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 Report

2023

This Annual Report, in both Chinese and English versions, is available on the Company's website at http://www.conchventure.com (the "Company Website"). Shareholders who have chosen or have been deemed consented to receive the corporate communications of the Company (the "Corporate Communications") via the Company Website and who for any reason have difficulty in receiving or gaining access to the Corporate Communications posted on the Company Website will promptly upon request be sent the Corporate Communications in printed form free of charge.

Shareholders may at any time change their choice of the means of receipt of the Corporate Communications (either in printed form or via the Company Website).

Shareholders may send their requests at any time to receive the Annual Report and/or to change their choice of the means of receipt of the Corporate Communications by notice in writing to the share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

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DEFINITIONS

In this report, unless the context otherwise requires, the following expressions shall have the following meanings:

2023 AGM:	the annual general meeting of the Company convened on 20 June 2023
2024 AGM:	the annual general meeting of the Company to be convened on 25 June 2024, or any adjournment thereof
Anhui Conch Venture Green:	安徽海創新型節能建築材料有限責任公司 (Anhui Conch Venture New Energy-saving Building Material Co., Ltd.*)
Anhui CV Group:	安徽海創集團股份有限公司 (Anhui Conch Venture Group Co., Ltd.*) (formerly known as 安徽海螺創業投資有限責任公司 (Anhui Conch Venture Investment Co., Ltd.*))
Articles of Association:	the articles of association of the Company
associate(s):	has the meaning ascribed thereto under the Listing Rules
associated corporation(s):	has the meaning ascribed thereto under the SFO
Audit Committee:	the audit committee of the Board
Board:	the board of Directors of the Company
BOT:	build-operate-transfer, a type of business arrangement used in the construction of a facility
Bozhou Conch Venture Green:	亳州海創新型節能建築材料有限責任公司 (Bozhou Conch Venture New Energy-saving Building Material Co., Ltd.*)
CG Code:	the Corporate Governance Code set out in Appendix C1 (formerly known as Appendix 14) to the Listing Rules
China/PRC:	the People's Republic of China
CK Engineering:	安徽海螺川崎工程有限公司 (Anhui Conch Kawasaki Engineering Co., Ltd.*)
CK Equipment:	安徽海螺川崎節能設備製造有限公司 (Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd.*)
CK Shanghai:	上海海螺川崎節能環保工程有限公司 (Shanghai Conch Kawasaki Engineering Co., Ltd.*)
CKEM:	安徽海螺川崎裝備製造有限公司 (Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd.*)

DEFINITIONS

close associate(s):	has the meaning ascribed thereto under the Listing Rules
CNBM:	中國建材股份有限公司 (China National Building Material Company Limited*), a company whose H shares are listed on the Main Board of the Stock Exchange (stock code: 03323)
Company/Conch Venture:	中國海螺創業控股有限公司 (China Conch Venture Holdings Limited)
Conch Cement:	安徽海螺水泥股份有限公司 (Anhui Conch Cement Company Limited*), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 00914) and the Shanghai Stock Exchange (stock code: 600585)
Conch Design Institute:	安徽海螺建材設計研究院有限責任公司 (Anhui Conch Construction Materials Design Institute Co., Ltd.*)
Conch Environment:	中國海螺環保控股有限公司 (China Conch Environment Protection Holdings Limited), a company whose shares are listed on the Main Board of the Stock Exchange on 30 March 2022 (stock code: 00587)
Conch Group:	Conch Holdings and its affiliates (primarily Conch Cement and Conch New Materials)
Conch Holdings:	安徽海螺集團有限責任公司 (Anhui Conch Holdings Co., Ltd.*)
Conch IID Shanghai:	上海海螺國際投資發展有限公司 (Shanghai Conch International Investment Development Co., Ltd.*)
Conch IT Engineering:	安徽海螺信息技術工程有限責任公司 (Anhui Conch IT Engineering Co., Ltd.*)
Conch New Materials:	海螺(安徽)節能環保新材料股份有限公司 (Anhui Conch Energy-saving New Materials Co., Ltd.*)
Conch Venture BVI:	中國海創控股國際有限公司 (China Conch Venture Holdings International Limited)
Conch Venture Wuhu:	蕪湖海創實業有限責任公司 (Wuhu Conch Venture Enterprise Limited*)
connected person(s):	has the meaning ascribed thereto under the Listing Rules
controlling shareholder(s):	has the meaning ascribed thereto under the Listing Rules
Director(s):	the director(s) of the Company

DEFINITIONS

Group:	the Company and its subsidiaries
HKD:	the lawful currency of Hong Kong
Hong Kong:	the Hong Kong Special Administrative Region of the PRC
Kawasaki HI:	川崎重工業株式会社 (Kawasaki Heavy Industries Ltd.*)
Kawasaki Partner:	such member company of the Kawasaki Group which held (or holds) equity interest in CK Engineering and CK Equipment, including Kawasaki HI and its subsidiaries
Listing Rules:	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
Management:	the operating management of the Company
Model Code:	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 (formerly known as Appendix 10) to the Listing Rules
Remuneration and Nomination Committee:	the remuneration and nomination committee of the Board
Reporting Period:	from 1 January 2023 to 31 December 2023
RMB:	the lawful currency of the PRC
SA Conch:	安徽海螺集團有限責任公司工會委員會 (The Staff Association of Anhui Conch Holdings Co., Ltd.*)
SFO:	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
Share Option Scheme:	the share option scheme which was conditionally adopted by the Company pursuant to a resolution in writing passed by all Shareholders on 3 December 2013 and expired on the tenth anniversary of the date of adoption
Shareholders:	the shareholders of the Company
Stock Exchange:	The Stock Exchange of Hong Kong Limited
Strategy, Sustainability and Risk Management Committee:	the strategy, sustainability and risk management committee of the Board

1. CORPORATE INFORMATION

(I)	**REGISTERED CHINESE NAME OF THE COMPANY:**	中國海螺創業控股有限公司
	CHINESE ABBREVIATION:	海螺創業
	REGISTERED ENGLISH NAME OF THE COMPANY:	CHINA CONCH VENTURE HOLDINGS LIMITED
	ENGLISH ABBREVIATION:	CONCH VENTURE
(II)	**EXECUTIVE DIRECTORS:**	Mr. Guo Jingbin *(Chairman) (re-designated as an executive Director from a non-executive Director on 2 April 2024)* Mr. Ji Qinying *(Vice-Chairman & Chief Executive Officer)* Mr. Wang Xuesen *(appointed on 2 April 2024)* Mr. He Guangyuan *(appointed on 2 April 2024)* Mr. Wan Changbao *(appointed on 2 April 2024)* Mr. Li Jian *(resigned on 11 March 2024)* Mr. Shu Mao *(resigned on 2 April 2024)* Mr. Li Daming *(resigned on 2 April 2024)*
(III)	**NON-EXECUTIVE DIRECTORS:**	Mr. Liu Yan *(appointed on 26 June 2023)* Mr. Yu Kaijun *(resigned on 26 June 2023)*
(IV)	**INDEPENDENT NON-EXECUTIVE DIRECTORS:**	Mr. Chan Chi On (alias Derek Chan) Mr. Chan Kai Wing Mr. Peng Suping *(appointed on 20 June 2023)* Mr. Lau Chi Wah, Alex *(retired on 20 June 2023)*
(V)	**AUDIT COMMITTEE:**	Mr. Chan Chi On (alias Derek Chan) *(Chairman)* Mr. Chan Kai Wing Mr. Peng Suping *(appointed on 20 June 2023)* Mr. Lau Chi Wah, Alex *(retired on 20 June 2023)*
(VI)	**REMUNERATION AND NOMINATION COMMITTEE:**	Mr. Chan Kai Wing *(Chairman) (re-designated as the chairman of the Remuneration and Nomination Committee on 20 June 2023)* Mr. Chan Chi On (alias Derek Chan) Mr. Peng Suping *(appointed on 20 June 2023)* Mr. Liu Yan *(appointed on 26 June 2023)* Mr. Lau Chi Wah, Alex *(retired on 20 June 2023)* Mr. Yu Kaijun *(resigned on 26 June 2023)*

1. CORPORATE INFORMATION

(VII)	**STRATEGY, SUSTAINABILITY AND RISK MANAGEMENT COMMITTEE:**	Mr. Guo Jingbin *(Chairman)* Mr. Ji Qinying Mr. Chan Chi On (alias Derek Chan) Mr. Liu Yan *(appointed on 26 June 2023)* Mr. Yu Kaijun *(resigned on 26 June 2023)*
(VIII)	**JOINT COMPANY SECRETARIES:**	Mr. Chen Xingqiang Mr. Lee Leong Yin
(IX)	**AUTHORISED REPRESENTATIVES:**	Mr. Guo Jingbin Mr. Ji Qinying
(X)	**REGISTERED OFFICE OF THE COMPANY:**	Cricket Square, Hutchins Drive P.O. Box 2681,Grand Cayman KY1-1111 Cayman Islands
(XI)	**ADDRESS OF THE HEAD OFFICE IN THE PRC:**	1011 Jiuhua South Road Wuhu City, Anhui Province, China
(XII)	**POSTAL CODE:**	241070
(XIII)	**EMAIL ADDRESS OF THE COMPANY:**	hlcy@conchventure.com
(XIV)	**WEBSITE OF THE COMPANY:**	http://www.conchventure.com
(XV)	**PRINCIPAL PLACE OF BUSINESS IN HONG KONG:**	Suite 4018, 40/F, Jardine House 1 Connaught Place, Central Hong Kong
(XVI)	**HONG KONG LEGAL ADVISOR:**	Chiu & Partners
(XVII)	**INTERNATIONAL AUDITOR:**	KPMG *Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance*
(XVIII)	**CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE:**	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681,Grand Cayman KY1-1111 Cayman Islands
(XIX)	**HONG KONG BRANCH SHARE REGISTRAR:**	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17/F Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
(XX)	**STOCK CODE:**	00586

2. FINANCIAL HIGHLIGHTS

FINANCIAL OVERVIEW (FOR THE YEAR ENDED 31 DECEMBER 2023)

1. Operation results

Unit: RMB'000

Item	2023	2022*	2021*	2020	2019
Revenue	**8,015,211**	8,224,356	8,350,485	6,604,573	5,120,281
Profit before taxation	**2,872,104**	4,439,279	7,933,461	8,052,715	7,413,779
Share of profit of associates	**1,662,468**	2,939,049	6,168,140	6,387,437	6,008,155
Net profit attributable to the equity shareholders of the Company	**2,463,706**	3,909,927	7,458,129	7,617,627	6,995,831

*Note: Included both continuing operations and discontinued operations. The discontinued operations in 2022 only included the results of Conch Environment from 1 January 2022 to 30 March 2022.

2. Assets and liabilities

Unit: RMB'000

Item	2023	2022	2021	2020	2019
Total assets	**80,460,379**	75,379,877	68,919,066	54,327,572	42,171,561
Total liabilities	**32,707,661**	28,207,473	22,261,630	14,350,393	9,409,165
Equity attributable to the equity shareholders of the Company	**46,315,519**	44,862,013	45,269,794	38,564,985	31,852,952

11/05

The 2022 Environment, Social and Governance Report of China Conch Venture Holdings Limited was shortlisted in "1,000 Excellent Corporate Social Responsibility Reports by the Ministry of Industry and Information Technology of 2023", with a credit rating of Grade AA.

11/23

Conch Venture received the Golden Bull Award for Enterprises Listed in Hong Kong at the 2023 High-quality Development Forum for Listed Company and the 25th Award Ceremony of Golden Bull Award for Listed Companies jointly hosted by China Securities Journal and the People's Government of Nantong City.

12/26

CK Shanghai, a subsidiary of Conch Venture, successfully won the bid for the master contracting project of 9.9MW municipal waste power generation in Chiang Mai, Thailand.

Throughout 2023

The Group signed 5 lithium battery recycling and comprehensive utilisation projects in Shijiazhuang City, Hebei Province, Zaozhuang City, Shangdong Provicne, Tongchuan City, Shaanxi Province, Jingmen City, Hubei Province and Zhuzhou City, Hunan Province, with a total contracted treatment capacity of approximately 200,000 tonnes per annum.

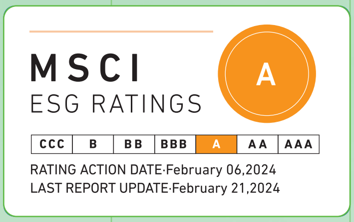
Throughout 2023

The Company added 15 new production lines with operating time over 365 days, and had a total of 21 production lines that have been operating continuously over 365 days, bringing the operating quality to next level.

CONCH VENTURE SUMMARY OF EVENTS

2 0 2 3

01/31



According to the latest rating of ESG (environment, social and governance) report around the world issued by MSCI, a global index company, the rating of 2022 ESG report of Conch Venture rose from "BBB" to "A", and remained unchanged in February 2024.

02/18

Conch Venture signed equity transfer agreements with Shandong Guohuan Industry Investment Co., Ltd.* (山東國環產業投資有限公司), pursuant to which Conch Venture successfully carried out the mergers and acquisitions of two waste-to-energy projects in Gaotang Coutny, Shandong Province and Liaocheng City, Shandong Province and two fly ash treatment projects in Guan County, Shandong Province and Donge County, Shandong Province.

03/20

Conch Venture successfully issued the first tranche of 2023 green medium-term notes, with an aggregate principal amount of RMB1,200,000,000 and a coupon rate of 2.99%. On 6 June 2023, Conch Venture issued the second tranche of green medium-term notes, with an aggregate principal amount of RMB1,500,000,000 and an interest rate of 3.10% per annum.

06/07

Conch Venture signed the equity transfer agreement with Taicang Liri Packaging Container Co, Ltd. (太倉立日包裝容器有限公司) to gain control over its project, which can dispose 430,000 waste packaging containers per year.

06/20

The 2023 AGM of Conch Venture was held in Wuhu City, Anhui Province.

BRIEF SUMMARY
OF MAJOR EVENTS

4. BUSINESS REVIEW AND OUTLOOK

(1) 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.

(2) 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 as 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 of 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.

4. BUSINESS REVIEW AND OUTLOOK

(2) BUSINESS REVIEW *(Continued)*

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 Daguan, 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.

4. BUSINESS REVIEW AND OUTLOOK

(2) BUSINESS REVIEW *(Continued)*

Municipal waste treatment *(Continued)*

1. Grate Furnace Power Generation *(Continued)*

(2) Project operation *(Continued)*

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

4. BUSINESS REVIEW AND OUTLOOK

(2) BUSINESS REVIEW *(Continued)*

Municipal waste treatment *(Continued)*

1. Grate Furnace Power Generation *(Continued)*

(2) Project operation *(Continued)*

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date	Whether it is included in the national financial subsidy list
17	In operation	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
31		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

4. BUSINESS REVIEW AND OUTLOOK

(2) BUSINESS REVIEW *(Continued)*

Municipal waste treatment *(Continued)*

1. Grate Furnace Power Generation *(Continued)*

(2) Project operation *(Continued)*

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date	Whether it is included in the national financial subsidy list
38	In operation	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	/

4. BUSINESS REVIEW AND OUTLOOK

(2) BUSINESS REVIEW *(Continued)*

Municipal waste treatment *(Continued)*

1. Grate Furnace Power Generation *(Continued)*

(2) Project operation *(Continued)*

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date	Whether it is included in the national financial subsidy list
59	In operation	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	/
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)**		

4. BUSINESS REVIEW AND OUTLOOK

(2) BUSINESS REVIEW *(Continued)*

Municipal waste treatment *(Continued)*

1. Grate Furnace Power Generation *(Continued)*

(2) Project operation *(Continued)*

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 Province	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)**	

4. BUSINESS REVIEW AND OUTLOOK

(2) BUSINESS REVIEW *(Continued)*

Municipal waste treatment *(Continued)*

1. Grate Furnace Power Generation *(Continued)*

(2) Project operation *(Continued)*

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.

4. BUSINESS REVIEW AND OUTLOOK

(2) BUSINESS REVIEW *(Continued)*

Municipal waste treatment *(Continued)*

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)**	

4. BUSINESS REVIEW AND OUTLOOK

(2) BUSINESS REVIEW *(Continued)*

Municipal waste treatment *(Continued)*

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.

4. BUSINESS REVIEW AND OUTLOOK

(2) BUSINESS REVIEW *(Continued)*

Municipal waste treatment *(Continued)*

3. Waste Treatment by Cement Kilns *(Continued)*

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:

<table>
<tr><th>No.</th><th>Status of Construction</th><th>Project Location</th><th>Treatment Capacity</th><th>Expected Completion Date</th></tr>
<tr><td>1</td><td>Under construction</td><td>Wuhu, Anhui Province</td><td>15,000 tonnes/year</td><td>March 2024</td></tr>
<tr><td colspan="3">Sub-total:</td><td colspan="2">15,000 tonnes/year</td></tr>
<tr><td>2</td><td rowspan="5">Under approval and planning</td><td>Huaibei, Anhui Province</td><td>15,000 tonnes/year</td><td>/</td></tr>
<tr><td>3</td><td>Shijiazhuang, Hebei Province</td><td>30,000 tonnes/year</td><td>/</td></tr>
<tr><td>4</td><td>Dengfeng, Henan Province</td><td>15,000 tonnes/year</td><td>/</td></tr>
<tr><td>5</td><td>Tongchuan, Shaanxi Province (Phase 1)</td><td>15,000 tonnes/year</td><td>/</td></tr>
<tr><td>6</td><td>Jingmen, Hubei Province (Phase 1)</td><td>15,000 tonnes/year</td><td>/</td></tr>
<tr><td colspan="3">Sub-total:</td><td colspan="2">90,000 tonnes/year</td></tr>
<tr><td>7</td><td rowspan="4">Reserve project</td><td>Zaozhuang, Shandong Province</td><td>30,000 tonnes/year</td><td>/</td></tr>
<tr><td>8</td><td>Zhuzhou, Hunan Province</td><td>15,000 tonnes/year</td><td>/</td></tr>
<tr><td>9</td><td>Tongchuan, Shaanxi Province (Phase 2)</td><td>15,000 tonnes/year</td><td>/</td></tr>
<tr><td>10</td><td>Jingmen, Hubei Province (Phase 2)</td><td>35,000 tonnes/year</td><td>/</td></tr>
<tr><td colspan="3">Sub-total:</td><td colspan="2">95,000 tonnes/year</td></tr>
<tr><td colspan="3">Total:</td><td colspan="2">200,000 tonnes/year</td></tr>
</table>

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.

4. BUSINESS REVIEW AND OUTLOOK

(2) BUSINESS REVIEW *(Continued)*

Municipal waste treatment *(Continued)*

3. Waste Treatment by Cement Kilns *(Continued)*

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.

(3) 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.

4. BUSINESS REVIEW AND OUTLOOK

(3) FUTURE PLAN AND OUTLOOK *(Continued)*

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.

5. MANAGEMENT DISCUSSION AND ANALYSIS

(I) 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.

5. MANAGEMENT DISCUSSION AND ANALYSIS

(I) FINANCIAL PROFITABILITY *(Continued)*

1. Revenue by business stream

Item	2023 Amount (RMB'000)	2023 Percentage (%)	2022 Amount (RMB'000)	2022 Percentage (%)	Change in amount (%)	Change in percentage (percentage points)
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.

5. MANAGEMENT DISCUSSION AND ANALYSIS

(I) FINANCIAL PROFITABILITY *(Continued)*

1. Revenue by business stream *(Continued)*

Breakdown of revenue from waste incineration solutions

Revenue Breakdown	2023 Amount (RMB'000)	2023 Percentage (%)	2022 Amount (RMB'000)	2022 Percentage (%)	Change in amount (%)	Percentage Change (percentage points)
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.

5. MANAGEMENT DISCUSSION AND ANALYSIS

(I) FINANCIAL PROFITABILITY *(Continued)*

2. Revenue by geographical locations

Item	2023 Amount (RMB'000)	2023 Percentage (%)	2022 Amount (RMB'000)	2022 Percentage (%)	Change in amount (%)	Change in amount (%)
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 Gross profit (RMB'000)	2023 Gross profit margin (%)	2022 Gross profit (RMB'000)	2022 Gross profit margin (%)	Change in amount (%)	Change in gross profit margin (percentage points)
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

5. MANAGEMENT DISCUSSION AND ANALYSIS

(I) FINANCIAL PROFITABILITY *(Continued)*

3. Gross profit and gross profit margin *(Continued)*

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.

5. MANAGEMENT DISCUSSION AND ANALYSIS

(II) 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

1. 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.

2. 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.

5. MANAGEMENT DISCUSSION AND ANALYSIS

(II) FINANCIAL POSITION *(Continued)*

3. 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.

(III) 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.

5. MANAGEMENT DISCUSSION AND ANALYSIS

(III) LIQUIDITY AND CAPITAL SOURCES *(Continued)*

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	**3,094,524**	4,361,637

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.

5. MANAGEMENT DISCUSSION AND ANALYSIS

(IV) 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
Authorized but not contracted for	**901,347**	2,484,854
Total	**4,056,166**	8,341,780

(V) 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.

(VI) CONTINGENT LIABILITIES

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

(VII) 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.

5. MANAGEMENT DISCUSSION AND ANALYSIS

(VIII) 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.

(IX) 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.

5. MANAGEMENT DISCUSSION AND ANALYSIS

(X) 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).

(XI) 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 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.

6. CORPORATE GOVERNANCE REPORT

The Board is hereby pleased to present the corporate governance report of the Group for the year.

(I) CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standard of corporate governance in order to protect the interests of the Shareholders and improve corporate value and accountability. The Company acknowledges the importance of the Board in effectively leading and managing the business of the Company and ensuring the transparency and accountability of the Company's operation.

The Company has adopted the CG Code set out in Appendix C1 (formerly known as Appendix 14) to the Listing Rules of the Stock Exchange as the corporate governance code of the Company. The Board confirmed that during the Reporting Period, the Company has complied with the principles and all applicable code provisions stated in Part 2 of the CG Code to formulate its operation and the Company has further refined the corporate governance structure and enhanced its corporate governance under the guidance of the regulatory documents including the Listing Rules and the Articles of Association.

The Company will regularly review and improve its corporate governance practices in order to be continuously in compliance with the CG Code.

(II) CORPORATE CULTURE AND STRATEGY

The Group is a large-scale"environmental protection + new energy"corporate group that provides energy-saving and environmental protection solutions. The Group recognises the importance of a healthy corporate culture in achieving the Group's future growth objectives. Under the guidance of the Board, the Group will cultivate a corporate culture based on core principles and ensure that the Group's vision, values and business strategies are aligned with the corporate culture.

The Group will advocate all staff to continuously improve their professional skills, to integrate personal development with corporate development, and to strengthen the sense of responsibility and mission of our staff so as to provide continuous momentum for the Group's development.

(III) 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 the inside information of the Company) ("**Securities Dealing Code**") on terms no less exacting than the required standard set out in the Model Code contained in Appendix C3 (formerly known as Appendix 10) to the Listing Rules. Having made specific enquiries by the Company, all the Directors confirmed that they have complied with the Model Code and the Securities Dealing Code during the Reporting Period.

The Company has also issued an inside dealing warning ("**Inside Dealing Warning**") for securities transactions of the Group by employees.

During the Reporting Period, the Company was not aware of any incident of non-compliance with the Model Code, the Securities Dealing Code and the Inside Dealing Warning by the relevant employees.

6. CORPORATE GOVERNANCE REPORT

(IV) THE BOARD

The composition of the Board during the Reporting Period and as of the date of this report is as follows:

Name of Directors	Position	Date of Appointment as Director
Executive Directors		
Mr. Guo Jingbin (Note 1)	Executive Director and Chairman of the Board	24 June 2013
Mr. Ji Qinying	Executive Director, Vice-Chairman of the Board and Chief Executive Officer	18 July 2013
Mr. Wang Xuesen	Executive Director and Executive Deputy General Manager	2 April 2024
Mr. He Guangyuan	Executive Director	2 April 2024
Mr. Wan Changbao (Note 2)	Executive Director and Deputy General Manager	2 April 2024
Non-executive Director		
Mr. Liu Yan	Non-executive Director	26 June 2023
Independent Non-executive Directors		
Mr. Chan Chi On (alias Derek Chan)	Independent Non-executive Director	3 December 2013
Mr. Chan Kai Wing	Independent Non-executive Director	3 December 2013
Mr. Peng Suping	Independent Non-executive Director	20 June 2023

Former Directors		Date of Resignation/ Retirement as Director
Mr. Li Jian	Executive Director and Deputy General Manager	11 March 2024
Mr. Shu Mao (Note 3)	Executive Director and Deputy General Manager	2 April 2024
Mr. Li Daming	Executive Director	2 April 2024
Mr. Yu Kaijun	Non-executive Director	26 June 2023
Mr. Lau Chi Wah, Alex	Independent Non-executive Director	20 June 2023

Notes:

1. Mr. Guo Jingbin was re-designated as an executive Director from a non-executive Director on 2 April 2024.

2. Mr. Wan Changbao was appointed as the deputy general manager of the Company on 11 March 2024.

3. Mr. Shu Mao resigned as an executive Director and the executive deputy general manager of the Company but was retained as the deputy general manager of the Company on 2 April 2024.

6. CORPORATE GOVERNANCE REPORT

(IV) THE BOARD *(Continued)*

Detailed biographies of the current Directors are set out in the section headed "Biographies of Directors and Senior Management" of this report.

There is no financial, business, family or other material/relevant relationship among all members of the Board.

Mr. He Guangyuan, on 22 March 2024, and Mr. Wang Xuesen and Mr. Wan Changbao, on 2 April 2024, obtained the legal opinions referred to in Rule 3.09D of the Listing Rules, and became aware of all the requirements of the Listing Rules applicable to them as directors of listed issuers, as well as the possible consequences of making a false statement or providing false information to the Stock Exchange. They all confirmed that they were aware of their responsibilities as directors of listed issuers.

Independence of Independent Non-executive Directors

During the Reporting Period, the Board had complied with the requirements under Rules 3.10 and 3.10A of the Listing Rules, having at least three independent non-executive Directors (representing at least one-third of the Board) with at least one of whom possessing appropriate professional qualifications, or accounting and related financial management expertise. The Company has received written annual confirmations from all the independent non-executive Directors on their independence pursuant to the factors set out in Rule 3.13 of the Listing Rules and the Company agrees with their independence and considers all independent non-executive Directors are independent. The three independent non-executive Directors have duly performed their duties, protected Shareholders' interests independently and objectively, and provided checks and balances in the decision-making of the Board in accordance with relevant laws and regulations.

Board Meetings, Board Committee Meetings and Annual General Meeting

According to Code Provision C.5.1 of the CG Code, the board of directors of any listed company should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the Reporting Period, the Board had held six Board meetings (approximately one for each quarter), of which two were regular meetings to approve the final results for the year ended 31 December 2022 and the interim results for the six months ended 30 June 2023. The Board was of the view that each Director was given sufficient space to supervise the matters of the Company at the meetings held during the Reporting Period. According to the amendments to the Listing Rules and in order to safeguard the interests of core Shareholders, the Company amended the Articles of Association during the Reporting Period. In 2024, the Company will continue to comply with Code Provision C.5.1 of the CG Code in holding one regular board meeting for each quarter to discuss or approve matters in relation to, among other things, operating strategies, external expansion, financial planning.

6. CORPORATE GOVERNANCE REPORT

(IV) THE BOARD *(Continued)*

During the Reporting Period, the attendance records of each Director at the meetings of the Board, the Audit Committee, the Remuneration and Nomination Committee, the Strategy, Sustainability and Risk Management Committee and the annual general meeting are set forth as below:

	Number of attendance/Number of meetings during term of office				
Name of Director	**Board meeting**	**Audit Committee**	**Remuneration and Nomination Committee**	**Strategy, Sustainability and Risk Management Committee**	**Annual General Meeting**
Mr. Guo Jingbin	6/6	N/A	N/A	1/1	1/1
Mr. Ji Qinying	6/6	N/A	N/A	1/1	1/1
Mr. Liu Yan (Note 1)	4/4	N/A	0/0	0/0	0/0
Mr. Chan Chi On (alias Derek Chan)	6/6	2/2	2/2	1/1	1/1
Mr. Chan Kai Wing	6/6	2/2	2/2	N/A	1/1
Mr. Peng Suping (Note 2)	5/5	1/1	1/1	N/A	0/0
Mr. Li Jian (Note 3)	6/6	N/A	N/A	N/A	1/1
Mr. Shu Mao (Note 4)	6/6	N/A	N/A	N/A	1/1
Mr. Li Daming (Note 4)	6/6	N/A	N/A	N/A	1/1
Mr. Yu Kaijun (Note 5)	2/2	N/A	2/2	1/1	0/0
Mr. Lau Chi Wah, Alex (Note 6)	1/1	1/1	1/1	N/A	0/1

Notes:

1. Mr. Liu Yan was appointed as a non-executive Director on 26 June 2023.

2. Mr. Peng Suping was appointed as an independent non-executive Director on 20 June 2023.

3. Mr. Li Jian resigned as an executive Director and the deputy general manager of the Company on 11 March 2024.

4. Mr. Shu Mao and Mr. Li Daming resigned as executive Director on 2 April 2024.

5. Mr. Yu Kaijun resigned as a non-executive Director on 26 June 2023.

6. Mr. Lau Chi Wah, Alex retired as an independent non-executive Director on 20 June 2023.

During the Reporting Period, the chairman of the Board also held meeting with the independent non-executive Directors without the presence of other Directors.

6. CORPORATE GOVERNANCE REPORT

(V) FUNCTIONS AND OPERATION OF THE BOARD AND MANAGEMENT

The Board is responsible for the leadership, supervision and management of the Company. Its primary role is to provide guidance to the Company's strategies and effectively supervise the management staff. Each Director shall perform his duties objectively and prudently in the interest of the Company and shall be accountable to Shareholders.

