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CONCH VENTURE
China Conch Venture Holdings Limited
中國海螺創業控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 586)

ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

HIGHLIGHTS

- Revenue of the Group for 2023 amounted to approximately RMB8,015.21 million (2022: RMB7,896.32 million), representing an increase of 1.51% as compared to 2022.
- Net profit attributable to equity shareholders of the Group for 2023 amounted to approximately RMB2,463.71 million (2022: RMB3,852.18 million), representing a decrease of 36.04% as compared to 2022.
- Net profit (excluding share of profits of associates) of our principal activities attributable to equity shareholders of the Group for 2023 amounted to approximately RMB801.24 million (2022: RMB915.39 million), representing a decrease of 12.47% as compared to 2022.
- The Board proposed the distribution of a final cash dividend of HK\$0.20 per share for 2023 (2022: HK\$0.40 per share).

The board (the “**Board**”) of directors (the “**Directors**”) of China Conch Venture Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results and financial positions for the year ended 31 December 2023 (the “**Reporting Period**”) of the Company and its subsidiaries (the “**Group**”).

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

	<i>Note</i>	2023 RMB'000	2022 RMB'000
Continuing operations			
Revenue	3	8,015,211	7,896,322
Cost of sales		<u>(5,836,498)</u>	<u>(5,667,569)</u>
Gross profit		2,178,713	2,228,753
Other net income	4	414,661	357,513
Distribution costs		(22,329)	(19,808)
Administrative expenses		(612,182)	(539,308)
(Provision for)/reversal of impairment loss on trade receivables and contract assets		<u>(21,315)</u>	<u>7,732</u>
Profit from operations		1,937,548	2,034,882
Finance costs	5(a)	(727,912)	(599,440)
Share of profits of associates	9	<u>1,662,468</u>	<u>2,936,787</u>
Profit before taxation	5	2,872,104	4,372,229
Income tax	6(a)	<u>(189,387)</u>	<u>(288,662)</u>
Profit for the year from continuing operations		2,682,717	4,083,567
Discontinued operations			
Profit for the year from discontinued operations		–	56,758
Net gain on distribution in specie		<u>–</u>	<u>12,049,261</u>
Profit for the year		<u>2,682,717</u>	<u>16,189,586</u>

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

	<i>Note</i>	2023 RMB'000	2022 <i>RMB'000</i>
Attributable to equity shareholders of the Company:			
— from continuing operations		2,463,706	3,852,177
— from discontinued operations		<u>—</u>	<u>12,107,011</u>
		2,463,706	15,959,188
Attributable to non-controlling interests of the Company:			
— from continuing operations		219,011	231,390
— from discontinued operations		<u>—</u>	<u>(992)</u>
		219,011	230,398
Profit for the year		<u>2,682,717</u>	<u>16,189,586</u>
Basic earnings per share			
	<i>7(a)</i>		
— from continuing operations (<i>RMB</i>)		1.36	2.12
— from discontinued operations (<i>RMB</i>)		<u>—</u>	<u>6.63</u>
		1.36	8.75
Diluted earnings per share			
	<i>7(b)</i>		
— from continuing operations (<i>RMB</i>)		1.36	2.12
— from discontinued operations (<i>RMB</i>)		<u>—</u>	<u>6.63</u>
		1.36	8.75

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

*for the year ended 31 December 2023
(Expressed in Renminbi Yuan)*

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit for the year	2,682,717	16,189,586
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss:		
Share of other comprehensive income of associates, net of tax	(137,341)	(178,707)
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates, net of tax	(19,654)	(48,836)
Exchange differences on translation of financial statements of overseas subsidiaries	(157,053)	(317,061)
	<u>(314,048)</u>	<u>(544,604)</u>
Total comprehensive income for the year	2,368,669	15,644,982
Attributable to equity shareholders of the Company:		
— from continuing operations	2,149,658	3,307,573
— from discontinued operations	—	12,107,011
	<u>2,149,658</u>	<u>15,414,584</u>
Attributable to non-controlling interests of the Company:		
— from continuing operations	219,011	231,390
— from discontinued operations	—	(992)
	<u>219,011</u>	<u>230,398</u>
Total comprehensive income for the year	2,368,669	15,644,982

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2023

(Expressed in Renminbi Yuan)

		31 December 2023	31 December 2022
	<i>Note</i>	RMB'000	RMB'000
Non-current assets			
Property, plant and equipment		6,932,522	4,077,828
Right-of-use assets		1,852,748	1,743,969
Intangible assets		19,664,622	16,688,910
Goodwill		187,104	134,927
Interests in associates	9	37,687,806	36,896,482
Contract assets	10	4,155,728	4,805,720
Non-current portion of trade and other receivables	11	1,648,235	1,513,072
Financial assets measured at fair value through profit and loss (“FVPL”)		106,000	82,500
Equity securities measured at fair value through other comprehensive income		10,320	10,320
Deferred tax assets		92,980	62,404
		72,338,065	66,016,132
Current assets			
Financial assets measured at fair value through profit and loss		173,013	364,596
Inventories		323,807	444,393
Contract assets	10	836,489	526,408
Trade and other receivables	11	3,200,934	2,845,863
Restricted bank deposits		113,547	110,848
Bank deposits with original maturity over three months		380,000	710,000
Cash and cash equivalents		3,094,524	4,361,637
		8,122,314	9,363,745

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

at 31 December 2023

(Expressed in Renminbi Yuan)

		31 December 2023	31 December 2022
	<i>Note</i>	RMB'000	RMB'000
Current liabilities			
Bank loans		1,267,507	690,590
Convertible bonds	13	–	3,880,344
Trade and other payables	12	4,957,416	5,530,039
Contract liabilities		71,340	56,404
Lease liabilities		11,732	8,047
Income tax payables		139,690	188,240
		6,447,685	10,353,664
Net current assets/(liabilities)		1,674,629	(989,919)
Total assets less current liabilities		74,012,694	65,026,213
Non-current liabilities			
Bank loans		23,053,691	17,495,845
Unsecured medium-term notes	14	2,700,000	–
Lease liabilities		26,187	20,031
Deferred income		220,652	97,828
Deferred tax liabilities		259,446	240,105
		26,259,976	17,853,809
Net assets		47,752,718	47,172,404
Capital and reserves			
Share capital		14,412	14,412
Reserves		46,301,107	44,847,601
Equity attributable to equity shareholders of the Company		46,315,519	44,862,013
Non-controlling interests		1,437,199	2,310,391
Total equity		47,752,718	47,172,404

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 related interpretations, promulgated by the International Accounting Standards Board (“IASB”), and the disclosure 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 is set out 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. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation and presentation

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 consolidated financial statements is the historical cost basis except for certain financial instruments as disclosed below, which are measured at their fair value as explained in the accounting policies set out below.

- equity investments;
- structured deposits products measured at FVPL.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued the following new and amended IFRSs that are first effective for the current accounting period of the Group:

- IFRS 17, *Insurance contracts*;
- 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 above developments have had no material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented except for the application of Amendments to IAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impact of the adoption of the amended IAS is discussed below:

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

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are construction and operation of waste-to-energy projects, port logistics services, the manufacturing and sales of new building materials and new energy business, and investments.

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2023	2022
	RMB'000	RMB'000
Continuing operations		
Waste-to-energy projects		
Waste incineration solutions (i)	6,155,877	6,561,015
Energy saving equipment	1,427,830	967,810
Subtotal	7,583,707	7,528,825
Port logistics services	208,660	234,414
Sale of new building materials	118,151	127,349
New energy business	104,693	5,734
Total revenue from continuing operations	8,015,211	7,896,322
Discontinued operations		
Solid waste	–	328,034
	8,015,211	8,224,356

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Timing of revenue recognition		
Continuing operations		
— Over time	6,479,907	6,913,901
— Point in time	1,535,304	982,421
	<u>8,015,211</u>	<u>7,896,322</u>
Discontinued operations		
— Over time	<u>—</u>	<u>328,034</u>

- (i) Revenue of waste incineration solutions under BOT arrangements mainly represents the revenue for construction services, revenue from waste incineration project operation services and finance income. The amount of each significant category of revenue during the year is as follows:

	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from waste incineration project construction services	2,692,677	3,884,903
Revenue from waste incineration project operation services	3,239,085	2,456,540
Finance income	224,115	219,572
Total	<u>6,155,877</u>	<u>6,561,015</u>

The Group had transactions with certain PRC local government authorities which in aggregate exceeded 10% of the Group's revenue. Revenue from waste incineration solutions under BOT arrangement and derived from these local government authorities in the PRC for the year ended 31 December 2023 amounted to RMB3,810,860,000 (2022: RMB4,675,389,000).

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following five reportable segments.

- (1) Waste-to-energy projects: this segment includes waste incineration solutions, manufacturing and sales of residual heat power generation, vertical mill and related after-sales services.
 - (2) Port logistics services: this segment mainly engages in cargo handling, trans-shipment and warehousing services.
 - (3) New building materials: this segment mainly engages in alternative wall building materials, such as the cellulose fiber cement sheets, autoclaved boards and wood wool cement boards.
 - (4) New energy business: this segment mainly engages in lithium iron phosphate cathode and anode materials, and recycling business.
 - (5) Investments: this segment comprises investments in Anhui Conch Holdings Co., Ltd. ("**Conch Holdings**"). Details of the principal activities of Conch Holdings are set out in note 9.
- (i) For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all current assets and non-current assets. Segment liabilities include trade and other payables, income tax payable and bank loans managed directly for the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The measure used by the Group's senior executive management to assess segment results is the profit before taxation. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2023 and 2022 is set out below:

	Year ended 31 December 2023							
	Waste-to-energy projects	Port logistics services	New building materials	New energy business	Investments	Unallocated	Elimination	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	7,583,707	208,660	118,151	104,693	-	-	-	8,015,211
Inter-segment revenue	-	-	1,424	5,047	-	-	(6,471)	-
Reportable segment revenue	7,583,707	208,660	119,575	109,740	-	-	(6,471)	8,015,211
Reportable segment profit/(losses)	1,183,614	110,116	(17,579)	17,897	1,662,468	(82,988)	(1,424)	2,872,104
Interest income	35,237	292	481	92	-	70,789	-	106,891
Interest expenses	584,620	-	-	-	-	143,292	-	727,912
Depreciation and amortisation	856,461	34,099	15,710	10,914	-	8,850	-	926,034
Provision for loss allowance — trade receivables and contract assets	21,315	-	-	-	-	-	-	21,315
Reportable segment assets	36,188,689	396,009	1,256,865	2,834,201	37,687,806	5,327,128	(3,230,319)	80,460,379
Reportable segment liabilities	26,025,513	31,881	1,840,651	1,836,855	-	6,203,080	(3,230,319)	32,707,661

