



粵豐環保電力有限公司

CANVEST ENVIRONMENTAL PROTECTION GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

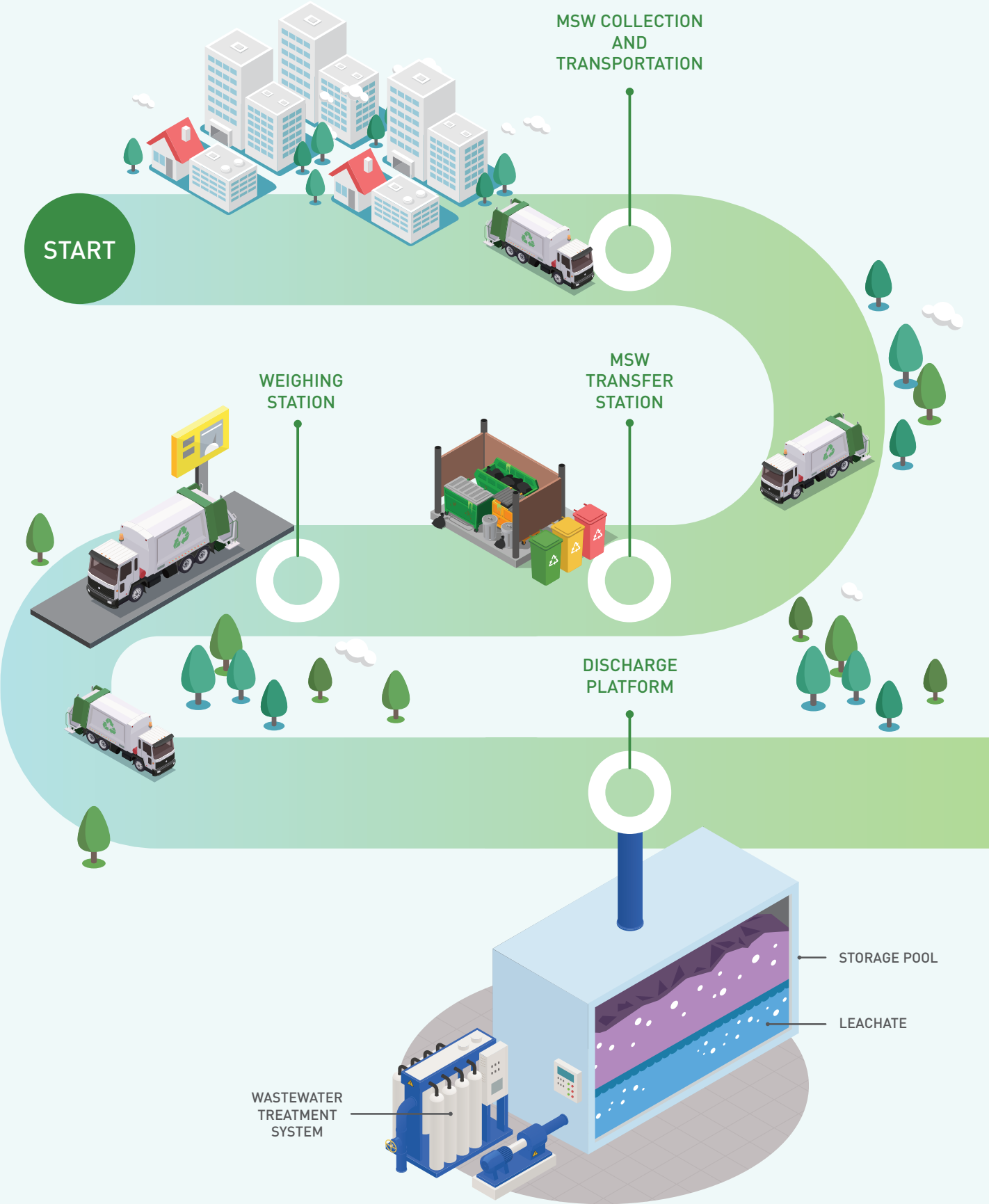
Stock Code : 1381

Digitization to Unleash Green Code

2022 INTERIM REPORT



MSW PROCESSING AND WTE PROCESS



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SMOKESTACK

CONTINUOUS EMISSION MONITORING SYSTEM

INCINERATOR

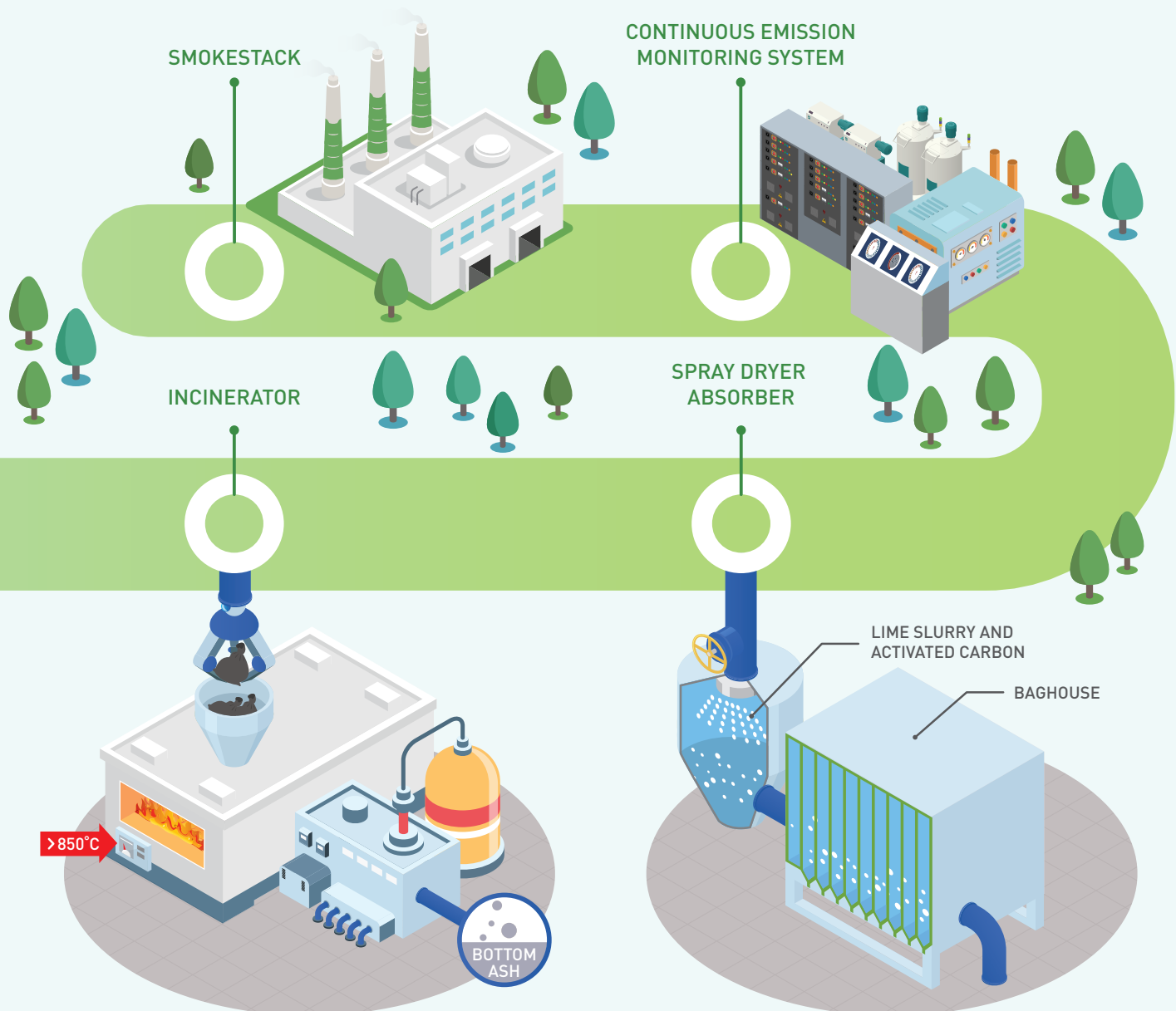
SPRAY DRYER ABSORBER

LIME SLURRY AND ACTIVATED CARBON

BAGHOUSE

>850°C

BOTTOM ASH

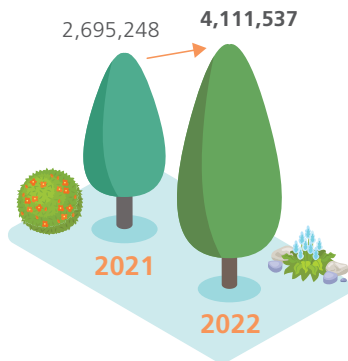


FINANCIAL HIGHLIGHTS

Revenue

(for the six months ended 30 June)
HK\$'000

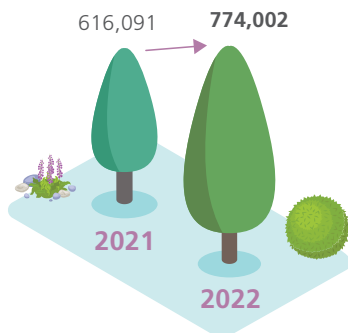
↑ 52.5%



Profit attributable to equity holders of the Company

(for the six months ended 30 June)
HK\$'000

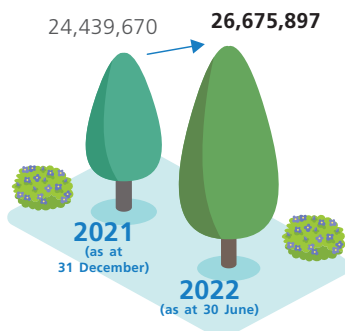
↑ 25.6%



Total assets

HK\$'000

↑ 9.1%



CONSOLIDATED STATEMENT OF PROFIT OR LOSS HIGHLIGHTS, DIVIDEND AND CASH GENERATED FROM OPERATING PROJECTS

For the six months ended 30 June

	2022	2021	Change
Revenue (HK\$'000)	4,111,537	2,695,248	+52.5%
Included: Revenue from power sales and waste treatment (HK\$'000)	1,768,406	1,357,999	+30.2%
Gross profit (HK\$'000)	1,247,329	968,978	+28.7%
EBITDA (HK\$'000)*	1,608,867	1,202,079	+33.8%
Profit for the period (HK\$'000)	783,053	619,670	+26.4%