The Board reserves its right to make decisions on all major matters of the Company, including to approve and supervise all policies, overall strategies and budgets, internal control and risk management systems, major transactions (in particular those which may involve conflict of interest), financial information, appointment of Directors and other significant financial and operational matters.

The Management is responsible for the daily management of the business operation of the Company, the implementation of strategies, plans and business targets of the Company, and the formulation of business plans and budgets.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning.

All Directors have full and timely access to all relevant information as well as the advice and services form the company secretaries, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Generally, each Director may seek independent professional advice in appropriate circumstances at the Company's expenses, upon making request to the Board.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

6. CORPORATE GOVERNANCE REPORT

(VI) CONTINUOUS TRAINING AND DEVELOPMENT OF DIRECTORS

The Company continuously updates Directors on the latest developments of the Listing Rules and other applicable regulatory requirements and provides training to develop and refresh the Directors' knowledge and skills. Certain Directors and senior management of the Company attended the "70th Session of the Enhanced Continuing Professional Development Seminar for Affiliated Members" organised by The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) in Dalian from 19 to 21 July 2023, and circulated relevant information to the Directors. Consolidating the amendments to Listing Rules by the Stock Exchange, the Company summarised the relevant amendments, amended the Articles of Association, and explained the amendments to the Directors and senior management of the Company to safeguard the interests of core Shareholders. In addition, the Company regularly circulates briefings of the industry to update the Directors on the latest industry development.

A summary of training received by the Directors during the Reporting Period according to the records provided by the Directors is as follows:

Name of Director	Attending courses/ seminars/ conferences	Reading books/ journals/articles
Mr. Guo Jingbin	✓	✓
Mr. Ji Qinying	✓	✓
Mr. Liu Yan	✓	✓
Mr. Chan Chi On (alias Derek Chan)	✓	✓
Mr. Chan Kai Wing	✓	✓
Mr. Peng Suping	✓	✓
Mr. Li Jian	✓	✓
Mr. Shu Mao	✓	✓
Mr. Li Daming	✓	✓
Mr. Yu Kaijun	✓	✓
Mr. Lau Chi Wah, Alex	✓	✓

During the Reporting Period, all the Directors were in compliance with Code Provision C.1.4 of the CG Code and were consistently provided with the latest information regarding legal and regulatory developments as well as business and market environment for their performance of duties.

(VII) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under Code Provision C.2.1 of the CG Code, the duties and responsibilities of the chairman to manage the Board should be clearly separated from those of the chief executive officer to manage the business of the Company and should not be performed by the same individual.

The chairman of the Board and the chief executive officer (i.e. general manager) of the Company are served by Mr. Guo Jingbin and Mr. Ji Qinying respectively so as to ensure a clear division of the duties between them. The chairman of the Board is mainly responsible for formulating the overall strategic development of the Group, leading the Board and ensuring the effective operation of the Board when performing his duties as the chairman of the Board. The chief executive officer (i.e. general manager) of the Company is mainly responsible for the daily operation and management of the Company and the implementation of the Board's decisions, strategies, plans and business targets of the Company.

6. CORPORATE GOVERNANCE REPORT

(VIII) APPOINTMENT AND RE-ELECTION OF DIRECTORS

The procedures of appointment, re-election and removal of Directors are stipulated in the Articles of Association.

As at the date of this report, the Company has entered into service contracts with all executive Directors and appointment letters with all non-executive Director and independent non-executive Directors respectively, all for a term of not more than three years. Such appointment may be terminated by not less than three months' written notice from either party.

Pursuant to Article 105(A) and Article 105(B) of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. Retiring Directors are eligible to offer themselves for re-election. The Directors to retire shall be those who have been longest in office since their last re-election or appointment but as between Directors who became or were last re-elected as Directors on the same day, those to retire shall (unless otherwise agreed among themselves) be determined by lot. Pursuant to Article 109 of the Articles of Association, any Director appointed by the Board either to fill a casual vacancy or as an additional Director shall hold office only until the first annual general meeting of the Company following his appointment and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

Hence, after discussion among the Directors, Mr. Chan Chi On (alias Derek Chan) and Mr. Chan Kai Wing will retire by rotation at the 2024 AGM pursuant to Article 105(A) and Article 105(B) of the Articles of Association.

In addition, Mr. Liu Yan (appointed as a non-executive Director by the Board on 26 June 2023), Mr. Guo Jingbin (re-designated as an executive Director from a non-executive Director by the Board on 2 April 2024) and Mr. Wang Xuesen, Mr. He Guangyuan and Mr. Wan Changbao (all appointed as executive Directors by the Board on 2 April 2024) will serve until the 2024 AGM in accordance with Article 109 of the Articles of Association.

Pursuant to the Articles of Association and the Company's board diversity policy and director nomination policy, all the above-mentioned retiring Directors, being eligible for nomination and re-election, will offer themselves for re-election thereat.

Reference is made to the announcement of the Company dated 24 April 2024 in relation to the proposed election of independent non-executive Director. After considering the recommendation of the Remuneration and Nomination Committee, the Board has nominated Ms. Cheng Yanlei ("**Ms. Cheng**") as an independent non-executive Director for election by Shareholders at the 2024 AGM. Subject to the approval by Shareholders for the election of Ms. Cheng as an independent non-executive Director, Ms. Cheng will also be appointed as a member of each of the Remuneration and Nomination Committee and the Audit Committee with effect from the conclusion of the 2024 AGM.

6. CORPORATE GOVERNANCE REPORT

(IX) COMMITTEES OF THE BOARD

As at the date of this report, the Board has established three committees, namely the Audit Committee, the Remuneration and Nomination Committee and the Strategy, Sustainability and Risk Management Committee, and formulated the relevant terms of references for overseeing particular aspects of affairs of the Company. Each committee of the Board is established with defined written terms of reference. The terms of reference of each committee of the Board is posted on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company's website (www.conchventure.com), and are available to Shareholders.

1. Audit Committee

(1) Members

As at the date of this report, the Audit Committee comprised three independent non-executive Directors, whose positions are as follows:

Name	Position
Mr. Chan Chi On (alias Derek Chan) (Independent non-executive Director)	Chairman
Mr. Chan Kai Wing (Independent non-executive Director)	Member
Mr. Peng Suping (Independent non-executive Director)	Member (appointed on 20 June 2023)
Mr. Lau Chi Wah, Alex (Independent non-executive Director)	Member (retired on 20 June 2023)

None of the members of the Audit Committee is a former partner of the current external auditors of the Company.

The Terms of Reference of the Audit Committee of the Board of the Company clearly defines the duties and rules of the committee. In accordance with the Terms of Reference of the Audit Committee of the Board, the chairman of the committee shall be acted by an independent non-executive Director.

6. CORPORATE GOVERNANCE REPORT

(IX) COMMITTEES OF THE BOARD *(Continued)*

1. Audit Committee *(Continued)*

(2) Summary of Functions and Work

The Terms of Reference of the Audit Committee of the Board of the Company stipulates that the primary duties of the Audit Committee are to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information, provide advice in respect of financial reporting and oversee and review the internal control system of the Company, and consider any significant or unusual matters and report to the Board for consideration.

The work done by the Audit Committee during the Reporting Period was set forth below:

a. reviewed the audited consolidated annual results for the year ended 31 December 2022 and the interim results for the six months ended 30 June 2023 of the Group, together with the announcements and reports related to the results, and other matters or issues raised by the external auditor;

b. reviewed the audited results as submitted by the external auditor;

c. reviewed the independence of the external auditor and considered the appointment of an external auditor for the annual audit services;

d. reviewed the effectiveness of the internal control system and internal audit function of the Group, including all material controls, in particular financial, operational and compliance controls; and

e. reviewed and approved the continuing connected transactions of the Group.

2. Remuneration and Nomination Committee

(1) Members

As at the date of this report, the Remuneration and Nomination Committee comprised one non-executive Director and three independent non-executive Directors, of which their positions are as follows:

Name	Position
Mr. Chan Kai Wing (Independent non-executive Director)	Chairman (re-designated on 20 June 2023)
Mr. Chan Chi On (alias Derek Chan) (Independent non-executive Director)	Member
Mr. Peng Suping (Independent non-executive Director)	Member (appointed on 20 June 2023)
Mr. Liu Yan (non-executive Director)	Member (appointed on 26 June 2023)
Mr. Lau Chi Wah, Alex (Independent non-executive Director)	Member (retired on 20 June 2023)
Mr. Yu Kaijun (non-executive Director)	Member (resigned on 26 June 2023)

The Terms of Reference of the Remuneration and Nomination Committee of the Board of the Company clearly defines the duties and rules of the committee. In accordance with the Terms of Reference of the Remuneration and Nomination Committee of the Board, the chairman of the committee shall be acted by an independent non-executive Director.

6. CORPORATE GOVERNANCE REPORT

(IX) COMMITTEES OF THE BOARD *(Continued)*

2. Remuneration and Nomination Committee *(Continued)*

(2) Summary of Functions and Work

The primary functions of the Remuneration and Nomination Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all directors and senior management of the Group; make recommendations to the Board on the remuneration package for each of the executive Directors and senior management; review performance-based remuneration and ensure none of the Directors participate in deciding their own remuneration; review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually; make recommendations to the Board on any proposed changes to the Board to complement the Company's corporate strategy; identify and select individuals suitably qualified as potential Board members or make recommendations to the Board on the selection of individuals nominated for directorships; assess the independence of independent non-executive Directors; and make recommendations to the Board on the appointment or re-appointment of Directors and succession planning of Directors, in particular that of the chairman/chief executive officer/general manager.

During the Reporting Period, the work done by the Remuneration and Nomination Committee was set forth below:

a. reviewed the remuneration policies and structure of the Directors and senior management of the Company, assessed the performance of executive Directors and approved the terms of executive Directors' service contracts;

b. reviewed and evaluated the independence of the independent non-executive Directors;

c. reviewed the structure, size and composition of the Board (including the skills, knowledge and experience);

d. discussed the composition of the Board from the aspect of diversity, and implemented the measurable objectives for Board diversity;

e. reviewed and approved the resolutions on the re-election and appointment of Directors; and

f. discussed and made recommendations to the Board on the remuneration and appointment letters of the new Directors.

6. CORPORATE GOVERNANCE REPORT

(IX) COMMITTEES OF THE BOARD *(Continued)*

2. Remuneration and Nomination Committee *(Continued)*

(3) Director Nomination Policy

The Company has adopted a Director nomination policy which sets out the selection criteria and process and the Board succession planning in relation to nomination and appointment of Directors. When the Company is assessing and selecting candidates of Directors, the Remuneration and Nomination Committee and the Board will consider the integrity, qualifications (including professional qualifications, skills, knowledge and experience related to the business and strategy of the Company) of the candidates and the diversity element as described in the Board diversity policy. For appointment of independent non-executive Directors, the Company will consider the independence of the candidates in accordance with the Listing Rules and the commitment of sufficient time in order to discharge the duties as a member of the Board and the Board committees.

For appointment of Directors, the Remuneration and Nomination Committee should make recommendations to the Board to appoint suitable candidates for directorship. For a person nominated by Shareholders for election as a Director at the general meeting of the Company, the Remuneration and Nomination Committee and/or the Board should assess such candidate based on the above selection criteria to determine the eligibility of such candidate to be appointed as a Director, and thus make recommendations to the Shareholders on the proposal of election of Director at the general meeting.

For re-election of Director at the general meeting, the Remuneration and Nomination Committee and/or the Board should review the overall contribution and services made by the retiring Director to the Company, their level of engagement and performance in the Board, and whether they still meet the above standards, so as to make recommendations to the Shareholders on the proposed re-election of Director at the general meeting.

During the Reporting Period, the Remuneration and Nomination Committee has nominated Directors (including re-election and new appointment) to the Board according to the Director nomination procedures and selection and recommendation criteria in the Director nomination policy of the Company.

6. CORPORATE GOVERNANCE REPORT

(IX) COMMITTEES OF THE BOARD *(Continued)*

2. Remuneration and Nomination Committee *(Continued)*

(4) Board Diversity Policy

The Group has adopted a Board diversity policy since 3 December 2013, and made amendments to such policy on 13 December 2018.

As the Group recognises and embraces the benefits of having a diverse Board in enhancing the quality of the Company's performance, the Board adopted a Board diversity policy, whereby setting forth principles adopted to realise Board diversity. In determining the composition of the Board, the Group takes into consideration the skills, industry experience, background, race, expertise, culture, independence, age and gender of the members of the Board, in order to establish and maintain a diverse Board. The Company strives to maintain diversified opinions in every aspect in the Board, especially the opinions that are consistent with the strategy and objectives of the Company, and conducts regular assessment on the Board diversity and progress in achieving the objective of diversity.

The Company has formulated the following measurable objectives for the Board diversity policy:

a. at least 80% of Board members have college education background;

b. at least 60% of Board members have acquired accounting or other professional qualifications;

c. at least 80% of Board members have relevant working experience in China; and

d. at least one-third of Board members are independent non-executive Directors.

The Board has confirmed that the Board had achieved the above objectives during the Reporting Period. The Remuneration and Nomination Committee will regularly review the relevant policies and the measurable objectives to ensure the diversity of the Board.

The Company considers that the composition of the current Board is consistent with the diversity principles under the Board diversity policy, taking into account the skills, regions, genders, and other qualities of the existing Directors. The composition of the Board could accommodate the operation and development needs of the Company. To cope with the future development, the Company will consider the aforesaid objectives when considering changes to the composition and the portfolio of the Board. The appointment of all Board members is dependent on merit, and the diversity is also taken into consideration.

6. CORPORATE GOVERNANCE REPORT

(IX) COMMITTEES OF THE BOARD *(Continued)*

2. Remuneration and Nomination Committee *(Continued)*

(4) Board Diversity Policy *(Continued)*

As at the date of this report, there were no female Directors in the Board. Pursuant to Rule 13.92 of the Listing Rules, the Company will appoint at least one female Director not later than 31 December 2024 to enhance the diversity of Board members. The Remuneration and Nomination Committee will strive to choose suitable female candidates for directorship through internal promotion, selection, appointment of job intermediary institutions or other reasonable means and will make recommendations to the Board for consideration.

(5) Gender Diversity of Employees

The Group has been well aware of the benefits of employee gender diversity in enhancing the performance of the Company. The Group will strive to realise the gender diversity of employees by combining the characteristics of the industry and considering the own advantages of employees, and will regularly evaluate the status of employee gender diversity and the progress in realising the diversity goal. As at 31 December 2023, the proportion of females to males in the Group employees (including senior management) was 20%: 80%. As the Group is engaged in the environmental industry, the relevance of gender diversity in this scope of business may be lower, therefore, it is considered that the current gender ratio of the Group is appropriate. However, with the human resource management policies put in place, the Group aims to avoid any form of harassment and discrimination in the workplace on the basis of age, gender, race, nationality, religion, marital status or disability. All employees are given equal opportunities for employment, training and career development without discrimination. The above measures will help ensure that all employees are treated equally and fairly.

6. CORPORATE GOVERNANCE REPORT

(IX) COMMITTEES OF THE BOARD *(Continued)*

3. Strategy, Sustainability and Risk Management Committee

(1) Members

As at the date of this report, the Strategy, Sustainability and Risk Management Committee comprised two executive Directors, one non-executive Director and one independent non-executive Director, and their positions are as follows:

Name	Position
Mr. Guo Jingbin (Executive Director)	Chairman
Mr. Ji Qinying (Executive Director)	Member
Mr. Liu Yan (Non-executive Director)	Member (appointed on 26 June 2023)
Mr. Chan Chi On (alias Derek Chan) (Independent non-executive Director)	Member
Mr. Yu Kaijun (Non-executive Director)	Member (resigned on 26 June 2023)

The Terms of Reference of the Strategy, Sustainability and Risk Management Committee of the Board of the Company clearly defines the duties and rules of the committee.

(2) Summary of Functions and Work

The Strategy, Sustainability and Risk Management Committee is mainly responsible for formulating the mid- and long-term planning of development strategies of the Group, considering and making recommendations on policies for sustainable development, monitoring and reviewing the implementation of strategic development plans and policies related to sustainable development, overseeing and reviewing the risk management system, and assisting the Board in fulfilling its management and supervision responsibilities related to the sustainable development of the Group.

During the Reporting Period, the work done by the Strategy, Sustainability and Risk Management Committee was set forth below:

a. reviewed the Group’s 2022 Environmental, Social and Governance Report; and

b. reviewed the effectiveness of the Group’s risk management system.

6. CORPORATE GOVERNANCE REPORT

(X) CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in Code Provision A.2.1 of the CG Code.

During the Reporting Period, the Board has formulated, reviewed and monitored the corporate governance policies and practices of the Company, the training and continuous professional development of the Directors and senior management, the policies and practices of the Company on compliance with legal and regulatory requirements, the compliance by the Directors and employees with the code of the Group's securities dealing conduct, and the compliance of the Company with the CG Code and the disclosures in this corporate governance report.

(XI) BOARD INDEPENDENCE

On 1 December 2022, the Company established the Board independence evaluation mechanism, which clearly sets out the processes and procedures to ensure that the Board has a strong element of independence, thereby enabling the Board to effectively exercise its independent judgement and better safeguard the interests of Shareholders.

The objective of the evaluation is to continue to improve and develop the processes and procedures of the Board and its committees through the Board independence evaluation mechanism, to further improve the efficiency of the Board, to maximise the advantages and identify areas to be improved. It provides a powerful and valuable feedback mechanism. The evaluation process also sets out the actions required to be taken by the Company to maintain and improve the performance of the Board, such as the individual training and development needs of each Director.

In compliance with the Board independence evaluation mechanism, the Board will conduct an annual review of its independence. The Board independence evaluation report will be submitted to the Board, the results will be collectively discussed by the Board and it will lead to an action plan for improvement.

During the Reporting Period, all Directors have individually completed the independence evaluation in the form of questionnaires. The Board reviewed the implementation and effectiveness of the Board independence evaluation mechanism, and the results were consistent with the requirements.

6. CORPORATE GOVERNANCE REPORT

(XII) AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about its reporting responsibilities on the consolidated financial statements for the year ended 31 December 2023 of the Group is set out in the section headed "Independent Auditor's Report" on pages 92 to 101.

The fee paid/payable to KPMG, the auditor, by the Company for the year ended 31 December 2023 is set out below:

Services	**Fee paid/payable** (RMB'000)
Audit Services — audit fee for 2023	2,340
Non-audit services	98
Total	2,438

(XIII) DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for each financial year. The financial statements have truly and fairly reflected the financial position of the Group and the Company and the results of operation and cash flows of the Group in the year. During the preparation of the financial statements for the year ended 31 December 2023, the Board had adopted suitable accounting policies and ensured consistent application of such accounting policies, made prudent, fair and reasonable judgements and estimates, and prepared the accounts on a going concern basis. The Directors believe after making reasonable inquiries that the Group has sufficient fund to meet the constant operations in the foreseeable future, therefore the ongoing basis is suitable for the preparation of the financial statements.

6. CORPORATE GOVERNANCE REPORT

(XIV) RISK MANAGEMENT AND INTERNAL CONTROLS

The Board confirms its full responsibility for and assessment of the risk management and internal control systems of the Group, and is responsible for regularly reviewing the effectiveness of such systems, so as to protect the investments of the shareholders of the Company and the assets of the Group. The Board acknowledges that the risk management and internal control systems are designed to manage the risks associated with the achievement of business objectives, not to eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance that there will be no material misstatement or loss. During the Reporting Period, the Board had complied with the code provisions regarding risk management and internal control systems as set out in the CG Code.

The Company has formulated the *Comprehensive Risk Management Measures* to provide a policy basis for fully managing the risks related to the Company's business and operations, so that the Company can identify and properly manage all major risks it faces. The risk management system defines the overall objectives and basic principles of risk management, the division of responsibilities and reporting channels of risk management, the risk management methodology, and the main tasks and daily business matters of risk management. The risk management methodology referred to in the system includes risk identification, risk assessment, risk response, risk monitoring and reporting and other basic procedures. The Company organises risk management every year, continuously monitors major risks and risk changes in the operation and management of all responsible departments, supervises and evaluates whether all departments and subsidiaries can carry out risk management in accordance with relevant regulations and their work performance, and puts forward suggestions for improvement on the effectiveness of risk management efforts. Serious internal control deficiencies in the systems can be reported directly to the Strategy, Sustainability and Risk Management Committee, the Audit Committee and the Board, and reasonable measures will be taken and improvements will be made in a timely manner.

6. CORPORATE GOVERNANCE REPORT

(XIV) RISK MANAGEMENT AND INTERNAL CONTROLS *(Continued)*

During the Reporting Period, the Company formulated the *2023 Implementation Measures for Risk Management and Internal Control* and carried out relevant work. According to the relevant risk management systems and based on the overall business objectives and the Company's internal and external environment and management status, the Company comprehensively sorted out and identified the risks it may face from the strategic, operational, financial, market, legal and other aspects, assessed major risks, formulated a major risk response plan, and strengthened risk prevention and control in key areas. The Company conducted self-assessments on risk management and internal control in July and December 2023. According to the self-assessment results, the Company and its subsidiaries had no significant internal control deficiencies in financial reporting and non-financial reporting, no significant incidents related to safety, environment, compliance or litigation, no reported incidents of improper financial reporting, internal control or other misconduct by employees. The risk management and internal control systems of the Company and its subsidiaries were proved to be effective and adequate during the Reporting Period.

The Company complies with the regulatory requirements and utilises its existing resources to the best to constantly improve risk management and the operating efficiency, and thus realise its development objectives. According to the regulatory requirements for listed companies, it clearly defines the roles and responsibilities of the board of directors and the management in risk management and internal control systems. Besides, it also builds risk awareness of all staff, strengthens measures for risk response and internal supervision, which shall be realised by the three-level management structure consisting of professional departments, regional management committees, and subsidiaries of the Company, and thereby to build a risk management and internal control system that promotes collaboration between the Company and its subsidiaries.

The Company has established an internal audit function. The Board will continue to supervise the risk management and internal control systems of the Company on an ongoing basis, and review the effectiveness of the risk management and internal control systems of the Company and its subsidiaries annually. The Board had through the Strategy, Sustainability and Risk Management Committee and the Audit Committee, examined the effectiveness of the risk management and internal control systems of the Company, including controls of all important aspects especially financial control, operation control and compliance control, and has received the confirmation from the Management in respect of the effectiveness of the risk management and internal control systems of the Company, and considered that such systems were effective and adequate.

The Company has formulated the *Measures for the Management of Information Disclosure*, which stipulated relevant requirements on the processing and disclosure procedures of corporate information (including inside information) such as confidentiality measures for inside information and management of insiders, and will update the statistics of insiders from time to time and provide explanation to them on relevant rules in a timely manner, so as to monitor and handle the inside information effectively.

6. CORPORATE GOVERNANCE REPORT

(XV) CORPORATE GOVERNANCE

During the Reporting Period, the Group formulated and issued the Procedural Rules of the Board, which aims to ensure that the Board exercises its powers and functions in a lawful, independent, disciplined and effective manner, and to ensure the working efficiency and scientific decision-making of the Board, thereby enhancing the standard of corporate governance of the Group.

(XVI) JOINT COMPANY SECRETARIES

Mr. Chen Xingqiang was appointed as the joint company secretary of the Company on 11 October 2021. Mr. Lee Leong Yin was appointed as the joint company secretary of the Company on 29 August 2022. Mr. Chen Xingqiang is the internal joint company secretary of the Company. Mr. Lee Leong Yin is a senior manager of Corporate Services of Tricor Services Limited, a global professional services provider specialising in integrated business, corporate and investor services. All Directors have access to the advice and services of the joint company secretaries on corporate governance and board practices and matters. The principal contact person in the Company with Mr. Lee Leong Yin is Mr. Chen Xingqiang, a joint company secretary of the Company, who will collaborate and communicate with Mr. Lee Leong Yin on corporate governance and secretarial and administrative matters of the Company.

Pursuant to Rule 8.17 of the Listing Rules, the Company shall appoint a company secretary who satisfies the requirements of Rule 3.28 of the Listing Rules. Rule 3.28 of the Listing Rules provides that the Company shall appoint as its company secretary an individual who, in the opinion of the Stock Exchange, is capable of discharging the functions of company secretary by virtue of his/her academic or professional qualifications or relevant experience.

As Mr. Chen Xingqiang currently does not possess the qualifications required under Note 1 to Rule 3.28 of the Listing Rules, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver (the "**Waiver**") from strict compliance with the requirements under Rules 3.28 and 8.17 of the Listing Rules with respect to the appointment of Mr. Chen Xingqiang as a joint company secretary for a period of three years from the date of such appointment (i.e. 11 October 2021) (the "**Waiver Period**"). The Waiver is granted on the conditions that (i) Mr. Chen Xingqiang must be assisted by Mr. Lee Leong Yin throughout the Waiver Period; and (ii) the Waiver can be revoked if there are material breaches of the Listing Rules by the Company. Before the end of the Waiver Period, the Company must demonstrate and seek the Stock Exchange's confirmation that Mr. Chen Xingqiang, having had the benefit of Mr. Lee Leong Yin's assistance during the Waiver Period, has attained the relevant experience and is capable of discharging the functions of company secretary under Rule 3.28 of the Listing Rules, such that a further waiver will not be necessary. The Stock Exchange may withdraw or change the Waiver if the Company's situation changes.

For the year ended 31 December 2023, Mr. Chen Xingqiang and Mr. Lee Leong Yin had taken no less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules.

The biographical details of Mr. Chen Xingqiang and Mr. Lee Leong Yin are set out in the section headed "Biographies of Directors and Senior Management" of this report.

6. CORPORATE GOVERNANCE REPORT

(XVII)SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting

The following procedures for Shareholders to convene an extraordinary general meeting of the Company are prepared by the Company in accordance with Article 64 of the Articles of Association.

1. One or more Shareholders ("**Requisitionist(s)**") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company entitling them to vote at general meetings shall have the right, by written notice, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

2. Such requisition shall be made in writing to the Board or the company secretary of the Company at the following:

Address:	No. 1011 Jiuhua South Road, Wuhu City, Anhui Province, the People's Republic of China
Email:	chenxq@conchventure.com
Attention:	The Board of Directors/Company Secretary

3. The extraordinary general meeting shall be held within two months after the deposit of such requisition.

4. If the Board fails to proceed to convene such meeting within twenty-one (21) days upon such deposit, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of convening such meeting by the Board shall be reimbursed to the Requisitionist(s) by the Company.

6. CORPORATE GOVERNANCE REPORT

(XVII)SHAREHOLDERS' RIGHTS *(Continued)*

Procedures for raising enquiries

1. Shareholders should direct their questions about their shareholdings, share transfer and registration, and payment of dividend to the Company's branch share registrar in Hong Kong, details of which are as follows:

   Computershare Hong Kong Investor Services Limited

Address:	Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Email:	hkinfo@computershare.com.hk
Tel:	852 2862 8555
Fax:	852 2865 0990/2529 6087

2. Shareholders may at any time make any enquiry to the Company at the following designated contacts, correspondence address, email address and enquiry hotline of the Company:

Address:	No. 1011 Jiuhua South Road, Wuhu City, Anhui Province, the People's Republic of China
Email:	chenxq@conchventure.com
Tel:	86–553–8396329
Fax:	86–553–8399065
Attention:	The Board of Directors/Company Secretary

3. Shareholders are encouraged to make enquires via the online enquiry form available on the Company's website at www.conchventure.com.

4. Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company in due course.

6. CORPORATE GOVERNANCE REPORT

(XVII) SHAREHOLDERS' RIGHTS *(Continued)*

Procedures and contact details for putting forward proposals at Shareholders' meetings

1. To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal ("**Proposal**") with his/her/its detailed contact information at the Company's principal place of business in Hong Kong at Suite 4018, 40/F, Jardine House, 1 Connaught Place, Central, Hong Kong.

2. The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and effective, the Board will include the Proposal in the agenda for the general meeting.

3. The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

    (1) Notice of not less than 21 clear days in writing if the Proposal requires to be passed as an ordinary resolution or a special resolution at an annual general meeting of the Company;

    (2) Notice of not less than 21 clear days in writing if the Proposal requires to be passed as a special resolution at an extraordinary general meeting of the Company;

    (3) Notice of not less than 14 clear days in writing if the Proposal requires to be passed as an ordinary resolution at an extraordinary general meeting of the Company.

At the annual general meeting held by the Company on 20 June 2023, all resolutions were approved by the Shareholders by way of poll. The resolutions in relation to the payment of final dividends, re-election of retiring Directors, and re-appointment of auditors were approved at the 2023 Annual General Meeting.

(XVIII) CONSTITUTIONAL DOCUMENTS

On 20 June 2023, the proposed amendments to the then Articles of Association and the adoption of the existing Articles of Association were approved by the Shareholders to, among other things, (i) align the Existing Articles of Association with the applicable laws of the Cayman Islands and the amendments to the Listing Rules, including but not limited to the core shareholder protection standard as set out in Appendix A1 (formerly known as Appendix 3) to the Listing Rules which came into force on 1 January 2022; and (ii) make other miscellaneous and housekeeping amendments to update and/or clarify certain provisions of the Articles of Association, including consequential amendments pursuant to the above amendments to the Articles of Association, and better align the contents with the relevant Listing Rules and the applicable laws of the Cayman Islands. The latest version of the Articles of Association is available on the websites of the Company (www.conchventure.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

6. CORPORATE GOVERNANCE REPORT

(XIX) COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company recognises the transparency and timely disclosure of corporate information, which enables Shareholders and investors to make investment decisions in their best interests. The Company believes that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company has established the following communication channels with Shareholders:

(i) corporate communications published on the websites of the Stock Exchange and the Company, such as the annual reports, interim reports and circulars are available for inspection;

(ii) regular announcements are published on the websites of the Stock Exchange and the Company;

(iii) corporate information is available on the website of the Company; and

(iv) the annual general meetings and extraordinary general meetings provide a forum for Shareholders to participate in discussions, offer their views and exchange ideas with the Directors and senior management of the Company.