	Year ended 31 December 2022								
	Continuing operations						Discontinued operations		Total
	Waste-to-energy projects	Port logistics services	New building materials	New energy business	Investments	Unallocated	Solid waste solutions	Elimination	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
Revenue from external customers	7,528,825	234,414	127,349	5,734	-	-	328,034	-	8,224,356
Inter-segment revenue	28,928	-	-	-	-	-	9,745	(38,673)	-
Reportable segment revenue	7,557,753	234,414	127,349	5,734	-	-	337,779	(38,673)	8,224,356
Reportable segment profit/(losses)	1,370,107	124,240	(14,696)	26,754	2,936,787	(80,209)	12,122,817	2,740	16,488,540
Interest income	34,006	320	509	-	-	60,839	2,524	(4,324)	93,874
Interest expenses	464,573	-	-	-	-	139,191	21,404	(4,324)	620,844
Depreciation and amortisation	622,962	40,509	15,800	-	-	1,693	49,795	-	730,759
(Reversal of)/provision for loss allowance — trade and other receivables	(7,732)	-	-	-	-	-	870	-	(6,862)
Reportable segment assets	32,336,393	415,555	2,216,419	1,686,211	36,896,482	6,269,334	-	(4,440,517)	75,379,877
Reportable segment liabilities	23,712,166	48,924	2,442,285	933,845	-	5,510,770	-	(4,440,517)	28,207,473

(ii) *Reconciliations of reportable segment revenues, profit, assets and liabilities*

	Continuing operations		Discontinued operations		Total	
	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue						
Reportable segment revenue	8,021,682	7,925,250	-	337,779	8,021,682	8,263,029
Elimination of inter-segment revenue	(6,471)	(28,928)	-	(9,745)	(6,471)	(38,673)
Consolidated revenue (Note 3(a))	<u>8,015,211</u>	<u>7,896,322</u>	<u>-</u>	<u>328,034</u>	<u>8,015,211</u>	<u>8,224,356</u>

	Continuing operations		Discontinued operations		Total	
	2023	2022	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit before taxation						
Reportable segment profit	2,873,528	4,362,983	-	12,122,817	2,873,528	16,485,800
Elimination of inter-segment profit	(1,424)	9,246	-	(6,506)	(1,424)	2,740
Consolidated profit before taxation	<u>2,872,104</u>	<u>4,372,229</u>	<u>-</u>	<u>12,116,311</u>	<u>2,872,104</u>	<u>16,488,540</u>

2023	2022
RMB'000	RMB'000

Assets

Reportable segment assets	83,690,698	79,820,394
Elimination of inter-segment receivables	<u>(3,230,319)</u>	<u>(4,440,517)</u>
Consolidated total assets	<u>80,460,379</u>	<u>75,379,877</u>

2023	2022
RMB'000	RMB'000

Liabilities

Reportable segment liabilities	35,937,980	32,647,990
Elimination of inter-segment payables	<u>(3,230,319)</u>	<u>(4,440,517)</u>
Consolidated total liabilities	<u>32,707,661</u>	<u>28,207,473</u>

(iii) *Geographic information*

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets, intangible assets, goodwill, interests in associates, non-current portion of contract assets and trade and other receivables (“**specified non-current assets**”). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of right-of-use assets, property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets, goodwill and non-current portion of contract assets and trade and other receivables, and the location of operations, in the case of interests in associates.

Revenue from external customers

	Continuing operations		Discontinued operations	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Mainland China	7,176,942	7,787,839	–	328,034
Asia-Pacific (except Mainland China)	838,269	108,483	–	–
	<u>8,015,211</u>	<u>7,896,322</u>	<u>–</u>	<u>328,034</u>

Specified non-current assets

	2023	2022
	RMB'000	RMB'000
Mainland China	71,736,988	65,643,152
Asia-Pacific (except Mainland China)	391,777	301,844
	<u>72,128,765</u>	<u>65,944,996</u>

4. OTHER NET INCOME

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Continuing operations		
Interest income on bank deposits and cash at bank	106,891	91,350
Government grants (i)	286,187	252,036
Net (loss)/gain on disposal of right-of-use assets and property, plant and equipment	(59)	1,746
Net exchange gain	1,909	27,023
Net unrealised gain/(loss) on financial assets measured at FVPL	1,916	(34,252)
Recognition of negative goodwill as income	291	17,680
Others	17,526	1,930
	<u>414,661</u>	<u>357,513</u>
Discontinued operations		
Interest income on bank deposits and cash at bank	–	2,524
Government grants (i)	–	5,776
Others	–	215
	<u>–</u>	<u>8,515</u>
	<u>414,661</u>	<u>366,028</u>

- (i) Government grants mainly represented subsidies received from the local government authorities for encouraging the Group's development in the waste-to-energy segment, new building materials segment and new energy business segment in the respective PRC cities.

5 PROFIT BEFORE TAXATION

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

(a) Finance costs:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Continuing operations		
Interest on bank loans	687,685	567,014
Interest on lease liabilities	1,241	1,189
Interest on unsecured medium-term notes	55,600	–
Interest on convertible bonds	83,403	123,259
	<u>827,929</u>	<u>691,462</u>
Total interest expense on financial liabilities not at fair value through profit or loss		
	827,929	691,462
Less: interest expense capitalised into construction in progress and intangible assets*	(100,017)	(92,022)
	<u>727,912</u>	<u>599,440</u>
	-----	-----
Discontinued operations		
Interest on bank loans	–	30,388
Interest on lease liabilities	–	39
	<u>–</u>	<u>30,427</u>
Total interest expense on financial liabilities not at fair value through profit or loss		
	–	30,427
Less: interest expense capitalised into construction in progress and intangible assets*	–	(9,023)
	<u>–</u>	<u>21,404</u>
	-----	-----
	<u>727,912</u>	<u>620,844</u>
	=====	=====

* The borrowing costs in continuing operations and discontinued operations were capitalised at rates of 2.00%–3.70% per annum for 2023 (2022: 1.45%–6.22%) and nil for 2023 (2022: 2.65%–7.00%) respectively.

(b) Staff costs:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Continuing operations		
Salaries, wages and other benefits	629,047	525,165
Contributions to defined contribution plans (i)	<u>73,493</u>	<u>60,092</u>
	<u><u>702,540</u></u>	<u><u>585,257</u></u>
Discontinued operations		
Salaries, wages and other benefits	–	57,425
Contributions to defined contribution plans (i)	<u>–</u>	<u>10,381</u>
	<u><u>–</u></u>	<u><u>67,806</u></u>

- (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.

During the financial year ended 31 December 2023, no contribution was forfeited (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) under the defined contribution retirement scheme which may be used by the Group to reduce the existing level of contributions. Accordingly, no forfeited contribution was utilised in the course of the year ended 31 December 2023, and as at 31 December 2023, there was no forfeited contribution available to reduce the Group's existing level of contributions to the defined contribution retirement scheme.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

(c) **Other items:**

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Continuing operations		
Cost of inventories [#]	1,363,873	819,600
Cost of services provided [#]	4,472,625	4,847,969
Depreciation of owned property, plant and equipment [#]	266,687	174,872
Depreciation of right-of-use assets [#]	40,443	30,186
Amortisation of intangible assets [#]	618,904	475,906
Research and development costs	57,859	60,549
Provision for/(reversal of) loss allowance for trade receivables and contract assets	21,315	(7,732)
Impairment losses on property, plant and equipment	1,939	–
Short-term lease payments not included in the measurement of lease liabilities	4,574	5,248
Auditors' remuneration	2,340	2,340
	<u> </u>	<u> </u>
Discontinued operations		
Cost of services provided [#]	–	163,125
Depreciation of owned property, plant and equipment [#]	–	46,433
Depreciation of right-of-use assets [#]	–	1,360
Amortisation of intangible assets [#]	–	2,002
Loss allowance for trade receivables and contract assets	–	870
Short-term lease payments not included in the measurement of lease liabilities	–	2,066
Listing expenses	–	10,334
	<u> </u>	<u> </u>

[#] Cost of inventories and cost of services provided in continuing operations and in discontinued operations include RMB1,256,329,000 (2022: RMB955,191,000) and nil (2022: RMB76,995,000) relating to staff costs, depreciation of owned property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

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

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Continuing operations		
Current tax — Hong Kong Profits Tax		
Provision for the year	—	—
Current tax — PRC income tax		
Provision for the year	224,199	266,139
Over provision in respect of prior years	(14,949)	(6,293)
	209,250	259,846
Deferred tax:		
Origination and reversal of temporary differences	(19,863)	28,816
Income tax expense on continuing operations	189,387	288,662
Discontinued operations		
Current tax — Hong Kong Profits Tax		
Provision for the year	—	—
Current tax — PRC income tax		
Provision for the year	—	10,153
Deferred tax:		
Origination and reversal of temporary differences	—	139
Income tax expense on discontinued operations	—	10,292

- (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 provision for Hong Kong Profits Tax for 2023 is calculated at the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax was calculated at the same basis in 2022. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.
- (3) The PRC income tax law and its relevant regulations also impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, on dividend distributions made out of the PRC from earnings accumulated from 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax.

Under the Arrangement between the Mainland of China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on Income, a qualified Hong Kong tax resident which is the “beneficial owner” and holds 25% or more of the equity interest in a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5% on dividends received.

Since the Group can control the quantum and timing of distribution of profits of the Group’s PRC subsidiaries, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

During the twelve months ended 31 December 2023, deferred tax expenses of RMB15,000,000 (2022: RMB55,500,000) have been recognised in respect of the withholding tax payable on the retained profits of the Group’s PRC subsidiaries which the directors expect to distribute outside the Mainland China in the foreseeable future.

- (4) 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.