Profit attributable to equity holders of the Company (HK\$'000)	774,002	616,091	+25.6%
Basic earnings per share (HK cents)	31.9	25.4	+25.6%
Interim dividend per share (HK cents)	6.2	5.0	+24.0%
Cash generated from operating projects (HK\$'000)*	901,891	660,053	+36.6%

* Non-HKFRS measures

CONSOLIDATED BALANCE SHEET HIGHLIGHTS

	As at 30 June 2022	As at 31 December 2021	Change
Total assets (HK\$'000)	26,675,897	24,439,670	+9.1%
Total liabilities (HK\$'000)	17,165,317	15,553,735	+10.4%
Included: Total bank borrowings (HK\$'000)	14,026,999	12,703,875	+10.4%
Equity attributable to equity holders of the Company (HK\$'000)	9,189,380	8,485,530	+8.3%
Total liabilities / total assets	64.3%	63.6%	+0.7pts

PROJECTS OVERVIEW

Total Operating, Secured and Announced Daily MSW Processing Capacity

55,540

Tonnes
(as at 23 August 2022)



- ▲ A Environmental hygiene services
- ▲ B Fly ash landfill services
- ▲ C Treatment of bottom ash services
- ▲ D Smart car parking services

	Number of Projects	Daily Processing Capacity (tonnes)
Guangdong	17	26,790
Guangxi	2	2,550
Guizhou	2	2,250
Hebei	3	2,850
Hunan	1	1,000
Jiangsu	2	2,050
Jiangxi	1	800
Liaoning	1	2,250
Shandong	2	3,000
Shanghai	1	3,800
Shanxi	1	1,200
Sichuan	2	5,000
Yunnan	2	2,000
Total	37	55,540

