.16%, representing a period-on-period decrease of 3.49 percentage points.

- (ii) Gross profit margin for **industrial solid waste treatment services** was 45.92%, representing a period-on-period decrease of 5.49 percentage points, primarily due to the decrease in solid waste disposal prices and the decrease in revenue caused by the insufficient intake resulting from delay of implementation of the intended order for the Group's land remediation treatment.
- (iii) Gross profit margin for **comprehensive resource utilization** was 29.90%, representing a period-on-period increase of 17.98 percentage points, mainly due to alternative fuel projects in Wuhu and Chizhou being put into operation.

Other income

During the Reporting Period, the Group's other income amounted to RMB38.14 million, representing a period-on-period increase of RMB20.75 million, or 119.3%, primarily due to a period-on-period increase in government subsidies received.

Distribution costs

During the Reporting Period, the Group's distribution costs amounted to RMB72.74 million, basically flat period-on-period.

Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB148.79 million, representing a period-on-period increase of RMB21.4 million, or 16.8%, primarily due to the period-on-period increase in new projects put into operation and research and development expenses.

Finance costs

During the Reporting Period, the Group's finance costs amounted to RMB52.8 million, representing a period-on-period increase of RMB3.13 million, or 6.31%. 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 RMB108.97 million, representing a period-on-period decrease of RMB142.76 million, or 56.71%, and share of profits of associates amounted to RMB-2.79 million, representing a period-on-period decrease of RMB4.99 million.

FINANCIAL POSITION

As at the end of the Reporting Period, the Group's total assets amounted to RMB9,679.29 million, representing an increase of RMB267.02 million as compared to the end of the previous year. The equity attributable to equity shareholders of the Company amounted to RMB3,025.13 million, representing an increase of RMB32.1 million as compared to the end of the previous year. Gearing ratio of the Group (total liabilities/total assets) was 61.22%, representing an increase of 0.64 percentage point as compared to the end of the previous year. The balance sheet items of the Group are as follows:

Item	As at 30 June 2024 (RMB'000)	As at 31 December 2023 (RMB'000)	Change between the end of the Reporting Period and the end of the previous year (%)
Property, plant and equipment	7,283,476	7,057,252	3.21
Non-current assets	8,216,892	8,003,394	2.67
Current assets	1,462,393	1,408,874	3.80
Non-current liabilities	2,992,521	3,025,752	-1.10
Current liabilities	2,933,165	2,676,326	9.60
Net current liabilities	1,470,772	1,267,452	16.04
Equity attributable to equity			
Shareholders of the Company	3,025,134	2,993,037	1.07
Total assets	9,679,285	9,412,268	2.84
Total liabilities	5,925,686	5,702,078	3.92

Non-current assets and current assets

As at the end of the Reporting Period, non-current assets of the Group amounted to RMB8,216.89 million, representing an increase of 2.67% as compared to the end of the previous year, primarily due to the increase in property, plant and equipment.

As at the end of the Reporting Period, current assets of the Group amounted to RMB1,462.39 million, representing an increase of 3.8% as compared to the end of the previous year, primarily due to the increase in bank deposits.

Non-current liabilities and current liabilities

As at the end of the Reporting Period, non-current liabilities of the Group amounted to RMB2,992.52 million, representing a decrease of 1.1% as compared to the end of the previous year, primarily due to the increase in long-term borrowings due within one year of the Group which were reclassified as current liabilities during the Reporting Period.

As at the end of the Reporting Period, current liabilities of the Group amounted to RMB2,933.17 million, representing an increase of 9.6% as compared to the end of the previous year, primarily due to the increase in long-term borrowings due within one year of the Group during the Reporting Period.

As at the end of the Reporting Period, current ratio of the Group was 0.5 (compared to 0.53 at the end of the previous year) and debt to equity ratio (calculated by dividing total amount of loans by total equity) was 1.5 (compared to 1.15 at the end of the previous year).