Pursuant to the PRC income tax law, all of the Company’s PRC subsidiaries are liable to PRC income tax at a rate of 25% except for certain entities entitled to a preferential income tax rate of 15% as they are certified as “High and New Technology Enterprise” (“HANTE”). According to Notice No. 24 on the Issues concerning Implementation of the Preferential Income Tax Policy for High and New Technology Enterprises issued by the State Administration of Taxation on 19 June 2017, if an entity is certified as an HANTE, it is entitled to a preferential income tax rate of 15% during the certified period.

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

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Continuing operations		
Profit before taxation	<u>2,872,104</u>	<u>4,372,229</u>
Notional tax on profit before taxation from continuing operations, calculated at the rates applicable to profit in the tax jurisdictions concerned	780,297	1,143,455
PRC tax concessions	(175,344)	(169,803)
PRC dividend withholding tax	15,000	55,500
Over provision in respect of prior years	(14,949)	(6,293)
Share of profits of associates	<u>(415,617)</u>	<u>(734,197)</u>
Income tax expense on continuing operations	<u>189,387</u>	<u>288,662</u>
Discontinued operations		
Profit before taxation	<u>–</u>	<u>67,050</u>
Notional tax on profit before taxation from continuing operations, calculated at the rates applicable to profit in the tax jurisdictions concerned	–	17,823
PRC tax concessions	–	(6,965)
Share of profits of associates	<u>–</u>	<u>(566)</u>
Income tax expense on discontinued operations	<u>–</u>	<u>10,292</u>

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the year.

(i) Weighted average number of ordinary shares

	2023 (<i>'000</i>)	2022 (<i>'000</i>)
Issued ordinary shares at 1 January	1,812,985	1,826,765
Effect of repurchased shares	<u>(590)</u>	<u>(7,398)</u>
Weighted average number of ordinary shares	<u><u>1,812,395</u></u>	<u><u>1,819,367</u></u>

(ii) Profit attributable to ordinary equity shareholders

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Profit attributable to ordinary equity shareholders		
— Continuing operations	2,463,706	3,852,177
— Discontinued operations	<u>—</u>	<u>12,107,011</u>
	<u><u>2,463,706</u></u>	<u><u>15,959,188</u></u>

(iii) Basic earnings per share

	2023 <i>RMB</i>	2022 <i>RMB</i>
Basic earnings per share		
— Continuing operations	1.36	2.12
— Discontinued operations	<u>—</u>	<u>6.63</u>
	<u><u>1.36</u></u>	<u><u>8.75</u></u>

(b) Diluted earnings per share

Diluted earnings per share for the year ended 31 December 2023 and 2022 is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

8 DIVIDENDS

Pursuant to a resolution passed at the Directors' meeting on 25 March 2024, a final dividend of HKD0.20 (2022: HKD0.40) per ordinary share totalling HKD361,989,000, equivalent to approximately RMB328,042,000 (2022: HKD725,194,000, equivalent to approximately RMB647,794,000), was proposed for shareholders' approval. The dividend has not been provided for in the consolidated financial statements for the year ended 31 December 2023.

9 INTERESTS IN ASSOCIATES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Share of net assets	<u>37,687,806</u>	<u>36,896,482</u>

The particulars of the material associate are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest Group's effective interest	Principal activities
Conch Holdings (安徽海螺集團有限責任公司)	Incorporated as limited liability company	The PRC	RMB800,000,000	49%	Investment holding

The particulars of Conch Holdings' investment holdings as at 31 December 2023 are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Ownership interest held by Conch Holdings	Principal activities
Anhui Conch Cement Co., Ltd. ("Conch Cement") (安徽海螺水泥股份有限公司)	Incorporated as joint stock limited company	The PRC	5,299,302,579 ordinary shares of RMB1 each	36.40%	Manufacture and sale of cement related products
Conch (Anhui) Energy-saving and Environmental Protection New Materials Co. (海螺(安徽)節能環保新材料股份有限公司)	Incorporated as joint stock limited company	The PRC	360,000,000 ordinary shares of RMB1 each	33.44%	Manufacture of new chemical and building materials
Anhui Conch Building Materials Design and Research Institute (安徽海螺建材設計研究院有限責任公司)	Incorporated as limited liability company	The PRC	RMB150,000,000	100%	Design and contract cement/light steel construction
Yingde Conch International Hotel Co., Ltd. (英德海螺國際大酒店有限公司)	Incorporated as limited liability company	The PRC	RMB63,800,000	100%	Hotel service
Wuhu Conch International Hotel Co., Ltd. (蕪湖海螺國際大酒店有限公司)	Incorporated as limited liability company	The PRC	RMB268,500,000	100%	Hotel service

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Ownership interest held by Conch Holdings	Principal activities
Anhui Conch IT Engineering Co., Ltd. (安徽海螺信息技術工程有限責任公司)	Incorporated as limited liability company	The PRC	RMB50,000,000	100%	Computer system design and development
Anhui Conch Investment Co., Ltd. (安徽海螺科創材料有限責任公司)	Incorporated as limited liability company	The PRC	RMB1,000,000,000	100%	Investment holding
Wuhu Conch Trading Co., Ltd. (蕪湖海螺貿易有限公司)	Incorporated as limited liability company	The PRC	RMB500,000,000	100%	Trading
Anhui International Trade Group Holding Co., Ltd. (安徽國貿集團控股有限公司)	Incorporated as limited liability company	The PRC	RMB661,111,111	55%	Investment holding and trading
Santan (Anhui) science and Technology Research Institute Co., Ltd. (三碳(安徽)科技研究院有限公司)	Incorporated as limited liability company	The PRC	RMB100,000,000	100%	Technology Research Institute
Zhongtan (Anhui) environment and Technology Co., Ltd. (中碳(安徽)環境科技有限公司)	Incorporated as limited liability company	The PRC	RMB30,000,000/ RMB5,400,000	80%	Research and experimental development
Anhui Conch Capital Management Co., Ltd (安徽海螺資本管理有限公司)	Incorporated as limited liability company	The PRC	RMB2,000,000,000/ RMB500,000,000	100%	Asset-management services

10 CONTRACT ASSETS

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Non-current assets		
Service concession assets (i)	<u>4,155,728</u>	<u>4,805,720</u>
Current assets		
Service concession assets (i)	48,661	39,566
Unbilled government on-grid tariff subsidy (ii)	604,451	379,546
Other contract assets (iii)	184,625	107,296
Less: Impairment	<u>(1,248)</u>	<u>–</u>
	<u>836,489</u>	<u>526,408</u>
	<u>4,992,217</u>	<u>5,332,128</u>
Contract assets arising from performance under construction contracts in connection with service concession arrangements, which are included in “Intangible assets”	<u>3,392,858</u>	<u>3,061,045</u>

- (i) The service concession assets bear interest at rates ranging from 6.01% to 9.41% (31 December 2022: 6.01% to 9.41%) per annum as at 31 December 2023 and relate to certain BOT arrangements of the Group. The amounts are not yet due for payment and will be settled during the operating periods of the arrangements. Included in “Service concession assets” are amounts of RMB63,184,000 (31 December 2022: RMB RMB504,590,000) relates to BOT arrangements which are in construction phase.
- (ii) The balance represented the government on-grid tariff subsidy for certain projects which will be billed and settled upon the successful completion of government administrative procedures pursuant to notices jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration.
- (iii) The Group agrees to a retention period for 10% of the contract value for certain of its energy saving equipment sales contracts. This amount is included in contract assets until the end of the retention period. The balances are classified as current as they are expected to be recovered within the Group’s normal operating cycle.

11 TRADE AND OTHER RECEIVABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade receivables	2,366,301	1,830,396
Bills receivable	31,183	92,857
Less: allowance for doubtful debts	<u>(126,849)</u>	<u>(101,098)</u>
Trade and bills receivables	2,270,635	1,822,155
Deposits and prepayments	66,990	133,029
Other receivables	569,827	570,978
Interest receivables	<u>27,286</u>	<u>28,542</u>
Amounts due from third parties	2,934,738	2,554,704
Amounts due from related parties	<u>266,196</u>	<u>291,159</u>
Current portion of trade and other receivables	<u>3,200,934</u>	<u>2,845,863</u>
Non-current portion of trade and other receivables	<u>1,648,235</u>	<u>1,513,072</u>
Total current and non-current trade and other receivables	<u>4,849,169</u>	<u>4,358,935</u>

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

As at 31 December 2023, the Group endorsed undue bills receivable of RMB182,701,000 (2022: RMB168,973,000) to its suppliers to settle trade payables of the same amount and derecognised these bills receivable and payables to suppliers in their entirety as the Group's management considered that the risks and rewards of ownership of these undue bills have been substantially transferred. The Group's continuous involvement in these derecognised undue bills receivable is limited to when the issuance banks of these undue bills are unable to settle the amounts to the holders of these bills. As at 31 December 2023, the maximum exposure to loss from its continuous involvement represents the amount of bills receivable of RMB182,701,000 (2022: RMB168,973,000) which the Group endorsed to its suppliers. These undue bills receivable were due within 6 months.

As at 31 December 2023, nil of the trade receivables (31 December 2022: RMB298,071,000) was pledged as collateral for Group's bank loans.

(a) **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:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Current	1,454,884	1,463,265
Less than 1 year	559,829	252,416
1 to 2 years	150,534	101,425
2 to 3 years	105,388	5,049
	<u>2,270,635</u>	<u>1,822,155</u>

The amounts due from related parties are all aged within 1 year.