The Company is committed to maintaining an ongoing dialogue with Shareholders, particularly through the annual general meetings and other general meetings. The chairman of the Board, all other Board members (including the independent non-executive Directors), and the chairmen of all Board committees (or their representatives), will make time to attend and interact with Shareholders at the annual general meetings.

The Company maintains a website at www.conchventure.com as a communication platform with Shareholders and investors, where the financial information and other relevant information of the Company are available for public access. Shareholders and investors may send written enquiries or requests to the Company through the following channels:

Addresses:	**Office and Correspondence Address in China:**
	No. 1011 Jiuhua South Road, Yijiang District, Wuhu City, Anhui Province, China
	Principal Place of Business in Hong Kong:
	Suite 4018, 40/F, Jardine House, 1 Connaught Place, Central, Hong Kong
Tel:	86–553–8396329
Fax:	86–553–8399065
Email:	hlcy@conchventure.com

6. CORPORATE GOVERNANCE REPORT

(XIX) COMMUNICATION WITH SHAREHOLDERS AND INVESTORS *(Continued)*

In order to be valid, Shareholders shall deposit and send the duly signed original written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification. Information of Shareholders may be disclosed as required by law.

During the Reporting Period, the Board has reviewed the implementation and effectiveness of the policy for communicating with Shareholders, including the measures taken at general meetings, the handling of inquires received (if any) and various existing communication channels and engagement channels available. After discussion, the Board considered the policy adopted for communicating with Shareholders was effectively implemented during the Reporting Period.

7. REPORT OF THE DIRECTORS

The Directors hereby present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2023.

(I) PRINCIPAL BUSINESS

The Company is an investment holding company engaged in the provision of solutions on energy-saving and environmental protection. Details of the activities of the subsidiaries of the Company are set out in notes 5 and 16 to the financial statements, respectively.

The annual business review and the discussion of future business development of the Group, as well as the analysis of the performance of the Group during the year based on the key financial performance indicators are set out in the section headed "Business Review and Outlook" on pages 10 to 22 of the report and the section headed "Management Discussion and Analysis" on pages 23 to 33 of the report respectively. These information forms part of the Report of the Directors.

(II) BUSINESS MODELS AND STRATEGIES

The Group's principal activities consist of waste treatment, new energy business and recycling sector, new building materials, and port logistics. It focuses on building an "environmental protection + recycling" dual-driven industrial model and promotes the coordinated development of multiple business segments. As for the environmental protection industry, the Group has implemented 118 projects nationwide and overseas. In terms of the new energy industry, the Group has established two production bases in Anhui province and Sichuan province, which integrate research and development, production, and sales of new energy battery positive and negative electrode materials as well as power storage. With respect to the recycling industry, it serves as the future development mainstay of the Group, with 8 projects deployed nationwide and steadily increasing. Regarding port logistics, it is an important part of the Group's industrial synergy and locates at the Jiangdu Haichang sea-to-river transshipment port in Yangzhou City, Jiangsu Province, which has distinct location advantages.

To consolidate its position as a leading integrated supplier of environmental protection solutions, the Group has implemented the following strategies: (i) regarding grate furnace power generation projects, the Group will actively follow and study national policies supporting small-scale waste-to-energy projects, make strategic deployment of small-scale projects as appropriate, expand various business operations, and implement benchmark management and continue to optimise operational indicators; (ii) concerning the new energy business, the Group will strengthen the construction of the market system, expand the capacity of the consumer market of and market share of power batteries and energy storage batteries, and accelerates product certification to ensure the gradual release of production capacity; (iii) regarding the recycling business of lithium battery resources, the Group will accelerate the optimisation and application of processes, strengthen technological barriers, promote the nationwide deployment of high-quality projects, and expand recycling channels and marketing networks to enhance market cooperation stickiness; (iv) in the area of new building materials business, the Group will adhere to the customer-oriented philosophy, improve product quality and services, increase market share, and strengthen core competitiveness; and (v) regarding the port logistics business, the Group will expand the base of high-quality customers and improve market share to maintain the healthy and stable development of the business.

7. REPORT OF THE DIRECTORS

(III) RELATIONS WITH THE SUBSTANTIAL STAKEHOLDERS

The Group always places the relationships with employees, customers and suppliers at the forefront. The Group has strengthened its ties with employees, improved the professional working ability of employees cooperated with suppliers and provided customers with products and services of high quality, so as to achieve sustainable corporate development.

The Group attaches great importance to human resources management and development, and strengthens its talent team through internal training, social recruitment and the introduction of professional talents to establish a talent pool for corporate development. The Group provides professional business training to employees in various positions to arouse the enthusiasm of the employees for continuous learning. At the same time, the Group strives to build competitive promotion paths and a diversified talent development platform to improve the professional ability of employees at all positions.

In terms of customer relationship, while maintaining the relationship with its existing customers, the Group has actively expanded markets and customer service scopes. The Group conducts regular after-sales visits to customers and adjusts marketing strategy timely accordingly, striving to improve the quality of products and services.

As for relationships with suppliers, the Group's main service providers include engineering construction entities, external consultants providing professional services and other business partners providing value-added services for the Group. The Group places a high value on building common values with suppliers, promotes business benefits with product benefits, ultimately achieving win-win cooperation among all parties.

(IV) RESULTS

The results of the Group during the Reporting Period are set out in the consolidated statement of comprehensive income on page 104 of this report.

(V) RESERVES AND DIVIDEND

Details of other changes in reserves are set out in note 31 to the financial statements and the consolidated statement of changes in equity on pages 108 to 109.

On 13 December 2018, the Board adopted a dividend policy which sets out the principles and guidelines of the Group. The Company intends to declare and pay the dividend to its Shareholders on an annual basis. The declaration, payment and amount of dividends shall be determined at the absolute sole discretion of the Board subject to the Company's financial results, cash flow position, business condition and strategy, future operation and income, capital need and expenditure plan, interest of the Shareholders, any restriction on dividend payment and any other factors deemed relevant by the Board. The dividend amount paid in each financial year shall represent approximately 20% of the net profit available for distribution attributable to the Group. The Board may recommend and/or declare interim dividend, annual special dividend and any net profit distribution deemed fit by the Board for or during the financial year.

7. REPORT OF THE DIRECTORS

(V) RESERVES AND DIVIDEND *(Continued)*

As at 31 December 2023, the Company's reserves available for distribution to its Shareholders amounted to approximately RMB103.0 million (31 December 2022: RMB16.2 million). The Board recommended the distribution of final dividend of HKD0.20 per share for the year ended 31 December 2023 (2022: HKD0.40 per share) to the Shareholders.

Subject to the approval of Shareholders at the 2024 AGM to be held on 25 June 2024, the above proposed final dividend will be paid to the Shareholders whose names appear on the register of members of the Company at the close of business on 12 July 2024. The proposed final dividend is expected to be paid on 26 July 2024.

(VI) ANNUAL GENERAL MEETING

The 2024 AGM will be held on Tuesday, 25 June 2024. A notice and a circular in relation to the 2024 AGM will be published on the websites of the Stock Exchange and the Company in due course.

(VII) 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.

(VIII) PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2023, the property, plant and equipment of the Group amounted to approximately RMB6,932.52 million. Details of the changes in property, plant and equipment of the Group during the Reporting Period are set out in note 13 to the financial statements.

(IX) SUBSIDIARIES AND ASSOCIATED COMPANIES

Details of the major subsidiaries and associated companies of the Company are set out in notes 16 and 18 to the financial statements.

7. REPORT OF THE DIRECTORS

(X) SHARE CAPITAL

During the Reporting Period, the Company allocated internal resources of the Group to repurchase a total of 3,039,500 shares of the Company on the Stock Exchange. For further details, please refer to the paragraph headed "Purchase, Sale or Redemption of the Company's Listed Securities" in this section.

Details of the Company's capital structure are set out in note 31(c) to the financial statements. As at 31 December 2023, the Company had a total of 1,812,985,059 Shares in issue.

(XI) DISCLOSURE OF INTERESTS

1. Substantial Shareholders' Interests or Short Positions

As at 31 December 2023, as far as the Directors were aware, the interests or short positions of the persons other than the Directors and chief executive of the Company in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register of substantial Shareholders required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholders	Nature of interests	Number of Shares	Approximate percentage of shareholdings (%)
SA Conch	Interest of controlled corporation	199,999,000 (L) (Note 1)	11.03%
Anhui CV Group	Beneficial owner	13,863,000 (L)	0.76%
	Interest of controlled corporation	186,136,000 (L) (Note 2)	10.27%
	Sub-total	**199,999,000 (L)**	**11.03%**
Conch Venture	Interest of controlled corporation	109,810,500 (L) (Note 3)	6.06%
Conch Venture Wuhu	Interest of controlled corporation	109,810,500 (L) (Note 3)	6.06%
Conch Holdings	Beneficial owner	20,300,000 (L)	1.12%
	Interest of controlled corporation	89,510,500 (L) (Note 4)	4.94%
	Sub-total	**109,810,500 (L)**	**6.06%**

7. REPORT OF THE DIRECTORS

(XI) DISCLOSURE OF INTERESTS *(Continued)*

1. Substantial Shareholders' Interests or Short Positions *(Continued)*

Notes:

1. Among the aforesaid shares, 13,863,000 shares are directly owned by Anhui CV Group, and the remaining 167,680,000, 6,860,500 and 11,595,500 Shares are owned respectively by (i) 海螺創投控股（珠海）有限公司 (Conch Venture Holdings (Zhuhai) Co., Ltd.*) ("**CV Holdings (Zhuhai)**"), (ii) 安徽海螺創業醫療投資管理有限責任公司 (Anhui Conch Venture Medical Investment Management Co., Ltd.*) ("**CV Medical**"), and (iii) 海螺創業國際有限公司 (Conch Venture International Limited*) ("**CVI**"), all of which are wholly-owned by Anhui CV Group. Anhui CV Group is deemed to be interested in the shares in which CV Holdings (Zhuhai), CV Medical, CVI are interested by virtue of the SFO. As 82.93% of Anhui CV Group's registered capital is held by SA Conch, SA Conch is deemed to be interested in the shares in which Anhui CV Group is interested by virtue of the SFO.

2. Among these shares, 167,680,000, 6,860,500 and 11,595,500 Shares are owned respectively by CV Holdings (Zhuhai), CV Medical and CVI. Anhui CV Group is deemed to be interested in the shares in which CV Holdings (Zhuhai), CV Medical, CVI are interested by virtue of the SFO.

3. Among the aforesaid shares, 20,300,000 Shares are directly owned by Conch Holdings, and the remaining 79,219,500 and 10,291,000 Shares are directly owned respectively by: (i) Conch Cement, and (ii) Conch International Holdings (HK) Limited ("**Conch International**"). Conch Venture indirectly owns the entire registered capital of Conch Venture Wuhu via several wholly-owned subsidiaries, while Conch Venture Wuhu owns 49% of the registered capital of Conch Holdings; Conch Holdings owns approximately 36.4% of Conch Cement's issued shares, while Conch International is the wholly-owned subsidiary of Conch Cement. Pursuant to the SFO, Conch Holdings is deemed to be interested in the shares in which Conch Cement and Conch International are interested; Conch Venture Wuhu is deemed to be interested in the shares in which Conch Holdings is interested; Conch Venture is deemed to be interested in the shares in which the aforesaid companies are interested.

4. Among the aforesaid shares, 79,219,500 and 10,291,000 Shares are owned respectively by Conch Cement and Conch International. Conch Holdings is deemed to be interested in shares in which Conch Cement and Conch International are interested by virtue of the SFO.

5. The letter "L" refers to long-position ("**L**") in the Shares.

Pursuant to Section 336 of the SFO, the substantial Shareholders are required to file disclosure of interests' forms when certain conditions are fulfilled. When a shareholding in the Company of a substantial Shareholder changes, it is not necessary for the substantial Shareholder to notify the Company and/or the Stock Exchange unless certain conditions are fulfilled, therefore a substantial Shareholder's latest shareholding in the Company may be different from the shareholding filed with the Stock Exchange.

Save as disclosed above, as at 31 December 2023, the Directors were not aware of any other persons, other than the Directors and chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register of substantial Shareholders required to be kept under section 336 of the SFO.

7. REPORT OF THE DIRECTORS

(XI) DISCLOSURE OF INTERESTS *(Continued)*

2. Directors' and Chief Executive's Interests and Short Positions

As at 31 December 2023, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken, or are deemed to have, under such provisions of the SFO), or recorded in the register required to be kept by the Company under section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix C3 to the Listing Rules were set out below:

The Company

Name of Directors	Nature of interests	Number of Shares (long position)	Approximate percentage of shareholdings (%)
Mr. Ji Qinying	Interest of spouse (Note 1)	35,033,752	1.93
Mr. Li Jian	Beneficial owner	7,396,370	0.41
	Interest of spouse (Note 2)	105,346	0.01
	Sub-total	**7,501,716**	**0.41**
Mr. Li Daming	Beneficial owner	6,200,563	0.34
	Interest of spouse (Note 3)	10,000	0.00
	Sub-total	**6,210,563**	**0.34**
Mr. Shu Mao	Beneficial owner	143,000	0.01

Notes:

1. These Shares are owned by Ms. Yan Zi. Mr. Ji Qinying is deemed to be interested in the Shares held by his spouse, Ms. Yan Zi, by virtue of the SFO.

2. These Shares are owned by Ms. Wang Zhenying. Mr. Li Jian is deemed to be interested in the Shares held by his spouse, Ms. Wang Zhenying, by virtue of the SFO.

3. These Shares are owned by Ms. Zhang Qingmei. Mr. Li Daming is deemed to be interested in the Shares held by his spouse, Ms. Zhang Qingmei, by virtue of the SFO.

7. REPORT OF THE DIRECTORS

(XI) DISCLOSURE OF INTERESTS *(Continued)*

3. Interests and Short Positions of Senior Management

As at 31 December 2023, interests of the senior management of the Company were as follows:

Name of senior management	Nature of interests	Number of Shares (long position)	Approximate percentage of shareholdings (%)
Mr. Wang Xuesen	Beneficial owner	2,197,918	0.12
Mr. Chen Xingqiang	Beneficial owner	4,000	0.00
Mr. Zhang Bangzhi	Beneficial owner	120,000	0.01

Save as disclosed above, as at 31 December 2023, none of the Directors and chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions they are taken, or are deemed to have, under such provisions of the SFO), or recorded in the register required to be kept by the Company under section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(XII) MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the sales to the largest customer of the Group and the sales to the five largest customers of the Group in aggregate accounted for 7.72% and 19.54% of the total sales of the Group respectively.

During the Reporting Period, the procurement from the largest supplier of the Group and the procurement from the five largest suppliers of the Group in aggregate accounted for 7.95% and 25.17% of the total procurement of the Group respectively.

To the best knowledge of the Directors, none of the Directors and their close associates or Shareholders who held more than 5% of the Company's issued share capital as at 31 December 2023 has any interest in any of the five largest customers and suppliers mentioned above.

7. REPORT OF THE DIRECTORS

(XIII) 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 HKD18,731,410 (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	/	3,039,500	6.35	6.04	18,731,410
Total		3,039,500			18,731,410

The Directors considered the above Share repurchases were made with a view to safeguard the Shareholders' interest.

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.

(XIV) MINIMUM PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Directors confirmed that during the Reporting Period and up to the date of this report, the Company has maintained the level of public float as required by the Listing Rules.

7. REPORT OF THE DIRECTORS

(XV) EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2023, the Group had approximately 6,225 employees. The following table shows a breakdown of the employees by function and educational background as at 31 December 2023.

Function	Number of individuals in 2023	Number of individuals in 2022
Production and Operation	**4,530**	3,812
Management	**701**	708
Finance and Administration	**298**	297
Others	**696**	734
Total	**6,225**	5,551

Educational background	Number of individuals in 2023	Number of individuals in 2022
Master's degree	**80**	62
Bachelor's degree	**1,476**	1,355
Associate degree	**2,230**	2,103
Below associate degree	**2,439**	2,031
Total	**6,225**	5,551

The remuneration of employees of the Group 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 the Share Option Scheme, details of which are set out in the paragraph headed "Share Scheme" in this section, so that the Group may grant options to selected participants as incentives or rewards for their contributions to the Group.

7. REPORT OF THE DIRECTORS

(XVI) DIRECTORS (FOR THIS FINANCIAL YEAR AND UP TO THE DATE OF THIS REPORT)

Name of Directors	Position	Date of Appointment as Director
Executive Directors		
Mr. Guo Jingbin (Note 1)	Executive Director and Chairman of the Board	24 June 2013
Mr. Ji Qinying	Executive Director, Vice-Chairman of the Board and Chief Executive Officer	18 July 2013
Mr. Wang Xuesen	Executive Director and Executive Deputy General Manager	2 April 2024
Mr. He Guangyuan	Executive Director	2 April 2024
Mr. Wan Changbao (Note 2)	Executive Director and Deputy General Manager	2 April 2024
Non-executive Director		
Mr. Liu Yan	Non-executive Director	26 June 2023
Independent Non-executive Directors		
Mr. Chan Chi On (alias Derek Chan)	Independent Non-executive Director	3 December 2013
Mr. Chan Kai Wing	Independent Non-executive Director	3 December 2013
Mr. Peng Suping	Independent Non-executive Director	20 June 2023

Former Directors		Date of Resignation/ Retirement as Director
Mr. Li Jian	Executive Director and Deputy General Manager	11 March 2024
Mr. Shu Mao (Note 3)	Executive Director and Deputy General Manager	2 April 2024
Mr. Li Daming	Executive Director	2 April 2024
Mr. Yu Kaijun	Non-executive Director	26 June 2023
Mr. Lau Chi Wah, Alex	Independent Non-executive Director	20 June 2023

Notes:

1. Mr. Guo Jingbin was re-designated as an executive Director from a non-executive Director on 2 April 2024.

2. Mr. Wan Changbao was appointed as the deputy general manager of the Company on 11 March 2024.

3. Mr. Shu Mao resigned as an executive Director and the executive deputy general manager of the Company but was retained as the deputy general manager of the Company on 2 April 2024.

7. REPORT OF THE DIRECTORS

(XVI) DIRECTORS (FOR THIS FINANCIAL YEAR AND UP TO THE DATE OF THIS REPORT) *(Continued)*

As at the date of this report, the Company had entered into services contracts with all executive Directors and had signed appointment letters with all the non-executive Directors and independent non-executive Directors for a term of not exceeding three years. Such appointment may be terminated by either party by written notice of not less than three months.

Pursuant to Article 105(A) and Article 105(B) of the Articles of Association, Mr. Chan Chi On (alias Derek Chan) and Mr. Chan Kai Wing shall retire from office at the 2024 AGM. The retired Directors are eligible and will offer themselves for re-election. Pursuant to Article 109 of the Articles of Association, Mr. Guo Jingbin, Mr. Wang Xuesen, Mr. He Guangyuan, Mr. Wan Changbao and Mr. Liu Yan shall hold office until the 2024 AGM and will offer themselves for re-election.

The Company has received annual confirmation of independence from each of the existing independent non-executive Directors in accordance with the independence related to the factors mentioned in Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent in accordance with the Listing Rules and believes that they are able to provide independent advice on the business strategy, operating results and management of the Company, therefore protecting the interest of the Company and its Shareholders.

(XVII)) DIRECTORS' OR CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this report, during the Reporting Period, none of the Directors or his/her connected entities have any material interests, directly or indirectly, in any transaction, arrangement or contract that was significant to the business of the Group entered into by the Company, its holding company or any of its subsidiaries or fellow subsidiaries.

None of the Directors proposed to be re-elected at the forthcoming annual general meeting had entered into a service contract with the Company or any of its subsidiaries which was not terminable within one year without payment of compensation (other than statutory compensation).

Save as disclosed in the section headed "Connected Transactions" below, during the Reporting Period, (i) no significant contracts were entered into between the Group and the controlling Shareholder or its subsidiaries, and (ii) there were no significant contracts for the provision of services by the controlling Shareholder or its subsidiaries to the Group.

7. REPORT OF THE DIRECTORS

(XVIII) DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the date of this report, to the best of the knowledge of the Directors, none of the Directors or their respective close associates had any interests in any business that competes or may compete (directly or indirectly) with the business of the Group.

(XIX) REMUNERATIONS OF DIRECTORS AND SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

The remunerations of the Directors are determined by the Board based on the recommendations made by the Remuneration and Nomination Committee with reference to the salaries paid by comparable companies, the time commitment and responsibilities of the Director and the performance of the Group. The Directors and senior management may receive compensation in the forms of salaries, benefits in kind and/or discretionary bonuses linked to the performance of the Group. The Company will also reimburse them for the reasonable and necessary expenses incurred from providing services to the Company or performing their duties in relation to operation. The Company regularly reviews and determines the remuneration packages of the Directors and senior management.

Details of the remunerations of the Directors and the five highest paid individuals of the Company during the Reporting Period are set out in notes 10 and 11 to the Financial Statements.

During the Reporting Period, individual remuneration of the senior management of the Company was within the following band:

Band (RMB)	**Number of individuals**
0 – 1,000,000	0
1,000,001 – 2,600,000	5

(XX) THE BOARD AND BOARD COMMITTEES

As at 31 December 2023 and the date of this report, the Board was composed of nine Directors. The biographies of the Directors are set out in the section headed "Biographies of Directors and Senior Management" of this report.

The Board has three committees, namely the Audit Committee, the Remuneration and Nomination Committee and the Strategy, Sustainable Development and Risk Management Committee. Details of the committees are set out in the section headed "Corporate Governance Report".

7. REPORT OF THE DIRECTORS

(XXI) CHANGES IN DIRECTORS AND SENIOR MANAGEMENT

During the Reporting Period and as of the date of this report, details of changes in the Directors and senior management of the Company were as follows:

1. Mr. Chan Kai Wing has been re-designated from a member of the Remuneration and Nomination Committee to the chairman of the Remuneration and Nomination Committee on 20 June 2023;

2. Mr. Peng Suping was appointed as an independent non-executive Director, a member of each of the Remuneration and Nomination Committee and the Audit Committee on 20 June 2023;

3. Mr. Lau Chi Wah, Alex has retired as an independent non-executive Director, the chairman of the Remuneration and Nomination Committee and a member of the Audit Committee with effect from 20 June 2023;

4. Mr. Liu Yan was appointed as a non-executive Director, a member of the Remuneration and Nomination Committee and a member of the Strategy, Sustainability and Risk Management Committee on 26 June 2023;

5. Mr. Yu Kaijun has resigned as a non-executive Director, a member of the Remuneration and Nomination Committee and a member of the Strategy, Sustainability and Risk Management Committee with effect from 26 June 2023;

6. Mr. Li Jian resigned as an executive Director and the deputy general manager of the Company with effect from 11 March 2024;

7. Mr. Guo Jingbin was re-designated as an executive Director from a non-executive Director on 2 April 2024;

8. Mr. Wang Xuesen was appointed as an executive Director and the executive deputy general manager of the Company on 2 April 2024;

9. Mr. He Guangyuan was appointed as an executive Director on 2 April 2024;

10. Mr. Wan Changbao was appointed as the deputy general manager of the Company and an executive Director on 11 March 2024 and 2 April 2024, respectively;

11. Mr. Shu Mao resigned as an executive Director and the executive deputy general manager of the Company but was retained as the deputy general manager of the Company with effect from 2 April 2024; and

12. Mr. Li Daming resigned as an executive Director with effect from 2 April 2024.

7. REPORT OF THE DIRECTORS

(XXII) MANAGEMENT CONTRACT

Save for the service contracts of the Directors and senior management of the Company, during the Reporting Period, the Company had not entered into any contract with any individual, company or corporation for management or administration of the whole or any substantial part of any business of the Company.

(XXIII) CONNECTED TRANSACTIONS

1. Connected Persons

Kawasaki HI holds 49% equity interests in CK Engineering, CK Equipment and CK Shanghai, all being indirect non-wholly-owned subsidiaries of the Company. As Kawasaki HI holds more than 30% equity interests in CK Engineering, CK Equipment and CK Shanghai, it is a connected person of the Company under Chapter 14A of the Listing Rules.

CKEM is an entity jointly controlled by Kawasaki HI (which is, as mentioned above, a substantial Shareholder of the non-wholly-owned subsidiaries of the Company) and Conch Cement, with each of them holding 50% equity interests. As CKEM is an associate of Kawasaki HI and more than 30% of its equity is held by Kawasaki HI, it is a connected person of the Company under Chapter 14A of the Listing Rules.

The respective establishment dates and principal businesses of Kawasaki HI and CKEM are as follows:

Name of Connected Person	Establishment Date	Principal Business
Kawasaki HI	9 October 1896	Manufacture of a wide range of technological products, including industrial plants, environmental protection facilities, industrial equipment, construction machinery and steel structures
CKEM	21 May 1997	Design, purchase, manufacture, sales, and provision of maintenance and after-sales service of cement equipment

Anhui CV Group (together with certain of its wholly-owned subsidiaries) holds over 10% of the issued share capital of the Company. Accordingly, Anhui CV Group became a substantial shareholder of the Company, and a connected person of the Company under Chapter 14A of the Listing Rules. Other members of Anhui CV Group (being the subsidiaries of Anhui CV Group, including Conch IID Shanghai) are associates of Anhui CV Group, thus became the connected persons of the Company under Chapter 14A.13(1) of the Listing Rules.

7. REPORT OF THE DIRECTORS

(XXIII) CONNECTED TRANSACTIONS *(Continued)*

1. Connected Persons *(Continued)*

The establishment date and principal business of Anhui CV Group are as follows:

Connected Person	Date of Establishment	Principal Business
Anhui CV Group	5 November 2002	Engaged in industries such as trade logistics, high-end equipment manufacturing, financial investment, medical and hotel

2. Continuing Connected Transactions

(1) Transactions with Kawasaki HI

On 22 December 2020, the Group (through CK Engineering, CK Equipment and CK Shanghai, collectively, the "**CK Subsidiaries**") entered into an agreement (the "**Kawasaki Master Agreement**") with Kawasaki HI, whereby the CK Subsidiaries and Kawasaki HI agreed to (i) provide to the other party certain design services and technical assistance; and (ii) supply to the other party equipment, parts and products related to, among other things, residual heat power generation and waste incineration solutions. The total amount under such contracts under the Kawasaki Master Agreement for the year ended 31 December 2023 shall not exceed RMB59.70 million.

According to the Kawasaki Master Agreement, the price of the goods and/or services concerned will be determined by the parties (on arm's length basis and in good faith) with reference to the then prevailing market prices of identical and/or similar goods or services which may be supplied to or sourced from other independent third parties. The price shall be no less favourable than the prices of identical and/or similar goods or services available to or from other independent third parties.

During the Reporting Period, the amount of the above transactions under the Kawasaki Master Agreement was RMB21.60 million, which did not exceed the annual cap of RMB59.70 million for this year.

On 18 December 2023, the Group (through the CK Subsidiaries) entered into an agreement ("**2024–2026 Kawasaki Master Agreement**") with Kawasaki HI, pursuant to which, the transactions contemplated under the Kawasaki Master Agreement will continue from 2024 to 2026. For details of the 2024–2026 Kawasaki Master Agreement, please refer to the announcement of the Company dated 18 December 2023.

7. REPORT OF THE DIRECTORS

(XXIII) CONNECTED TRANSACTIONS *(Continued)*

2. Continuing Connected Transactions *(Continued)*

(2) Transactions with CKEM

On 22 December 2020, the Group (through the CK Subsidiaries) entered into an agreement (the "**CKEM Master Agreement**") with CKEM, whereby the CK Subsidiaries have agreed to supply fragmentary material and processing services to CKEM, while CKEM have agreed to supply certain equipment and products to the CK Subsidiaries. On 28 September 2023, taking into account of the actual operating conditions, and considering the increasing demand for products and services required to CKEM by the CK Subsidiaries for FY2023, in particular the bulk procurement of products by CK Subsidiaries after it has been awarded the contract of a one-off overseas cement project, the Group revised the annual cap of the CKEM Master Agreement for the year 2023 to RMB75.0 million. Details of the revision of annual caps for 2023 under the CKEM Master Agreement are set out in the announcement of the Company dated 28 September 2023.

According to the CKEM Master Agreement, the price of the goods and/or services concerned will be determined by the parties (on arm's length basis and in good faith) with reference to the then prevailing market prices of identical and/or similar goods or services which may be supplied to or sourced from other independent third parties. The price shall be no less favourable than the prices of identical and/or similar goods or services available to or from other independent third parties.

During the Reporting Period, the actual amount of the above transaction under the CKEM Master Agreement was RMB59.19 million, which did not exceed the annual cap of RMB75.0 million for this year.

On 18 December 2023, the Group (through the CK Subsidiaries) entered into an agreement (the "**2024–2026 CKEM Master Agreement**") with CKEM, pursuant to which, the transactions contemplated under the CKEM Master Agreement will continue from 2024 to 2026. For details of the 2024–2026 CKEM Master Agreement, please refer to the announcement of the Company dated 18 December 2023.