Net current liabilities

As at the end of the Reporting Period, the Group's net current liabilities amounted to RMB1,470.77 million, representing an increase of RMB203.32 million as compared to the end of the previous year, mainly due to the increase in long-term borrowings due within one year of the Group. To address liquidity risk, the Group actively expanded fund-raising channels. In August 2024, the Group issued the 2024 first tranche green medium-term notes in the PRC, amounting to RMB1.5 billion with coupon rate of 2.13%, which was mainly used to replace borrowings, in order to optimize capital structure.

Equity attributable to equity shareholders of the Company

As at the end of the Reporting Period, the Group's equity attributable to equity shareholders of the Company amounted to RMB3,025.13 million, representing an increase of 1.07% 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 and the distribution of dividends.

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 Company's capital needs. As at the end of the Reporting Period, the Group's cash and cash equivalents amounted to RMB348.52 million, which were mainly denominated in RMB.

Loans and borrowings

As at the end of the Reporting Period, the balance of loans and borrowings of the Group amounted to RMB4,531.88 million, representing an increase of RMB273.89 million as compared to the end of the previous year, primarily due to the increase in bank loans acquired by the Group for project development during the Reporting Period. As at 30 June 2024, the Group's loans and borrowings were denominated in RMB, and most of the loan interests were subject to variable interest rate.

Item	As at 30 June 2024 (RMB'000)	As at 31 December 2023 (RMB'000)
Due within one year	1,582,639	1,277,159
Due after one year but within two years	1,210,050	1,218,512
Due after two years but within five years	1,332,598	1,364,472
Due after five years	406,594	397,847
Total	<u>4,531,881</u>	<u>4,257,990</u>

Cash flows

As at the end of the Reporting Period, the Group's balance of cash and cash equivalents was RMB348.52 million, representing a period-on-period increase of RMB27.1 million.

Item	January to June 2024 (RMB'000)	January to June 2023 (RMB'000)
Net cash generated from operating activities	245,532	278,095
Net cash used in investing activities	-338,397	-470,463
Net cash generated from financing activities	195,133	240,728
Net increase in cash and cash equivalents	102,268	48,360
Cash and cash equivalents at the beginning of the period	246,254	273,058
Cash and cash equivalents at the end of the period	<u>348,522</u>	<u>321,418</u>

Net cash generated from operating activities

During the Reporting Period, net cash generated from operating activities of the Group amounted to RMB245.53 million, representing a period-on-period decrease of RMB32.56 million, which was mainly due to the increase in procurement payment 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 RMB338.4 million, representing a period-on-period decrease of RMB132.07 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 RMB195.13 million, representing a period-on-period decrease of RMB45.6 million, primarily due to a decrease in the net amount of loans obtained and an increase in repayment of loans during the Reporting Period as compared with the corresponding period.

COMMITMENTS

As at the end of the Reporting Period, purchase commitments of the Group in connection with construction contracts were as follows:

Item	As at	As at
	30 June 2024 (RMB'000)	30 June 2023 (RMB'000)
Contracted for	153,272	508,872
Authorized but not contracted for	184,075	441,181
Total	337,347	950,053

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 instruments to hedge against any foreign exchange risks.

CONTINGENT LIABILITIES

As at the end of the Reporting Period, the Group had no material contingent liabilities.

PLEDGE OF ASSETS

As at the end of the Reporting Period, the bank loans of the Group amounting to RMB42,143,000 (31 December 2023: RMB44,286,000) were secured by right-of-use assets provided by 洛陽海中環保科技有限責任公司 (Luoyang Haizhong Environmental Protection Technology Co., Ltd.*), a subsidiary of the Group.

As at the end of the Reporting Period, the bank loans of the Group amounting to RMB50,000,000 (31 December 2023: RMB0) were secured by right-of-use assets provided by 忠縣海螺環保科技有限責任公司 (Zhong County Conch Environmental Protection Technology Co., Ltd.*), a subsidiary of the Group.

As at the end of the Reporting Period, the bank loans of the Group amounting to RMB22,970,000 (31 December 2023: RMB23,206,000) were secured by plant provided by 寧海馨源泰環保科技有限責任公司 (Ninghai Xinyuntai Environmental Protection Technology Co., Ltd.*), a subsidiary of the Group.