(b) **Loss allowance for trade receivables and bills receivable**

Movement in the loss allowance account in respect of trade receivables and bills receivable during the year is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Continuing operations:		
At the beginning of the year	101,098	55,330
Provision for/(reversal of) loss allowance	20,067	(7,732)
Acquisition of subsidiaries	5,684	71,408
Written off	–	(17,908)
	<u>126,849</u>	<u>101,098</u>
Discontinued operations:		
At the beginning of the year	–	15,073
Loss allowance	–	870
Distribution of discontinued operations	–	(15,943)
	<u>–</u>	<u>–</u>

12 TRADE AND OTHER PAYABLES

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Trade payables	3,119,255	3,399,138
Bills payable	<u>319,739</u>	<u>214,889</u>
	3,438,994	3,614,027
Other payables and accruals	<u>1,299,289</u>	<u>1,562,197</u>
	4,738,283	5,176,224
Dividends payable to the then-shareholders of the acquired subsidiaries	28,518	58,728
Dividends payable to non-controlling interests	23,451	10,972
Amounts due to related parties	<u>167,164</u>	<u>284,115</u>
	4,957,416	5,530,039

An ageing analysis of trade and bills payables of the Group, based on the invoice date, is as follows:

	2023 <i>RMB'000</i>	2022 <i>RMB'000</i>
Within 1 year	3,353,067	3,556,093
1 year to 2 years	44,937	40,712
2 years to 3 years	34,618	9,093
Over 3 years but within 5 years	<u>6,372</u>	<u>8,129</u>
	3,438,994	3,614,027

The amounts due to related parties are all aged within 1 year, and are unsecured, non-interest bearing and repayable on demand.

13 CONVERTIBLE BONDS

On 5 September 2018, Conch Venture BVI, a subsidiary of the Company, issued zero coupon guaranteed convertible bond (“**the Bonds**”) with aggregate principal amount of HKD3,925,000,000 (equivalent to approximately RMB3,413,730,000) and received cash after deduction of transaction costs of HKD3,882,043,000 (equivalent to approximately RMB3,376,369,000).

On 5 September 2023, the Bonds matured and none of the outstanding principal amount of the Bonds was converted into shares. The Group fully redeemed the outstanding Bonds at a redemption price of HK\$4,438,007,100 (equivalent to RMB4,064,907,000) together with all accrued and unpaid interests thereon and completed all relevant procedures thereafter pursuant to the terms of the Bonds.

The movements of the components of the convertible bonds during reporting period are set out below:

	Liability component (At amortised cost) RMB'000	Equity component (Residual amount) RMB'000	Total RMB'000
At 1 January 2022	3,483,286	54,466	3,537,752
Interest charge	123,259	–	123,259
Exchange adjustment	322,378	–	322,378
Redemption of convertible bonds	(48,579)	(675)	(49,254)
At 31 December 2022 and 1 January 2023	3,880,344	53,791	3,934,135
Interest charge	83,403	–	83,403
Exchange adjustment	100,393	–	100,393
Redemption of convertible bonds	(4,064,140)	(767)	(4,064,907)
Transfer to other capital reserves	–	(53,024)	(53,024)
At 31 December 2023	–	–	–

14 UNSECURED MEDIUM-TERM NOTES (“MTN”)

The Company received the approval of registration from National Association of Financial Market Institutional Investors (Zhong shi xie zhu [2023] GN1) for issuing unsecured MTN in the aggregate amount of not more than RMB4 billion with a validity period of two years from 18 January 2023, the completion of registration date.

On 20 March 2023, the Company publicly issued the first tranche of MTN in inter-bank of the PRC, with an aggregate principal amount of RMB1.2 billion at an interest rate of 2.99% per annum for a term of three years. On 6 June 2023, the Company publicly issued the second tranche of MTN in inter-bank of the PRC, with an aggregate principal amount of RMB1.5 billion at an interest rate of 3.10% per annum for a term of three years.

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO ENVIRONMENT

In 2023, against a backdrop of decelerating global economic growth, China's GDP increased by 5.2% year-on-year, with the growth rate ranking at the top among major economies in the world, keeping up with the basic trend of recovery and long-term improvement in the Chinese economy. With the introduction of the goals of "carbon peak" and "carbon neutrality", the development of clean energy, industrial upgrading, the elimination of backward production capacities and other measures in China, the development in the domestic environmental protection industry is gradually transitioning towards the improvement in the overall quality instead of only the increase in the quantity. The core for the industry development is also shifting from pollution treatment to resource utilisation and new energy. Therefore, there will be more opportunities and challenges for the industry.

As a conglomerate providing energy-saving and environmental protection solutions, the Group has strived to pursue steady progress, focused on improving the quality and efficiency of its principal business of environmental protection, and expanded channels of green business. Meanwhile, the Group has steadily tapped into the resource recycling industry. Through both external expansion and endogenous development, it has seen a steady improvement in business scale and efficiency, with an increasing brand attraction, thereby implementing the long-term vision of green and sustainable development with solid actions.

During the Reporting Period, the Group achieved revenue of RMB8.02 billion, which increased by 1.51% year-on-year. Net profit (excluding share of profits of associates) of our principal activities attributable to equity shareholders of the Group amounted to RMB801 million, which decreased by 12.47% as compared with the corresponding period of the previous year.

BUSINESS REVIEW

2023 was the tenth anniversary of the listing of the Group. In the past decade, the Group kept abreast of the general national trends and focused on its main business of environmental protection. The waste treatment business has developed from scratch and gradually expanded. The Group signed the first project contract in 2014, while the total contracted capacity reached 21.164 million tonnes/year and the commissioned capacity reached 16.304 million tonnes/year in 2023; the number of employees increased from 772 in 2013 to 6,225 in 2023; the total assets increased from RMB15.98 billion in 2013 to RMB80.46 billion at the end of 2023; and the revenue increased from RMB1.59 billion in 2013 to RMB8.02 billion in 2023. After ten years of dedicated efforts, the Group has achieved a substantial breakthrough in operating performance as it walked through a path of qualitative development.

Under the strong leadership of the Board, the Group focused on its main business of environmental protection. With the goal of improving quality and efficiency and with technological innovation as momentum, the Group steadily promoted the development of the waste treatment segment. Furthermore, the Group expedited market expansion and product development in the new energy business, and enhanced collaborations with industry-leading enterprises. The Group also actively participated in the recycling industry through seizing opportunities of quality projects, and prioritising process and technology optimisation to solidify the foundation for the next phase of high-quality development of the Group.

During the Reporting Period, the Group signed new contracts for 15 projects, including 8 projects for municipal waste treatment, 6 projects for lithium battery recycling comprehensive utilisation, and 1 project for packaging container recycling.

As at the end of the Reporting Period, the Group promoted and signed contracts for 132 projects in 25 provinces, cities and autonomous regions in China and Vietnam, including 103 projects for grate furnace power generation, 2 projects for fly ash treatment, 2 projects for kitchen waste treatment, 10 projects for waste treatment by cement kilns, 1 project for waste transfer, 2 projects for new energy, 8 projects for lithium battery recycling comprehensive utilisation, 1 project for packaging container recycling, 2 projects for new building materials, and 1 project for port logistics.

Municipal waste treatment

1. Grate Furnace Power Generation

1) Project expansion

During the Reporting Period, the Group successfully signed contracts for 3 grate furnace power generation projects in Yuanyang, Yunnan Province, Jingshan, Hubei Province, and Dagan, Yunnan Province, as well as the waste transfer project in Shitai, Anhui Province. Furthermore, the Group carried out mergers and acquisitions of companies engaged in waste power generation projects in due course. During the Reporting Period, the Group acquired 2 waste power generation projects in Liaocheng, Shandong Province, and Gaotang, Shandong Province, as well as 2 fly ash treatment projects in Dong'e, Shandong Province, and Guanxian, Shandong Province.

2) Project operation

The Group has continuously optimised the operational indicators by implementing benchmarking management and summarising operational experience. Meanwhile, it has improved the project profitability by vigorously diversifying waste source channels and developing various business operation such as steam sales. During the Reporting Period, the Group increased 15 new generating units that run continuously for over 365 days.

During the Reporting Period, for the grate furnace power generation business, the Group received a total of approximately 16.037 million tonnes of municipal waste, representing a year-on-year increase of 32%. Approximately 13.71 million tonnes of municipal waste was treated, representing an increase of 33% year-on-year. On-grid electricity was approximately 4,469 million kWh, representing an increase of 29% year-on-year. Steam sales amounted to 57,000 tonnes. The average tonnage on-grid electricity for the year was approximately 326 kWh.

As at the end of the Reporting Period, details of the Group's grate furnace power generation projects are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date	Whether it is included in the national financial subsidy list
1	In operation	Jinzhai, Anhui Province	2×110,000 tonnes/year (2×300 tonnes/day)	January 2016	Phases I and II have been on list
2		Tongren, Guizhou Province	2×110,000 tonnes/year (2×300 tonnes/day)	July 2017	On list
3		Yanshan, Yunnan Province (phase 1)	110,000 tonnes/year (300 tonnes/day)	August 2017	On list
4		Huoqiu, Anhui Province	2×140,000 tonnes/year (2×400 tonnes/day)	January 2018	Phases I and II have been on list
5		Li County, Hunan Province	2×140,000 tonnes/year (2×400 tonnes/day)	April 2018	On list
6		Songming, Yunnan Province	290,000 tonnes/year (800 tonnes/day)	January 2019	On list
7		Shanggao, Jiangxi Province	140,000 tonnes/year (400 tonnes/day)	February 2019	On list
8		Yiyang, Jiangxi Province	2×110,000 tonnes/year (2×300 tonnes/day)	June 2019	On list
9		Shache, Xinjiang	2×110,000 tonnes/year (2×300 tonnes/day)	June 2019	On list
10		Sishui, Shandong Province	140,000 tonnes/year (400 tonnes/day)	June 2019	On list
11		Bole, Xinjiang	110,000 tonnes/year (300 tonnes/day)	July 2019	On list
12		Yang County, Shaanxi Province	110,000 tonnes/year (300 tonnes/day)	October 2019	On list
13		Baoshan, Yunnan Province	2×140,000 tonnes/year (2×400 tonnes/day)	January 2020	On list
14		Fuquan, Guizhou Province	2×110,000 tonnes/year (2×300 tonnes/day)	January 2020	Application in progress
15		Lujiang, Anhui Province	2×180,000 tonnes/year (2×500 tonnes/day)	January 2020	Phase 1 has been on list
16		Xianyang, Shaanxi Province	2×270,000 tonnes/year (2×750 tonnes/day)	July 2020	On list
17		Xishui, Guizhou Province (Phase 1)	140,000 tonnes/year (400 tonnes/day)	July 2020	On list
18		Shizhu, Chongqing City	110,000 tonnes/year (300 tonnes/day)	August 2020	On list
19		Huoshan, Anhui Province	140,000 tonnes/year (400 tonnes/day)	August 2020	On list
20		Tengchong, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	November 2020	On list
21		Ningguo, Anhui Province	140,000 tonnes/year (400 tonnes/day)	November 2020	Application in progress
22		Luxi, Yunnan Province	2×110,000 tonnes/year (2×300 tonnes/day)	January 2021	Application in progress
23		Mangshi, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	March 2021	Application in progress
24		Luoping, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	March 2021	Application in progress
25		Dexing, Jiangxi Province	140,000 tonnes/year (400 tonnes/day)	November 2020	Application in progress
26		Zongyang, Anhui Province (Phase 1)	140,000 tonnes/year (400 tonnes/day)	April 2021	Application in progress
27		Shahe, Hebei Province (Phase 1)	2×180,000 tonnes/year (2×500 tonnes/day)	April 2021	Application in progress
28		Shimen, Hunan Province	180,000 tonnes/year (500 tonnes/day)	May 2021	Application in progress
29		Jiuquan, Gansu Province	180,000 tonnes/year (500 tonnes/day)	June 2021	Application in progress
30		Manzhouli, Inner Mongolia	140,000 tonnes/year (400 tonnes/day)	June 2021	Application in progress