7. REPORT OF THE DIRECTORS

(XXIII) CONNECTED TRANSACTIONS *(Continued)*

2. Continuing Connected Transactions *(Continued)*

(3) Transactions with Anhui CV Group

On 4 January 2023, the Group entered into the CCT Agreements ("**the Master Procurement Agreement, the Master Port Services Agreement, the Master Construction Services Agreement and the Master Tenancy Agreement**") with Anhui CV Group, whereby the Group agreed to supply and arrange port services such as berths, loading and unloading services to Anhui CV Group, while Anhui CV Group agreed to supply (i) the relevant materials and equipment involved in the operation and production of the Group, the office supplies required by the Group, and the hospitality supplies required for the Group's business activities; (ii) civil engineering, equipment installation and related construction services; and (iii) office rental services to the Group. Pursuant to the Master Procurement Agreement, the Master Port Services Agreement, the Master Construction Services Agreement and the Master Tenancy Agreement, the total amount of each contract under the Master Procurement Agreement, the Master Port Services Agreement, the Master Construction Services Agreement and the Master Tenancy Agreement for the year ended 31 December 2023 shall not exceed RMB77.0 million, RMB25.0 million, RMB50.0 million and RMB40.0 million, respectively.

According to the Master Procurement Agreement, the Master Port Services Agreement, the Master Construction Services Agreement and the Master Tenancy Agreement, the price of the goods and/or services concerned will be determined by the parties (on arm's length basis and in good faith) with reference to the then prevailing market prices of identical and/or similar goods or services which may be supplied to or sourced from other independent third parties. The price shall be no less favourable than the prices of identical and/or similar goods or services available to or from other independent third parties.

During the Reporting Period, the actual amount of the transactions under the Master Procurement Agreement, the Master Port Services Agreement, the Master Construction Services Agreement and the Master Tenancy Agreement was RMB48.47 million, RMB10.71 million, RMB33.50 million and RMB33.52 million, respectively, which did not exceed their respective annual caps of RMB77.0 million, RMB25.0 million, RMB50.0 million and RMB40.0 million for this year.

7. REPORT OF THE DIRECTORS

(XXIII) CONNECTED TRANSACTIONS *(Continued)*

3. Connected Transactions

On 10 February 2023, Conch Venture Wuhu, a wholly-owned subsidiary of the Company, and Conch IID Shanghai, a wholly-owned subsidiary of Anhui CV Group, entered into a joint venture agreement (the "**Joint Venture Agreement**") in relation to the establishment of a joint venture company (the "**Joint Venture Company**") for the joint development of logistics business and bulk materials business.

Pursuant to the Joint Venture Agreement, the total registered capital of the Joint Venture Company was RMB100 million, of which Conch Venture Wuhu contributed RMB55.0 million in cash (representing 55% of the registered capital) and Conch IID Shanghai contributed RMB45.0 million in cash (representing 45% of the registered capital).

Upon the establishment of the Joint Venture Company, the Joint Venture Company was held indirectly as to 55% and 45% by the Company and Anhui CV Group, respectively, and it also became a subsidiary of the Company.

4. Continuing Connected Transactions Exempted from Reporting, Announcement and Independent Shareholders' Approval Requirements

(1) Kawasaki RH Licensing Agreement

On 8 February 2007, CK Engineering and Kawasaki Partner entered into a technical licensing agreement (as supplemented by supplementary agreements dated on 27 September 2010, 25 September 2008 and 7 August 2013) (collectively, the "**Kawasaki RH Licensing Agreement**"), whereby Kawasaki Partner granted CK Engineering an exclusive license to use technology knowhow in respect of residual heat power generation systems and the use of technical information such as drawings and technical data calculation software in China. The initial licensing fee was RMB22.0 million, of which RMB6.0 million was paid to Kawasaki Partner before the track record period. To reduce the labour cost incurred by Kawasaki Partner in relation to the technical personnel arrangements between the parties in 2010, they agreed to reduce the licensing fee to RMB13.2 million. Having taking into account the RMB6.0 million paid, and the then outstanding licensing fee was RMB7.2 million. In another project carried out by Kawasaki Partner and CK Engineering together, RMB3.6 million was payable by Kawasaki Partner to CK Engineering in 2010. Therefore, the parties agreed that RMB3.6 million payable by Kawasaki Partner to CK Engineering was settled through the reduction of the outstanding consideration under the Kawasaki RH Licensing Agreement from RMB7.2 million to RMB3.6 million.

Subsequently, a licensing fee of RMB1.2 million was paid by CK Engineering to Kawasaki Partner during each of the three years ended 31 December 2012. Since then, there was no outstanding licensing fee in respect of the Kawasaki RH Licensing Agreement. The license is valid until 15 October 2026.

7. REPORT OF THE DIRECTORS

(XXIII) CONNECTED TRANSACTIONS *(Continued)*

4. Continuing Connected Transactions Exempted from Reporting, Announcement and Independent Shareholders' Approval Requirements *(Continued)*

(1) Kawasaki RH Licensing Agreement *(Continued)*

Since all licensing fees in respect of the Kawasaki RH Licensing Agreement were fully paid by CK Engineering to Kawasaki HI (a connected person) by 31 December 2012, no licensing fees are payable on or after 1 January 2013 until the expiry of such agreement. The transaction contemplated under the agreement is a continuing connected transaction and is exempted from the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

(2) Kawasaki VM Licensing Agreement

On 7 April 2008, CK Equipment and Kawasaki Partner entered into a technical licensing agreement (the "**Kawasaki VM Licensing Agreement**"), whereby Kawasaki Partner granted CK Equipment an exclusive license to use technology knowhow in respect of vertical mills and the use of technical information such as drawings and technical data calculation software in China. Such license is exempt from licensing fee and is valid until 21 September 2027.

Since no licensing fees are payable by CK Equipment to Kawasaki HI (a connected person) in respect of the license during the term of the Kawasaki VM Licensing Agreement, such continuing connected transaction is exempt from the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

For the disclosure of connected persons, please refer to the note 35 to the financial statements for details.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged its independent external auditor, KPMG, to perform the engagement in accordance with the Hong Kong Standard on Assurance Engagement No. 3000 (Revised) "Assurance Engagement Other than the Review or Reviews of Historical Financial Information" and with reference to the Practice Note No. 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants, that was, to perform the assurance engagement regarding the continuing connected transactions of the Group for the year ended 31 December 2023, and KPMG has issued a letter to the Board to confirm that, no matters regarding the continuing connected transactions: (1) were not approved by the Board; (2) for transactions involving the provision of goods or services by the Group, were not carried out, in all major aspects, in accordance with the pricing policy of the Group as set out in the agreement related to such transactions; (3) were not entered into, in all major aspects, in accordance with the agreement related to such transactions; and (4) involved an amount exceeding the annual caps.

7. REPORT OF THE DIRECTORS

(XXIII) CONNECTED TRANSACTIONS *(Continued)*

4. Continuing Connected Transactions Exempted from Reporting, Announcement and Independent Shareholders' Approval Requirements *(Continued)*

(2) Kawasaki VM Licensing Agreement *(Continued)*

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the above-mentioned continuing connected transactions and the report from KPMG, and confirmed that the transactions carried out by the Group have been entered into:

a. in the ordinary and usual course of business of the Group;

b. on normal commercial terms or better terms; and

c. according to the agreements governing the relevant transactions, on terms that are fair and reasonable, and in the interests of the Shareholders as a whole.

(XXIV) RELATED PARTY TRANSACTIONS

Save as disclosed in the section headed "Connected Transactions" of this report and note 35 to the financial statements, no related party transactions were conducted by the Group during the Reporting Period.

With respect to the major related party transactions set out in note 35 to the financial statements, save for the transactions with Conch Cement, Conch IT Engineering, Conch Design Institute, Conch Holdings, and Conch New Material, these related party transactions constituted continuing connected transactions within the meaning of Chapter 14A of the Listing Rules. For the year ended 31 December 2023, the Company has met the disclosure requirements of Chapter 14A of the Listing Rules.

(XXV) SHARE SCHEME

The Company has conditionally adopted 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 contributions to the Group.

The Directors consider that the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that the grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

7. REPORT OF THE DIRECTORS

(XXV) SHARE SCHEME *(Continued)*

Eligible participants of the Share Option Scheme include:

(1) any employee (whether full-time or part-time and including executive Directors, but excluding non-executive Directors) of the Company, any of its subsidiaries or any entity ("**Invested Entity**") in which any member of the Group holds any equity interest;

(2) any non-executive Directors (including independent non-executive Directors) of the Company, any of its subsidiaries or any invested entity;

(3) any supplier providing goods or services to any member of the Group or any invested entity;

(4) any customer of any member of the Group or any invested entity;

(5) any person or entity providing research, development or other technical support to any member of the Group or any invested entity;

(6) any Shareholder of any member of the Group or any invested entity or any holder of securities issued by any member of the Group or any invested entity;

(7) any advisor or consultant (professional or otherwise) to any area of business or business development of any member of the Group or any invested entity;

(8) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group;

and, for the purpose of the Share Option Scheme, the offer for the grant of option may be made to any company wholly owned by one or more persons belonging to any of the above classes of participants.

As at the date of this report, the aggregate number of Shares of the Company available for issue under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the issued Shares on the date on which trading of the Shares commenced on the Stock Exchange, i.e. 176,500,000 Shares, accounting for 9.66% of the issued share capital of the Company as at the date of this report.

The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme or any other share option scheme of the Group (including options exercised or not exercised) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("**Individual Limit**"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the Shareholders at the general meeting of the Company, at which such grantee and his/her close associates shall abstain from voting.

7. REPORT OF THE DIRECTORS

(XXV) SHARE SCHEME *(Continued)*

Any grant of options under the Share Option Scheme to the Directors, chief executive or substantial Shareholders of the Company or any of their respective close associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director(s) who or whose close associate(s) is/are the proposed grantee(s) of the share option(s)). Where any grant of options to a substantial Shareholder or an independent non-executive Director or any of their respective close associates would result in the Shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and unexercised) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the shares of the Company in issue; and (ii) having an aggregate value, based on the closing price of the shares of the Company at the date of each offer for the grant, in excess of HKD5 million; such further grant of options must be approved by the Shareholders at the general meeting.

Any option may be accepted by a participant within 21 days from the date of the offer of grant of options. A nominal consideration of HKD1 is payable by the grantee on acceptance of the grant of options. The exercise periods of the granted options shall be determined by the Board, which may commence from the date of the offer of grant of the options is made, but shall end in any event not later than 10 years from the date of grant of the options subject to the provisions for early termination clause of the Share Option Scheme.

The subscription price for the Shares under the Share Option Scheme shall be determined by the Board, but shall not be less than the highest of the following: (i) the closing price of the Shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of the offer for the grant; (ii) the average closing price of the Shares of the Company as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of the offer for the grant; and (iii) the par value of a Share of the Company.

Pursuant to the Share Option Scheme, the exercise period and vesting period of the options shall be determined by the Board at the time of granting options. The Company will comply with the applicable scope of Chapter 17 of the Listing Rules in respect of the grant of options (if any).

Unless there is an early termination of the Share Option Scheme pursuant to the rules of the Share Option Scheme, the Share Option Scheme will remain in force for a period of 10 years commencing from the date on which the Share Option Scheme is adopted, i.e., expiring on 2 December 2023.

As of 31 December 2023, the Share Option Scheme of the Company had expired. Since the listing, the Company has not granted any share options under the Share Option Scheme.

7. REPORT OF THE DIRECTORS

(XXVI) EQUITY-LINKED AGREEMENTS

Save as disclosed in the "Share Scheme" and "Management Discussion and Analysis" sections of this report in relation to the issuance of HKD3,925 million convertible bonds due in 2023, no equity-linked agreements were entered during the year ended 31 December 2023 or subsisted during the financial year.

(XXVII) TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

(XXVIII) PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the applicable laws of the Cayman Islands (the place of incorporation of the Company) which would oblige the Company to offer new Shares on a pro-rata basis to the current Shareholders.

(XXIX) AUDITOR

In 2023, the Company appointed KPMG as its international auditor for the year ended 31 December 2023. The consolidated financial statements of the Group for the year ended 31 December 2023 have been audited by KPMG. The Company has not changed its auditor in the past three years.

The term of office of KPMG will expire at the 2024 AGM and KPMG will retire and offer itself for re-appointment thereat. A resolution for the re-appointment of KPMG as the auditor of the Company is proposed at the 2024 AGM.

The Board and the Audit Committee had mutual consent on the re-appointment of the external auditor of the Company.

(XXX) ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as the Share Scheme disclosed in this report, at no time during the Reporting Period was the Company or any of its subsidiaries or holding companies a party to any arrangements to enable the Directors to obtain benefits by means of the acquisition of Shares in or debentures of, the Company or any other body corporate.

7. REPORT OF THE DIRECTORS

(XXXI) MAJOR RISKS AND UNCERTAINTIES

The principal activities of the Group include provision of an all-round solution on energy conservation and environmental protection, manufacturing of new energy positive and negative electrode materials, lithium battery recycling and comprehensive utilisation, new building materials and port logistics business, which face a variety of major risks and uncertainties, including: (1) the macroeconomic downward pressure continues to increase; the national subsidy policies fade out; the waste treatment projects outside China have a long investment cycle and are subject to changes in politics, economy and law in the countries where it invests in, and thus may not be able to commence operation on time; (2) the Group's operating results are considerably affected by the business performance of the associated companies of which the Group only has minority interests, and the operation of the associated companies is beyond the control of the Group; (3) the manufacturing business of new energy positive and negative electrode materials will be affected by fluctuations in raw material prices, resulting in significant fluctuations in the product prices; (4) the waste treatment business and lithium battery recycling and comprehensive utilisation projects of the Group relied on the proprietary technologies jointly designed and developed by the Group and Kawasaki HI, so the Group has to maintain good relationship with Kawasaki HI; (5) the operational quality or effectiveness problem of the Group's waste treatment business may result in fluctuations in turnover and a relatively small scale of a single waste disposal system may result in an increase in management and operation costs; and (6) the business operation of the Group outside China is subject to currency exchange rate fluctuations, etc.

(XXXII) COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements. The risk of non-compliance with such requirements may result in the termination of the operation license. The Group has assigned systems and human resources to ensure continued compliance with rules and regulations and maintain good working relations with regulatory authorities through effective communication.

During the Reporting Period under review, to the best knowledge of the Group, the Group has: (1) for environmental protection, complied with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), the Law of the People's Republic of China on the Prevention and Control of Soil Pollution (《中華人民共和國土壤污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution (《中華人民共和國環境噪聲污染防治法》) and the Law of the People's Republic of China on the Protection of the Marine Environment (《中華人民共和國海洋環境保護法》); (2) for cement production, complied with the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), the Regulation of the People's Republic of China on the Administration of Production License for Industrial Products (《中華人民共和國工業產品生產許可證管理條例》), the Catalog of Products Subject to the Administration

7. REPORT OF THE DIRECTORS

(XXXII) COMPLIANCE WITH LAWS AND REGULATIONS *(Continued)*

of the System of Production License for Industrial Products (《實行生產許可證制度管理的產品目錄》) and the Measures for the Administration of Bulk Cement (《散裝水泥管理辦法》); (3) for port operation, complied with the Port Law of the People's Republic of China (《中華人民共和國港口法》) and the Regulations on the Administration of Port Operation (《港口經營管理規定》); (4) for the manufacturing of special equipment, complied with the Regulations on the Safety Supervision of Special Equipment (《特種設備安全監察條例》) and the Supervision and Administration Measures for the Manufacturing of Boilers and Compressed Containers (《鍋爐壓力容器製造監督管理辦法》); (5) for import and export goods, complied with the Customs Law of the People's Republic of China (《中華人民共和國海關法》), the Provisions of the Customs of the People's Republic of China for the Administration of the Registration of Declaration Entities (《中華人民共和國海關對報關單位註冊登記管理規定》), the Law of the People's Republic of China on the Imported and Exported Commodities Inspection (《中華人民共和國進出口商品檢驗法》) and its implementation rules; (6) for contracting foreign projects, complied with the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》), the Administrative Regulation on Foreign Contracting Projects (《對外承包工程管理條例》), and the Administrative Measures on the Qualification for Foreign Contracting Projects (《對外承包工程資格管理辦法》); and (7) for labour and production safety, complied with the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Fire Control Law of the People's Republic of China (《中華人民共和國消防法》), the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Electricity Law of the People's Republic of China (《中華人民共和國電力法》) and other relevant rules and regulations.

(XXXIII) ENVIRONMENT POLICIES AND PERFORMANCES

The Group has realised the importance of environmental protection, and has taken stringent environmental measures to ensure that the Group complies with existing environmental laws and regulations. For details of the environmental policies and performance of the Group, please refer to the Environmental, Social and Governance Report to be published by the Group separately.

(XXXIV) DONATION

During the Reporting Period, the Group did not make any charitable and any other kind of donations (2022: nil).

(XXXV) PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association, the Directors (including other persons) can be indemnified when any actions, costs, expenses, damages, compensation, and expenditure are caused or suffered by actions, approval or omission made by their respective jobs or trusts or assumed duties, except that by their own deceit or fraud (if any). The Company maintained the Directors' liability insurance throughout the Reporting Period to provide proper insurance cover in case of certain legal actions against the Directors.

7. REPORT OF THE DIRECTORS

(XXXVI) SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in the note 37 to the financial statements, no significant subsequent events occurred in the Group after 31 December 2023 and up to the date of this report.

By order of the Board
Guo Jingbin
Chairman of the Board

Wuhu, China
25 March 2024

8. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

(I) DIRECTORS

1. Executive Directors

Mr. Guo Jingbin (郭景彬), aged 66, was appointed as a Director with effect from 24 June 2013. He had served as an executive Director since 1 July 2014, re-designated as a non-executive Director on 27 September 2021 and re-designated as an executive Director on 2 April 2024. He is currently the chairman of the Board and was appointed as the chairman of the Strategy, Sustainability and Risk Management Committee on 29 March 2021. He is primarily responsible for overall strategic development of the Group. Mr. Guo graduated from Shanghai Construction Materials College and joined the predecessor of Conch Group in 1980. In July 1998, Mr. Guo received a Master of Business Administration degree from the Post-graduate College of the Social Science Institute of China (中國社會科學院). Mr. Guo held various mid to senior managerial positions including head of automatic measurement department, head of personnel department and deputy plant manager of the former Ningguo Cement Plant and the secretary to the board of directors of and deputy general manager of Conch Cement. He has over 30 years' experience in the building materials industry and rich experience in capital markets, particularly specialising in corporate strategic planning, marketing planning and general administrative management. He has been a director and chairman of the board of directors of Anhui CV Group from February 2011 and May 2013 respectively until the end of April 2015. Mr. Guo has been an executive director of Conch Cement from October 1997 to 19 June 2014 and a non-executive director of Conch Cement from 20 June 2014 to 2 June 2016. Mr. Guo has been a director of Conch Holdings since January 1997. Mr. Guo currently also serves as directors of certain subsidiaries of the Company. He was an independent non-executive director of China Logistics Property Holdings Co., Ltd (a company previously listed on the Main Board of the Stock Exchange but delisted in July 2022, previous stock code: 01589) from 14 June 2016 to 1 March 2022, an independent non-executive director of China Tian Yuan Healthcare Group Limited (previously known as City e-Solutions Limited) (a company whose shares are listed on the Main Board of the Stock Exchange, stock code: 00557) from 19 August 2016 to 15 July 2022. He has been appointed as an executive director on 2 March 2020 and an executive director and the chairman of the board of directors of Conch Environment from 17 September 2021 to 9 October 2022.

8. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Ji Qinying (紀勤應), aged 67, was appointed as a Director with effect from 18 July 2013. He is currently an executive director, the Vice-Chairman of the Board, and the chief executive officer of the Company and is primarily responsible for day-to-day management of the Group's business operations. He was appointed as a member of the Strategy, Sustainability and Risk Management Committee of the Company from 29 March 2021. Mr. Ji joined the predecessor of Conch Group after he graduated from Shanghai Construction Materials College in 1980. He held various leading positions including deputy plant operating director of the Ningguo Cement Plant, general manager and executive director of Conch Cement, and general manager and chairman of Conch New Materials (formerly known as Wuhu Conch Profiles and Science Co., Ltd.*). Mr. Ji served as a director of Anhui CV Group from November 2002 to February 2016. He also served as the general manager of Anhui CV Group from May 2013 to April 2015 and the chairman of Anhui CV Group from May 2015 to February 2016. Mr. Ji has been re-designated as a non-executive director of Conch Environment (a company listed on the Main Board of the Stock Exchange, stock code: 00587) from 17 September 2021 to 9 October 2022. Mr. Ji has over 30 years' experience in the building materials industry, particularly specializing in project investment, construction management, market development, production, general operation and industrial management.

Mr. Wang Xuesen (汪學森), aged 59, joined the Group in 2006, was appointed as an executive Director on 2 April 2024, and is currently the executive deputy general manager of the Company. He currently serves as the chairman of the board of directors of Yangzhou Haichang Port Industrial Co., Ltd.* (揚州海昌港務實業有限責任公司), and is mainly responsible the daily operations of the port logistics business. He graduated from Anhui Finance and Trade College (安徽財貿學院) in May 1988, majoring in statistical science. He also obtained a Master of Business Administration from Shanghai Shipping College (上海海運學院), the PRC in September 2003.

8. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. He Guangyuan (何廣元), aged 50, was appointed as an executive Director on 2 April 2024. Mr. He has over 30 years' experience in the building materials industry. Mr. He joined the predecessor of Conch Group in September 1993. Since February 2011, Mr. He has served as various managerial positions in Conch Cement and its subsidiaries, including the general manager and party secretary of several subsidiaries. He served as the head of the management committee in the Hunan Region of Conch Cement from May 2017 to October 2021. Since October 2021, Mr. He has also served as the executive president/president of Conch Cement in various regions, including the Central Region, Hunan Region, Greater Bay Area and the Guangdong Region, and is currently the president of Conch Cement in the Guangdong Region. Mr. He graduated from the Renmin University of China, the PRC in business administration in July 2010. He was awarded the "Outstanding Entrepreneur of the National Building Materials Industry" (全國建材行業優秀企業家) in 2018.

Mr. Wan Changbao (萬長寶), aged 43, was appointed as an executive Director on 2 April 2024, and is currently the deputy general manager of the Company and is primarily responsible for the production operation and engineering management of the new energy and new building materials businesses of the Company. He has over 20 years' experience in cement production management, technological innovation and environmental protection. He has held various positions in Conch Cement from July 2007 to March 2015, including the deputy director of the production department of Ningguo Cement Plant, the assistant to the director of Ningguo Cement Plant and the deputy general manager of China Cement Plant. He served as the deputy director of Guangxi Region of Conch Cement from March 2015 to September 2015. Subsequently, he successively served as the executive deputy director and director of the Chuanyu Region of Conch Cement and the general manager of Chongqing Conch Cement Co., Ltd* (重慶海螺水泥有限責任公司) from September 2015 to May 2019. He served as the executive director of Conch Environment from April 2022 to October 2022. Mr. Wan has served as the executive deputy general manager of Anhui CV since October 2022. Mr. Wan graduated from Luoyang Institute of Science and Technology, the PRC in silicate technology in June 2000, and obtained a correspondence college diploma in inorganic nonmetallic materials engineering technology (無機非金屬材料工程技術專業函授文憑) from Wuhan University of Technology, the PRC in July 2013.

8. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

2. Non-executive Director

Mr. Liu Yan (劉燕), aged 58, was appointed as a non-executive Director, a member of the Remuneration and Nomination Committee and a member of the Strategy, Sustainability and Risk Management Committee on 26 June 2023. Mr. Liu has extensive experience in corporate management. Mr. Liu has served as the executive director of CNBM since December 2022, the director of Xinjiang Tianshan Cement Co., Ltd.* ("**Tianshan Cement**") (a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000877)) since November 2022, the director of Gansu Qilianshan Cement Group Co., Ltd. (a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600720)) since November 2022, the deputy secretary to the Party committee of CNBM since September 2022, the director of China Jushi Co., Ltd. (a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600176)) since September 2022 and the chairman of the board of directors of Sinoma International Engineering Co., Ltd. (a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600970)) since July 2020. He was the vice president of Tianshan Cement, from November 2022 to March 2023, the vice president of CNBM from May 2018 to September 2022, the vice president of China National Materials Company Limited* (中國中材股份有限公司) from March 2010 to May 2018 and the chairman of the board of Sinoma Advanced Materials Co., Ltd.* (中材高新材料股份有限公司) from January 2010 to December 2020. respectively.

He was the president of Sinoma Science & Technology Co., Ltd. * (中材科技股份有限公司, a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002080), "**Sinoma Science & Technology**") from May 2003 to October 2009, the vice president of Sinoma Science & Technology from December 2001 to May 2003 and an associate dean of Nanjing Fiberglass R&D Institute Co., Ltd* (南玻璃纖維研究設計院) from November 1999 to December 2001. He served successively as assistant to the director, vice director and director of the Second Engineering Institute of Nanjing Fiberglass R&D Institute Co. Ltd* (南京玻璃纖維研究設計院第二研究設計所) of the State Bureau of Building Materials Industry* (國家建築材料工業局) and at the same time the deputy general manager of Nanjing Shuangwei Industrial Co., Ltd.* (南京雙威實業公司) from August 1985 to June 1999.

3. Independent non-executive Directors

Mr. Chan Chi On (alias Derek Chan) (陳志安), aged 60, was appointed as an independent non-executive Director with effect from 3 December 2013. He is also the chairman of the Audit Committee and a member of the Remuneration and Nomination Committee and has been appointed as a member of the Strategy, Sustainability and Risk Management Committee with effect from 29 March 2021. Mr. Chan is currently engaging in corporate finance and securities businesses and serving as the chairman of Halcyon Capital Limited and Halcyon Securities Limited respectively. Mr. Chan graduated from the University of Hong Kong with a bachelor's degree in Social Sciences (majoring in Economics) and from the Hong Kong University of Science & Technology with a master's degree in Business Administration. Mr. Chan worked for the Stock Exchange for seven years, and subsequently served as an executive director in Haitong International Securities Group Limited (previously

8. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

known as Taifook Securities Group Limited) and head of its corporate finance division for 16 years and was responsible for businesses in listing of enterprises, financing and mergers and acquisition. Mr. Chan is currently an independent non-executive director of Yuexiu REIT Asset Management Ltd. (manager of Yuexiu Real Estate Investment Trust which is listed on the Main Board of the Stock Exchange, stock code: 00405) and Longfor Group Holdings Limited (formerly known as Longfor Properties Co. Ltd.) (a company listed on the Main Board of the Stock Exchange, stock code: 00960). He was an independent non-executive director of Tianli Holdings Group Limited (a company listed on the Main Board of the Stock Exchange, stock code: 00117) from 14 July 2016 to 6 April 2018. He has been appointed as an independent non-executive director of Embry Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 01388) from 25 May 2023. Mr. Chan has more than 30 years of experience in financial services industry.

Mr. Chan Kai Wing (陳繼榮), aged 63, was appointed as an independent non-executive Director with effect from 3 December 2013. He is also a member of the Audit Committee and the chairman of the Remuneration and Nomination Committee. Mr. Chan is currently the managing director of Mandarin Capital Enterprise Limited, a company that Mr. Chan founded in 2004, and is specialised in providing financial advisory services to companies in the area of accounting services, merger and acquisition, corporate restructuring, and other corporate finance matters. Mr. Chan obtained a bachelor's degree in economics from Macquarie University in Sydney, Australia in April 1986 and is a fellow member of CPA Australia. From 1988 to 1991, Mr. Chan worked in the audit department of Ernst & Young in Hong Kong. Mr. Chan is currently an independent non-executive director of Nanfang Communication Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 01617). He had served as an independent non-executive director of China Assurance Finance Group Limited ("**China Assurance**") (a company formerly listed on the Growth Enterprise Market of the Stock Exchange, stock code: 08090) from 1 December 2011 to 12 March 2021, the date on which it was delisted. Since then, Mr. Chan was re-designated as a director of China Assurance. He was an independent non-executive director of Sino Golf Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 00361) from 24 August 2015 to 9 November 2018, and an independent non-executive director of China Carbon Neutral Development Group Limited (formerly known as Bisu Technology Group International Limited) (a company listed on the Main Board of the Stock Exchange, stock code: 01372) from 20 July 2015 to 28 February 2019. He has served as an independent non-executive director of Raise Tech Holding Limited (揚科集團有限公司, a company listed on the Main Board of the Stock Exchange, stock code: 01460) since 31 August 2022.

8. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Peng Suping (彭蘇萍), aged 64, was appointed as an independent non-executive Director with effect from 20 June 2023. He is also a member of the Audit Committee and a member of the Remuneration and Nomination Committee. Mr. Peng has long engaged in the teaching and research of mining geology, geophysical prospecting of mine engineering and hydrogen technology, and is engaged in research on the development of hydrogen energy and fuel cell. He obtained a postgraduate degree in coal geology & exploration and a Ph.D degree in geology from the Beijing Postgraduate Department of China University of Mining and Technology (中國礦業大學北京研究生部) in 1988. He was elected as an academician (院士) of Chinese Academy of Engineering (中國工程院) in 2007. He has been a professor at the China University of Mining and Technology since December 1995 and the director of State Key Laboratory of Coal Resources and Safe Mining (China University of Mining and Technology, Beijing)* (中國礦業大學(北京)煤炭資源與安全開採國家重點實驗室) since January 2007. He served as the deputy director and director of the Department of Energy and Mining Engineering of Chinese Academy of Engineering from April 2010 to June 2014 and subsequently from July 2014 to June 2018, respectively. He was a member of the presidium of Chinese Academy of Engineering from July 2014 to June 2021. He was an independent director of Tiandi Science & Technology Co., Ltd.* (天地科技股份有限公司, a company whose shares are listed on the Shanghai Stock Exchange (stock code: 600582)) from June 2010 to October 2018, an independent director of Beijing LongRuan Technologies Inc.* (北京龍軟科技股份有限公司, a company whose shares are listed on the Shanghai Stock Exchange (stock code: 688078)) from November 2011 to October 2017, an independent director of Tibet Huayu Mining Co., Ltd.* (西藏華鈺礦業股份有限公司, a company whose shares are listed on the Shanghai Stock Exchange (stock code: 601020)) from October 2012 to September 2020, an independent non-executive director of China Shenhua Energy Company Limited* (中國神華能源股份有限公司, a company whose H shares are listed on the Stock Exchange (stock code: 01088) and A shares are listed on the Shanghai Stock Exchange (stock code: 601088)) from April 2018 to May 2020, and was appointed as an independent non-executive director of Yankuang Energy Group Co., Ltd.* (a company whose H shares and A shares are listed on the Main Board of the Stock Exchange (stock code: 01171) and the Shanghai Stock Exchange (stock code: 600188), respectively) from 30 June 2023.

8. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

(II) SENIOR MANAGEMENT

1. Senior management

Mr. Shu Mao (疏茂), aged 38, resigned as an executive Director and the executive deputy general manager of the Company, but was retained as the deputy general manager of the Company on 2 April 2024. He was appointed as the joint company secretary on 3 December 2013 and has served as the sole company secretary of the Company from 13 April 2017 to 27 September 2021. He was appointed as a non-executive Director from September 2021 to October 2022. He was re-designated from a non-executive Director to an executive Director and appointed as the executive deputy general manager of the Company on 10 October 2022. He graduated from Anhui Polytechnic University (安徽工程大學) in 2008, majoring in business administration. He pursued a Ph.D. degree program in Environmental Science and Engineering of Jiangnan University (江南大學) from September 2022.

Mr. Shu joined Conch Group in February 2008 and has served as the assistant to manager of the Board of Directors' Office of Conch Group and the assistant manager of the office of general manager of Anhui CV Group. Mr. Shu has also served as the head of the general management department of the Company since August 2013 and the deputy general manager of the Company from December 2020 to September 2021. Mr. Shu is currently also a director of certain subsidiaries of the Company. On 2 March 2021, Mr. Shu became an affiliated person of The Hong Kong Chartered Governance Institute (previously known as The Hong Kong Institute of Chartered Secretaries). On 25 February 2021, Mr. Shu has been appointed as a director of Conch Environment. Mr. Shu was re-designated as an executive director, general manager and a company secretary of Conch Environment from 17 September 2021 to 9 October 2022.

Mr. Chen Xingqing (陳興強), aged 42, was appointed as the joint company secretary of the Company on 11 October 2021 and chief financial officer of the Company. Mr. Chen joined Conch Cement in July 2005 and joined the Company in 2013. He served as the deputy director of the Finance Department of the Company from August 2013 to April 2018, and the director of the Finance Department and the chief financial officer of the Company from April 2018 to December 2020. He is responsible for daily financial work such as budget management and financial reports of the Company, as well as dealing with listing compliance matters of the Group. With more than 15 years' working experience in finance, Mr. Chen has accumulated rich position experience and management skills.

Mr. Chen graduated from Xi'an Technological University (西安工業大學) in 2005, majoring in accounting. In 2020, Mr. Chen obtained the intermediate accounting professional qualification issued by Ministry of Human Resources and Social Security and Ministry of Finance in the People's Republic of China.

8. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Zhang Bangzhi (章邦志), aged 51, was appointed as assistant to the general manager of the Company on 1 December 2022. Mr. Zhang has more than 20 years' experience in safety, environmental protection and project development. Mr. Zhang has served as the deputy director of the Strategic Planning Department. He held various leading positions including the director of Wuhu Conch Venture Environmental Technology Co., Ltd.* (蕪湖海創環保科技有限責任公司), an assistant to the general manager of Leqing Conch Cement Co., Ltd.* (樂清海螺水泥有限責任公司), an assistant to the director of Development Department of Conch Cement, an assistant to the director of the Development Department of Conch Group, etc. From 17 September 2021 to 30 November 2022, Mr. Zhang was an assistant to the general manager of Conch Environment. Mr. Zhang graduated from Anhui Vocational and Technical College in July 1993, majoring in silicate engineering, and graduated from Wuhan University of Technology in December 1998, majoring in silicate engineering.

2. Joint company secretaries

Mr. Chen Xingqing (陳興強), please refer to biography of senior management above.

Mr. Lee Leong Yin (李亮賢) was appointed as a joint company secretary of the Company on 29 August 2022. Mr. Lee is a senior manager of Corporate Services of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Mr. Lee has over 13 years of experience in the corporate secretarial field. He has been providing professional corporate services to Hong Kong listed companies as well as multinational, private and offshore companies. Mr. Lee is a Chartered Secretary, a Chartered Governance Professional and a Fellow of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholders of
China Conch Venture Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Conch Venture Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 102 to 236, which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of consolidated financial position of the Group as at 31 December 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR’S REPORT (Continued)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for construction revenue in service concession arrangements

Refer to notes 5 and 21 and the accounting policies set out in notes 2(x) and 2(o) to the consolidated financial statements.

The Key Audit Matter

The Group has entered into service concession arrangements with local governments of different locations in Mainland China in respect of its waste incineration projects on a Build-Operate-Transfer (“BOT”) basis. Under the service concession arrangements, the Group constructs waste incineration plants (construction services) and operates these plants (operation services) for concession periods ranging from 20 to 30 years. The Group is paid for its services over the operation period of these arrangements.

Although no cash is received during the construction phase of BOT projects, the Group recognises construction service revenue when project construction commences pursuant to the requirements of the prevailing accounting standards. The construction service revenue is measured based on the Group’s estimation of the fair value of construction services and the progress of construction work completed during the year for each project.

How the matter was addressed in our audit

Our audit procedures to assess the accounting for construction revenue in service concession arrangements included the following:

- evaluating the Group’s process for applying the requirements of the prevailing accounting standards and inspecting the associated contracts for projects which commenced construction in the current year to assess whether these fell within the scope of the prevailing accounting standards;
- assessing the impact of any changes to the terms of arrangements entered into in previous years which could affect the accounting for BOT projects in the current year;
- assessing the design, implementation and operating effectiveness of key internal controls relating to management contract reviews, progress review of projects under construction and reviewing updates and changes to total budgeted contract costs;

INDEPENDENT AUDITOR'S REPORT (Continued)

KEY AUDIT MATTERS *(Continued)*

Accounting for construction revenue in service concession arrangements *(Continued)*

Refer to notes 5 and 21 and the accounting policies set out in notes 2(x) and 2(o) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
Where construction services are not completed at the end of a reporting period, construction service revenue is recognised over time with reference to the construction costs incurred to date as a percentage of total estimated budgeted costs of the entire construction project. The total budgeted costs are estimated based principally on management's assessment of market conditions, the cost of raw materials and equipment and other operating costs. Accounting for BOT arrangements pursuant to the requirements of the prevailing accounting standards can be complex in their implementation which requires the exercise of significant management judgement, particularly in respect of the determination of total budgeted construction costs for each project, determining the stage of completion of each project at the reporting date and assessing the fair value of construction services of each BOT project. We identified accounting for construction revenue in service concession arrangements as a key audit matter because the application of the requirements of the prevailing accounting standards can be complex and involves the exercise of significant management judgement which could give rise to errors in the recognition of construction revenue or could be subject to manipulation to meet targets and expectations.	• evaluating the assumptions adopted by management in determining the fair value of construction services delivered, including the mark-up margins for construction services by benchmarking against mark-up margins for comparable companies with similar projects; • comparing the total estimated construction costs of BOT projects under construction for the year, with management's budgets and supplier contracts, and assessing whether there is any indication of management bias in the total contract costs estimation by performing a retrospective review of the historical accuracy of contract costs for similar contracts; • obtaining the project status reports certified by independent surveyors and inspecting underlying documents, on a sample basis, for actual costs incurred during the construction phase of contracts; and • re-calculating the construction service revenue, based on the percentage of completion of all incomplete construction contracts at the end of the reporting period and the fair value of the construction services.

INDEPENDENT AUDITOR'S REPORT (Continued)

KEY AUDIT MATTERS *(Continued)*

Loss allowance for trade receivables

Refer to note 22 and the accounting policy set out in note 2(l)(i) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
At 31 December 2023, the Group's gross trade receivables totalled RMB2,366 million against which a loss allowance of RMB127 million was recorded. Management measured loss allowance at an amount equal to lifetime expected credit loss, using a provision matrix based on past due status, for the receivables existed at 31 December 2023 in accordance with IFRS 9, *Financial Instruments*. We identified loss allowance for trade receivables as a key audit matter because estimation of expected credit losses which is inherently subjective and requires the exercise of significant management judgement.	Our audit procedures to assess the loss allowance of trade receivables included the following: • obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls relating to credit control, debt collection, estimate of expected credit losses and recording related loss allowances in the financial statements; • assessing the appropriateness of the expected credit loss model adopted by management with reference to the requirements of the prevailing accounting standards; • assessing the reasonableness of management's assumptions in estimating loss rates by assessing the basis of the segmentation of the trade receivables based on credit risk characteristics and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information;

INDEPENDENT AUDITOR'S REPORT (Continued)

KEY AUDIT MATTERS *(Continued)*

Loss allowance for trade receivables *(Continued)*

Refer to note 22 and the accounting policy set out in note 2(l)(i) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
	• evaluating the data relevance and reliability by assessing whether the items were appropriately categorised in the trade receivables past due report by comparison with sales invoices, credit terms as agreed with customers and other relevant underlying documentation, on a sample basis, and testing the completeness and accuracy of the historical default data; and • re-calculating the Group's loss allowance with reference to the past due report and expected loss rates.

INDEPENDENT AUDITOR'S REPORT (Continued)

KEY AUDIT MATTERS *(Continued)*

Accounting for the interests in associates

Refer to note 18 and the accounting policy set out in note 2(f) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The Group's 49% interest in Anhui Conch Holdings Co., Ltd. ("Conch Holdings") is accounted for in the consolidated financial statements under the equity method. The Group's share of the profit of Conch Holdings for the year ended 31 December 2023 was RMB1,651 million and the carrying value of the Group's interest in Conch Holdings was RMB37,521 million, which accounted for 67% of the Group's net profit attributable to equity shareholders and 47% of the Group's total assets as at 31 December 2023. Anhui Conch Cement Co., Ltd. ("Conch Cement") is a significant component of Conch Holdings and contributed substantially all of the Group's share of profit of Conch Holdings for the year ended 31 December 2023. Conch Cement is a public company listed on The Stock Exchange of Hong Kong Limited. We identified the accounting for the interest in Conch Holdings as a key audit matter because of its material impact on the Group's consolidated financial statements, particularly in respect of Conch Holding's investment in Conch Cement, and because of the complexity and management judgement involved in the preparation of Conch Cement's consolidated financial statements, in particular in relation to revenue recognition.	Our audit procedures to assess the accounting for the interest in Conch Holdings included the following: • evaluating the design, implementation and operating effectiveness of key group-wide internal controls and the consolidation process for equity accounting for the interest in Conch Holdings; • comparing consolidation and reclassification journal adjustments in respect of the interest in Conch Holdings with relevant underlying documentation; • recalculating the Group's share of net assets and the Group's share of profit for the year with reference to the financial information of Conch Holdings; • sending detailed group audit instructions to the auditors of Conch Cement ("the component auditors") requesting them to perform a full scope audit of the financial information of Conch Cement; • participating in the component auditors' risk assessment process to identify significant risks of material misstatement of the financial information of Conch Cement and discussing with the component auditors their responses to address such risks; and • discussing with the component auditors their findings and conclusions with regard to their audit and evaluating the sufficiency and appropriateness of the audit evidence for purpose of our audit of the consolidated financial statements.

INDEPENDENT AUDITOR'S REPORT (Continued)

KEY AUDIT MATTERS *(Continued)*

Assessing potential impairment of non-current assets in the new building materials segment

Refer to note 13 and the accounting policy set out in note 2(l)(ii) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The Group's new building materials segment commenced operations in 2015 and has sustained operating losses since then primarily due to low utilisation of its production capacity. There is a risk that the carrying value of the non-current assets, which solely comprise of property, plant and equipment ("PP&E") and right-of-use assets, in this segment may not be recoverable in full through the future cash flows to be generated from operations or disposal of these assets. Management determined that there was an indicator of impairment of the PP&E and right-of-use assets allocated to one of the cash-generating units ("CGU") within this segment at the reporting date and, therefore, assessed the recoverable amounts of the relevant assets with reference to the fair value less costs of disposal ("FVLCD"). Management determined FVLCD based on a valuation performed by an independent external valuer. We identified assessing potential impairment of non-current assets as a key audit matter because determining the amount of impairment, if any, involves significant management judgement, and estimation required in assessing potential impairment which could be subject to management bias.	Our audit procedures to assess potential impairment of non-current assets in the new building materials segment included the following: • evaluating management's identification of CGUs and the allocation of assets to each CGU and assessing the methodology adopted by management in the impairment assessment model, with reference to the requirements of the prevailing accounting standards; • inspecting the valuation report prepared by the independent external valuer engaged by management to perform the valuation of FVLCD and evaluating the independence, competence and objectivity of the external valuer; and • engaging our internal valuation specialists to assist us in evaluating the appropriateness of the valuation methodology adopted by the independent external valuer, and assessing the key assumptions and data applied, including comparable market transactions, remaining economic useful lives and price volatility of the relevant assets and future costs of disposal.

INDEPENDENT AUDITOR'S REPORT (Continued)

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Au Yat Fo.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

25 March 2024

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

	Note	**2023 RMB'000**	2022 RMB'000
Continuing operations			
Revenue	5	**8,015,211**	7,896,322
Cost of sales		**(5,836,498)**	(5,667,569)
Gross profit		**2,178,713**	2,228,753
Other net income	6	**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	7(c)	**(21,315)**	7,732
Profit from operations		**1,937,548**	2,034,882
Finance costs	7(a)	**(727,912)**	(599,440)
Share of profits of associates	18	**1,662,468**	2,936,787
Profit before taxation	7	**2,872,104**	4,372,229
Income tax	8(a)	**(189,387)**	(288,662)
Profit for the year from continuing operations		**2,682,717**	4,083,567
Discontinued operations	4		
Profit for the year from discontinued operations		**–**	56,758
Net gain on distribution in specie		**–**	12,049,261
Profit for the year		**2,682,717**	16,189,586

The notes on pages 112 to 236 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

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

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

The notes on pages 112 to 236 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Note	2023 RMB'000	2022 RMB'000
Profit for the year		**2,682,717**	16,189,586
Other comprehensive income for the year (after tax and reclassification adjustments)	9		
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)
		(314,048)	(544,604)
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
		2,149,658	15,414,584
Attributable to non-controlling interests of the Company:			
— from continuing operations		**219,011**	231,390
— from discontinued operations		**–**	(992)
		219,011	230,398
Total comprehensive income for the year		**2,368,669**	15,644,982

The notes on pages 112 to 236 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2023
(Expressed in Renminbi Yuan)

	Note	**31 December 2023 RMB'000**	31 December 2022 RMB'000
Non-current assets			
Property, plant and equipment	13	**6,932,522**	4,077,828
Right-of-use assets	14	**1,852,748**	1,743,969
Intangible assets	15	**19,664,622**	16,688,910
Goodwill	17	**187,104**	134,927
Interests in associates	18	**37,687,806**	36,896,482
Contract assets	21	**4,155,728**	4,805,720
Non-current portion of trade and other receivables	22	**1,648,235**	1,513,072
Financial assets measured at fair value through profit and loss ("FVPL")	19	**106,000**	82,500
Equity securities measured at fair value through other comprehensive income ("FVOCI")	19	**10,320**	10,320
Deferred tax assets	26(b)	**92,980**	62,404
		72,338,065	66,016,132
Current assets			
Financial assets measured at fair value through profit and loss ("FVPL")	19	**173,013**	364,596
Inventories	20	**323,807**	444,393
Contract assets	21	**836,489**	526,408
Trade and other receivables	22	**3,200,934**	2,845,863
Restricted bank deposits	23	**113,547**	110,848
Bank deposits with original maturity over three months	23	**380,000**	710,000
Cash and cash equivalents	23	**3,094,524**	4,361,637
		8,122,314	9,363,745

The notes on pages 112 to 236 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

at 31 December 2023
(Expressed in Renminbi Yuan)

	Note	**31 December 2023 RMB'000**	31 December 2022 RMB'000
Current liabilities			
Bank loans	24	**1,267,507**	690,590
Convertible bonds	27	**–**	3,880,344
Trade and other payables	25	**4,957,416**	5,530,039
Contract liabilities		**71,340**	56,404
Lease liabilities	29	**11,732**	8,047
Income tax payables	26(a)	**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	24	**23,053,691**	17,495,845
Unsecured medium-term notes ("MTN")	28	**2,700,000**	–
Lease liabilities	29	**26,187**	20,031
Deferred income	30	**220,652**	97,828
Deferred tax liabilities	26(b)	**259,446**	240,105
		26,259,976	17,853,809
Net assets		**47,752,718**	47,172,404

The notes on pages 112 to 236 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

at 31 December 2023
(Expressed in Renminbi Yuan)

	Note	**31 December 2023 RMB'000**	31 December 2022 RMB'000
Capital and reserves	31		
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

Approved and authorised for issue by the board of directors on 25 March 2024.

Guo Jingbin
Director

Ji Qinying
Director

The notes on pages 112 to 236 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

		Attributable to equity shareholders of the Company								
	Note	Share capital RMB'000 (Note 31(c))	Share premium RMB'000 (Note 31(d)(i))	Capital reserve RMB'000 (Note 31(d)(ii))	PRC statutory reserves RMB'000 (Note 31(d)(iii))	Exchange reserve RMB'000 (Note 31(d)(iv))	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2022		14,530	671,281	1,474,884	971,219	229,697	41,908,183	45,269,794	1,387,642	46,657,436
Profit for the year		–	–	–	–	–	15,959,188	15,959,188	230,398	16,189,586
Other comprehensive income	9	–	–	(227,543)	–	(317,061)	–	(544,604)	–	(544,604)
Total comprehensive income		–	–	(227,543)	–	(317,061)	15,959,188	15,414,584	230,398	15,644,982
Capital contribution by non-controlling interests		–	–	–	–	–	–	–	400,291	400,291
Acquisition of subsidiaries with non-controlling interests		–	–	–	–	–	–	–	157,966	157,966
Acquisition of non-controlling interests		–	–	(100)	–	–	–	(100)	(8,000)	(8,100)
Equity-settled share-based transactions		–	–	–	–	–	–	–	784,703	784,703
Repurchase and cancellation of ordinary shares	31(c)	(118)	(235,629)	–	–	–	–	(235,747)	–	(235,747)
Redemption of convertible bonds	27	–	–	(675)	–	–	–	(675)	–	(675)
Appropriation to reserves	31(d)(iii)	–	–	–	163,830	–	(163,830)	–	–	–
Profit distribution to non-controlling interests		–	–	–	–	–	–	–	(38,484)	(38,484)
Distribution in specie	31(b)(i)	–	–	440,738	(150,691)	–	(14,785,425)	(14,495,378)	(604,125)	(15,099,503)
Dividends approved in respect of the previous year	31(b)(i)	–	(419,488)	–	–	–	(670,977)	(1,090,465)	–	(1,090,465)
Balance at 31 December 2022		14,412	16,164	1,687,304	984,358	(87,364)	42,247,139	44,862,013	2,310,391	47,172,404

The notes on pages 112 to 236 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

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

		Attributable to equity shareholders of the Company									
	Note	Share capital RMB'000 (Note 31(c))	Share premium RMB'000 (Note 31(d)(i))	Treasury shares RMB'000 (Note 31(c))	Capital reserve RMB'000 (Note 31(d)(ii))	PRC statutory reserves RMB'000 (Note 31(d)(iii))	Exchange reserve RMB'000 (Note 31(d)(iv))	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023		14,412	16,164	–	1,687,304	984,358	(87,364)	42,247,139	44,862,013	2,310,391	47,172,404
Profit for the year		–	–	–	–	–	–	2,463,706	2,463,706	219,011	2,682,717
Other comprehensive income	9	–	–	–	(156,995)	–	(157,053)	–	(314,048)	–	(314,048)
Total comprehensive income		–	–	–	(156,995)	–	(157,053)	2,463,706	2,149,658	219,011	2,368,669
Capital contribution by non-controlling interests		–	–	–	–	–	–	–	–	168,650	168,650
Acquisition of subsidiaries with non-controlling interests		–	–	–	–	–	–	–	–	30,452	30,452
Acquisition of non-controlling interests	16&31(d)(ii)	–	–	–	(7,891)	–	–	–	(7,891)	(1,171,053)	(1,178,944)
Repurchase of ordinary shares	31(c)	–	–	(17,225)	–	–	–	–	(17,225)	–	(17,225)
Appropriation to reserves	31(d)(iii)	–	–	–	–	135,763	–	(135,763)	–	–	–
Redemption of convertible bonds	27	–	–	–	(767)	–	–	–	(767)	–	(767)
Profit distribution to non-controlling interests		–	–	–	–	–	–	–	–	(120,252)	(120,252)
Dividends approved in respect of the previous year	31(b)(i)	–	–	–	–	–	–	(670,269)	(670,269)	–	(670,269)
Balance at 31 December 2023		14,412	16,164	(17,225)	1,521,651	1,120,121	(244,417)	43,904,813	46,315,519	1,437,199	47,752,718

The notes on pages 112 to 236 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

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

	Note	**2023** **RMB'000**	2022 RMB'000
Operating activities:			
Cash generated from operations	23(b)	**2,299,058**	2,168,114
Income tax paid	26(a)	**(313,300)**	(357,731)
Net cash generated from operating activities		**1,985,758**	1,810,383
Investing activities:			
Payment for purchase of property, plant and equipment, construction in progress and intangible assets		**(5,279,156)**	(5,363,715)
Proceeds from disposal of property, plant and equipment and right-of-use assets		**3,029**	3,022
Acquisition of subsidiaries, net of cash acquired		**(580,014)**	(817,338)
Payment for purchase of right-of-use assets		**(71,617)**	(461,886)
Payment for investments in associates		**(25,180)**	–
Payment for purchase of financial assets measured at FVPL		**(910,000)**	(386,593)
Proceeds from redemption of financial assets measured at FVPL		**1,080,000**	15,000
Proceeds from maturity of bank deposits over three months		**410,000**	1,694,770
Payment for bank deposits with maturity over three months		**(80,000)**	(1,254,770)
Dividends received from associates		**748,910**	1,582,843
Interest received		**108,147**	116,647
Others		**21,500**	23,782
Net cash used in investing activities		**(4,574,381)**	(4,848,238)

The notes on pages 112 to 236 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT (Continued)

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

	Note	2023 RMB'000	2022 RMB'000
Financing activities:			
Proceeds from loans and borrowings	23(c)	**9,601,763**	11,554,861
Repayment of loans and borrowings	23(c)	**(4,275,842)**	(5,949,293)
Proceeds from the unsecured medium-term notes	28	**2,700,000**	–
Acquisition of non-controlling interests		**(1,178,944)**	–
Profit distribution to non-controlling interests		**(107,773)**	(38,078)
Dividends paid to equity shareholders of the Company	31(b)	**(670,269)**	(1,090,465)
Interest paid	23(c)	**(686,098)**	(587,523)
Capital contribution from non-controlling interests		**168,650**	400,291
Proceeds from equity-settled share-based transactions		**–**	784,703
Payment for repurchase of shares		**(17,225)**	(235,747)
Payment for redemption of convertible bonds	27	**(4,064,907)**	(49,254)
Dividends paid to the then-shareholders of the acquired subsidiaries		**(79,899)**	–
Capital element of lease rentals paid	23(c)	**(10,044)**	(9,259)
Interest element of lease rentals paid	23(c)	**(1,241)**	(313)
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 year		**4,361,637**	3,156,158
Distribution in specie	4	**–**	(541,906)
Cash and cash equivalents at end of the year		**3,094,524**	4,361,637

The notes on pages 112 to 236 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

China Conch Venture Holdings Limited (the "Company") is a limited liability company incorporated in the Cayman Islands with limited liability under the Cayman Law, Cap 22(Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 19 December 2013 (the "Listing").

The Company and its subsidiaries (together the "Group") are principally engaged in waste incineration solutions, port logistics services, sale of new building materials and new energy business in the People's Republic of China (the "PRC") and certain overseas markets.

2 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 are disclosed below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) 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 below certain financial instruments as disclosed in note 32(e), which are measured at their fair value as explained in the accounting policies set out below:

— equity investments (see note 2(h)(ii);

— structured deposits products measured at FVPL (see note 2(h)(i)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation and presentation *(Continued)*

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

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

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) 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:

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(c) Changes in accounting policies *(Continued)*

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.

Prior to the amendments, the Group did not apply the initial recognition exemption to lease transactions and had recognised the related deferred tax, except that the Group previously determined the temporary difference arising from a right-of-use asset and the related lease liability on a net basis on the basis they arise from a single transactions. Following the amendments, the Group has determined the temporary differences in relation to right-of-use assets and lease liabilities separately. The change primarily impacts disclosures of components of deferred tax assets and liabilities in note 26(b), but does not impact the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualify for offsetting under IAS12.

(d) Business combination

The Group accounts for business combination using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit and loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in the profit and loss.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(e) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-Group balances, transactions and cash flows and any unrealised profits arising from intra-Group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-Group transactions are eliminated in the same way as unrealised gain but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(r), 2(s) or 2(t) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(e) Subsidiaries and non-controlling interests *(Continued)*

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(h)) or, when appropriate, the cost on initial recognition of an investment in an associate (see note 2(f)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(l)(ii)).

(f) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(l)(ii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate after applying the ECL model to such other long-term interests where applicable (see note 2(l)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associate is eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(f) Associates *(Continued)*

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(h)).

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses (see note 2(l)(ii)).

(g) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(l)(ii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(h) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are set out below:

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value, plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification:

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(h) Other investments in debt and equity securities *(Continued)*

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(x)(v)).

— fair value through other comprehensive income (FVOCI) — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(x)(vi).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(l)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(z)).

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Plant and buildings	17–30 years
Machinery and equipment	2–15 years
Office and other equipment	5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress represents property, plant and equipment under construction, which is stated at cost less accumulated impairment losses (see note 2(l)(ii)).

Capitalisation of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(j) Intangible assets (other than goodwill)

The Group recognises an operating right arising from a service concession arrangement when it has a right to charge for use of the concession infrastructure. An operating right received as consideration for providing construction services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided. Subsequent to initial recognition, the operating right is measured at cost, which includes capitalised borrowing costs (see note 2(z)), less accumulated amortisation and impairment losses (see note 2(l)(ii)).

Customer relationships acquired by the Group upon acquisition of subsidiary are measured at fair value upon initial recognition, Subsequent to initial recognition, customer relationships are measured at cost less accumulated amortization and accumulated impairment losses (see note 2(l)(ii)).

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(l)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Software	2–10 years
Waste incineration project operating rights	16–30 years
Customer relationship	10 years

Both the period and method of amortisation are reviewed annually.

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred.

(k) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(k) Leased assets *(Continued)*

As a lessee *(Continued)*

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily leased apartment for employees. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The following items of right-of-use asset are subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(l)(ii)).

— right-of-use assets arising from leasehold properties where the Group is not the registered owner of the property interest;

— prepaid costs of land use rights paid to the PRC government authorities or third parties.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(k) Leased assets *(Continued)*

As a lessee *(Continued)*

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are rent concessions that occurred as a direct consequence of the COVID-19 pandemic and met the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group has taken advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(l) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, bank deposits and trade receivables and other receivables); and

— contract assets (see note 2(n))

Other financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(l) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and contract assets *(Continued)*

Measurement of ECLs (Continued)

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets that do not contain a significant financing component are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(I) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and contract assets *(Continued)*

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates ;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(l) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and contract assets *(Continued)*

Basis of calculation of interest income

Interest income recognised in accordance with note 2(x)(v) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— Significant financial difficulties of the debtor;

— A breach of contract, such as a default or past due event;

— It becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— The disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(l) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— right-of-use assets;

— intangible assets;

— goodwill; and

— investments in subsidiaries and associates in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— *Calculation of recoverable amount*
The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

— *Recognition of impairment losses*
An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(l) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other non-current assets *(Continued)*

— *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(l)(i) and 2(l)(ii)).

(m) Inventories and other contract costs

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(m) Inventories and other contract costs *(Continued)*

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 2(m)(i)), property, plant and equipment (see note 2(i)) or intangible assets (see note 2(j)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of:

(i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less;

(ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 2(x).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(n) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(x)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(l)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(p)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(x)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(p)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(x)(v)).

(o) Service concession assets

The Group recognises a asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or other financial asset from or at the direction of the grantor for the construction services provided. During the construction phase, the Group recognises a contract asset and accounts for the significant financing component in the arrangement in accordance with the accounting policy set out in notes 2(n) and 2(x). Once the construction is complete, the amounts due from the grantor are accounted for in accordance with IFRS 9 *Financial Instruments* as receivables. Such financial assets are measured at fair value on initial recognition. Subsequent to initial recognition, the financial assets are measured at amortised cost using the effective interest method.

The contractual right to receive cash from the grantor for the services and the right to charge users for the public services should be regarded as two separate assets. Therefore, in service concession arrangement, the Group's contract assets are divided during the construction phase into two components — a financial asset component based on the guaranteed amount when the Group has the contractual right to receive cash from the grantor and an intangible asset (see note 2(j)) for the remainder. When the construction services are completed, the two components of the contract assets would be classified and measured as a financial asset and an intangible asset accordingly.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(p) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(n)).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. All receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses(see note 2(l)(i)).

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(l)(i).

(r) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(s) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 2(z)).