PROJECTS OVERVIEW

		Location	Daily MSW processing capacity	Installed power generation capacity	Waste treatment fee	Status	
Guangdong	1	Eco-Tech I WTE plant	Dongguan	1,800 tonnes	36MW	RMB110/tonne	In operation
	2	Eco-Tech II WTE plant	Dongguan	1,500 tonnes	50MW	RMB110/tonne	In operation
	3	Kewei WTE plant	Dongguan	1,800 tonnes	30MW	RMB110/tonne	In operation
	4	China Scivest I WTE plant	Dongguan	1,800 tonnes	42MW	RMB110/tonne	In operation
	5	China Scivest II WTE plant	Dongguan	1,200 tonnes	36MW	RMB110/tonne	In operation
	6	Machong WTE plant	Dongguan	2,250 tonnes	80MW	RMB110/tonne	In operation
	7	Zhanjiang WTE plant	Zhanjiang	1,500 tonnes	30MW	RMB81.8/tonne	In operation
	8	Qingyuan WTE plant	Qingyuan	Phase 1: 1,500 tonnes Phase 2: 1,000 tonnes	50MW	RMB88/tonne	In operation
	9	Zhongshan I WTE plant	Zhongshan	1,040 tonnes	24MW	RMB93.61/tonne	In operation
	10	Zhongshan II WTE plant	Zhongshan	2,250 tonnes	70MW	RMB93.61/tonne	In operation
	11	Lufeng WTE plant	Lufeng	Phase 1: 1,200 tonnes Phase 2: 400 tonnes	Phase 1: 30MW Phase 2: 12MW	RMB91.5/tonne	Phase 1: In operation Phase 2: Planning
	12	Xinyi WTE plant	Xinyi	1,000 tonnes	24MW	RMB79/tonne	In operation
	13	Xuwen WTE plant	Xuwen	Phase 1: 500 tonnes Phase 2: 250 tonnes	Phase 1: 12MW Phase 2: 6MW	RMB80.5/tonne	In operation
	14	Dianbai WTE plant	Maoming	Phase 1: 1,500 tonnes Phase 2: 750 tonnes	Phase 1: 25MW Phase 2: 25MW	RMB89.5/tonne	Phase 1: In operation Phase 2: Planning
	15	Shaoguan WTE plant	Shaoguan	Phase 1: 700 tonnes Phase 2: 350 tonnes	24MW	RMB88.88/tonne	Phase 1: In operation Phase 2: Planning
	16	Huizhou WTE plant	Huizhou	1,000 tonnes	30MW	RMB110/tonne	Planning
	17	Huidong WTE plant	Huidong	1,500 tonnes	36MW	RMB76.51/tonne	Planning
Guangxi	18	Laibin WTE plant	Laibin	Phase 1: 1,000 tonnes Phase 2: 500 tonnes	Phase 1: 24MW Phase 2: Planning	RMB95/tonne	Phase 1: In operation Phase 2: Planning
	19	Beiliu WTE plant	Beiliu	Phase 1: 700 tonnes Phase 2: 350 tonnes	24MW	RMB83/tonne (Calculated on weighted average basis)	In operation
Guizhou	20	Xingyi WTE plant	Xingyi	Phase 1: 700 tonnes Phase 2: 500 tonnes	Phase 1: 12MW Phase 2: 12MW	RMB80/tonne	In operation
	21	Qiandongnan Prefecture South Area WTE plant	Liping	Phase 1: 700 tonnes Phase 2: 350 tonnes	15MW	RMB66.8/tonne	Phase 1: In operation Phase 2: Planning
Shandong	22	Zaozhuang WTE plant	Zaozhuang	Phase 1: 1,000 tonnes Phase 2: 800 tonnes	Phase 1: 15MW Phase 2: 15MW	RMB49/tonne (Under negotiation)	In operation
	23	Shen County WTE plant	Shen County, Liaocheng	Phase 1: 700 tonnes Phase 2: 500 tonnes	15MW	RMB70/tonne	Planning
Shanghai	24	Baoshan WTE plant	Shanghai	3,800 tonnes	126MW	Under negotiation	Under construction
Jiangsu	25	Jingjiang WTE plant	Jingjiang	Phase 1: 800 tonnes Phase 2: 400 tonnes	Phase 1: 15MW Phase 2: 7.5MW	RMB67.8/tonne	Phase 1: In operation Phase 2: Planning
	26	Taizhou WTE plant	Taizhou	850 tonnes	18MW	RMB79.9/tonne	Under construction

PROJECTS OVERVIEW

		Location	Daily MSW processing capacity	Installed power generation capacity	Waste treatment fee	Status	
Sichuan	27	Jiayang WTE plant	Jiayang	Phase 1: 1,500 tonnes Phase 2: 1,500 tonnes	Phase 1: 18MW Phase 2: 18MW	RMB93.1/tonne	Phase 1: In operation Phase 2: Planning
	28	Dazhou WTE plant	Dazhou	Phase 1: 1,200 tonnes Phase 2: 800 tonnes	Phase 1: 25MW Phase 2: 18MW	RMB95.6/tonne	Phase 1: Under construction Phase 2: Planning
Yunnan	29	Ruili WTE plant	Ruili	Phase 1: 600 tonnes Phase 2: 400 tonnes	Phase 1: 15MW Phase 2: Planning	RMB75/tonne	Phase 1: In operation Phase 2: Planning
	30	Xiangyun WTE plant	Xiangyun	Phase 1: 500 tonnes Phase 2: 500 tonnes	18MW	RMB56.8/tonne	Phase 1: In operation Phase 2: Planning
Hebei	31	Mancheng WTE plant	Mancheng	Phase 1: 500 tonnes Phase 2: 500 tonnes	24MW	RMB76.8/tonne	In operation
	32	Yi County WTE plant	Yi County	800 tonnes	18MW	RMB106.68/tonne	Planning
	33	Quyong WTE plant	Quyong	Phase 1: 700 tonnes Phase 2: 350 tonnes	Planning	RMB89.5/tonne	Planning
Shanxi	34	Linfen WTE plant	Linfen	Phase 1: 800 tonnes Phase 2: 400 tonnes	Phase 1: 15MW Phase 2: 15MW	RMB94.6/tonne	Phase 1: In operation Phase 2: Planning
Liaoning	35	Yingkou WTE plant	Yingkou	Phase 1: 1,500 tonnes Phase 2: 750 tonnes	Phase 1: 30MW Phase 2: 15MW	RMB66/tonne	Phase 1: In operation Phase 2: Planning
Hunan	36	Changning WTE plant	Changning	Phase 1: 600 tonnes Phase 2: 400 tonnes	Phase 1: 15MW Phase 2: Planning	RMB61.8/tonne	Planning
Jiangxi	37	Xinfeng WTE plant	Xinfeng	Phase 1: 400 tonnes Phase 2: 400 tonnes	15MW	RMB85/tonne	In operation



CORPORATE MILESTONES

Q1 2022

- Established the Strategy and Sustainability Committee
- Succeeded for the first time to obtain a loan amounted to RMB25.0 million from a financial institution by pledging the national subsidy receivables
- Entrusted to manage and operate Baoshan WTE Project
- Dianbai WTE plant was awarded the Luban Prize for China Engineering 2020–2021 (National Prime-quality Project) and was recognised as “Grade AAA Innocuous Waste Incineration Plant”
- Conditionally awarded the WTE project located in Quyang County, Baoding City, Hebei Province