MATERIAL INVESTMENTS

During the Reporting Period, the Group did not have any material investments.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS ACQUISITION

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

During the Reporting Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

* *For identification purpose only*

HUMAN RESOURCES

During the Reporting Period, the Group attached great importance to human resources management and continued to improve and optimise the system, and regularly launched professional business training for employees in various positions to enhance their comprehensive vocational skills. During the Reporting Period, the Group organised professional knowledge and skills training in production safety, process technology, marketing business, financial and internal control, etc., and arranged internal and external declaration and assessment of middle and senior level professions in the engineering division, electrical and mechanical division, chemical division and environmental division, so as to promote professional training and skills enhancement of the Group's professional talent team.

As at the end of the Reporting Period, the Group had 3,423 (31 December 2023: 3,539) employees. The remuneration of employees is determined by qualifications, experience, work performance and market conditions. As required by the China's 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 RMB191.95 million (30 June 2023: approximately RMB170.51 million).

FUTURE PLAN AND OUTLOOK

The Third Plenary Session of the 20th Central Committee of the Communist Party of China stressed the need to accelerate the comprehensive green transformation of economic and social development, improve the ecological environment governance system, and promote ecological priority, green and low-carbon development. The Group will closely follow the strategic guidance of green and low-carbon development to seize the policy opportunities. Adhering to the guidance of scientific and technological innovation, the Group will cultivate new advantages in environmental protection competition of "multi-core development and diversified business" with a focus on the key development areas such as resource recycling, energy conservation and carbon reduction, so as to lead a new round of high-quality development of the Group. Therefore, the Group will focus its efforts on the following areas:

Improving the diversified industrial layout and seizing the prominent position of environmental protection development

With a focus on the development of its main business of environmental protection, the Group will fully grasp the opportunities of industry integration. Leveraging on the simultaneous efforts of new construction as well as mergers and acquisitions, the Group will deeply facilitate the extension of the industrial chain, thereby further consolidating the Group's leading position in the industry. **In terms of general hazardous waste treatment**, the Group will give full play to the advantages of cement kiln resources of partners such as 安徽海螺水泥股份有限公司 (Anhui Conch Cement Co., Ltd.*) and 中國建材股份有限公司 (China National Building Material Company Limited*). By continuously optimizing the project layout with economic benefits as the core, the Group will conduct acquisitions of projects in a reasonable way to enhance market control; **in terms of oil sludge treatment**, the Group will enhance its market research in key oil-producing areas and coastal areas where the oil industry is located, and strengthen the development of source markets of oil sludge in areas with existing projects. The Group will also seek cooperation opportunities with large-scale oilfields to further increase its market share; **in terms of fly ash washing business**, the Group will closely follow the national policy guidance of zero hazardous waste for landfill management, and actively carry out project deployment in densely populated developed cities according to the overall principle of “planning first, distribution first, and timely start-up”; **in terms of sludge treatment**, the Group will strengthen its cooperation and exchanges with cement plants, coal-fired power plants and other terminal utilization enterprises to realize a new diversified development model of sludge terminal utilization. In the second half of 2024, the Group will focus on accelerating the process of reserve projects and realizing the implementation of projects as soon as possible; **in terms of comprehensive resource utilization business**, on the one hand, the Group will accelerate its industrial layout in places where alternative fuel raw material resources are abundant, and actively communicate with the environmental protection authorities to seize the opportunity to accelerate the construction of local green sorting centers and open up the upstream and downstream industrial chains. On the other hand, with the help of the advantages of the academician workstation platform, the Group will focus on hot topics such as non-ferrous metal recycling, organic solvents and waste salt disposal to promote the transformation and application of scientific research achievements.

* For identification purpose only

Continuously consolidating market share and taking multiple measures to increase efficiency

The Group will: (1) activate the potential of its existing customers and channels, carry out market visits in levels with a focus on customers, so as to stabilize the existing market on an ongoing basis; (2) pay close attention to the bidding situation of key customers, so as to timely grasp the needs of emergency project disposal and actively expand the incremental market; (3) organize and implement the market expansion of bulk solid waste and polluted soil, and make every effort to enhance the contribution of solid waste market benefits; and (4) summarize and promote the marketing management experience, coordinate regional resources, and make every effort to expand volume and stabilize prices, so as to promote the improvement of economic benefits.