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date	Whether it is included in the national financial subsidy list
31	In operation	Hanshou, Hunan Province	140,000 tonnes/year (400 tonnes/day)	June 2021	Application in progress
32		Suiyang, Guizhou Province	140,000 tonnes/year (400 tonnes/day)	June 2021	Application in progress
33		Panshi, Jilin Province	140,000 tonnes/year (400 tonnes/day)	July 2021	Application in progress
34		Pingguo, Guangxi Province (Phase 1)	140,000 tonnes/year (400 tonnes/day)	July 2021	Application in progress
35		Tongchuan, Shaanxi Province	180,000 tonnes/year (500 tonnes/day)	August 2021	Application in progress
36		Zhenxiong, Yunnan Province (Phase 1)	180,000 tonnes/year (500 tonnes/day)	September 2021	Application in progress
37		Shuangfeng, Hunan Province	180,000 tonnes/year (500 tonnes/day)	October 2021	Application in progress
38		Hejin, Shanxi Province	180,000 tonnes/year (500 tonnes/day)	October 2021	Application in progress
39		Pingliang, Gansu Province	180,000 tonnes/year (500 tonnes/day)	November 2021	Application in progress
40		Binzhou, Shaanxi Province	110,000 tonnes/year (300 tonnes/day)	November 2021	Application in progress
41		Tongzi, Guizhou Province	180,000 tonnes/year (500 tonnes/day)	November 2021	Application in progress
42		Wuwei, Anhui Province	180,000 tonnes/year (500 tonnes/day)	December 2021	Application in progress
43		Fugou, Henan Province	220,000 tonnes/year (600 tonnes/day)	April 2022	Application in progress
44		Du'an, Guangxi Region	140,000 tonnes/year (400 tonnes/day)	June 2022	Application in progress
45		Luzhai, Guangxi Region	140,000 tonnes/year (400 tonnes/day)	June 2022	Application in progress
46		Suzhou, Anhui Province	180,000 tonnes/year (500 tonnes/day)	August 2022	Application in progress
47		Longkou, Shandong Province	220,000 tonnes/year (600 tonnes/day)	August 2022	Application in progress
48		Zhangjiakou, Hebei Province	180,000 tonnes/year (500 tonnes/day)	September 2022	Application in progress
49		Fengning, Hebei Province	110,000 tonnes/year (300 tonnes/day)	October 2022	Application in progress
50		He County, Anhui Province	220,000 tonnes/year (600 tonnes/day)	October 2022	Application in progress
51		Naiman Banner, Inner Mongolia	110,000 tonnes/year (300 tonnes/day)	November 2022	Application in progress
52		Weichang, Hebei Province	110,000 tonnes/year (300 tonnes/day)	February 2023	Application in progress
53		Shucheng, Anhui Province	140,000 tonnes/year (400 tonnes/day)	March 2023	Application in progress
54		Shulan, Jilin Province	140,000 tonnes/year (400 tonnes/day)	April 2023	Application in progress
55		Xichou, Yunnan Province	180,000 tonnes/year (500 tonnes/day)	June 2023	Application in progress
56		Taonan, Jilin Province	140,000 tonnes/year (400 tonnes/day)	June 2023	Application in progress
57		Meitan, Guizhou Province	140,000 tonnes/year (400 tonnes/day)	July 2023	/
58		Jinning, Yunnan Province	140,000 tonnes/year (400 tonnes/day)	July 2023	/
59		Danjiangkou, Hubei Province	110,000 tonnes/year (300 tonnes/day)	September 2023	/
60		Bac Ninh, Vietnam	110,000 tonnes/year (300 tonnes/day)	November 2023	/

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date	Whether it is included in the national financial subsidy list
61	In operation (project acquired)	Luanzhou, Hebei Province	180,000 tonnes/year (500 tonnes/day)	January 2021	Application in progress
62		Guantao, Hebei Province	180,000 tonnes/year (500 tonnes/day)	January 2021	Application in progress
63		Guan County, Shandong Province	220,000 tonnes/year (600 tonnes/day)	March 2020	On list
64		Chiping, Shandong Province	220,000 tonnes/year (600 tonnes/day)	June 2018	On list
65		Jinxiang, Shandong Province	290,000 tonnes/year (800 tonnes/day)	October 2019	On list
66		Chenzhou, Hunan Province	450,000 tonnes/year (1,250 tonnes/day)	July 2015	On list
67		Baotou, Inner Mongolia	490,000 tonnes/year (1,350 tonnes/day)	December 2012	On list
68		Hohhot, Inner Mongolia	630,000 tonnes/year (1,750 tonnes/day)	November 2017	On list
69		Jilin, Jilin Province	540,000 tonnes/year (1,500 tonnes/day)	January 2009	On list
70		Bijie, Guizhou Province	290,000 tonnes/year (800 tonnes/day)	April 2021	Application in progress
71		Jingdezhen, Jiangxi Province	540,000 tonnes/year (1,500 tonnes/day)	November 2016	On list
72		Liaocheng, Shandong Province	360,000 tonnes/year (1,000 tonnes/day)	December 2012	On list
73		Gaotang, Shandong Province	220,000 tonnes/year (600 tonnes/day)	May 2020	On list
Sub-total:			15,230,000 tonnes/year (42,350 tonnes/day)		

No.	Status of Construction	Project Location	Treatment Capacity	Expected Completion Date
74	Under construction	Liangping, Chongqing City	140,000 tonnes/year (400 tonnes/day)	January 2024
75		Qingzhen, Guizhou Province	180,000 tonnes/year (500 tonnes/day)	January 2024
76		Pingguo, Guangxi Region (Phase 2)	140,000 tonnes/year (400 tonnes/day)	January 2024
77		Qiyang, Hunan Province	180,000 tonnes/year (500 tonnes/day)	January 2024
78		Dongzhi, Anhui Province	140,000 tonnes/year (400 tonnes/day)	February 2024
79		Huayin, Shaanxi Province	140,000 tonnes/year (400 tonnes/day)	March 2024
80		Gengma, Yunnan	110,000 tonnes/year (300 tonnes/day)	May 2024
81		Wushan, Chongqing City	130,000 tonnes/year (350 tonnes/day)	May 2024
82		Zhuanglang, Gansu Province	140,000 tonnes/year (400 tonnes/day)	June 2024
83		Haidong, Qinghai Province	180,000 tonnes/year (500 tonnes/day)	July 2024
84		Jianshui, Yunnan Province	180,000 tonnes/year (500 tonnes/day)	July 2024
85		Tai'an, Liaoning Province	110,000 tonnes/year (300 tonnes/day)	August 2024
86		Yongde, Yunnan Province	180,000 tonnes/year (500 tonnes/day)	August 2024
87		Lufeng, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	September 2024
88		Yuanyang, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	October 2024
89		Jingshan, Hubei Province	130,000 tonnes/year (350 tonnes/day)	December 2024
Sub-total:			2,300,000 tonnes/year (6,400 tonnes/day)	

No.	Status of Construction	Project Location	Treatment Capacity	Expected Completion Date
90	Under approval and planning	Susong, Anhui Province	140,000 tonnes/year (400 tonnes/day)	/
91		Hunyuan, Shanxi Province	180,000 tonnes/year (500 tonnes/day)	/
92		Youxi, Fujian Province (Phase 1)	140,000 tonnes/year (400 tonnes/day)	/
93		Yun County, Yunnan Province	180,000 tonnes/year (500 tonnes/day)	/
94		Nandan, Guangxi Region	110,000 tonnes/year (300 tonnes/day)	/
Sub-total:			750,000 tonnes/year (2,100 tonnes/day)	
95	Reserve project	Yan Shan, Yunnan Province (Phase 2)	110,000 tonnes/year (300 tonnes/day)	/
96		Youxi, Fujian Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)	/
97		Zhenxiong, Yunnan Province (Phase 2)	180,000 tonnes/year (500 tonnes/day)	/
98		Xishui, Guizhou Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)	/
99		Zongyang, Anhui Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)	/
100		Shahe, Hebei Province (Phase 2)	2×180,000 tonnes/year (2×500 tonnes/day)	/
101		Daguan, Yunnan Province	140,000 tonnes/year (400 tonnes/day)	/
102		Taiyuan, Vietnam	180,000 tonnes/year (500 tonnes/day)	/
103		Xuan Son, Vietnam	2×180,000 tonnes/year (2×500 tonnes/day)	/
Sub-total:			1,750,000 tonnes/year (4,900 tonnes/day)	
Total:			20,030,000 tonnes/year (55,750 tonnes/day)	

Note: Annual treatment capacity of the project = Daily treatment capacity of the project multiplied by 360 days

As at the end of the Reporting Period, a total of 31 of the Group's grate furnace power generation projects were included in the list of national subsidised renewable energy power generation projects.

2. Kitchen Waste Treatment

During the Reporting Period, the Group secured 3 new kitchen waste treatment projects in Shucheng, Anhui Province, Shanggao, Jiangxi Province and Dexing, Jiangxi Province, of which the projects in Wuhu, Anhui Province and Lingbi, Anhui Province are run by independently operated project companies. As at the end of the Reporting Period, a total of 16 projects were contracted by the Group, with a treatment capacity of approximately 394,000 tonnes/year (approximately 1,040 tonnes/day). During the Reporting Period, a total of 81,000 tonnes of kitchen waste was received, all of which was treated.