Q2 2022

- Phase 1 of Linfen WTE plant commenced trial operation
- Awarded waste collection and transportation projects in Laishui County and Quyang County, Hebei Province
- Conditionally awarded the WTE project located in Huidong County, Guangdong Province
- China Scivest WTE plant was selected by the Department of Ecology and Environment of Guangdong Province as “Top 10 Guangdong Province Advanced Entities with Open Environmental Facilities”
- Environmental Protection Education Centre in Lufeng WTE plant and Dianbai WTE plant were awarded as “2021 Environmental Education Centre of Guangdong Province” by the Department of Ecology and Environment of Guangdong Province

Q3 2022

- Sichuan SIIC completed the acquisition of all equity interests in Dazhou Jiajing, which holds a WTE project with the total daily MSW processing capacity of 2,000 tonnes, and phase 1 of this project is under construction



CHAIRLADY'S STATEMENT



CHAIRLADY'S STATEMENT

We will vigorously implement our technology-led, digital-enabled and ecology-focused initiatives to consolidate our carbon reduction measures as an active response to the government's dual carbon targets.



TO ALL HONORABLE SHAREHOLDERS,

On behalf of Canvest Environmental Protection Group Company Limited, I am pleased to report the satisfactory results of the Group for the six months ended 30 June 2022 (the "Period").

In the first half of 2022, the international market environment became increasingly complicated while pandemic conditions resurged and scattered across the PRC, which brought a greater downward pressure on the PRC's economic development. As the PRC government saw results from the coordination of pandemic control and macroeconomic policies adjustments, pandemic conditions were contained effectively, followed by the orderly resumption of work and production among enterprises. As a result, the economic conditions stabilized and recovered. Despite the complex macroeconomic challenges, the PRC government remains committed to the targets of achieving "carbon peaking" and promoting "carbon neutrality".

In order to promote low-carbon transition of the energy sector and accelerate the expansion of new energy and renewable energy, the PRC government has promulgated a series of favorable policies to support the development of the WTE industry, fostering favorable conditions for the Group's development. The relevant industrial policies optimize policies and measures targeting on high-quality development of new energy in the new era, construction of modern energy system, renewable energy development and construction of "Zero-waste City". They not only aim at sustaining and increasing energy supply through new energy, but also consolidating a solid foundation for achievement of carbon peaking and carbon neutrality. The relevant policies have specified targets and key development directions for a zero-carbon lifestyle, and promoted the green transition of social development. As such, the WTE industry will enjoy ample room for market development.

Despite the challenges of diminishing project construction size in the industry, market penetration to lower-tier cities as well as the projects were changed from quantity to quality, the Group, as a leading integrated urban environmental protection and sanitation solution provider that engages in the WTE business and provides intelligent urban environmental hygiene and related services, was committed to improving its operating performance and project construction management by capitalizing on refined management and vigorous innovation. Various new projects continued to proceed as scheduled, with a stellar performance delivered despite pandemic conditions.

CHAIRLADY'S STATEMENT

FINANCIAL PERFORMANCE

In the first half of 2022, the Group's revenue increased by 52.5% year-on-year to HK\$4,111.5 million, and the profit attributable to equity holders of the Company increased by 25.6% year-on-year to HK\$774.0 million. The increase in total revenue was mainly contributed by the increase in revenue from power sales and waste treatment fees from newly operating plants and revenue from project construction from the additional projects.

After taking into consideration of the Group's development plan and investment returns to our Shareholders, the Board has resolved to declare an interim dividend of HK6.2 cents per Share for the six months ended 30 June 2022 (corresponding period in 2021: HK5.0 cents).

BUSINESS REVIEW

The volatile pandemic condition in the PRC in the first half of the year led to a series of challenges such as tight schedules of project construction progress, geographical constraints and delays in equipment supply in certain regions. Operation and construction of various projects of the Group experienced certain impact, including the commencement of operation of new projects. However, as all staffs and project construction entities paid concerted efforts to overcome difficulties, the overall operating performance still met expectation.

As at the date of this interim report, the Group had secured 37 WTE projects with a total daily MSW processing capacity of 55,540 tonnes, of which phase 1 of Linfen WTE project was put into operation during the Period. A total of 28 projects of the Group have been in operation with a daily MSW processing capacity of 36,040 tonnes, ensuring a stable operating cash inflow. In the first half of 2022, the Group also secured concession rights pertaining to Huidong WTE project and Quyang WTE project thereby consolidating our regional advantages in Guangdong Province and Hebei Province, while further expanding our business deployment across the PRC market. Besides, in recognizing the importance of project construction quality, the Group consistently maintains high-standard requirements for refined operation and management. For instance, Dianbai WTE project has been awarded "Grade AAA Innocuous Waste Incineration Plant", the highest ranking in the grading system.

Canvest continues to promote its strategic transformation by focusing on the WTE business, while strategically developing upstream and downstream asset light businesses with growth potential, including environmental sanitation and related services. During the Period, the Group won the bids for waste collection and transportation contracts in Laishui County and Quyang County in Hebei Province. Our WTE business avoids secondary pollution, reduces waste volume and generates green energy during MSW processing. With our WTE plants established as outposts, we have successfully expanded to the environmental sanitation and related services, representing an important breakthrough in the "Incineration +" model, and reinforcing the industry chain integration of the WTE business with the environmental sanitation. As a result, our regional presence has been further strengthened. In the first half of 2022, the Group innocuously treated 6,829,404 tonnes of waste, generated 2,579,150,000 kWh of green energy, offset carbon dioxide equivalent emissions by 5,043,000 tonnes and saved 658,000 tonnes of standard coal.

CHAIRLADY'S STATEMENT

Meanwhile, we also actively expanded a series of diversified and integrated smart city management services, research and development on green technology and smart technology to city management. The smart car parking management business continued its stable expansion, with approximately 18,000 parking spaces under management in Dongguan City, Hebei Province, Anhui Province, Hunan Province and Chongqing Municipality during the Period. The number of parking spaces under management increased by more than 25% compared with the end of last year. Looking ahead, the Group will explore more relevant development opportunities, with the ultimate target to expand the digital technology business to the city-wide management services, as well as to expand the whole industry chain business to more regions in China.

In addition, the Group proactively pressed ahead with economic development premised on harmonious coexistence with the natural environment. In January this year, the Strategy and Sustainability Committee was established to identify certain sustainability targets that are most relevant to business and sustainability strategies, which will be incorporated into our business strategy to unite, strengthen and enhance the Group's overall strategic, environmental, social and corporate governance efforts.