(t) Convertible bonds

Convertible bonds that can be converted into ordinary shares at the option of the holder, where a fixed number of shares are issued for a fixed amount of cash or other financial assets, are accounted for as compound financial instruments, i.e. they contain both a liability component and an equity component.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(t) Convertible bonds *(Continued)*

At initial recognition the liability component of the convertible bonds is measured at fair value based on the future interest and principal payments, discounted at the prevailing market rate of interest for similar non-convertible instruments. The equity component is the difference between the initial fair value of the convertible bonds as a whole and the initial fair value of the liability component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. Interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is not remeasured and is recognised in the capital reserve until either the bonds are converted or redeemed.

If the bonds are converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued.

(u) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Defined contribution retirement plans

Contributions to PRC local retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred.

(v) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(v) Income tax *(Continued)*

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

— taxable temporary differences arising on the initial recognition of goodwill; and

— those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(v) Income tax *(Continued)*

In all other cases, the measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

— in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

— in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  — the same taxable entity; or

  — different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(w) Provision and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(w) Provision and contingent liabilities *(Continued)*

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract (see note 2(l)).

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(x) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(x) Revenue and other income *(Continued)*

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of goods

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(ii) Revenue from construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on construction projects under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the percentage of completion method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs to provide a faithful depiction of the transfer of those services.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

(iii) Revenue from service concession arrangement

Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognising revenue from construction contracts. Revenue from operation services is recognised at a single point in time when control over the services is transferred to customers. When the Group provides more than one service in a service concession arrangement the consideration received is allocated by reference to the relative fair values of the services delivered when the amounts are separately identifiable.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(x) Revenue and other income *(Continued)*

(iv) Revenue from services

The Group provides logistics services to customers, and generally charges a fixed price per volume of services during the contract period. The Group recognises services revenue for which it has a right to invoice in the period during which the related volume of services is performed.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(l)(i)).

(vi) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(vii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Where the grant relates to an asset, the grant received is credited to a deferred income account and is released to the profit and loss over the expected useful life of the relevant asset by equal annual instalments.

(y) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(y) Translation of foreign currencies *(Continued)*

The results of foreign operations are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of transactions. Statement of financial position items, including goodwill, are translated into Renminbi at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

Exchange differences arising on a monetary item that forms part of an entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the relevant entity or the individual financial statements of the foreign operation. In the consolidated financial statements that include the foreign operation and the relevant entity, such exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(z) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(aa) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sales.

Where an operation is classified as discounted operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discounted from the start of the comparative year.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(bb) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(cc) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

(i) Service concession arrangements

The Group entered into Build-Operate-Transfer ("BOT") arrangements in respect of its waste incineration projects.

The Group concluded that all the BOT arrangements are service concession arrangements under International Financial Reporting Interpretations Committee 12 because the local governments control and regulate the services that the Group must provide with the infrastructure at a pre-determined service charge. In respect of BOT arrangements upon expiry of concession right agreement, the infrastructure for BOT arrangements is used in the service concession arrangements for its entire or substantial useful life.

(b) Source of estimation uncertainty

Note 32(e) contains information about the assumptions and their risk factors relating to the fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Construction contracts

As explained in accounting policy note 2(x)(ii), revenue recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached contract assets will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at each of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

3 ACCOUNTING JUDGEMENT AND ESTIMATES *(Continued)*

(b) Source of estimation uncertainty *(Continued)*

(ii) Loss allowance of trade receivables

Management measures loss allowance for trade receivables at an amount equal to lifetime ECLs. Management estimates ECLs on these financial assets by using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and assesses both the current and forecast general economic conditions at the reporting date. Management reassesses the loss allowance of trade receivables at the end of reporting period.

(iii) Impairment of goodwill

As explained in the accounting policy set out in note 2(g), goodwill is allocated to a cash-generating unit or to a group of cash-generating units that are expected to benefit from the synergies of the combination for the purpose of impairment assessment, which requires significant judgement. The Group determined that the Group of cash-generating units to which goodwill was allocated reflected the lowest level at which goodwill was monitored for internal reporting and was not larger than an operating segment in accordance with IAS 36, *Impairment of Assets*.

The Group determines whether goodwill is impaired at least on an annual basis. This involves an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(iv) Impairment of other non-current assets (other than goodwill)

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, right-of-use assets, intangible assets, and investments in its subsidiaries and associates, recoverable amount of the assets need to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to items such as level of estimated sales volume, selling price and the amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sales volume, selling price and the amount of operating costs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4 DISCONTINUED OPERATIONS

In 2021, the Company proposed to spin-off and separately list the shares of the solid waste solutions business of the Group under China Conch Environment Protection Holdings Limited ("Conch Environment") on the Main Board of the Stock Exchange. As at 31 December 2021, the directors of the Company considered that it was highly probably that the solid waste solutions business would be distributed to the Company's shareholders within the next twelve months. On 30 March 2022, the shares of Conch Environment were listed on the Stock Exchange, and the spin-off was completed.

As a result, the consolidated results of Conch Environment for the period from 1 January 2022 to 30 March 2022 were presented in the consolidated statement of profit or loss and other comprehensive income as discontinued operations. The consolidated statement of profit or loss and other comprehensive income distinguished the discontinued operations from the continuing operations.

The fair value of Conch Environment is with reference to the closing price and the number of issued shares on the first day of listing of Conch Environment on 30 March 2022 in accordance with IFRIC 17.

Analysis of net gain on distribution in specie:

	As at 30 March 2022 RMB'000
Fair value of Conch Environment	14,495,378
Less: Net assets distributed of Conch Environment	(2,522,274)
Add: recognition of unrealised profits arising from intra-group transactions	76,157
Net gain on distribution	12,049,261
Attributable to:	
Equity shareholder of the Company	12,049,261
Non-controlling interests	–
Net gain on distribution	12,049,261

5 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 solutions	**–**	328,034
	8,015,211	8,224,356

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5 REVENUE AND SEGMENT REPORTING *(Continued)*

(a) Revenue *(Continued)*

Disaggregation of revenue *(Continued)*

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

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

(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 RMB'000	2022 RMB'000
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	**6,155,877**	6,561,015

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). Details of concentration of credit risk arising from these customers are set out in note 32(a).

5 REVENUE AND SEGMENT REPORTING *(Continued)*

(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: 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 18.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(i) *(Continued)*

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							
	Continuing operations							
	Waste-to-energy projects RMB'000	Port logistics services RMB'000	New building materials RMB'000	New energy RMB'000	Investments RMB'000	Unallocated RMB'000	Elimination RMB'000	Total 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

5 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(i) *(Continued)*

	Year ended 31 December 2022								
	Continuing operations						Discontinued operations		
	Waste-to-energy projects RMB'000	Port logistics services RMB'000	New building materials RMB'000	New energy RMB'000	Investments RMB'000	Unallocated RMB'000	Solid waste solutions RMB'000	Elimination RMB'000	Total 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 or loss, assets and liabilities

	Continuing operations		Discontinued operations		Total	
	2023 RMB'000	2022 RMB'000	**2023 RMB'000**	2022 RMB'000	**2023 RMB'000**	2022 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 5(a))	**8,015,211**	7,896,322	**–**	328,034	**8,015,211**	8,224,356

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

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

	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	**2,872,104**	4,372,229	**–**	12,116,311	**2,872,104**	16,488,540

	2023	2022
	RMB'000	RMB'000
Assets		
Reportable segment assets	**83,690,698**	79,820,394
Elimination of inter-segment receivables	**(3,230,319)**	(4,440,517)
Consolidated total assets	**80,460,379**	75,379,877

	2023	2022
	RMB'000	RMB'000
Liabilities		
Reportable segment liabilities	**35,937,980**	32,647,990
Elimination of inter-segment payables	**(3,230,319)**	(4,440,517)
Consolidated total liabilities	**32,707,661**	28,207,473

5 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(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	**–**	–
	8,015,211	7,896,322	**–**	328,034

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
	72,128,765	65,944,996

6 OTHER NET INCOME

	2023 **RMB'000**	2022 RMB'000
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 (note 33)	**291**	17,680
Others	**17,526**	1,930
	414,661	357,513
Discontinued operations		
Interest income on bank deposits and cash at bank	**–**	2,524
Government grants (i)	**–**	5,776
Others	**–**	215
	–	8,515
	414,661	366,028

(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 segment in the respective PRC cities.

7 PROFIT BEFORE TAXATION

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

(a) Finance costs:

	2023 RMB'000	2022 RMB'000
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
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)
	727,912	599,440
Discontinued operations		
Interest on bank loans	**–**	30,388
Interest on lease liabilities	**–**	39
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)
	–	21,404
	727,912	620,844

* 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 PROFIT BEFORE TAXATION *(Continued)*

(b) Staff costs:

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

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 PROFIT BEFORE TAXATION *(Continued)*

(c) Other items:

	2023 **RMB'000**	2022 RMB'000
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
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

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, which amount is also included in the respective total amounts disclosed separately above or in note 7(b) for each of these types of expenses.

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

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

	2023 RMB'000	2022 RMB'000
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

	2023 RMB'000	2022 RMB'000
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

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(Continued)

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

(Continued)

(i) 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.

(ii) 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.

(iii) 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.

(iv) 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" ("HNTE"). According to Notice No. 24 issued by the State Administration of Taxation on 19 June 2017, if an entity is certified as an HNTE, it is entitled to a preferential income tax rate of 15% during the certified period.

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(Continued)

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

(Continued)

(v) 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.

(vi) 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	2022
	RMB'000	RMB'000
Continuing operations		
Profit before taxation	**2,872,104**	4,372,229
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	**(415,617)**	(734,197)
Income tax expense on continuing operations	**189,387**	288,662

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS *(Continued)*

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

	2023 **RMB'000**	2022 RMB'000
Discontinued operations		
Profit before taxation	–	67,050
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	–	(566)
Income tax expense on discontinued operations	–	10,292

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9 OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income

	2023			2022		
	Before-tax amount RMB'000	**Tax benefit RMB'000**	**Net-of-tax amount RMB'000**	Before-tax amount RMB'000	Tax benefit RMB'000	Net-of-tax amount RMB'000
Items that will not be reclassified to profit or loss:						
Share of other comprehensive income of associates (i)	**(137,341)**	**–**	**(137,341)**	(178,707)	–	(178,707)
Items that may be reclassified subsequently to profit or loss:						
Share of other comprehensive income of associates	**(19,654)**	**–**	**(19,654)**	(48,836)	–	(48,836)
Exchange differences on translation of financial statements of overseas subsidiaries	**(157,053)**	**–**	**(157,053)**	(317,061)	–	(317,061)
Other comprehensive income	**(314,048)**	**–**	**(314,048)**	(544,604)	–	(544,604)

(i) Share of other comprehensive income of associates that will not be reclassified to profit or loss represented the share of net movement in the fair value reserve of equity investments of the associate measured at FVOCI (non-recycling).

10 DIRECTORS' REMUNERATION

Directors' remuneration disclosed are as follows:

Year ended 31 December 2023

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Contributions to retirement scheme RMB'000	Total RMB'000
Executive Directors:					
Mr. Ji Qinying	–	601	1,972	–	2,573
Mr. Li Jian (v)	–	563	1,609	–	2,172
Mr. Li Daming	–	598	1,700	39	2,337
Mr. Shu Mao	–	639	1,609	70	2,318
Non-executive Directors:					
Mr. Guo Jingbin	–	622	1,972	–	2,594
Mr. Yu Kaijun (i)	–	–	–	–	–
Mr. Liu Yan (ii)	–	–	–	–	–
Independent non-executive Directors:					
Mr. Chan Chi On (alias Derek Chan)	158	–	–	–	158
Mr. Chan Kai Wing	158	–	–	–	158
Mr. Lau Chi Wah (iii)	79	–	–	–	79
Mr. Peng Suping (iv)	79	–	–	–	79
	474	3,023	8,862	109	12,468

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

10 DIRECTORS' REMUNERATION *(Continued)*

Year ended 31 December 2022

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Contributions to retirement scheme RMB'000	Total RMB'000
Executive Directors:					
Mr. Ji Qinying	–	594	2,154	–	2,748
Mr. Li Jian	–	564	1,609	–	2,173
Mr. Li Daming	–	597	1,609	37	2,243
Mr. Shu Mao	–	302	1,609	31	1,942
Non-executive Directors:					
Mr. Guo Jingbin	–	300	2,154	–	2,454
Mr. Yu Kaijun	–	–	–	–	–
Independent non-executive Directors:					
Mr. Chan Chi On (alias Derek Chan)	129	–	–	–	129
Mr. Chan Kai Wing	129	–	–	–	129
Mr. Lau Chi Wah	129	–	–	–	129
	387	2,357	9,135	68	11,947

(i) Mr. Yu Kaijun resigned as a non-executive director from 26 June 2023.

(ii) Mr. Liu Yan has been appointed as a non-executive director from 26 June 2023.

(iii) Mr. Lau Chi Wah retired as an independent non-executive director from 20 June 2023.

(iv) Mr. Peng Suping was appointed as an independent non-executive director from 20 June 2023.

(v) Mr. Li Jian resigned as an executive director of the Company with effect from 11 March 2024 subsequently.

No directors of the Company waived or agreed to waive any remuneration during the year.

During the year, there were no amounts paid or payable by the Group to the directors or any of the five highest paid individuals set out in note 11 below as an inducement to join or upon joining the Group or as compensation for loss of office.

11 INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid individuals of the Group during the year ended 31 December 2023 and 2022 are all directors of the Company whose emolument is disclosed in note 10.

12 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	2022
	('000)	('000)
Issued ordinary shares at 1 January	**1,812,985**	1,826,765
Effect of repurchased shares	**(590)**	(7,398)
Weighted average number of ordinary shares	**1,812,395**	1,819,367

(ii) Profit attributable to ordinary equity shareholders

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

(iii) Basic earnings per share

	2023	2022
	RMB	RMB
Basic earnings per share		
— Continuing operations	**1.36**	2.12
— Discontinued operations	**–**	6.63
	1.36	8.75

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13 PROPERTY, PLANT AND EQUIPMENT

	Plant and buildings RMB'000	Machinery and equipment RMB'000	Office and other equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2022	856,286	567,761	73,511	68,852	341,798	1,908,208
Acquisition of subsidiaries	598,797	779,258	6,641	6,111	116,581	1,507,388
Additions	49,601	69,748	28,925	22,813	1,804,339	1,975,426
Transfer from construction in progress	226,443	202,704	6,379	169	(435,695)	–
Disposals	(85)	(518)	(1,135)	(1,295)	(448)	(3,481)
Distribution of discontinued operations	(156,602)	(194,080)	(12,605)	(4,395)	(75,783)	(443,465)
At 31 December 2022 and 1 January 2023	1,574,440	1,424,873	101,716	92,255	1,750,792	4,944,076
Acquisition of subsidiaries (Note 33)	412,471	353,886	833	1,272	17,596	786,058
Additions	14,074	58,829	24,562	12,861	2,227,917	2,338,243
Transfer from construction in progress	212,383	213,103	2,555	148	(428,189)	–
Disposals	(132)	(3,701)	(109)	(864)	–	(4,806)
At 31 December 2023	2,213,236	2,046,990	129,557	105,672	3,568,116	8,063,571

13 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Plant and buildings RMB'000	Machinery and equipment RMB'000	Office and other equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation:						
At 1 January 2022	(308,039)	(322,351)	(27,759)	(29,739)	(7,669)	(695,557)
Charge for the year	(67,908)	(119,657)	(14,627)	(19,113)	–	(221,305)
Written back on disposals	–	105	744	909	2,423	4,181
Distribution of discontinued operations	11,709	26,523	2,217	5,984	–	46,433
At 31 December 2022 and 1 January 2023	(364,238)	(415,380)	(39,425)	(41,959)	(5,246)	(866,248)
Charge for the year	(80,350)	(153,651)	(17,105)	(15,581)	–	(266,687)
Written back on disposals	85	2,845	106	789	–	3,825
Impairment loss	–	–	–	–	(1,939)	(1,939)
At 31 December 2023	(444,503)	(566,186)	(56,424)	(56,751)	(7,185)	(1,131,049)
Net book value:						
At 31 December 2022	1,210,202	1,009,493	62,291	50,296	1,745,546	4,077,828
At 31 December 2023	1,768,733	1,480,804	73,133	48,921	3,560,931	6,932,522

As at 31 December 2023, property, plant and equipment with carrying amount is nil (31 December 2022: RMB936,451,000) were pledged as collaterals for certain bank loans (see note 24).

14 RIGHT-OF-USE ASSETS

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period is as follows:

	Note	**2023** **RMB'000**	2022 RMB'000
Properties leased for own use, carried at depreciated cost	(i)	**33,711**	26,262
Leasehold land for own use, carried at depreciated cost	(ii)	**1,819,037**	1,717,707
		1,852,748	1,743,969

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2023 **RMB'000**	2022 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use, carried at depreciated cost	**12,096**	8,860
Leasehold land for own use, carried at depreciated cost	**28,347**	22,686
	40,443	31,546
Interest on lease liabilities	**1,241**	1,228
Expense relating to short-term leases	**4,574**	7,314

No new lease agreements qualified for capitalisation were entered into during the year.

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in Notes 23 and 29.

14 RIGHT-OF-USE ASSETS *(Continued)*

(i) Properties leased for own use

The Group has obtained the right to use properties as its office buildings through tenancy agreements. The leases typically run for an initial period of 2 to 3 years.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

(ii) Leasehold land for own use

	Leasehold land for own use RMB'000
Cost:	
At 1 January 2022	1,162,546
Acquisition of subsidiaries	204,768
Additions	461,887
Distribution of discontinued operations	(11,736)
At 31 December 2022 and 1 January 2023	1,817,465
Acquisition of subsidiaries	46,815
Additions	105,296
Disposals	(2,199)
At 31 December 2023	1,967,377

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14 RIGHT-OF-USE ASSETS *(Continued)*

(ii) Leasehold land for own use *(Continued)*

	Leasehold land for own use RMB'000
Accumulated depreciation:	
At 1 January 2022	(64,213)
Charge for the year	(36,748)
Written back on distribution of discontinued operations	1,203
At 31 December 2022 and 1 January 2023	(99,758)
Charge for the year	(48,674)
Written back on disposals	92
At 31 December 2023	(148,340)
Net book value:	
At 31 December 2022	1,717,707
At 31 December 2023	1,819,037

The Group has obtained land use rights in the PRC with lease period of 25–50 years when granted.

As at 31 December 2023, leasehold land for own use with carrying amount of RMB566,253,000 (2022: RMB423,964,000) were pledged as collaterals for certain bank loans (see note 24).

15 INTANGIBLE ASSETS

	Software RMB'000	Waste incineration project operating rights RMB'000	Customer relationship RMB'000	Total RMB'000
Cost:				
At 1 January 2022	7,363	10,340,353	–	10,347,716
Acquisition of subsidiaries	61	3,086,662	–	3,086,723
Additions	1,927	4,137,683	71,185	4,210,795
Disposal of a subsidiary	–	(68,618)	–	(68,618)
Distribution of discontinued operations	–	–	(71,185)	(71,185)
At 31 December 2022 and 1 January 2023	9,351	17,496,080	–	17,505,431
Acquisition of subsidiaries	23,946	184,204	15,670	223,820
Additions	1,192	3,369,604	–	3,370,796
At 31 December 2023	34,489	21,049,888	15,670	21,100,047

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTANGIBLE ASSETS *(Continued)*

	Software	Waste incineration project operating rights	Customer relationship	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Accumulated amortisation:				
At 1 January 2022	(4,910)	(335,705)	–	(340,615)
Charge for the year	(523)	(475,383)	(2,002)	(477,908)
Written back on distribution of discontinued operations	–	–	2,002	2,002
At 31 December 2022 and 1 January 2023	(5,433)	(811,088)	–	(816,521)
Charge for the year	(1,924)	(616,196)	(784)	(618,904)
At 31 December 2023	(7,357)	(1,427,284)	(784)	(1,435,425)
Net book value:				
At 31 December 2022	3,918	16,684,992	–	16,688,910
At 31 December 2023	27,132	19,622,604	14,886	19,664,622

The cost of waste incineration project operating rights represented the fair value of operating rights acquired. The operating rights were deemed to be definite life intangible assets as the operation periods of the related BOT arrangements vary from 16 years to 30 years. They are expected to generate long-term net cash inflow to the Group.

As at 31 December 2023, there were certain waste incineration projects that had not commenced operation. The amount of these waste incineration project operating rights was RMB3,392,858,000 (2022: RMB3,061,045,000).

16 INTERESTS IN SUBSIDIARIES

The following list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
China Conch Venture Holdings International Limited ("Conch Venture BVI") (中國海創控股國際有限公司)	USD10,000	100%	100%	–	Investment holding
China Conch Venture Holdings (HK) Limited ("Conch Venture HK") (中國海創控股(香港)有限公司)	HKD250,000,000	100%	–	100%	Investment holding
Anhui Conch Venture New Energy-saving Building Material Co., Ltd. ("Conch Venture Green") (安徽海創新型節能建築材料有限責任公司)	RMB200,000,000	100%	–	100%	Manufacturing and investment holding
Bozhou Conch Venture New Energy-saving Building Material Co., Ltd. ("Bozhou Conch Venture Green") (亳州海創新型節能建築材料有限責任公司)	RMB125,000,000	100%	–	100%	Manufacturing and sales of new energy-saving building materials
Wuhu Conch Venture Enterprise Limited ("Conch Venture Wuhu") (蕪湖海創實業有限責任公司)	RMB100,000,000	100%	–	100%	Design and construction of energy preservation and environmental protection projects and investment holding
Wuhu Haihuan Industrial Co., Ltd ("Wuhu Haihuan") (蕪湖海環實業有限公司)	RMB100,000,000	100%	–	100%	Construction engineering design and construction
Anhui Conch Kawasaki Engineering Co., Ltd. ("CK Engineering") (安徽海螺川崎工程有限公司)	RMB100,000,000	51%	–	51%	Design, sales, installation of energy preservation and environmental protection equipment and after sales service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 INTERESTS IN SUBSIDIARIES *(Continued)*

		Proportion of ownership interest			
Name of companies (i)	**Registered and paid up capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activities**
Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd. ("CK Equipment") (安徽海螺川崎節能設備製造有限公司)	RMB100,000,000	51%	–	51%	Design, sales installation of energy preservation and environmental protection equipment and after sales service
Anhui Haichuang Lvneng Environmental Protection Group Co., Ltd ("Wuhu Environment") (安徽海創綠能環保集團股份有限公司)	RMB1,663,600,000	100%	–	100%	Investment holding
Jinzhai Conch Venture Environment Engineering Co., Ltd. ("Jinzhai Environment") (金寨海創環境工程有限責任公司)	RMB100,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Guangdong Yangchun Conch Venture Environment Engineering Co., Ltd. (iii) ("Yangchun Environment") (廣東陽春海創環境工程有限責任公司)	RMB32,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service
Qiyang Conch Venture Environment Engineering Co., Ltd. (iii) ("Qiyang Environment") (祁陽海創環境工程有限責任公司)	RMB35,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service
Shimen Conch Venture Environment Engineering Co., Ltd. (iii) ("Shimen Environment") (石門海創環境工程有限責任公司)	RMB32,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Nanjiang Conch Venture Environment Engineering Co., Ltd. (iii) ("Nanjiang Environment") (南江海創環境工程有限責任公司)	RMB35,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service

16 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest Group's effective interest	 Held by the Company	 Held by a subsidiary	Principal activities
Shuangfeng Conch Venture Environment Engineering Co., Ltd. (iii) ("Shuangfeng Environment") (雙峰海創環境工程有限責任公司)	RMB32,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Fusui Conch Venture Environment Engineering Co., Ltd. (iii) ("Fusui Environment") (扶綏海創環境工程有限責任公司)	RMB32,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service
Xishui Conch Venture Environment Engineering Co., Ltd. (iii) ("Xishui Environment") (習水海創環境工程有限責任公司)	RMB31,000,000	70%	–	70%	Garbage disposal and sludge residue operation management technical service
Yuping Conch Venture Environment Engineering Co., Ltd. (iii) ("Yuping Environment") (玉屏海創環境科技有限責任公司)	RMB23,000,000	70%	–	70%	Garbage disposal and sludge residue operation management technical service
Yanshan Conch Venture Environment Engineering Co., Ltd. (iii) ("Yanshan Environment") (硯山海創環境工程有限責任公司)	RMB30,000,000	100%	–	100%	Waste disposal for energy and sludge treatment
Guiyang Conch Venture Environment Engineering Co., Ltd. (iii) ("Guiyang Environment") (貴陽海創環境工程有限責任公司)	RMB33,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service
Linxia Conch Venture Environment Engineering Co., Ltd. (iii) ("Linxia Environment") (臨夏海創環境工程有限責任公司)	RMB35,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service
Ningguo Conch Venture Environment Engineering Co., Ltd. (iii) ("Ningguo Environment") (寧國海創環境工程有限責任公司)	RMB40,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 INTERESTS IN SUBSIDIARIES *(Continued)*

		Proportion of ownership interest			
Name of companies (i)	**Registered and paid up capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activities**
Shanghai Conch Kawasaki Engineering Co., Ltd. ("CK Shanghai") (上海海螺川崎節能環保工程有限公司)	RMB100,000,000	51%	–	100%	Design, sales, installation of energy preservation and environmental protection equipment and after sales service
Huoqiu Conch Venture Environment Engineering Co., Ltd. (iii) ("Huoqiu Environment") (霍邱海創環境工程有限責任公司)	RMB60,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Lixian Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Lixian Environmental Protection") (澧縣海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Tongzi Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Tongzi Environmental Protection") (桐梓海創環保科技有限責任公司)	RMB60,000,000	70%	–	70%	Waste disposal for energy and sludge treatment service
Pingguo Conch Venture Environmental Protection Technology Co., Ltd. (iii) (Pingguo Environmental Protection") (平果海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Binzhou Conch Venture Environmental Protection Energy Co., Ltd. ("Binzhou Environmental Protection") (彬州海創環保能源有限責任公司)	RMB72,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Xing'an Conch Venture Environment Technology Co., Ltd. (iii) ("Xing'an Environment") (興安海創環境科技有限責任公司)	RMB20,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 INTERESTS IN SUBSIDIARIES *(Continued)*

		Proportion of ownership interest			
Name of companies (i)	**Registered and paid up capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activities**
Kunming Conch Venture Environment Engineering Co., Ltd. (iii) ("Kunming Environment") (昆明海創環境工程有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Yiyang Conch Venture Environment Energy Co., Ltd. (iii) ("Yiyang Energy") (弋陽海創環境能源有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Yingjiang Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Yingjiang Environmental Protection") (盈江海創環保科技有限責任公司)	RMB30,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service
Zhengxiong Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Zhengxiong Environmental Protection") (鎮雄海創環保科技有限責任公司)	RMB80,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Chengde Conch Venture Energy Technology Co., Ltd (iii) ("Chengde Energy Technology") (承德海創能源科技有限責任公司)	RMB70,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Haihuan industry (Shanghai) Co., Ltd. ("Haihuan Industry") (海環實業(上海)有限公司)	RMB200,000,000	100%	–	100%	Design and construction of energy preservation and environmental protection projects and investment holding
Hejin Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Hejin Environmental Protection") (河津海創環保能源有限責任公司)	RMB80,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Pingliang Conch Venture Energy Technology Co., Ltd. (iii) ("Pingliang Energy Technology") (平涼海創能源科技有限責任公司)	RMB85,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Suiyang Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Suiyang Environmental Protection") (綏陽海創環保科技有限責任公司)	RMB97,000,000	70%	–	70%	Waste disposal for energy and sludge treatment service
Shucheng Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Shucheng Environmental Protection") (舒城海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Xishui Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Xishui Environmental Protection") (習水海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Sishui Conch Venture Environment Engineering Co., Ltd. (iii) ("Sishui Environment") (泗水海螺創業環境工程有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Fuquan Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Fuquan Environmental Protection") (福泉海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Tongchuan Conch Venture Environmental Protection Technology Co., Ltd. ("Tongchuan Environmental Protection") (銅川海創環保科技有限責任公司)	RMB80,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Xianyang Conch Venture Environment Energy Co., Ltd. (iii) ("Xianyang Energy") (咸陽海創環境能源有限責任公司)	RMB270,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Baoshan Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Baoshan Environmental Protection") (保山海創環保科技有限責任公司)	RMB80,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Manzhouli Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Manzhouli Environmental Protection") (滿洲里海創環保科技有限責任公司)	RMB80,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Yangzhou Haichang Port Industrial Co., Ltd. ("Haichang Port") (揚州海昌港務實業有限責任公司)	RMB260,500,000	100%	–	100%	Cargo handling
Lingyun Conch Venture Environment Engineering Co., Ltd. (iii) ("Lingyun Environment") (淩雲海創環境工程有限責任公司)	RMB25,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service
Baoshan Conch Venture Environment Engineering Co., Ltd. (iii) ("Baoshan Environment") (保山海創環境工程有限責任公司)	RMB10,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service
Bole Conch Venture Environment Engineering Co., Ltd. (iii) ("Bole Environment") (博樂市海創環境工程有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Tongren Conch Venture Environment Engineering Co., Ltd. (iii) ("Tongren Environment") (銅仁海創環境工程有限責任公司)	RMB80,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Shache Conch Venture Environment Engineering Co., Ltd. (iii) ("Shache Environment") (莎車海創環境工程有限責任公司)	RMB100,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Shizhu Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Shizhu Environmental Protection") (石柱縣海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Huoshan Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Huoshan Environmental Protection") (霍山海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Yangxian Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Yangxian Environmental Protection") (洋縣海創環保科技有限責任公司)	RMB60,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Shanggao Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Shanggao Environmental Protection") (上高海創環保科技有限公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Bac Ninh Vietnam — Conch Venture New Energy Co., Ltd. ("Conch Venture EU") (北寧EU — 海創新能源有限責任公司)	USD8,134,883	95%	–	95%	Waste disposal for energy and sludge treatment
Tengchong Conch Venture Energy Technology Co., Ltd. (iii) ("Techong Energy Technology") (騰沖海創能源科技有限責任公司)	RMB60,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Jiuquan Conch Venture Environmental Protection Energy Co., Ltd. (iii) ("Jiuquan Environmental Protection") (酒泉海創環保能源有限責任公司)	RMB85,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Dehong Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Dehong Environmental Protection") (德宏海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Lujiang Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Lujiang Environmental Protection") (廬江海創環保科技有限責任公司)	RMB90,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Wuwei Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Wuwei Environmental Protection") (無為縣海創環保科技有限責任公司)	RMB60,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Shanghai Chuang'an Jiaxian Industrial Development Co., Ltd. ("Shanghai Chuang'an Jiaxian") (上海創安嘉賢實業發展有限公司)	RMB50,000,000	65%	–	100%	Headquarter property construction and development of ancillary facilities
Shanghai Chuangjin Jiafu Industrial Development Co., Ltd. ("Shanghai Chuangjin Jiafu") (上海創錦嘉富實業發展有限公司)	RMB120,000,000	65%	–	100%	Headquarter property construction and development of ancillary facilities
Shanghai Chuangyue Real Estate Co., Ltd ("Shanghai Chuangyue") (上海創玥置業有限公司)	RMB150,000,000	65%	–	100%	Headquarter property construction and development of ancillary facilities
Shanghai Chuangle Real Estate Co., Ltd ("Shanghai Chuangle") (上海創玏置業有限公司)	RMB150,000,000	65%	–	100%	Headquarter property construction and development of ancillary facilities
Chengde Yixun Conch Venture Environmental Protection Technology Co., Ltd (iii) ("Chengde Yixun Environmental Protection") (承德伊遜海創環保科技有限責任公司)	RMB47,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Kunming Conch Venture Environmental Protection Technology Co., Ltd(iii) ("Kunming Environmental Protection") (昆明海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Wuhu Conch Venture Green Energy Technology Co., Ltd ("Wuhu Green Energy") (蕪湖海創綠能能源科技有限責任公司)	RMB500,000	100%	–	100%	Design and construction of energy preservation and environmental protection projects and investment holding
Haihuan Fuhua Environmental Engineering (Shanghai) Co., Ltd. ("Haihuan Fuhua Environmental") (海環富華環境工程(上海)有限公司)	Register capital: RMB10,000,000 Paid up capital: –	65%	–	100%	Headquarter property construction and development of ancillary facilities
Naiman Banner Conch Venture Technology Development Co., Ltd (iii) ("Naiman Banner Environmental Technology") (奈曼旗海創科技發展有限責任公司)	RMB81,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Conch venture environmental protection technology (Shanghai) Co., Ltd ("Shanghai Environmental Protection") (海螺創業環保科技(上海)有限公司)	RMB100,000,000	65%	–	65%	Construction engineering design and construction
Shanghai Chuangxu Industrial Co., Ltd ("Shanghai Chuangxu") (上海創旭實業有限公司)	RMB150,000,000	65%	–	100%	Headquarter property construction and development of ancillary facilities
Shanghai Chuangheng Industrial Co., Ltd ("Shanghai Chuangheng") (上海創衡實業有限公司)	RMB150,000,000	65%	–	100%	Headquarter property construction and development of ancillary facilities