As at the end of the Reporting Period, details of the Group's kitchen waste treatment projects are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity
1	In operation	Longkou, Shandong Province	10,000 tonnes/year (30 tonnes/day)
2		Fengning, Hebei Province	7,000 tonnes/year (20 tonnes/day)
3		Fugou, Henan Province	10,000 tonnes/year (30 tonnes/day)
4		Hejin, Shanxi Province	20,000 tonnes/year (45 tonnes/day)
5		Pingliang, Gansu Province	20,000 tonnes/year (50 tonnes/day)
6		Suzhou, Anhui Province	70,000 tonnes/year (200 tonnes/day)
7		Weichang, Hebei Province	7,000 tonnes/year (20 tonnes/day)
8		Jinzhai, Anhui Province	20,000 tonnes/year (45 tonnes/day)
9		Wuhu, Anhui Province	70,000 tonnes/year (200 tonnes/day)
10		Lingbi, Anhui Province	40,000 tonnes/year (100 tonnes/day)
11		Shanggao, Jiangxi Province	20,000 tonnes/year (45 tonnes/day)
12		Dexing, Jiangxi Province	10,000 tonnes/year (30 tonnes/day)
13		Songming, Yunnan Province	20,000 tonnes/year (50 tonnes/day)
14		Jinning, Yunnan Province	10,000 tonnes/year (30 tonnes/day)
Sub-total:			334,000 tonnes/year (895 tonnes/day)
15	Under construction	Shucheng, Anhui Province	20,000 tonnes/year (45 tonnes/day)
16		Liangping, Chongqing City	40,000 tonnes/year (100 tonnes/day)
Sub-total:			60,000 tonnes/year (145 tonnes/day)
Total:			394,000 tonnes/year (1,040 tonnes/day)

3. Waste Treatment by Cement Kilns

As at the end of the Reporting Period, 10 projects of waste treatment by cement kilns segment were completed, with a treatment capacity of approximately 740,000 tonnes/year (approximately 2,200 tonnes/day). A total of approximately 378,000 tonnes of municipal waste was received, and a total of approximately 329,000 tonnes of municipal waste was treated.

As at the end of Reporting Period, details of the Group's waste treatment by cement kilns projects are set out in the following table:

No.	Status of Construction	Project Location	Business Model	Treatment Capacity
1	In operation	Qingzhen, Guizhou Province	BOT	100,000 tonnes/year (300 tonnes/day)
2		Yangchun, Guangdong Province		70,000 tonnes/year (200 tonnes/day)
3		Qiyang, Hunan Province		100,000 tonnes/year (300 tonnes/day)
4		Fusui, Guangxi Region		70,000 tonnes/year (200 tonnes/day)
5		Nanjiang, Sichuan Province		70,000 tonnes/year (200 tonnes/day)
6		Lingyun, Guangxi Region		30,000 tonnes/year (100 tonnes/day)
7		Xing'an, Guangxi Region		100,000 tonnes/year (300 tonnes/day)
8		Yingjiang, Yunnan Province		70,000 tonnes/year (200 tonnes/day)
9		Linxia, Gansu Province		100,000 tonnes/year (300 tonnes/day)
10		Yuping, Guizhou Province		30,000 tonnes/year (100 tonnes/day)
Total:				740,000 tonnes/year (2,200 tonnes/day)

As at the end of the Reporting Period, the Group had a municipal waste treatment capacity of approximately 21.164 million tonnes/year (approximately 58,990 tonnes/day), including approximately 16.304 million tonnes/year (approximately 45,445 tonnes/day) completed and approximately 4.86 million tonnes/year (approximately 13,545 tonnes/day) under construction, under approval and planning and reserve.

New Energy Business

During the Reporting Period, the Group continued to monitor the market price of new energy raw materials, focused on strengthening the cost control of lithium iron phosphate cathode materials projects, set up a well-established supply and sales system, accelerated certification of customer products, and gradually expanded its market share. Meanwhile, the Group continuously improved the construction plan for the anode materials project and steadily advanced project construction to promote the early commissioning of the project. Besides, the Group continuously optimised the technologies and techniques of the recycling industry and steadily promoted the project development. The Group entered into contracts in relation to five lithium battery recycling comprehensive utilisation projects in Shijiazhuang, Hebei Province, Zaozhuang, Shandong Province, Tongchuan, Shaanxi Province, Jingmen, Hubei Province and Zhuzhou, Hunan Province, with a total contracted treatment capacity of approximately 200,000 tonnes/year. The Group also successfully acquired 1 packaging container recycling project, with a treatment capacity of 430,000 packaging containers/year.

As at the end of the Reporting Period, details of the Group's lithium battery recycling comprehensive utilisation projects are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity	Expected Completion Date
1	Under construction	Wuhu, Anhui Province	15,000 tonnes/year	March 2024
Sub-total:			15,000 tonnes/year	

No.	Status of Construction	Project Location	Treatment Capacity	Expected Completion Date
2	Under approval and planning	Huaipei, Anhui Province	15,000 tonnes/year	/
3		Shijiazhuang Hebei Province	30,000 tonnes/year	/
4		Dengfeng, Henan Province	15,000 tonnes/year	/
5		Tongchuan, Shaanxi Province (Phase 1)	15,000 tonnes/year	/
6		Jingmen, Hubei Province (Phase 1)	15,000 tonnes/year	/
Sub-total:			90,000 tonnes/year	
7	Reserve project	Zaozhuang, Shandong Province	30,000 tonnes/year	/
8		Zhuzhou, Hunan Province	15,000 tonnes/year	/
9		Tongchuan, Shaanxi Province (Phase 2)	15,000 tonnes/year	/
10		Jingmen, Hubei Province (Phase 2)	35,000 tonnes/year	/
Sub-total:			95,000 tonnes/year	
Total:			200,000 tonnes/year	

During the Reporting Period, the Group sold 3,448 tonnes of cathode materials and 274,600 waste packaging containers under its new energy business, and recorded revenue of RMB104.69 million.

New Building Materials and Port Logistics

The Group's new building materials business has always been guided by market demand, actively expanding market, enhancing cost control, leveraging product competitive advantages, and striving to increase the market share of its products.

During the Reporting Period, the Group recorded new building materials product sales of approximately 7.56 million square metres, with operating revenue of RMB118.15 million.

The Group actively expands customer resources and optimises customer resource structure in its port logistics business; it undertakes the construction of ecological terminals to create advanced and intelligent ports.

During the Reporting Period, the port logistics business achieved a throughput of approximately 30.91 million tonnes, with an operating revenue of RMB208.66 million.

FINANCIAL PROFITABILITY

Item	2023 Amount (RMB'000)	2022 Amount (RMB'000)	Changes between the Reporting Period and the corresponding period of the previous year (%)
Continuing operations			
Revenue	8,015,211	7,896,322	1.51
Profit before taxation	2,872,104	4,372,229	-34.31
Share of profits of associates	1,662,468	2,936,787	-43.39
Profit before taxation from principal businesses	1,209,636	1,435,442	-15.73
Net profit attributable to equity shareholders of the Company	2,463,706	3,852,177	-36.04
Net profit from principal businesses attributable to equity shareholders of the Company	801,238	915,390	-12.47

During the Reporting Period, the Group achieved revenue of RMB8,015.21 million, representing a year-on-year increase of 1.51%. Profit before taxation amounted to RMB2,872.10 million, representing a year-on-year decrease of 34.31%, mainly due to the decrease in share of profits of Conch Holdings, an associate. Share of profits of associates amounted to RMB1,662.47 million, representing a year-on-year decrease of 43.39%. Profit before taxation from principal businesses amounted to RMB1,209.64 million, representing a year-on-year decrease of 15.73%. Net profit attributable to equity shareholders of the Company amounted to RMB2,463.71 million, representing a year-on-year decrease of 36.04%, among which, net profit from principal businesses attributable to equity shareholders amounted to RMB801.24 million, representing a year-on-year decrease of 12.47%. Basic earnings per share amounted to RMB1.36.

1. Revenue by business stream

Item	2023		2022		Change in amount in amount	Change in percentage (percentage point(s))
	Amount	Percentage	Amount	Percentage		
	(RMB'000)	(%)	(RMB'000)	(%)	(%)	
Waste incineration solutions	6,155,877	76.80	6,561,015	83.09	-6.17	-6.29
Energy-saving equipment	1,427,830	17.82	967,810	12.26	47.53	5.56
New building materials	118,151	1.47	127,349	1.61	-7.22	-0.14
New energy business	104,693	1.31	5,734	0.07	1,725.83	1.24
Port logistics	208,660	2.60	234,414	2.97	-10.99	-0.37
Total	8,015,211	100.00	7,896,322	100.00	1.51	-

During the Reporting Period, revenue of the Group maintained growth. With a breakdown by business:

- (i) The revenue from waste incineration solutions amounted to RMB6,155.88 million, representing a year-on-year decrease of 6.17%, which was mainly due to the reduction in projects under construction by the Group, resulting in a year-on-year decrease in revenue during the construction period.
- (ii) The revenue from energy-saving equipment amounted to RMB1,427.83 million, representing a year-on-year increase of 47.53%, which was mainly due to the growth in revenue as a result of the Group securing overseas business orders in Southeast Asia and other regions.

- (iii) The revenue from new building materials amounted to RMB118.15 million, representing a year-on-year decrease of 7.22%, which was mainly due to the decrease in sales as a result of market influence.
- (iv) The revenue from new energy business amounted to RMB104.69 million, representing a relatively significant year-on-year increase, which was mainly due to the Group's active exploration of the new business segment, leading to a rapid revenue growth.
- (v) The revenue from port logistics amounted to RMB208.66 million, representing a year-on-year decrease of 10.99%, mainly due to the intensified market competition and the year-on-year decrease in transportation volume, which led to the decrease in revenue.