Canvest, as always, commits to fulfil its social responsibilities and proactively undertook the social responsibility of environmental publicity and education by enhancing the understanding of the waste incineration process among the public, during the Period, our China Scivest project was selected by the Department of Ecology and Environment of Guangdong Province as "Top 10 Guangdong Province Advanced Entities with Open Environmental Facilities" (廣東省十佳環保設施開放先進單位). In addition, Environmental Protection Education Centre in our Lufeng project and Dianbai project were awarded as "2021 Environmental Education Centre of Guangdong Province" by the Department of Ecology and Environment of Guangdong Province. It demonstrates Canvest's effort in environmental education was recognised by the professionals and general public. Furthermore, the Group donated HK\$1 million to the charity fund in Hong Kong to purchase anti-epidemic kits for the grassroots families.

Canvest has been recognized for its good corporate governance and has won numerous awards during the Period. The Group was granted the "Honored Company — Power (Electric, Gas, Water)" in the "2022 All-Asia Executive Team" rankings by Institutional Investor, a prestigious international financial magazine, and within the Small & Midcap and Mainland China categories, it was awarded the top "Best CEO" and "Best CFO" rankings while being awarded in "Best Investor Relations Program" and "Best ESG". Furthermore, the Group was awarded the "Guangdong-Hong Kong-Macao Bay Area Environmental Leadership Recognition Award" in the "BOCHK Corporate Environmental Leadership Awards 2021", as well as the "Best Investor Relations Listed Company" in the "2021 Futubull Annual Review (2021牛牛圈年度盤點)" organized by Futu Securities International (Hong Kong) Limited.

OUTLOOK

In the first half of 2022, factors such as the volatile COVID-19 conditions, complicated international environment led to uncertainties over macroeconomic environment. Being committed to serving the grid and local government entities, the impact on the Group's operating revenue was limited. With COVID-19 conditions alleviating in the PRC, further relaxation of pandemic measures is anticipated. The Group will continue to weather the challenges and strive to complete projects as scheduled for production and operation, thus achieving the expected targets. On the other hand, the COVID-19 pandemic has not hindered the government's efforts to achieve the "Carbon Peaking" and "Carbon Neutrality" targets. In light of the ongoing introduction of policies related to energy conservation, carbon reduction and energy development by local governments, as well as successive announcements of medium-term and long-term special plans for municipal WTE projects that further clarified local deployments, we believe a far-reaching revolution of society and economy will be facilitated.

CHAIRLADY'S STATEMENT

As the industry shifted to a mature phase and confronted with slower growth, the Group will work together with all employees as a whole with precise positioning and clear objectives, so as to overcome uncertainties and challenges, implement strategic transformation, as well as to improve operational quality and efficiency. We will vigorously implement our technology-led, digital-enabled and ecology-focused initiatives to consolidate our carbon reduction measures as an active response to the government's dual carbon targets.

Being one of the major WTE enterprises in China, Canvest will continue with refined management in its major business operations and further develop its WTE business among challenges and opportunities. As the industry enters a mature stage, the Group will facilitate internal management efficiency on top of the elevation of operational efficiency and quality, including increasing investments in research and development and promoting production process upgrades to increase efficiency at lower costs. We will continue to accelerate our innovation and transformation with WTE business at core, and strengthen the expansion and extension of our business to the upstream and downstream industry chain, thus engaging in other related industries such as environmental sanitation, waste transportation and collection, as well as industrial solid waste processing. The Group will continue to expand in a wide range of integrated smart city management services to drive the development of its asset light business, which will promote healthy and high-quality development of the Group with more revenue.

On behalf of the Board, I hereby express our sincere gratitude to our Shareholders, business partners and stakeholders for their continued and unfailing support and to our staff members for their dedication and hard work during the pandemic. With an aim to adhere to its mission "to protect the blue sky and clean water, and build a beautiful home", Canvest is committed to its corporate philosophy to "unite as one, work meticulously, and strive for excellence" and will develop and optimize its response to the changes in the pandemic by closely monitoring the pandemic situation, in order to achieve sustainable growth and bring greater values for all of our stakeholders.

Lee Wing Yee Loretta
Chairlady

Hong Kong, 23 August 2022



MANAGEMENT DISCUSSION AND ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, China's economy saw increased operational pressure and faced various risks and challenges due to various factors such as the complicated and severe international environment, the sporadic and frequent outbreak of the pandemic in multiple cities across the country, and high temperature and frequent rain in the southern region of China.

In the midst of the arduous campaigns to pursue reform, development and stability policies in the PRC under the complicated and challenging international environment, the PRC government has put forward the requirements for preventing the pandemic, stabilizing the economy and ensuring safe development. However, prices of raw materials saw a sharp rise as the personnel control and the transportation of building materials and environmental protection materials were constantly affected by ongoing resurgent pandemic conditions in various areas across the PRC. Despite the above, the PRC government remains committed to the targets of achieving "carbon peaking" and promoting "carbon neutrality". During the period under review, the PRC government issued the Guiding Opinion on Accelerating the Promotion of Construction of Urban Environmental Infrastructures (《關於加快推進城鎮環境基礎設施建設的指導意見》) and the Implementation Plan for Synergistic Efficiency of Pollution Reduction and Carbon Reduction (《減污降碳協同增效實施方案》), to comprehensively promote the planning and layout of urban environmental infrastructure, encourage the construction and resource utilization of "multi-in-one" comprehensive disposal bases, and promote the intelligent green upgrading. Also, the establishment of renewable energy settlement companies has been considered so that the power grid companies can take the lead in financing the renewable energy subsidies.

However, in the new context of the normalized pandemic, industry entered into maturity stage, and enterprises have embraced the era of efficiency improvement and low carbon emissions. In view of the above, the Group focused on improving efficiency by implementing delicacy management, optimizing the business process, implementing digital management, and adopting real-time dynamic control. Furthermore, the talent management and training was strengthened to promote strategic transformation and increase revenue at lower expenses. In addition, the Group has continued to enhance the internal control and standardized management of its various project companies, which will promote the implementation of system, enhance the level of standardized management of safety and environmental protection, and continue to minimize safety and environmental risks.

During the period under review and up to the date of this interim report, there were no ongoing cases of infection identified among all staff and construction teams, while other related businesses proceeded orderly. The Group will closely monitor and assess the pandemic impacts, with more proactive measures to be taken in due course. As at the date of this interim report, the Group is not aware of any material adverse impact on the condensed consolidated interim financial information as a result of the pandemic.

Leveraging on our market leadership in WTE plants and environmental hygiene and related services, the Group will continue to expand into other integrated smart city management services.