16 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Proportion of ownership interest: Held by the Company	Proportion of ownership interest: Held by a subsidiary	Principal activities
Anhui Conch Venture Energy Materials Co., Ltd. ("Anhui Conch Venture Green") (安徽海創新能源材料有限公司)	Register capital: RMB1,000,000,000 Paid up capital: RMB600,000,000	100%	–	100%	Lithium iron phosphate cathode and anode materials production
Sichuan Conch Venture Shangwei New Energy Technology Co., Ltd. ("Shangwei New Energy") (四川海創尚緯新能源科技有限公司)	RMB500,000,000	51%	–	51%	Lithium iron phosphate cathode and anode materials, and lithium battery recycling
Wuhu Conch Venture Environmental Technology Co., Ltd (iii) ("Wuhu Environmental Technology") (蕪湖海創環境科技有限責任公司)	RMB68,000,000	100%	–	100%	Kitchen waste collection, harmless disposal
MAANSHAN Conch Venture Environmental Technology Co., Ltd(iii) ("MAANSHAN Environmental Technology") (馬鞍山海創環境科技有限責任公司)	RMB107,700,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Zhoukou Conch Venture Environmental Energy Co., Ltd (iii) ("Zhoukou Environmental Energy") (周口海創環境能源有限責任公司)	RMB70,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Du'an Conch Venture Environmental Technology Co., Ltd (iii) ("Du'an Environmental Technology") (都安海創環境科技有限責任公司)	RMB70,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Suzhou Conch Venture Environmental Energy Co., Ltd (iii) ("Suzhou Environmental Energy") (宿州海創環境能源有限責任公司)	RMB80,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

16 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Liuzhou Conch Entrepreneurship Environmental Technology Co., Ltd (iii) ("Liuzhou Environmental Technology") (柳州海螺創業環境科技有限責任公司)	RMB75,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Yantai Conch Venture Jungle Environmental Protection Energy Co., Ltd (iii) ("Yantai Environmental Protection Energy") (煙台海創叢林環保能源有限責任公司)	Register capital: RMB150,000,000 Paid up capital: RMB138,000,000	60%	–	60%	Waste disposal for energy and sludge treatment service
Hanshou Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Hanshou Environmental Protection") (漢壽海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Luxi Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Luxi Environmental Protection") (瀘西海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Panshi Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Panshi Environmental Protection") (磐石海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Zhangjiakou Conch Venture Environmental Energy Co., Ltd. (iii) ("Zhangjiakou Energy") (張家口海創環境能源有限責任公司)	RMB80,000,000	100%	–	100%	Waste disposal for energy and sludge treatment
Luoping Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Luoping Environmental Protection") (羅平海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

16 INTERESTS IN SUBSIDIARIES *(Continued)*

		Proportion of ownership interest			
Name of companies (i)	Registered and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Dexing Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Dexing Environmental Protection") (德興海創環保科技有限責任公司)	RMB50,000,000	90%	–	90%	Waste disposal for energy and sludge treatment service
Zongyang Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Zongyang Environmental Protection") (樅陽海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Shahe Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Shahe Environmental Protection") (沙河海創環保科技有限責任公司)	RMB120,000,000	66%	–	66%	Waste disposal for energy and sludge treatment service
Guiyang Conch Venture Environmental Energy Co., Ltd ("Guiyang Environmental Energy") (iii) (貴陽海創環境能源有限責任公司)	RMB167,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Taonan Conch Venture Environmental Protection Energy Co., Ltd (iii) ("Taonan Energy") (洮南海創環保能源有限責任公司)	RMB55,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Xichou Conch Venture Energy technology Co., Ltd (iii) ("Xichou Environment") (西疇海創新能源科技有限責任公司)	RMB90,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Shulan Conch Venture Environmental Energy Co., Ltd (iii) ("Shulan Environment") (舒蘭海創環境能源有限責任公司)	RMB52,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Haihuan Ecological Technology (Shanghai) Co., Ltd. ("Haihuan Ecological") (海環生態科技(上海)有限責任公司)	Register capital: RMB100,000,000 Paid up capital: RMB2,900,000	60%	–	60%	Resource recycling service technical consultation
Nanyang Conch Venture Environment Energy Co., Ltd. (iii) ("Nanyang Environmental Energy") (南陽海創環境能源有限責任公司)	RMB70,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Wushan Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Wushan Environmental Protection") (巫山縣海創環保科技有限責任公司)	RMB52,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Taian Conch Venture Energy Technology Co., Ltd. (iii) ("Taian Energy Technology") (台安海創能源科技有限責任公司)	RMB60,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Haidong Conch Venture Environment Technology Co., Ltd. (iii) ("Haidong Environmental Technology") (海東海創環境科技有限責任公司)	RMB100,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Huayin Conch Venture Environment Technology Co., Ltd. (iii) ("Huayin Environmental Technology") (華陰海創環境科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Meitan Conch Venture Environment Energy Co., Ltd. (iii) ("Meitan Environmental Energy") (湄潭海創環境能源有限責任公司)	Register capital: RMB90,000,000 Paid up capital: RMB81,000,000	90%	–	90%	Waste disposal for energy and sludge treatment service

16 INTERESTS IN SUBSIDIARIES *(Continued)*

		Proportion of ownership interest			
Name of companies (i)	Registered and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Chongqing Conch Venture Energy Technology Co., Ltd. (iii) ("Chongqing Energy Technology") (重慶市海創能源科技有限責任公司)	RMB68,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Danjiangkou Conch Venture Lvneng Environmental Energy Technology Co., Ltd (iii) ("Danjiangkou Environmental Energy Technology") (丹江口海創綠能環境能源科技有限責任公司)	RMB43,000,000	90%	–	90%	Waste disposal for energy and sludge treatment service
Dongzhi Conch Venture Environment Technology Co., Ltd. (iii) ("Dongzhi Environmental Technology") (東至海創環境科技有限公司)	RMB64,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Zhuanglang Conch Venture Lvneng Environmental Energy Technology Co., Ltd. (iii) ("Zhuanglang Environmental Energy Technology") (莊浪海創綠能環境能源科技有限責任公司)	RMB70,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Jianshui Conch Venture Environmental Energy Technology Co., Ltd. (iii) ("Jianshui Environmental Energy Technology") (建水海創環境能源科技有限責任公司)	RMB113,400,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Jinzhou Conch Venture Energy Environmental Technology Co., Ltd. (iii) ("Jinzhou Energy Environmental Technology") (錦州海創能源環境科技有限責任公司)	RMB85,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Gengma Conch Venture Environmental Energy Technology Co., Ltd. (iii) ("Gengma Environmental Energy Technology") (耿馬海創環境能源科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Guantaoxian Zhenghao Environmental Protection Technology Co., Ltd. (iii) ("Guantao Zhenghao") (館陶縣正好環保科技有限公司)	RMB110,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Chipingxian Guohuan Renewable Energy Co., Ltd. (iii) ("Chiping Guohuan") (茌平縣國環再生能源有限公司)	RMB100,000,000	95%	–	95%	Waste disposal for energy and sludge treatment service
Guanxian Guohuan Waste Treatment Co., Ltd. (iii) ("Guanxian Guohuan") (冠縣國環垃圾處理有限公司)	RMB139,800,000	90%	–	90%	Waste disposal for energy and sludge treatment service
Luanzhou Yaxin Environmental Protection Energy Co., Ltd. (iii) ("Luanzhou Yaxin") (灤州雅新環保能源有限公司)	RMB80,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Jinxiang Shengyun Environmental Protection Electricity Co., Ltd. (iii) ("Jinxiang Shengyun") (金鄉盛運環保電力有限公司)	Register capital: RMB104,248,800 Paid up capital: RMB93,823,900	90%	–	90%	Waste disposal for energy and sludge treatment service
Hunan Huiming Environmental Protection Technology Co., Ltd. (iii) ("Hunan Huiming") (湖南惠明環保科技有限公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

16 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Inner Mongolia Pratt Transportation Energy Co., Ltd. (iii) ("Inner Mongolia Pratt") (內蒙古普拉特交通能源有限公司)	RMB160,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Hohhot Jiangsheng New Energy Co., Ltd. (iii) ("Hohhot Jisheng") (呼和浩特嘉盛新能源有限公司)	Register capital: RMB286,290,000 Paid up capital: 189,433,542.86	70%	–	70%	Waste disposal for energy and sludge treatment service
Jilin Shuangjia Environmental Protection Energy Utilisation Co., Ltd. (iii) ("Jilin Shuangjia") (吉林市雙嘉環保能源利用有限公司)	RMB150,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Guizhou Jinning New Energy Co., Ltd. (iii) ("Guizhou Jinning") (貴州錦寧新能源有限公司)	Register capital: RMB117,768,000 Paid up capital: RMB105,991,200	90%	–	90%	Waste disposal for energy and sludge treatment service
Jiangxi Jingsheng Environmental Protection Co., Ltd. (iii) ("Jiangxi Jingsheng") (江西景聖環保有限公司)	RMB101,250,000	70%	–	70%	Waste disposal for energy and sludge treatment service
Yongde Conch Venture Energy technology Co., Ltd. (iii) ("Yongde Energy Technology") (永德海創新能源科技有限責任公司)	RMB60,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Hangzhou Shengxun Investment Partnership (Limited Partnership) ("Hangzhou Shengxunt") (杭州盛勳投資合夥企業(有限合夥))	Register capital: RMB1,500,000,000 Paid up capital: RMB149,440,000	100%	–	100%	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Lufeng Conch Venture Environmental Energy Technology Co., Ltd. (iii) ("Lufeng Environmental Energy Technology") (祿豐海創環境能源科技有限責任公司)	Register capital: RMB60,000,000 Paid up capital: RMB1,000,000	95%	–	95%	Waste disposal for energy and sludge treatment service
Youxi Conch Venture Environmental Energy Technology Co., Ltd. (iii) ("Youxi Environmental Energy Technology") (尤溪海創環境能源科技有限責任公司)	Register capital: RMB75,000,000 Paid up capital: RMB1,000,000	80%	–	80%	Waste disposal for energy and sludge treatment service
Yunxian Conch Venture Environmental Energy Technology Co., Ltd. (iii) ("Yunxian Environmental Energy Technology") (雲縣海創環境能源科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Nandan Conch Venture Environment Technology Co., Ltd. (iii) ("Nandan Environmental Technology") (南丹海創環境科技有限責任公司)	Register capital: RMB50,000,000 Paid up capital: RMB200,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Hunyuan Conch Venture Environment Energy Co., Ltd. (iii) ("Hunyuan Environmental Energy") (渾源海創環境能源有限責任公司)	Register capital: RMB68,190,000 Paid up capital: –	99%	–	99%	Waste disposal for energy and sludge treatment service
Lingbi Conch Venture Environmental Technology Co., Ltd. (iii) ("Lingbi Environmental Technology") (靈璧海創環境科技有限責任公司)	RMB30,000,000	100%	–	100%	Kitchen waste collection, harmless disposal
Anhui Conch Venture Recycling Technology Co., Ltd. ("Conch Recycling") (安徽海創循環科技有限公司)	Register capital: RMB200,000,000 Paid up capital: –	100%	–	100%	Lithium battery material recycling and sales

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Guanxian Guohuan Solid Waste Treatment Co., Ltd. ("Guanxian Solid waste") (冠縣國環固廢處置有限公司)	Register capital: RMB30,000,000 Paid up capital: RMB29,000,000	100%	–	100%	Solid waste treatment
Gaotangxian Guohuan Renewable Energy Co., Ltd. (iii) ("Gaotang Guohuan") (高唐縣國環再生資源有限公司)	RMB100,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Liaocheng Kangda Waste Treatment Co., Ltd. (iii) ("Liaocheng Guohuan") (聊城康達垃圾處理有限公司)	RMB101,250,000	95%	–	95%	Waste disposal for energy and sludge treatment service
Dongexian Huanke Renewable Energy Co., Ltd. ("Donge Huanke") (東阿縣環科再生資源有限公司)	RMB10,000,000	100%	–	100%	Waste disposal collection and treatment service
Taicang Liri Packaging Container Co., Ltd. ("Taicang Liri") (太倉立日包裝容器有限公司)	RMB60,000,000	83.5%	–	83.5%	Packaging container production and sales

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 INTERESTS IN SUBSIDIARIES *(Continued)*

(i) Except for the Company, Conch Venture BVI, Conch Venture HK, and Conch Venture EU, the English translation of the companies' names is for reference only. The official names of the companies established in the PRC are in Chinese.

(ii) Except for Conch Venture BVI which is incorporated in British Virgin Islands, Conch Venture HK which is incorporated in Hong Kong and Conch Venture EU, which is incorporated in Vietnam, the above entities are incorporated as limited liability companies and operated in the PRC.

(iii) The subsidiaries of the Group entered into service concession arrangements with the local government authorities in the PRC (the "grantors"). Pursuant to the service concession arrangements, the Group has to design, construct, operate and maintain waste incineration plants in the PRC for periods ranging from 20 to 30 years. The Group has the obligation to maintain the waste incineration plants in good condition. The grantors guarantee the Group will receive minimum annual payments in connection with the arrangements.

The service concession arrangements do not contain renewal options. The standard rights of the grantors to terminate the agreements include failure of the Group to construct or operate the waste incineration plants and in the event of a material breach of the terms of the agreements. The standard rights of the Group to terminate the agreements include failure to receive payments for solid waste treatment service from the grantors and in the event of a material breach of the terms of the agreements.

Revenue relates to the construction services provided in constructing the waste incineration projects is recognised as "Service concession assets" and "Waste incineration project operating rights" in the consolidated financial statements according to accounting policies as set out in notes 2(o) and 2(j).

16 INTERESTS IN SUBSIDIARIES *(Continued)*

The following table lists out the information relating to CK Engineering, CK Equipment and Wuhu Environment as of 31 December 2023 and 2022, the subsidiaries of the Group which have material non-controlling interest ("NCI"). The summarized financial information presented below represents the amounts before any inter-company elimination.

CK Engineering

	2023 **RMB'000**	2022 RMB'000
NCI percentage	**49%**	49%
Current assets	**2,632,913**	3,172,139
Non-current assets	**113,158**	86,194
Current liabilities	**(1,733,481)**	(2,264,711)
Non-current liabilities	**(4,920)**	(8,959)
Net assets	**1,007,670**	984,663
Carrying amount of NCI	**493,758**	482,485
Revenue	**1,738,848**	2,110,285
Profit for the year	**132,498**	176,782
Total comprehensive income	**132,498**	176,782
Profit allocated to NCI	**64,924**	86,623
Dividend paid to NCI	**53,650**	17,707
Cash flows generated from operating activities	**45,770**	421,323
Cash flows generated from investing activities	**12,634**	6,767
Cash flows used in financing activities	**(114,326)**	(41,046)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 INTERESTS IN SUBSIDIARIES *(Continued)*

CK Equipment

	2023 **RMB'000**	2022 RMB'000
NCI percentage	**49%**	49%
Current assets	**878,459**	894,604
Non-current assets	**283,870**	302,141
Current liabilities	**(597,309)**	(635,510)
Non-current liabilities	**(867)**	(4,460)
Net assets	**564,153**	556,775
Carrying amount of NCI	**276,435**	272,820
Revenue	**546,909**	861,968
Profit for the year	**53,467**	68,372
Total comprehensive income	**53,467**	68,372
Profit allocated to NCI	**26,199**	33,502
Dividend paid to NCI	**23,451**	10,972
Cash flows generated from/(used in) operating activities	**56,701**	(17,474)
Cash flows used in investing activities	**(5,734)**	(44,920)
Cash flows used in financing activities	**(12,842)**	(24,219)

Wuhu Environment

	For the period from 1 January 2023 to 1 November 2023 **RMB'000**	For the period from 1 April 2022 to 31 December 2022 RMB'000
NCI percentage	**10%**	10%
Revenue	**6,504,871**	6,519,632
Profit for the period	**845,402**	796,146
Total comprehensive income	**845,402**	796,146
Profit allocated to NCI	**84,540**	79,615
Dividend paid to NCI	**43,150**	–

16 INTERESTS IN SUBSIDIARIES *(Continued)*

Wuhu Environment *(Continued)*

Wuhu Environment, a subsidiary of the Company, had a material NCI as at 31 December 2022. In November 2023, the Group acquired 10.37% of the non-controlling equity interests in Wuhu Environment at an aggregate consideration of approximately RMB939 million. Wuhu Environment became an indirect wholly-owned subsidiary of the Company accordingly.

In December 2023, Conch Venture Green, a wholly-owned subsidiary of the Company, acquired 20% and 20% of the non-controlling equity interests in Anhui Conch Venture Green and Conch Recycling from a third party at a consideration of RMB200 million and RMB40 million, respectively. Anhui Conch Venture Green and Conch Recycling became the indirect wholly-owned subsidiaries of the Company accordingly.

17 GOODWILL

	RMB'000
Cost and net carrying amount:	
At 1 January 2022	–
Additions through acquisitions	134,927
At 31 December 2022 and 1 January 2023	134,927
Additions through acquisitions	52,177
At 31 December 2023	187,104

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generation units ("CGU") identified according to the place of operations and operating segment. Accordingly, goodwill is allocated to the Group's waste-to-energy projects operating segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 GOODWILL *(Continued)*

The recoverable amounts of the CGUs are determined based on the value-in-use ("VIU") calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year forecast period. Cash flows beyond the five-year period are extrapolated with zero growth rate. The key assumptions for the VIU calculations are as follows, which are based on either the past experience or external sources of information:

	2023 **RMB'000**	2022 RMB'000
Growth rate of revenue for forecast period	**1%–16%**	0%–13%
Pre-tax discount rate	**8%–9%**	8%–9%

As at 31 December 2023, the recoverable amount of the CGUs of waste-to-energy projects business was RMB5,543,315,000, which was higher than its carrying amount by RMB561,726,000. The Group considers that reasonably possible change in the key assumptions above would not cause the CGUs' carrying amount at 31 December 2023 to exceed its recoverable amount.

18 INTERESTS IN ASSOCIATES

	2023 **RMB'000**	2022 RMB'000
Share of net assets	**37,687,806**	36,896,482

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

18 INTERESTS IN ASSOCIATES *(Continued)*

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 RMB 1 each	36.40%	Manufacture and sale of cement related products
Conch (Anhui) Energy-saving and Environmental Protection New Materials Co. ("Conch New Materials") (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 RMB 1 each	33.44%	Manufacture of new chemical and building materials
Anhui Conch Building Materials Design and Research Institute ("Conch Design 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
Anhui Conch IT Engineering Co., Ltd. ("Conch IT Engineering") (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. ("Conch Investment") (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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 INTERESTS IN ASSOCIATES *(Continued)*

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 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

18 INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of Conch Holdings, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	2023 RMB'000	2022 RMB'000
Gross amounts of the associate		
Current assets	**39,803,312**	48,144,850
Non-current assets	**78,086,612**	75,720,418
Current liabilities	**(33,077,317)**	(38,425,093)
Non-current liabilities	**(8,239,579)**	(10,407,864)
Net assets	**76,573,028**	75,032,311
Revenue	**71,944,361**	86,144,270
Profit after tax for the year from continuing operations	**3,369,659**	5,976,800
Other comprehensive income	**(320,398)**	(464,369)
Total comprehensive income	**3,049,261**	5,512,431
Dividend received from the associate	**748,768**	1,574,737
Reconciled to the Group's interest in the associate		
Gross amounts of net assets of the associate	**76,573,028**	75,032,311
Group's effective interest	**49%**	49%
Group's share of net assets of the associate	**37,520,784**	36,765,832
Carrying amount in the consolidated financial statements	**37,520,784**	36,765,832

Aggregate information of associates that are not individually material:

	2023 RMB'000	2022 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**167,022**	130,650
Aggregate amounts of the Group's share of those associates		
Profit from continuing operations	**11,335**	8,155
Total comprehensive income	**11,335**	8,155
Dividend received	**142**	8,106

19 FINANCIAL ASSETS MEASURED AT FAIR VALUE

(a) Financial assets measured at fair value through profit or loss:

	2023 RMB'000	2022 RMB'000
Non-current assets		
Unlisted equity securities at FVPL	**106,000**	82,500
Current assets		
Investment in structured deposits products (i)	**150,000**	320,000
Listed equity securities at FVPL	**23,013**	44,596
	279,013	447,096

(i) The structured deposit products as at 31 December 2023 were issued by one creditworthy PRC commercial bank with variable interest rates and have matured as at the date of the report and been fully recovered by the Group.

(b) Financial assets measured at fair value through other comprehensive income:

	2023 RMB'000	2022 RMB'000
Non-current assets		
Equity instrument investment	**10,320**	10,320

20 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	2023 RMB'000	2022 RMB'000
Raw materials	**106,074**	113,638
Work in progress	**99,687**	78,980
Finished goods	**118,046**	251,775
	323,807	444,393

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2023 RMB'000	2022 RMB'000
Continuing operations:		
Carrying amount of inventories sold	**1,363,873**	819,600
Write-down of inventories	**–**	–
	1,363,873	819,600
Discontinued operations:		
Carrying amount of inventories sold	**–**	13,736
Write-down of inventories	**–**	–
	1,363,873	833,336

21 CONTRACT ASSETS

	2023 RMB'000	2022 RMB'000
Non-current assets		
Service concession assets (i)	**4,155,728**	4,805,720
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	**(1,248)**	–
	836,489	526,408
	4,992,217	5,332,128
Contract assets arising from performance under construction contracts in connection with service concession arrangements, which are included in "Intangible assets"	**3,392,858**	3,061,045

The movement in the loss allowance for impairment of contract assets are as follows:

	2023 RMB'000
At the beginning of the year	**–**
Impairment losses	**1,248**
At the end of the year	**1,248**

21 CONTRACT ASSETS *(Continued)*

(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.

22 TRADE AND OTHER RECEIVABLES

	2023 **RMB'000**	2022 RMB'000
Trade receivables	**2,366,301**	1,830,396
Bills receivable	**31,183**	92,857
Less: allowance for doubtful debts (Note 22(b))	**(126,849)**	(101,098)
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	**27,286**	28,542
Amounts due from third parties	**2,934,738**	2,554,704
Amounts due from related parties (Note 35(c))	**266,196**	291,159
Current portion of trade and other receivables	**3,200,934**	2,845,863
Non-current portion of trade and other receivables	**1,648,235**	1,513,072
Total current and non-current trade and other receivables	**4,849,169**	4,358,935

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

22 TRADE AND OTHER RECEIVABLES *(Continued)*

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 **RMB'000**	2022 RMB'000
Current	**1,454,884**	1,463,265
Less than 1 year	**559,829**	252,416
1 to 2 years	**150,534**	101,425
Over 2 years past due	**105,388**	5,049
	2,270,635	1,822,155

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

Details of the Group's credit policy and credit risk arising from trade receivable and bills receivables are set out in note 32(a).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22 TRADE AND OTHER RECEIVABLES *(Continued)*

(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 RMB'000	2022 RMB'000
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)
At the end of the year	**126,849**	101,098
Discontinued operations:		
At the beginning of the year	**–**	15,073
Loss allowance	**–**	870
Distribution of discontinued operations	**–**	(15,943)
At the end of the year	**–**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2023 **RMB'000**	2022 RMB'000
Cash at bank and on hand	**3,588,071**	5,182,485
Less: Restricted bank deposits (Note)	**(113,547)**	(110,848)
Bank deposits with original maturity over three months	**(380,000)**	(710,000)
Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement	**3,094,524**	4,361,637

Note: As at 31 December 2023, restricted bank deposits of RMB113,547,000 (2022: RMB110,848,000) mainly represent pledged deposits and deposits for issuing bank acceptance bills payable.