Breakdown of revenue from waste incineration solutions

Revenue Breakdown	2023		2022		Change in amount (%)	Change in percentage (percentage point(s))
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Construction revenue	2,692,677	43.74	3,884,903	59.21	-30.69	-15.47
Grate furnace power generation	2,692,677	43.74	3,834,396	58.44	-29.78	-14.70
Waste treatment by cement kilns	-	-	50,507	0.77	-100.00	-0.77
Operation revenue	3,463,200	56.26	2,676,112	40.79	29.41	15.47
Grate furnace power generation	3,404,990	55.31	2,611,752	39.81	30.37	15.50
Waste treatment by cement kilns	58,210	0.95	64,360	0.98	-9.56	-0.03
Total	6,155,877	100.00	6,561,015	100.00	-6.17	-

During the Reporting Period, the construction revenue from waste incineration solutions segment amounted to RMB2,692.68 million, representing a year-on-year decrease of 30.69%, which was mainly due to the year-on-year decrease in the number of projects under construction. The operation revenue from waste incineration solutions segment amounted to RMB3,463.20 million, representing a year-on-year increase of 29.41%, which was mainly due to the commencement of operation of 10 new projects in Shucheng, Anhui Province, Shulan, Jilin Province, Weichang, Hebei Province, Danjiangkou, Hubei Province and other locations, and merger and acquisition of 4 projects including Liaocheng, Shandong Province, Gaotang, Shandong Province and other locations of the Group during the Reporting Period, leading to the growth in revenue.

2. Revenue by geographical location

Item	2023		2022		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Mainland China	7,176,942	89.54	7,787,839	98.63	-7.84	-9.08
Asia-Pacific (except Mainland China)	838,269	10.46	108,483	1.37	672.72	9.08
Total	8,015,211	100.00	7,896,322	100.00	1.51	-

During the Reporting Period, the Group's revenue derived from the Mainland China market recorded a year-on-year decrease of 7.84%. The revenue derived from Asia-Pacific (except Mainland China) market amounted to RMB838.27 million with a year-on-year increase of 672.72%, which was mainly due to the increase in the number of the Group's overseas orders for energy-saving equipment.

3. Gross profit and gross profit margin

Item	2023		2022		Change in amount (%)	Change in gross profit margin (percentage point(s))
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)		
Waste incineration solutions	1,765,389	28.68	1,803,312	27.49	-2.10	1.19
Energy-saving equipment	265,659	18.61	262,829	27.16	1.08	-8.55
New building materials	13,927	11.79	17,976	14.12	-22.52	-2.33
New energy business	7,215	6.89	488	8.51	1,378.48	-1.62
Port logistics	126,523	60.64	144,148	61.49	-12.23	-0.85
Total	2,178,713	27.18	2,228,753	28.23	-2.25	-1.04

During the Reporting Period, the gross profit margin of the Group was 27.18%, representing a year-on-year decrease of 1.04 percentage points. With a breakdown by business:

- (i) The gross profit margin for waste incineration solutions was 28.68%, representing a year-on-year increase of 1.19 percentage points. This was mainly due to the increase in the number of the Group's waste-to-energy projects in operation which led to the increase in the proportion of gross profit in the operating period, resulting in an increase in the overall gross profit margin.

- (ii) The gross profit margin for energy-saving equipment was 18.61%, representing a year-on-year decrease of 8.55 percentage points, which was mainly due to the low gross profit of overseas business orders of the Group, resulting in lower gross profit margin.
- (iii) The gross profit margin for new building materials was 11.79%, representing a year-on-year decrease of 2.33 percentage points, mainly due to the decline in production volume as a result of the market fluctuations, leading to the increase in unit fixed costs.
- (iv) The gross profit margin for new energy business was 6.89%, representing a year-on-year decrease of 1.62 percentage points, mainly due to the impact of market competition, leading to lower gross profit margin.
- (v) The gross profit margin for port logistics was 60.64%, representing a year-on-year decrease of 0.86 percentage point, mainly due to the decline in unit price as a result of the impact of market competition, leading to lower gross profit margin.

4. *Other net income*

During the Reporting Period, the Group's other net income amounted to RMB414.66 million, representing a year-on-year increase of RMB57.15 million, or 15.98%, which was mainly because of the year-on-year increase in the government grants received by the Group and the interest income from bank deposits.

5. *Administrative expenses*

During the Reporting Period, the Group's administrative expenses amounted to RMB612.18 million, representing a year-on-year increase of RMB72.87 million, or 13.51%, which was mainly due to the increase in depreciation and amortisation and labour cost resulting from the increase in operating companies.

6. *Finance costs*

During the Reporting Period, the Group's finance costs amounted to RMB727.91 million, representing a year-on-year increase of RMB128.47 million, or 21.43%, which was mainly due to the new bank loans of the Group and the issuance of medium-term notes, resulting in the increase in finance costs.

FINANCIAL POSITION

As at 31 December 2023, the Group's total assets amounted to RMB80,460.38 million, representing an increase of RMB5,080.50 million as compared to the end of the previous year. The equity attributable to equity shareholders of the Company amounted to RMB46,315.52 million, representing an increase of RMB1,453.51 million as compared to the end of the previous year. Gearing ratio of the Group (total liabilities/total assets) was 40.65%, representing an increase of 3.23 percentage points 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	6,932,522	4,077,828	70.01
Non-current assets	72,338,065	66,016,132	9.58
Non-current liabilities	26,259,976	17,853,809	47.08
Current assets	8,122,314	9,363,745	-13.26
Current liabilities	6,447,685	10,353,664	-37.73
Net current assets/(liabilities)	1,674,629	-989,919	–
Equity attributable to equity shareholders of the Company	46,315,519	44,862,013	3.24
Total assets	80,460,379	75,379,877	6.74
Total liabilities	32,707,661	28,207,473	15.95

Non-current assets and non-current liabilities

As at 31 December 2023, non-current assets of the Group amounted to RMB72,338.07 million, representing an increase of 9.58% as compared to the end of the previous year, which was mainly due to the increase in investment by the Group in property, plant and equipment and intangible assets; non-current liabilities amounted to RMB26,259.98 million, representing an increase of 47.08% as compared to the end of the previous year, which was mainly due to the increase in bank loans of the Group and the issuance of medium-term notes during the Reporting Period.

Current assets and current liabilities

As at 31 December 2023, current assets of the Group amounted to RMB8,122.31 million, current liabilities amounted to RMB6,447.69 million, and net current assets amounted to RMB1,674.63 million, representing an increase of RMB2,664.55 million as compared to the end of the previous year, which was mainly due to factors including the fact that the Group issued medium-term notes of RMB2.7 billion and the convertible bonds were due for repayment during the Reporting Period.

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 RMB46,315.52 million, representing an increase of 3.24% as compared to the end of the previous year, which was mainly due to the ongoing profit achieved by the Group.

LIQUIDITY AND CAPITAL SOURCES

During the Reporting Period, the Group took advantage of the capital size and enhanced returns of the stock funds as well as enhancing capital planning and management and reasonable allocation of project loans, so as to fully satisfy the Company's capital needs. As at 31 December 2023, the Group's cash and cash equivalents amounted to RMB3,094.52 million, which were mainly denominated in RMB, Hong Kong dollars and US dollars.

Bank loans

Item	As at 31 December 2023 (RMB'000)	As at 31 December 2022 (RMB'000)
Due within one year	1,267,507	690,590
Due after one year but within two years	3,187,224	940,520
Due after two years but within five years	5,864,041	6,474,896
Due after five years	14,002,426	10,080,429
Total	24,321,198	18,186,435

As at 31 December 2023, the balance of bank loans of the Group amounted to RMB24,321.20 million, representing an increase of RMB6,134.76 million as compared to the end of the previous year, which was mainly due to the increase in bank loans raised by the Group during the Reporting Period. As at 31 December 2023, the Group's bank loans were denominated in RMB and US dollars, and most of the loan interests were subject to variable interest rate.

Cash flows

Item	2023 (RMB'000)	2022 (RMB'000)
Net cash generated from operating activities	1,985,758	1,810,383
Net cash used in investing activities	-4,574,381	-4,848,238
Net cash generated from financing activities	1,378,171	4,779,923
Net (decrease)/increase in cash and cash equivalents	-1,210,452	1,742,068
Effect of foreign exchange rate changes	-56,661	5,317
Cash and cash equivalents at the beginning of the period	4,361,637	3,156,158
Distribution in specie	-	-541,906
Cash and cash equivalents at the end of the period	<u>3,094,524</u>	<u>4,361,637</u>

Net cash generated from operating activities

During the Reporting Period, net cash generated from operating activities of the Group amounted to RMB1,985.76 million, representing a year-on-year increase of RMB175.38 million, which was mainly due to the increase in the number of waste-to-energy projects in operation of the Group.

Net cash used in investing activities

During the Reporting Period, net cash used in investing activities of the Group amounted to RMB4,574.38 million, representing a year-on-year decrease of RMB273.86 million, which was mainly due to the decrease in capital expenditure for the property, plant and equipment, construction in progress and intangible assets of the Group during the Reporting Period.

Net cash generated from financing activities

During the Reporting Period, net cash generated from financing activities of the Group amounted to RMB1,378.17 million, representing a year-on-year decrease of RMB3,401.75 million, which was mainly due to the fact that the Group's convertible bonds were due for repayment.

COMMITMENTS

As at 31 December 2023, the Group's capital commitments not provided for in the consolidated financial statements were as follows:

Item	As at 31 December 2023 (RMB'000)	As at 31 December 2022 (RMB'000)
Contracted for	3,154,819	5,856,926
Authorised but not contracted for	901,347	2,484,854
Total	<u>4,056,166</u>	<u>8,341,780</u>

FOREIGN EXCHANGE RISK

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

During the Reporting Period, the Group did not use any financial instruments to hedge against any foreign exchange risks.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2023, right-of-use assets of the Group with carrying amount of RMB566.25 million were pledged as collaterals for certain bank loans.

Save as disclosed above, the Group did not have any pledge of assets as at 31 December 2023.

MATERIAL INVESTMENTS, ACQUISITIONS OR DISPOSALS

During the Reporting Period, the Group entered into four separate equity transfer agreements with Shandong Guohuan Industry Investment Co., Ltd.* (山東國環產業投資有限公司) and its subsidiaries for the acquisition of their direct or indirect equity interests held in four entities that are principally engaged in waste power generation projects and fly ash treatment projects, at a total consideration of RMB478.69 million, subject to certain adjustments in accordance with the terms of the relevant sale and purchase agreements.