In addition, to further enhance the Company's corporate governance and fulfill its social responsibility, in January 2022, the Group established the Strategy and Sustainability Committee, chaired by an executive Director, to demonstrate the importance of the Group's commitment to sustainable development.

MANAGEMENT DISCUSSION AND ANALYSIS

OVERALL PERFORMANCE

For the six months ended 30 June 2022, the Group's revenue was HK\$4,111.5 million (corresponding period in 2021: HK\$2,695.2 million). Revenue from power sales and waste treatment was HK\$1,768.4 million (corresponding period in 2021: HK\$1,358.0 million). The operating profit was HK\$1,083.9 million (corresponding period in 2021: HK\$880.5 million). Profit attributable to equity holders of the Company was HK\$774.0 million (corresponding period in 2021: HK\$616.1 million), representing an increase of 25.6%. Basic earnings per share was HK31.9 cents (corresponding period in 2021: HK25.4 cents).

During the period under review, the Group's implementation of innocuous treatment of waste volume amounted to 6,829,404 tonnes. The Group generated 2,579,150,000 kWh from green energy, saved 658,000 tonnes of standard coal and offset 5,043,000 tonnes of carbon dioxide equivalent emissions⁽¹⁾.

I. Waste-to-energy Business

Projects and Processing Capacity

As at 30 June 2022 and the date of this interim report, the operating daily MSW processing capacity of 28 projects, which included phase 1 of Linfen WTE project commenced trial operation during the period under review, reached 36,040 tonnes.

As at 30 June 2022 and the date of this interim report, there are 36 and 37 operating, secured and announced projects in our portfolio, respectively. Daily MSW processing capacity reached 53,540 tonnes as at 30 June 2022 and 55,540 tonnes as at the date of this interim report.

The following table sets forth the breakdown of the daily MSW processing capacity by regions as at the date of this interim report:

	Number of projects	Daily MSW processing capacity (tonnes)
Southern China Region	21	31,590
Western China Region	4	7,000
Eastern China Region	5	8,850
Northern China and Northeast China Regions	5	6,300
Central China Region	2	1,800
Total	37	55,540

Note:

- (1) The Group has adopted the methodology as stated in Clean Development Mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) to calculate and offset greenhouse gas emissions from operating projects. The greenhouse gas emission calculation methodologies account for the carbon dioxide equivalent emitted from fossil fuels used for electricity generation and emissions from the combustion of MSW, and methane released from the wastewater treatment process.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the operational details by regions for the period under review:

		Six months ended 30 June	
		2022	2021
Southern China Region	Guangdong Province		
	Processed MSW (<i>tonnes</i>)	4,311,435	3,293,829
	Power generated (<i>MWh</i>)	1,718,945	1,329,618
	Power sold (<i>MWh</i>)	1,488,939	1,166,898
	Guangxi Zhuang Autonomous Region		
	Processed MSW (<i>tonnes</i>)	429,581	421,121
	Power generated (<i>MWh</i>)	157,431	162,909
	Power sold (<i>MWh</i>)	138,177	143,526
	Guizhou Province		
Processed MSW (<i>tonnes</i>)	324,193	227,420	
Power generated (<i>MWh</i>)	116,577	80,400	
Power sold (<i>MWh</i>)	98,766	67,174	
Western China Region	Processed MSW (<i>tonnes</i>)	519,678	26,207
	Power generated (<i>MWh</i>)	181,880	3,039
	Power sold (<i>MWh</i>)	155,860	2,674
Eastern China Region	Processed MSW (<i>tonnes</i>)	518,685	355,709
	Power generated (<i>MWh</i>)	171,428	119,860
	Power sold (<i>MWh</i>)	149,609	105,257
Northern China and Northeast China Regions	Processed MSW (<i>tonnes</i>)	573,179	136,803
	Power generated (<i>MWh</i>)	172,987	34,675
	Power sold (<i>MWh</i>)	147,377	29,452
Central China Region	Processed MSW (<i>tonnes</i>)	152,653	162,832
	Power generated (<i>MWh</i>)	59,902	63,651
	Power sold (<i>MWh</i>)	52,787	55,632
Total	Processed MSW (<i>tonnes</i>)	6,829,404	4,623,921
	Power generated (<i>MWh</i>)	2,579,150	1,794,152
	Power sold (<i>MWh</i>)	2,231,515	1,570,613

Note: The difference between the power generated and the power sold is attributable to various factors, including but not limited to internal power usage and transmission losses.

MANAGEMENT DISCUSSION AND ANALYSIS

Southern China Region

During the period under review, 15 WTE plants located in Guangdong Province continued to provide contributions. Huizhou WTE plant is in the planning stage.

In June 2022, the Group was conditionally awarded the WTE project located in Huidong County, Guangdong Province. The total daily MSW processing capacity of this WTE project shall be 1,500 tonnes. The project is currently in the planning stage.

4 WTE plants located in Guizhou Province and Guangxi Zhuang Autonomous Region continued to provide contributions during the period under review.

Western China Region

3 WTE plants located in Sichuan Province and Yunnan Province continued to provide contributions during the period under review.

The Group holds 30% equity interests of Sichuan SIIC. On 3 August 2022, Sichuan SIIC completed the acquisition of all equity interests in Dazhou Jiajing, which holds a WTE plant, with the total daily MSW processing capacity of 2,000 tonnes, and is under construction.

Eastern China Region

1 WTE plant located in Shandong Province and 1 WTE plant located in Jiangsu Province continued to provide contributions during the period under review. Baoshan WTE Project and Taizhou WTE project are currently under construction. Shen County WTE project is in the planning stage.

Northern China and Northeast China Regions

1 WTE plant located in Hebei Province and 1 WTE plant located in Liaoning Province continued to provide contributions during the period under review. Phase 1 of Linfen WTE plant commenced trial operation in 2022. With the change of the economic factors, Hunyuan WTE project is terminated after the negotiation with the local government. Yi County WTE project is under planning.

In March 2022, the Group was conditionally awarded the WTE project located in Quyang County, Baoding City, Hebei Province. The total daily MSW processing capacity of this WTE project shall be 1,050 tonnes. The project is currently in the planning stage.

Central China Region

1 WTE plant located in Jiangxi Province continued to provide contributions during the period under review. Changning WTE project is under planning.

MANAGEMENT DISCUSSION AND ANALYSIS

II. Environmental Hygiene and Related Services

During the period under review, Dongguan Xindongyue processed 84,320 tonnes of solidified fly ash and continued to provide contributions to the Group.