Focusing on refined operations and building core competitiveness of the enterprise

The Group will: (1) continue to strengthen the integration of production management with cement enterprises, optimize cost control in the management process of production and procurement, and enhance market competitiveness; (2) strive to further improve the relative operating rate and output capacity, strengthen the allocation management, and actively promote the technical reforms and measures, so as to comprehensively improve its production and disposal efficiency; and (3) pay close attention to the stable operation of equipment and focus on the maintenance of key equipment, so as to ensure the efficient operation of the project.

Developing new quality productivity led by innovation

On the one hand, the Group will focus on the green development fields such as national dual carbon emission reduction, energy conservation and environmental protection. By giving full play to the advantages of academician workstations and adhering to innovation-driven development, the Group will strengthen the construction of its R&D teams. Besides, the Group will always pay attention to the changes in new technologies, new equipment and new processes at home and abroad, so as to continuously increase its investment in scientific research and technological innovation. On the other hand, the Group will unswervingly facilitate the construction of informatization, and also promote the platformization of solid and hazardous waste disposal business. Meanwhile, the Group will pay attention to the development of system-assisted intelligent allocation functions, thereby improving its management efficiency.

Strengthening risk prevention and control to improve operating results

The Group will, firstly, pay close attention to the management of accounts receivable, by formulating strategies and measures for the settlement of debts in a differentiated manner, carrying out credit evaluation of customers in a high-standard manner, and increasing the coverage of the prepayment business, so as to continuously safeguard the stability and safety of the Company's cash flow; secondly, strengthen the construction of the internal control system and the institutional system, by focusing on the key risk areas, and comprehensively applying regular inspections and daily audits, so as to strengthen rectification of problems; and thirdly, improve the safety management system, by strictly implementing safety management responsibilities in a pragmatic manner, and promoting standardised environmental management in a regular manner.

INTERIM DIVIDENDS

The Board has resolved not to declare any interim dividends for the six months ended 30 June 2024 (30 June 2023: Nil).

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board confirmed that the Company has complied with the principles and all applicable code provisions of the Corporate Governance Code as set out in Appendix C1 of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) throughout 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 (“**Model Code**”) set out in Appendix C3 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 (including sale of treasury shares (as defined in the Listing Rules)).

As at the date of this announcement, the Company did not hold any treasury shares (including any treasury shares held or deposited in CCASS (as defined in the Listing Rules)).

REVIEW OF THE INTERIM RESULTS

The Audit Committee, which comprises three independent non-executive Directors, namely Ms. WANG Jiafen, being the chairman of the Audit Committee, Mr. DING Wenjiang and Ms. LI Chen, has reviewed the unaudited interim results of the Group for the six months ended 30 June 2024. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

MATERIAL EVENTS SUBSEQUENT TO THE REPORTING PERIOD

From 5 to 6 August 2024, 安徽海螺環保集團有限公司 (Anhui Conch Environment Group Co., Ltd.*), a subsidiary of the Company, issued the 2024 first tranche green medium-term notes (the “**Medium-term Notes**”) in the PRC, with a term of 5 years, and the actual total issued amount of the Medium-term Notes was RMB1.5 billion, with a coupon rate of 2.13%. For details of the issuance of the Medium-term Notes, please refer to the announcement of the Company dated 7 August 2024.

Save as mentioned above, since 30 June 2024 and up to the date of this announcement, there has been no material event affecting the Group that require to be disclosed.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM 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 interim report of the Company for the six months ended 30 June 2024 will be published on the above websites, and will be despatched to the Shareholders who have already provided instructions indicating their preference to receive hard copies in due course.

On behalf of the Board
China Conch Environment Protection Holdings Limited
LI Qunfeng
Chairman

Anhui Province, the People’s Republic of China
27 August 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.

* For identification purpose only