Save as disclosed above, during the Reporting Period, the Group had no material investments, acquisitions or disposals, and had no definite plan for any material investment or acquisition of capital assets.

CONVERTIBLE BONDS

On 5 September 2018, China Conch Venture Holdings International Limited (“**Conch Venture BVI**”), a wholly-owned subsidiary of the Company, issued zero coupon guaranteed convertible bonds (the “**Convertible Bonds**”) with an aggregate amount of HKD3.925 billion, the net proceeds from which amounted to approximately RMB3,376.40 million (the “**Net Proceeds**”). All the Net Proceeds raised have been fully utilised according to the intended use as disclosed during the year ended 31 December 2020.

On 17 April 2023, Conch Venture BVI partially redeemed the Convertible Bonds in a principal amount of HKD56.00 million (the “**Partial Redemption**”). None of the principal amount of the Convertible Bonds has been converted into conversion shares. Immediately after the completion of Partial Redemption and as at 30 June 2023, the outstanding principal amount of the Convertible Bonds was HKD3.817 billion. During the Reporting Period, none of the holders of the Convertible Bonds exercised their conversion rights.

The Convertible Bonds matured on 5 September 2023 and none of the outstanding principal amount of the Convertible Bonds has been converted into shares of the Company. Conch Venture BVI has redeemed the outstanding Convertible Bonds in whole at a redemption price equal to 114.63% of the outstanding principal amount of HKD3,817,000,000 together with all accrued and unpaid interests thereon and completed all relevant procedures thereafter pursuant to the terms of the subscription agreement dated 29 August 2018 in respect of the issue of the Convertible Bonds and the Convertible Bonds (the “**Full Redemption**”). The total price payable by Conch Venture BVI for the Full Redemption was funded by the internal resources of the Group and the proceeds from the issue of green medium-term notes by the Company. The Company believes that there will be no material impact on the financial position of the Group as a result of the Full Redemption. Following the Full Redemption, the Convertible Bonds were cancelled in whole, and the Company and Conch Venture BVI are discharged from all of the obligations under and in respect of the Convertible Bonds. For details, please refer to the announcement of the Company dated 5 September 2023.

ISSUE OF MEDIUM-TERM NOTES

On 20 March 2023, the Company publicly issued the first tranche of green medium-term notes in inter-bank of the PRC, with an aggregate principal amount of RMB1.2 billion at an interest rate of 2.99% per annum for a term of three years. On 6 June 2023, the Company publicly issued the second tranche of green medium-term notes in inter-bank of the PRC, with an aggregate principal amount of RMB1.5 billion at an interest rate of 3.10% per annum for a term of three years. The proceeds raised were used to repay the Group's Convertible Bonds.

Details of the issue of the first tranche of green medium-term notes and the second tranche of green medium-term notes are published on the website of National Association of Financial Market Institutional Investors (www.nafmii.org.cn) and the website of Shanghai Clearing House (www.shclearing.com.cn).

HUMAN RESOURCES

The Group attached great importance to the construction and development of human resources, explored and continuously optimised its corporate management system, strived to create an atmosphere of talent development concept of “respecting labour, knowledge, talents and creation”, was dedicated to providing employees with competitive remuneration packages, safe and comfortable working environment and comprehensive welfare, conducted various professional business training from time to time, and encouraged employees to participate in training and exchange activities conducted by social and industrial organisations to enhance the comprehensive quality and professional skills of employees and stimulate their motivation and creativity for work. At the same time, the Group has also actively built a fair and balanced platform full of opportunities for the strategic development of diversified talents, expanded recruitment channels through various means, and recruited students with high academic qualifications and quality, so as to further improve manpower and talent pool for corporate development of the Group.

As at 31 December 2023, the Group had 6,225 (as at 31 December 2022: 5,551) employees. The remuneration of employees is based on qualifications, experience, work performance and market conditions. As required by the PRC regulations on social insurance, the Group participated in the social insurance schemes operated by local government authorities which include pension insurance, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance. For the year ended 31 December 2023, the total remuneration of employees (including the remuneration of the Directors) was approximately RMB702.5 million (2022: RMB585.3 million).

The Company has adopted a share option scheme (the “**Share Option Scheme**”) pursuant to a resolution in writing passed by all shareholders on 3 December 2013 for the purpose of granting options to selected participants as incentives or rewards for their contribution to the Group. Since the listing of the Company, no share option was granted pursuant to the Share Option Scheme.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No significant subsequent events occurred in the Group after 31 December 2023 and up to the date of this announcement.

FUTURE PLAN AND OUTLOOK

The year 2024 marks the beginning of a new series of industrial development plans for the Group. In the face of an increasingly complex and volatile domestic and international economic environment, under the leadership of the Board, the Group would stick to the general principle of upholding growth while ensuring stability and formulate its new round of five-year development plan in a scientific manner. Specifically, with the principles of improving quality and efficiency and preventing risks, and with protecting shareholders' interests as the core, we make tremendous efforts to enhance the Company's core competitiveness, aiming to build a "Leading in China, World-class" environmental corporate group.

Enhancing Quality and Efficiency, and Improving Operating Standards in the Environmental Protection Industry

The waste disposal segment will continue to implement standardised and lean management, seek new ideas for industrial development, and look for both external development and internal efficiency enhancement to further improve the quality of project operations.

The first thing is to develop business to exploit the business potential for industry efficiency. Leveraging on the Group's advantages in scale, we have focused on market segmentation to source resources and open up channels, with a view to maximising operational efficiency by exploring new business areas such as external steam sales, cross-boundary electricity trading and collaborative sludge disposal. The second thing is benchmarking management for higher operating quality in the industry. Not only have we improved the operation management system but also reviewed and disseminated our solid operating experience, leading to an overall improvement in the operating quality of the waste disposal segment. The third thing is policy review for the sustainable and healthy development of the waste-to-energy sector. Besides intensifying our research on industrial policies, we are actively applying for green certificates for projects and investigating methods to achieve carbon neutralisation and carbon trading. We have also ensured that the projects under construction are completed on schedule, with assured quality and quantity.

Maintaining Confidence and Promoting the Stable Development of the New Energy Business

For new energy positive and negative electrode materials, first, it is imperative to strengthen the development of the market system. By expanding the consumption capacity in the market of power battery and energy storage battery, we can increase our market share. Second, we should strengthen the cooperation mechanism and accelerate the progress of product certification to ensure the gradual development of production capacity.

For recycling industry, the first thing is to accelerate the improvement and optimisation of the lithium battery resource recycling technique and to enhance the technical barriers. Secondly, apart from promoting the national distribution of quality projects, we are also innovating our business model, expanding the recycling channel and marketing network, and increasing the cohesion of market cooperation.

Seeking Progress with Stability and Keeping Abreast of the Market Demand to Enhance Competitiveness

For the new building materials business, the Group will adhere to the customer application, enhance product quality and service, increase market share, and strengthen core competitiveness.

For the port logistics business, the Group will integrate existing quality resources, attract quality customer groups, increase market share, and maintain healthy and stable business development.

Final Dividend

At the Board meeting held on 25 March 2024, the Board proposed the distribution of final cash dividend of HK\$0.20 per share for the year ended 31 December 2023. The proposed final dividend is subject to approval of shareholders at the forthcoming annual general meeting (“AGM”). The final dividend will be paid on 26 July 2024.

ANNUAL GENERAL MEETING

The 2024 AGM of the Company will be held on Tuesday, 25 June 2024. The notice and the circular of the 2024 AGM will be published on the websites of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) and the Company as and when appropriate.

CLOSURE OF REGISTER OF MEMBERS

For determining the qualification of shareholders to attend and vote at the 2024 AGM, the register of members of the Company will be closed from Tuesday, 18 June 2024 to Tuesday, 25 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 meeting, 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 for registration not later than 4:30 p.m. on Monday, 17 June 2024.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 8 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 for registration not later than 4:30 p.m. on Friday, 5 July 2024.

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

During the Reporting Period, the Company repurchased a total of 3,039,500 shares of the Company at an aggregate consideration of HK\$18,731,410 (excluding expenses) which was funded by internal resources of the Group on the Stock Exchange.

Particulars of the shares repurchased during the Reporting Period are as follows:

Month in which shares were repurchased in 2023	Date of cancellation	Number of shares repurchased (shares)	Highest price paid per share (HKD)	Lowest price paid per share (HKD)	Total Consideration paid (HKD)
October	/	<u>3,039,500</u>	6.35	6.04	<u>18,731,410</u>
Total		<u><u>3,039,500</u></u>			<u><u>18,731,410</u></u>

The Directors considered the above share repurchases were made with a view to safeguard shareholders' interest of the Company.

Save as disclosed above, during the Reporting Period, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board confirmed that during the Reporting Period, the Company has complied with the principles and all applicable code provisions of Part 2 of the Corporate Governance Code of Appendix C1 (formerly known as Appendix 14) to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the transactions of securities of the Company by the Directors and the relevant employees (who likely possess inside information of the Company) (“**Securities Dealing Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) set out in Appendix C3 (formerly known as Appendix 10) to the Listing Rules. Having made specific enquiries by the Company, all Directors confirmed that they complied with the Model Code and the Securities Dealing Code during the Reporting Period.

REVIEW OF ANNUAL RESULTS

The annual results of the Group for the year ended 31 December 2023 have been reviewed by the audit committee of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This results announcement is available on the website of Hong Kong Exchanges and Clearing Limited (<http://www.hkexnews.hk>) and the website of the Company (<http://www.conchventure.com>). The 2023 Annual Report of the Company containing all the information required by the Listing Rules will be published on the above websites in due course.

On behalf of the Board
China Conch Venture Holdings Limited
GUO Jingbin
Chairman

China, 25 March 2024

As at the date of this announcement, the Board comprises Mr. JI Qinying (Vice-Chairman and Chief Executive Officer), Mr. SHU Mao and Mr. LI Daming as executive Directors; Mr. GUO Jingbin (Chairman) and Mr. LIU Yan as non-executive Directors; and Mr. CHAN Chi On (alias Derek CHAN), Mr. CHAN Kai Wing and Dr. PENG Suping as independent non-executive Directors.

* *English translation or transliteration of Chinese name for identification purpose only*