Zhongzhou Environmental, which is principally engaged in the treatment of bottom ash created from the incineration of waste in the PRC, continued to provide contributions to the Group.

Sichuan Jiajieyuan, a renowned environmental hygiene and related services player in the PRC, continued to provide stable contributions during the period under review. Xinyi and Laibin waste collection and transportation projects continued to provide contributions to the Group. In 2022, environmental hygiene business expanded into Hebei Province and were awarded waste collection and transportation projects in Laishui County and Quyang County.

Johnson, a leading environmental hygiene service provider providing a wide range of environmental services in Hong Kong, continued to provide contributions to the Group during the period under review.

III. Management and Operation of Smart Car Parking Business

Leveraging on our market leading position in the WTE and environmental hygiene and services industry, the Group continued to develop its integrated smart city management services, such as smart car parking solutions.

During the period under review, the Group provided smart car parking solutions for over 18,000 parking spaces, covering Guangdong Province, Hebei Province, Chongqing Municipality, Anhui Province and Hunan Province.

MANAGEMENT DISCUSSION AND ANALYSIS

ANALYSIS OF FINANCIAL RESULTS**Revenue**

During the period under review, the Group's revenue reached HK\$4,111.5 million, representing an increase of 52.5% when compared with HK\$2,695.2 million in 2021. Among that, revenue from power sales and waste treatment fees for the period under review reached HK\$1,768.4 million, representing an increase of 30.2% from the corresponding period in 2021. The increase in total revenue was mainly contributed by the increase in revenue from power sales and waste treatment fees from newly operating plants and the revenue from project construction services from the additional projects.

The following table sets forth the breakdown of revenue for the six months ended 30 June 2022 and 2021:

	Six months ended 30 June			
	2022		2021	
	HK\$'000	%	HK\$'000	%
Revenue from power sales	1,211,562	29.5%	956,133	35.5%
Revenue from waste treatment fees	556,844	13.5%	401,866	14.9%
Revenue from project construction services	2,157,761	52.5%	1,210,827	44.9%
Finance income from service concession arrangements	86,329	2.1%	57,861	2.2%
Environmental hygiene and other services income	99,041	2.4%	68,561	2.5%
Total	4,111,537	100.0%	2,695,248	100.0%

The following table sets forth the breakdown of the Group's revenue by region for the six months ended 30 June 2022 and 2021:

	Six months ended 30 June			
	2022		2021	
	HK\$'000	%	HK\$'000	%
Southern China Region	2,505,710	60.9%	1,906,875	70.7%
Central China Region	57,822	1.4%	48,088	1.8%
Western China Region	377,755	9.2%	215,896	8.0%
Northern China and Northeast China Regions	760,107	18.5%	212,506	7.9%
Eastern China Region	410,143	10.0%	311,883	11.6%
Total	4,111,537	100.0%	2,695,248	100.0%

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Sales

Cost of sales primarily consists of maintenance cost, depreciation and amortisation, employee and related benefit expenses, environmental protection expenses and construction cost.

During the period under review, cost of sales increased by 65.9% from HK\$1,726.3 million in 2021 to HK\$2,864.2 million in 2022. The increase was mainly attributable to the operating costs of new WTE plants that have commenced operation and increase in construction cost for project construction services.

Gross Profit and Gross Profit Margin

During the period under review, gross profit of the Group amounted to HK\$1,247.3 million, representing an increase of 28.7% as compared to HK\$969.0 million in 2021. The increase in gross profit was mainly attributable to the increase in processing capacity in operation.

The following table sets forth the breakdown of the Group's gross profit by nature for the six months ended 30 June 2022 and 2021:

	Six months ended 30 June			
	2022		2021	
	HK\$'000	%	HK\$'000	%
Power sales and waste treatment operations	812,252	65.1%	697,429	72.0%
Project construction services	321,189	25.8%	199,205	20.6%
Finance income from service concession arrangements	86,329	6.9%	57,861	5.9%
Environmental hygiene and other services	27,559	2.2%	14,483	1.5%
Total	1,247,329	100.0%	968,978	100.0%

Gross profit margin of the Group slightly decreased from 36.0% in the corresponding period in 2021 to 30.3% in the current period of 2022. The decrease was mainly due to the significant increase in environmental protection expenses, increase in portion of construction revenue which has lower gross profit margin and the relatively lower gross profit margin from the WTE projects which is still under trial operation.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the Group's gross profit margin by nature for the six months ended 30 June 2022 and 2021:

	Six months ended 30 June	
	2022	2021
	Gross profit margin	Gross profit margin
Power sales and waste treatment operations	45.9%	51.4%
Project construction services	14.9%	16.5%
Finance income from service concession arrangements	100.0%	100.0%
Environmental hygiene and other services	27.8%	21.1%
Gross profit margin of the Group	30.3%	36.0%

General and Administrative Expenses

General and administrative expenses mainly comprise of employee and related benefit expenses for administrative personnel, promotion, entertainment and travelling expenses, depreciation and amortisation, research and development expenses, office expenses and others.

General and administrative expenses increased by 21.2% from HK\$218.0 million in the corresponding period in 2021 to HK\$264.1 million in the current period of 2022. It was mainly due to additional WTE projects under operation and increase in research and development expenses for innovation and digitalisation.

Other Income

Other income mainly consisted of VAT refund, amortisation of deferred government grants and others. Other income decreased by 7.6% from HK\$112.6 million in the corresponding period of 2021 to HK\$104.0 million in the current period of 2022. The decrease was mainly due to the low demand from the handling service for non-hazardous waste.

Other (Losses)/Gains, Net

During the period under review, the Group recorded other net losses of HK\$3.4 million as compared to other net gains of HK\$16.8 million in the corresponding period in 2021. It was mainly due to foreign exchange loss was recognised in 2022 while foreign exchange gain was recognised in 2021.

Interest Expense, Net

Net interest expense mainly consisted of interest expenses on borrowings from banks and net of interest income. Net interest expenses increased by 58.9% from HK\$171.7 million in the corresponding period of 2021 to HK\$272.9 million in the current period of 2022. The increase in interest expenses was due to the increase in borrowings.

MANAGEMENT DISCUSSION AND ANALYSIS

Share of Net Profits of Associates and Joint Ventures

During the period under review, share of net profits of associates and joint ventures increased by 220.5% from HK\$33.2 million in 2021 to HK\$106.4 million in 2022. It was mainly due to the profit sharing from Machong WTE plant which commenced trial operation in second quarter of 2021.