23 CASH AND CASH EQUIVALENTS *(Continued)*

(b) Reconciliation of profit before taxation to cash generated from operations:

	2023 RMB'000	2022 RMB'000
Profit before taxation	**2,872,104**	4,439,279
— Continuing operations	**2,872,104**	4,372,229
— Discontinued operations	**–**	67,050
Adjustments for:		
Depreciation of owned property, plant and equipment	**266,687**	221,305
Depreciation of right-of-use assets	**40,443**	31,546
Amortisation of intangible assets	**618,904**	477,908
Amortisation of deferred income	**(4,676)**	(3,462)
Provision for/(reversal of) loss allowance for trade receivables and contract assets	**21,315**	(6,862)
Net loss/(gain) on disposal of right-of-use assets and property, plant and equipment	**59**	(1,746)
Impairment losses on property, plant and equipment	**1,939**	–
Net unrealised (gain)/loss on financial assets measured at FVPL	**(1,916)**	34,252
Negative goodwill on business combination	**(291)**	(17,680)
Finance costs	**727,912**	620,844
Interest income	**(106,891)**	(93,874)
Share of profits of associates	**(1,672,049)**	(2,940,679)
Operating profit before changes in working capital	**2,763,540**	2,760,831
Decrease/(increase) in inventories	**125,634**	(48,294)
(Increase)/decrease in restricted bank deposits	**(2,699)**	199,332
Increase in trade and other receivables	**(521,446)**	(1,399,190)
Decrease in contract assets	**339,911**	134,512
(Decrease)/increase in trade and other payables	**(548,318)**	421,671
Increase in deferred income	**127,500**	101,290
Increase/(decrease) in contract liabilities	**14,936**	(2,038)
Cash generated from operations	**2,299,058**	2,168,114

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23 CASH AND CASH EQUIVALENTS *(Continued)*

(c) Reconciliation of liabilities arising from financing activities:

	Bank loans RMB'000 (Note 24)	MTN RMB'000 (Note 28)	Interest payable RMB'000	Convertible bonds RMB'000 (Note 27)	Lease liabilities RMB'000 (Note 29)	Other payables and accruals RMB'000	Total RMB'000
At 1 January 2022	10,257,830	–	11,200	3,483,286	10,755	–	13,763,071
Changes from financing cash flows:							
Proceeds from loans and borrowings	11,554,861	–	–	–	–	–	11,554,861
Repayment of loans and borrowings	(4,420,922)	–	–	–	–	(1,528,371)	(5,949,293)
Payment for redemption of convertible bonds	–	–	–	(49,254)	–	–	(49,254)
Capital element of lease rentals paid	–	–	–	–	(9,259)	–	(9,259)
Interest element of lease rentals paid	–	–	–	–	(313)	–	(313)
Interest paid	–	–	(587,523)	–	–	–	(587,523)
Total changes from financing cash flows	7,133,939	–	(587,523)	(49,254)	(9,572)	(1,528,371)	4,959,219
Exchange adjustments:	–	–	–	322,378	–	–	322,378
Other changes:							
Acquisition of subsidiaries	1,090,400	–	3,204	–	2,947	1,964,187	3,060,738
Interest expenses	–	–	496,357	123,259	1,228	–	620,844
Capitalised borrowing costs	–	–	101,045	–	–	–	101,045
Increase in lease liabilities by entering into new leases during the year	–	–	–	–	22,720	–	22,720
Equity component of payment for redemption of convertible bonds	–	–	–	675	–	–	675
Distribution of discontinued operations	(295,734)	–	(1,281)	–	–	–	(297,015)
Total other changes	794,666	–	599,325	123,934	26,895	1,964,187	3,509,007
At 31 December 2022 and 1 January 2023	18,186,435	–	23,002	3,880,344	28,078	435,816	22,553,675

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23 CASH AND CASH EQUIVALENTS *(Continued)*

(c) Reconciliation of liabilities arising from financing activities: *(Continued)*

	Bank loans RMB'000 (Note 24)	MTN RMB'000 (Note 28)	Interest payable RMB'000	Convertible bonds RMB'000 (Note 27)	Lease liabilities RMB'000 (Note 29)	Other payables and accruals RMB'000	Total RMB'000
Changes from financing cash flows:							
Proceeds from loans and borrowings	9,601,763	–	–	–	–	–	9,601,763
Repayment of loans and borrowings	(3,475,000)	–	–	–	–	(800,842)	(4,275,842)
Payment for redemption of convertible bonds	–	–	–	(4,064,907)	–	–	(4,064,907)
Proceeds from the unsecured medium-term notes	–	2,700,000	–	–	–	–	2,700,000
Capital element of lease rentals paid	–	–	–	–	(10,044)	–	(10,044)
Interest element of lease rentals paid	–	–	–	–	(1,241)	–	(1,241)
Interest paid	–	–	(686,098)	–	–	–	(686,098)
Total changes from financing cash flows	6,126,763	2,700,000	(686,098)	(4,064,907)	(11,285)	(800,842)	3,263,631
Exchange adjustments:	–	–	–	100,393	–	–	100,393
Other changes:							
Acquisition of subsidiaries	8,000	–	2,295	–	14,507	436,110	460,912
Interest expenses	–	–	643,268	83,403	1,241	–	727,912
Capitalised borrowing costs	–	–	100,017	–	–	–	100,017
Increase in lease liabilities by entering into new leases during the year	–	–	–	–	5,378	–	5,378
Equity component of payment for redemption of convertible bonds	–	–	–	767	–	–	767
Total other changes	8,000	–	745,580	84,170	21,126	436,110	1,294,986
At 31 December 2023	24,321,198	2,700,000	82,484	–	37,919	71,084	27,212,685

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

23 CASH AND CASH EQUIVALENTS *(Continued)*

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2023 **RMB'000**	2022 RMB'000
Within operating cash flows	**4,574**	7,314
Within financing cash flows	**11,285**	9,572
	15,859	16,886

These amounts relate to the following:

	2023 **RMB'000**	2022 RMB'000
Lease rentals paid	**15,859**	16,886

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24 BANK LOANS

	2023 **RMB'000**	2022 RMB'000
Current	**1,267,507**	690,590
Non-current	**23,053,691**	17,495,845
Total	**24,321,198**	18,186,435

(i) As at 31 December 2023, bank loans of RMB24,097,794,000 were denominated in RMB (2022: RMB17,966,003,000), and bank loans of RMB223,404,000 (2022: RMB220,432,000) were denominated in USD.

As at 31 December 2023, the bank loans were repayable as follows:

	2023 **RMB'000**	2022 RMB'000
Within one year	**1,267,507**	690,590
After one year but within two years	**3,187,224**	940,520
After two years but within five years	**5,864,041**	6,474,896
After five years	**14,002,426**	10,080,429
Total	**24,321,198**	18,186,435

(ii) As at 31 December 2023, the bank loans were guaranteed and secured as follows:

	2023 **RMB'000**	2022 RMB'000
Secured	**2,347,037**	1,103,582
Guaranteed and secured	**–**	258,979
Unsecured	**21,974,161**	16,823,874
Total	**24,321,198**	18,186,435

As at 31 December 2023, bank loans of the Group amounting to RMB2,347,037,000 (31 December 2022: RMB1,103,582,000) were secured by the leasehold land owned by certain subsidiaries of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25 TRADE AND OTHER PAYABLES

	2023 RMB'000	2022 RMB'000
Trade payables	**3,119,255**	3,399,138
Bills payable	**319,739**	214,889
	3,438,994	3,614,027
Other payables and accruals	**1,299,289**	1,562,197
Amounts due to third parties	**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 (Note 35(c))	**167,164**	284,115
Trade and other payables	**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 RMB'000	2022 RMB'000
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	**6,372**	8,129
	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.

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Income tax payable in the consolidated statement of financial position represent:

	2023 **RMB'000**	2022 RMB'000
Continuing operations:		
Balance at beginning of the year	**188,240**	174,497
Provision for current income tax for the year (Note 8(a))	**209,250**	259,846
Transfer from deferred tax liabilities (Note 26(b))	**55,500**	100,000
Payments during the year	**(313,300)**	(346,103)
Balance at the end of the year	**139,690**	188,240
Discontinued operations:		
Balance at beginning of the year	**–**	19,823
Provision for current income tax for the year (Note 8(a))	**–**	10,153
Payments during the year	**–**	(11,628)
Distribution of discontinued operations	**–**	(18,348)
Balance at the end of the year	**–**	–

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the years are as follows:

	Unrealised profit upon elimination RMB'000	Loss allowance on trade receivables and provision for inventory RMB'000	Deferred income RMB'000	Lease liabilities RMB'000	Right-of-use assets RMB'000	Undistributed profits of subsidiaries RMB'000	Fair value adjustment in relation to business combination RMB'000	Fair value adjustment in relation to financial assets measured at FVPL RMB'000	Total RMB'000
Deferred tax assets arising from:									
At 1 January 2022	71,541	4,602	–	2,226	(2,226)	(100,000)	–	–	(23,857)
Credited/(charged) to profit or loss from continuing operations	1,868	(4,139)	21,435	3,461	(3,461)	(55,500)	7,381	–	(28,955)
Transfer to current taxation (Note 26(a))	–	–	–	–	–	100,000	–	–	100,000
Acquisition of subsidiaries	–	16,419	–	801	(801)	–	(191,642)	–	(175,223)
Acquisition of subsidiaries-discontinued operations	–	–	–	–	–	–	(17,122)	–	(17,122)
Recognition of unrealised profits arising from intra-group transactions	(49,805)	–	–	–	–	–	–	–	(49,805)
Distribution of discontinued operations	582	(99)	–	–	–	–	16,778	–	17,261
At 31 December 2022 and 1 January 2023	24,186	16,783	21,435	6,488	(6,488)	(55,500)	(184,605)	–	(177,701)
(Charged)/credited to profit or loss from continuing operations	(1,892)	3,193	26,861	(1,074)	1,959	(15,000)	11,691	(5,875)	19,863
Transfer to current taxation (Note 26(a))	–	–	–	–	–	55,500	–	–	55,500
Acquisition of subsidiaries	–	1,529	–	3,700	(3,700)	–	(65,657)	–	(64,128)
At 31 December 2023	22,294	21,505	48,296	9,114	(8,229)	(15,000)	(238,571)	(5,875)	(166,466)

26 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(b) Deferred tax assets and liabilities recognised: *(Continued)*

(ii) Reconciliation to the consolidated statement of financial position:

	2023	2022
	RMB'000	RMB'000
Net deferred tax assets recognised on the consolidated statement of financial position	**92,980**	62,404
Net deferred tax liabilities recognised on the consolidated statement of financial position	**(259,446)**	(240,105)
	(166,466)	(177,701)

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 2(v), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB198,240,000 (2022: RMB141,850,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses do not expire under current tax legislation.

(d) Deferred tax liabilities not recognised:

The Group has not recognised deferred tax liabilities as at 31 December 2023 in respect of undistributed earnings of RMB44,389,465,000 of PRC subsidiaries (2022: RMB42,597,124,000) because the Group has no plans to distribute them outside the PRC in the foreseeable future.

27 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.

27 CONVERTIBLE BONDS *(Continued)*

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 (Note 23(c))	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 (Note 23(c))	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	–	–	–

28 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.

29 LEASE LIABILITIES

	At 31 December 2023 Present value of the minimum lease payments RMB'000	At 31 December 2022 Present value of the minimum lease payments RMB'000
Within 1 year	**11,732**	8,047
After 1 year but within 2 years	**9,179**	8,484
After 2 years but within 5 years	**1,704**	9,153
After 5 years	**15,304**	2,394
	26,187	20,031
	37,919	28,078

30 DEFERRED INCOME

Deferred income represents government grants received to subsidise the construction of property, plant and equipment for the Group and is accounted for in accordance with the accounting policy set out in note 2(x)(vii).

31 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Share capital RMB'000 Note 31(c)	Share premium RMB'000 Note 31(d)(i)	Treasury shares RMB'000	Retained profits RMB'000	Total equity RMB'000
Balance at 1 January 2022	36	14,530	671,281	–	17,377	703,188
Profit for the year		–	–	–	15,148,978	15,148,978
Repurchase and cancellation of ordinary shares		(118)	(235,629)	–	–	(235,747)
Distribution in specie		–	–	–	(14,495,378)	(14,495,378)
Dividends approved in respect of the previous year		–	(419,488)	–	(670,977)	(1,090,465)
Balance at 31 December 2022 and 1 January 2023	36	**14,412**	**16,164**	**–**	**–**	**30,576**
Profit for the year		**–**	**–**	**–**	**774,288**	**774,288**
Repurchase of ordinary shares		**–**	**–**	**(17,225)**	**–**	**(17,225)**
Dividends approved in respect of the previous year		**–**	**–**	**–**	**(670,269)**	**(670,269)**
Balance at 31 December 2023	36	**14,412**	**16,164**	**(17,225)**	**104,019**	**117,370**

31 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and among which of RMB670,269,000 were paid during the year.

	2023 **RMB'000**	2022 RMB'000
Distribution in specie (Note)	**–**	14,495,378
Final dividend in respect of the previous financial year, approved during the year, of HKD0.40 per ordinary share (2022: HKD0.70 per ordinary share)	**670,269**	1,090,465

Note: As mentioned in Note 4, the entire issued share capital of Conch Environment was spun-off via a distribution in specie completed on 30 March 2022. The transaction was recognized and measured in accordance with "IFRIC 17 — Distribution of Non-cash Assets to Owners". The fair value of the net assets attributable to Conch Environment, subject to the distribution in specie, amounted to approximately RMB14,495,378,000. The transaction resulted in a non-cash gain of approximately RMB12,049,261,000 attributable to the shareholders of the Company.

(ii) Dividends payable to equity shareholders of the Company attributable to the year

	2023 **RMB'000**	2022 RMB'000
Final dividend proposed after the end of the reporting period of HKD0.20 per ordinary share (2022: HKD0.40 per ordinary share)	**328,042**	647,794

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

31 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Share capital and treasury shares

Authorised and issued share capital

	No. of shares ('000)	**Amount** HKD'000
Authorised:		
Ordinary shares of HKD0.01 each at 31 December 2023 and 2022	15,000,000	150,000

	2023			2022		
		Amount			Amount	
	No. of shares ('000)	**HKD'000**	**Equivalent to RMB'000**	No. of shares ('000)	HKD'000	Equivalent to RMB'000
Issued share capital:						
At 1 January	**1,812,985**	**18,130**	**14,412**	1,826,765	18,268	14,530
Shares repurchased and cancelled	**–**	**–**	**–**	(13,780)	(138)	(118)
At 31 December	**1,812,985**	**18,130**	**14,412**	1,812,985	18,130	14,412

During the year ended 31 December 2023, the Company repurchased an aggregate of 3,039,500 of its own shares through the Stock Exchange, at a total consideration of HKD18,731,000, equivalent to approximately RMB17,225,000 and had not been cancelled as at 31 December 2023 (2022: the Company repurchased and cancelled 13,780,000 of its own shares as at 31 December 2022 at a consideration of RMB235,747,000).

31 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserves

(i) Share premium

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

Capital reserve mainly comprises the following:

— share of non-distributable reserves of an associate at the respective dates;

— the equity component of convertible bonds issued by Conch Venture BVI, a subsidiary of the Group, recognised in accordance with the accounting policy as set out in note 2(t); and;

— In November 2023, the Conch Venture Wuhu, a subsidiary of the Company, acquired 10.37% non-controlling equity interest of Wuhu Environment in a cash consideration of RMB939 million. In December 2023, Conch Venture Green, a wholly-owned subsidiary of the Company, acquired 20% of the non-controlling equity interests in Anhui Conch Venture Green at a consideration of RMB200 million. Accordingly, Wuhu Environment and Anhui Conch Venture Green became the indirect wholly-owned subsidiaries of the Company. The difference between the cash consideration and carrying amount of the non-controlling interests of Wuhu Environment and Anhui Conch Venture Green on the date of acquisition has been recorded in capital reserve.

(iii) PRC statutory reserves

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC. Appropriations to the reserves were approved by the respective boards of directors' meeting.

For the entity concerned, PRC statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of overseas subsidiaries with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2(y).

31 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserves *(Continued)*

(v) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of gearing ratio. The Group defines gearing ratio as total liabilities divided by total assets.

The Group's strategy was to maintain the gearing ratio at a reasonable level. The Group's gearing ratio at 31 December 2023 and 2022 was as follow:

	31 December 2023 RMB'000	31 December 2022 RMB'000
Total liabilities	**32,707,661**	28,207,473
Total assets	**80,460,379**	75,379,877
Gearing ratio	**40.65%**	37.42%

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's bank deposits are held with banks located in the Mainland of the PRC and Hong Kong which management believes are of high credit quality. Accordingly, the Group's credit risk is primarily attributable to trade and other receivables and contract assets. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 3% (2022: 3%) and 11% (2022: 10%) of the total trade and other receivables and contract assets were due from the Group's largest customer and the five largest customers respectively. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statements of financial position.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors with balances that are more than 30 days past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

Contract assets and bills receivable are mainly due from local government authorities and banks and financial institutions with high credit standing in the PRC, respectively, which the Group considers the credit risk for contract assets and bills receivable is low.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The Group does not provide any other guarantees to third parties which would expose the Group to credit risk.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2023		
	Expected loss rate %	**Gross carrying amount RMB'000**	**Loss allowance RMB'000**
Current (not past due)	**1.1%**	**1,439,406**	**(15,705)**
Less than 1 year past due	**5.0%**	**589,010**	**(29,181)**
1 to 2 years past due	**13.3%**	**173,564**	**(23,030)**
Over 2 years past due	**35.9%**	**164,321**	**(58,933)**
		2,366,301	**(126,849)**

	2022		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0.0%	1,370,408	–
Less than 1 year past due	5.0%	265,701	(13,285)
1 to 2 years past due	40.0%	169,041	(67,616)
Over 2 years past due	80.0%	25,246	(20,197)
		1,830,396	(101,098)

Expected loss rates are based on actual loss experience over the past 5 years. These rates are adjusted based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and can be required to pay:

	At 31 December 2023					
	Contractual undiscounted cash outflow					
	Within one year or on demand RMB'000	More than one year but less than two years RMB'000	More than two years but less than five years RMB'000	More than five years RMB'000	Total RMB'000	Carrying amount RMB'000
Bank loans	2,006,484	3,877,997	7,353,752	16,065,697	29,303,930	24,321,198
Trade and other payables	4,957,416	–	–	–	4,957,416	4,957,416
Unsecured MTN	140,281	82,380	2,725,752	–	2,948,413	2,700,000
Lease liabilities	12,236	9,985	2,022	19,701	43,944	37,919
	7,116,417	3,970,362	10,081,526	16,085,398	37,253,703	32,016,533

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk *(Continued)*

	At 31 December 2022					
	Contractual undiscounted cash outflow					
	Within one year or on demand RMB'000	More than one year but less than two years RMB'000	More than two years but less than five years RMB'000	More than five years RMB'000	Total RMB'000	Carrying amount RMB'000
Bank loans	1,239,853	1,519,153	7,794,995	11,438,867	21,992,868	18,186,435
Trade and other payables	5,545,274	–	–	–	5,545,274	5,530,039
Convertible bonds	3,971,593	–	–	–	3,971,593	3,880,344
Lease liabilities	8,047	8,849	9,974	3,019	29,889	28,078
	10,764,767	1,528,002	7,804,969	11,441,886	31,539,624	27,624,896

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk

(i) Interest rate profile

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank loans. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out below.

The Group's cash at bank and interest-bearing borrowings, and their interest rates as at 31 December 2023 and 2022 are set out as follows:

	2023		2022	
	Interest rate %	**RMB'000**	Interest rate %	RMB'000
Fixed rate:				
Bank deposits with original maturity within three months	**4.60%**	**9,062**	1.20%–5.00%	119,546
Bank deposits with original maturity over three months	**3.10%–3.70%**	**380,000**	1.85%–3.80%	710,000
Bank loans	**3.00%–3.55%**	**(901,410)**	2.49%–4.05%	(701,410)
Convertible bonds	**N/A**	**–**	0.00%	(3,880,344)
Unsecured MTN	**2.99%–3.10%**	**(2,700,000)**	N/A	–
Lease liabilities	**4.30%–4.65%**	**(37,919)**	4.30%	(28,078)
		(3,250,267)		(3,780,286)
Variable rate:				
Cash at bank and on hand	**0.20%**	**3,085,462**	0.30%	4,242,091
Restricted bank deposits	**0.20%–3.50%**	**113,547**	0.25%–3.50%	110,848
Bank loans	**2.00%–3.70%**	**(23,419,788)**	1.45%–6.22%	(17,485,025)
		(20,220,779)		(13,132,086)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk *(Continued)*

(ii) Sensitivity analysis

At 31 December 2023, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB44,732,000 (2022: decreased/increased the Group's profit after tax and retained profits by approximately RMB29,693,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expenses or income of such changes in interest rates. The analysis is performed on the same basis for 2022.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currency giving rise to this risk is primarily United States dollars ("USD"), Hong Kong dollars ("HKD"), and Japanese Yen("JYP"). The Group manages this risk as follows:

(i) Recognised assets and liabilities

In respect of trade receivables and payables denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk *(Continued)*

(ii) Exposure to currency risk

The following table details the Group's exposure at the end of each of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

	At 31 December 2023			
	USD	**HKD**	**JYP**	**Total**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Bank loans	**(223,404)**	**–**	**–**	**(223,404)**
Trade and other payables	**(16,072)**	**(3,013)**	**–**	**(19,085)**
Trade and other receivables	**9,179**	**–**	**791**	**9,970**
Cash and cash equivalents	**14,694**	**–**	**29,977**	**44,671**
Net exposure arising from recognised assets and liabilities	**(215,603)**	**(3,013)**	**30,768**	**(187,848)**

	At 31 December 2022			
	USD	HKD	JYP	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Bank loans	(220,432)	–	–	(220,432)
Trade and other payables	(38,728)	–	(3,033)	(41,761)
Trade and other receivables	6,919	791	–	7,710
Cash and cash equivalents	63,181	59,481	–	122,662
Net exposure arising from recognised assets and liabilities	(189,060)	60,272	(3,033)	(131,821)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk *(Continued)*

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax and retained profits and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure as at 31 December 2023 and 2022 have changed at those dates, assuming all other risk variables remained constant.

	2023		2022	
	Increase in foreign exchange rate	**Increase in profit after tax and retained earnings RMB'000**	Increase in foreign exchange rate	Increase in profit after tax and retained earnings RMB'000
USD	**1%**	**(1,723)**	1%	(1,515)
HKD	**1%**	**306**	1%	600
JYP	**1%**	**(23)**	1%	(23)
		(1,440)		(938)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translating into RMB at the exchange rate ruling at the end of the reporting period for presentation purpose.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting periods. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2022.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 December 2023	Fair value measurements as at 31 December 2023 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets measured at FVPL				
— Investment in structured deposits	**150,000**	–	150,000	–
— Listed equity securities	**23,013**	23,013	–	–
— Unlisted equity securities	**106,000**	–	–	106,000
measured at FVOCI				
— Equity instrument investment	**10,320**	–	–	10,320

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value *(Continued)*

Fair value hierarchy (Continued)

	Fair value at 31 December 2022	Fair value measurements as at 31 December 2022 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets measured at FVPL				
— Investment in structured deposits	320,000	–	320,000	–
— Listed equity securities	44,596	44,596	–	–
— Unlisted equity securities	82,500	–	–	82,500
measured at FVOCI				
— Equity instrument investment	10,320	–	–	10,320

During the years ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

For the investment in structured deposits issued by banks that are measured at FVPL as at 31 December 2023, the fair value is determined using the forecast future cashflow discounted by risk-adjusted discount rate. The valuation requires the directors to make estimates about the expected future cash flows. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit and loss, are reasonable, and that they were the most appropriate values as at the reporting period end.

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value *(Continued)*

Fair value hierarchy (Continued)

Information about Level 3 fair value measurements

The fair value of certain unlisted equity securities measured at FVPL and FVOCI are determined using valuation multiples adjusted for changing trend of average market multiples of comparable companies and discount for lack of liquidity.

The fair value measurement is positively correlated to the changing trend of average market multiples of comparable companies. As at 31 December 2023, it is estimated that with all other variables held constant, an increase/decrease in change of average market multiples of comparable companies by 5% would have increased/decreased the Group's profit for the year by RMB2,000,000 (2022: RMB2,367,000).

Any gain or loss arising from the remeasurement of the Group's equity investments in unlisted entities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of equity securities, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

(ii) Fair values of financial assets and liabilities carried at other than fair value

All other financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values as at 31 December 2023 and 2022.

33 ACQUISITION OF SUBSIDIARIES

(a) Acquisition of Guohuan entities

During the year ended 31 December 2023, the Group entered into separate sales and purchase agreements with the subsidiaries of Shandong National Industry Investment Co., Ltd ("Guohuan Group") for the acquisition of their direct or indirect equity interests in the following four entities:

— Guanxian Guohuan Solid Waste Treatment Co., Ltd. ("Guanxian Solid Waste")
— Gaotangxian Guohuan Renewable Energy Co., Ltd. ("Gaotang Guohuan")
— Liaocheng Kangda Waste Treatment Co., Ltd. ("Liaocheng Kangda")
— Dongexian Huanke Renewable Energy Co., Ltd. ("Donge Huanke")

All the acquired entities are engaged in waste incineration solutions. These acquisitions were made as part of the Group's strategy to expand its waste-to-energy projects business of the Group. The purchase consideration for the acquisition was in the form of cash, with consideration for the acquisition of subsidiaries under Guohuan Group amounting to RMB479 million.

As of 31 December 2023, the purchase price allocation for the business combination of the aforementioned 4 entities was completed. The table below sets forth the assets acquired and the liabilities assumed recognised at the respective acquisition date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33 ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Acquisition of Guohuan entities *(Continued)*

The aggregate fair values of the identifiable assets acquired and liabilities assumed, goodwill and consideration of the four independent subsidiaries acquired from Guohuan Group are outlined below.

	RMB'000
Property, plant and equipment	727,409
Right-of-use assets	55,123
Intangible assets	184,204
Other non-current assets	5,327
Inventories	4,127
Trade and other receivables	165,930
Cash and cash equivalents	5,849
Trade and other payables	(208,284)
Other current liabilities	(16,516)
Deferred tax liabilities	(57,448)
Other non-current liabilities	(418,793)
Loans and borrowings	(8,000)
Identifiable net assets	438,928
Less: non-controlling interests, based on their proportionate interest in the identifiable net assets acquired	(12,272)
Total identifiable net assets acquired by the Group	426,656
— Goodwill on acquisition	52,177
— Gain on bargain purchase	(143)
Total cash consideration	478,690

The acquisition date of the four entities was determined at 28 February 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33 ACQUISITION OF SUBSIDIARIES *(Continued)*

(a) Acquisition of Guohuan entities *(Continued)*

Analysis of net cash outflow of cash and cash equivalents in respect of the acquisition of four subsidiaries as at acquisition date:

	RMB'000
Total cash consideration	478,690
Less: Consideration payables to be paid within one year	(29,926)
Cash acquired as at the date of acquisition	(5,849)
Net outflow of cash included in cash flows from investing activities	442,915

Revenue and net profit that the above acquisitions contributed to the operations of the Group from the respective acquisition date to 31 December 2023 were RMB142,753,000 and RMB28,598,000 respectively.

Had the above acquisitions occurred on 1 January 2023, management estimates that the Group's consolidated revenue and consolidated profit for the year ended 31 December 2023 would have been RMB8,042,423,000 and RMB2,682,325,000 respectively.

(b) Other business acquisition

During the year ended 31 December 2023, the Group also acquired one insignificant subsidiary. The consideration for the acquisition was approximately RMB92 million, fair value of net assets acquired (including identified intangible assets) less non-controlling interest as recognised were approximately RMB92 million with minor negative goodwill impact. The revenue and the results contributed by these acquired subsidiaries for the period since respective acquisition dates were insignificant to the Group. The Group's revenue and results for the year would not be materially different if these acquisition had occurred on 1 January 2023.

34 COMMITMENTS

At 31 December 2023, the Group had capital commitments not provided for in the consolidated financial statements were as follows:

	2023 **RMB'000**	2022 RMB'000
Contracted for	**3,154,819**	5,856,926
Authorised but not contracted for	**901,347**	2,484,854
	4,056,166	8,341,780

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35 MATERIAL RELATED PARTY TRANSACTIONS

During the year, transactions with the following parties are considered as related party transactions.

Name of party (i)	Relationship
Kawasaki Heavy Industry Ltd. ("Kawasaki HI") 川崎重工業株式會社	Investor of CK Engineering and CK Equipment
Conch Holdings and its subsidiaries and associates ("Conch Holdings") 安徽海螺集團有限責任公司及其附屬公司和聯營公司	Shareholder of the Group and associate of the Group
Anhui Conch Venture Group Co., Ltd. ("CV Group") (ii) 安徽海創集團股份有限公司	Shareholder of the Group
Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd. ("CKEM") 安徽海螺川崎裝備製造有限公司	Joint venture of Conch Cement and Kawasaki HI

(i) The English translation of the names is for reference only. The official names of these entities are in Chinese.

(ii) On 6 December 2022, the number of shares held by CV Group amounted to 181,434,500, representing approximately 10.01% of the issued share capital in the Company. Accordingly, with effect from 6 December 2022, CV Group became a substantial shareholder of the Company and hence a connected person of the Company under Chapter 14A of the Listing Rules.

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's executive directors as disclosed in note 10 is as follows:

	2023 **RMB'000**	2022 RMB'000
Short-term employee benefits	**12,158**	11,492
Post-employment benefits	**109**	68
	12,267	11,560

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

35 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Significant related party transactions

Particulars of significant transactions between the Group and the above related parties during the year are as follows:

	2023	2022
	RMB'000	RMB'000
Sales of goods to:		
Conch Holdings	**1,106,394**	581,665
Kawasaki HI	**16,286**	11,558
CKEM	**622**	507
	1,123,302	593,730

	2023	2022
	RMB'000	RMB'000
Service rendered to:		
Conch Holdings	**143,805**	181,490
CV Group	**10,705**	–
	154,510	181,490

35 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Significant related party transactions *(Continued)*

	2023 **RMB'000**	2022 RMB'000
Purchase of goods from:		
Conch Holdings	**70,436**	48,140
Kawasaki HI	**4,708**	2,800
CKEM	**58,572**	7,134
CV Group	**48,470**	–
	182,186	58,074

	2023 **RMB'000**	2022 RMB'000
Services received from:		
Conch Holdings	**57,059**	36,363
Kawasaki HI	**1,230**	306
CV Group	**33,503**	–
	91,792	36,669

	2023 **RMB'000**	2022 RMB'000
Rental paid to:		
CV Group	**11,235**	–

35 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balances with related parties

Balances with related parties at the end of reporting period are as follows:

	2023	2022
	RMB'000	RMB'000
Amounts due from		
Conch Holdings	**263,919**	279,051
CKEM	**90**	10,180
Kawasaki HI	**1,949**	1,928
CV Group	**238**	–
	266,196	291,159

	2023	2022
	RMB'000	RMB'000
Amounts due to		
Conch Holdings	**123,587**	273,770
Kawasaki HI	**2,143**	3,457
CKEM	**13,509**	6,888
CV Group	**27,925**	–
	167,164	284,115

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of Kawasaki HI, CKEM and CV Group above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "Connected transactions" of the Report of the Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

36 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2023 RMB'000	2022 RMB'000
Non-current assets			
Interests in subsidiaries		**678,880**	678,880
Current assets			
Cash and cash equivalents		**55,328**	28,286
Financial assets measured at fair value through profit and loss ("FVPL")		**19,650**	39,360
		74,978	67,646
Current liabilities			
Bank loans		**–**	50,000
Trade and other payables		**636,488**	665,950
		636,488	715,950
Net current liabilities		**(561,510)**	(648,304)
Net assets		**117,370**	30,576
Capital and reserves	31(a)		
Share capital		**14,412**	14,412
Reserves		**102,958**	16,164
Total equity		**117,370**	30,576

37 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of reporting period, the directors proposed a final dividend for the year ended 31 December 2023. Further details are disclosed in Note 31(b).

38 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2023

Up to the date of issue of these financial statements, the IASB has issued a few of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2023 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments")*	1 January 2024
Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants ("2022 amendments")*	1 January 2024
Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*	1 January 2024
Amendments to IAS 7, *Statement of cash flows and* IFRS 7*, Financial Instruments: Disclosures: Supplier finance arrangements*	1 January 2024
Amendments to IAS 21, *The effects of changes in foreign exchange rates: Lack of exchangeability*	1 January 2025

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has concluded that the adoption of them is unlikely to have a significant impact on its consolidation financial statements.