Income Tax Expense

Income tax expense increased by 10.0% from HK\$122.2 million in the corresponding period of 2021 to HK\$134.4 million in the current period of 2022. It was mainly attributable to the increase in deferred income tax as a result of the increase in revenue from project construction services.

Profit Attributable to the Equity Holders of the Company

Profit attributable to the equity holders of the Company increased by 25.6% from HK\$616.1 million in the corresponding period in 2021 to HK\$774.0 million in the current period of 2022.

Capital Structure

The shares of the Company were listed on the Hong Kong Stock Exchange on 29 December 2014. The capital structure of the Company is comprised of ordinary shares.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES**Financial Resources**

During the period under review, the Group generated HK\$901.9 million in cash from operating projects (corresponding period in 2021: HK\$660.0 million). Net cash prepaid and used for the construction of various WTE plants under BOT arrangements amounted to HK\$1,696.4 million (corresponding period in 2021: HK\$2,234.6 million). As a result, the total net cash used in operating activities amounted to HK\$794.5 million during the period under review (corresponding period in 2021: HK\$1,574.6 million).

The Group generated cash flow through operating activities and loan facilities from banks. As at 30 June 2022, the total cash and cash equivalents of the Group were HK\$1,831.1 million (31 December 2021: HK\$1,704.0 million). The Group pursues a prudent approach to balance the risk level and costs of capital. The Group has adequate financial resources to meet the future funding requirements for project development.

In August 2022, the Group received renewable national subsidies which amounted to HK\$163.5 million.

Borrowings

The Group sensibly diversifies its funding sources to optimise its debt portfolio and lower the financing cost. As at 30 June 2022, the Group's bank borrowings were HK\$14,027.0 million (31 December 2021: HK\$12,703.9 million). Such bank borrowings were secured by the pledge of certain assets and corporate guarantees. The bank borrowings were denominated in Renminbi and Hong Kong dollars (31 December 2021: same) and all of them were at floating interest rates (31 December 2021: same).

MANAGEMENT DISCUSSION AND ANALYSIS

On 17 July 2020, the Company (as borrower) entered into a facility agreement (the “Facility Agreement I”) with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$1,938.0 million (with incremental facilities of up to a further HK\$1,170.0 million) with a term of 36 months has been granted to the Company. As at 30 June 2022 and as at the date of this interim report, the proceeds of HK\$1,938.0 million and the incremental proceeds of HK\$598.0 million have been fully utilized. Pursuant to the Facility Agreement I, it shall constitute a mandatory prepayment event (among others) if Ms. Lee Wing Yee Loretta, Mr. Lai Kin Man and Mr. Lai Chun Tung and any trust established by any of them (collectively, “the Controlling Shareholders”) collectively cease directly or indirectly to (i) have the power to (a) cast, or control the casting of, more than 35% of the maximum number of votes that might be cast at a general meeting of the Company; (b) appoint or nominate a larger number of seats on the board of directors of the Company than any other person or group; or (c) exercise the management control of the Company; (ii) hold beneficially at least 35% of the issued share capital of the Company; or (iii) be collectively the single largest shareholder of the Company. Please refer to the announcement of the Company dated 17 July 2020 for further details.

On 23 November 2020, the Company (as borrower) entered into a facility agreement (the “Facility Agreement II”) with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$390.0 million due to expire in July 2023 has been granted to the Company. As at 30 June 2022 and as at the date of this interim report, the proceeds of HK\$390.0 million have been fully utilised. Pursuant to the Facility Agreement II, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 23 November 2020 for further details.

On 5 August 2021, the Company (as borrower) entered into a facility agreement (the “Facility Agreement III”) with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$150.0 million for a term of 36 months from the date of drawdown has been granted to the Company. As at 30 June 2022 and as at the date of this interim report, the proceeds of HK\$150.0 million have been utilized. Pursuant to the Facility Agreement III, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 5 August 2021 for further details.

On 20 April 2022, the Company (as borrower) entered into a facility agreement (the “Facility Agreement IV”) with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$250.0 million for a term of 15 months (which may be further extended for another 15 months) from the date of drawdown has been granted to the Company. As at 30 June 2022 and as at the date of this interim report, the proceeds of HK\$250.0 million have been utilized. Pursuant to the Facility Agreement IV, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 20 April 2022 for further details.

On 25 April 2022, the Company (as borrower) entered into a facility agreement (the “Facility Agreement V”) with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$150.0 million for a term of 18 months from the date of drawdown has been granted to the Company. As at 30 June 2022 and as at the date of this interim report, the proceeds of HK\$150.0 million have been utilized. Pursuant to the Facility Agreement V, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 25 April 2022 for further details.

MANAGEMENT DISCUSSION AND ANALYSIS

On 30 August 2022, the Company (as borrower) entered into a facility agreement (the “Facility Agreement VI”) with certain financial institutions pursuant to which a term loan facility in the aggregate amount of HK\$2,891.0 million (with incremental facilities of up to a further HK\$200.0 million) for a term of 36 months from the date of first utilisation has been granted to the Company. As at the date of this interim report, this facility has not been utilized. Pursuant to the Facility Agreement VI, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 30 August 2022 for further details.

On 16 September 2022, the Company (as borrower) entered into a facility agreement (the “Facility Agreement VII”) with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$300.0 million for a term of 36 months from the date of first utilisation has been granted to the Company. As at the date of this interim report, this facility has not been utilized. Pursuant to the Facility Agreement VII, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 16 September 2022 for further details.

Net asset of the Group was HK\$9,510.6 million (31 December 2021: HK\$8,885.9 million). The increase in net asset was mainly attributable to the profit generated during the period under review.

The following table sets forth the analysis of the Group’s borrowings as at 30 June 2022 and 31 December 2021:

	As at 30 June 2022 HK\$'000	As at 31 December 2021 HK\$'000
Portion of term loans due to repayment after one year — secured	12,153,226	11,279,473
Portion of term loans due for repayment within one year or on demand — secured	1,873,773	1,284,402
Revolving loans due for repayment within one year — unsecured	—	140,000
Total bank borrowings	14,026,999	12,703,875

The gearing ratio is the ratio of total liabilities divided by total assets. As at 30 June 2022, the gearing ratio was 64.3% (31 December 2021: 63.6%).

As at 30 June 2022, the Group had banking facilities in the amount of HK\$16,345.3 million, of which HK\$2,217.6 million remained unutilized. The banking facilities were denominated in Renminbi and Hong Kong dollars and were at floating interest rates.

In January 2022, Zhongshan project succeeded for the first time to obtain a loan amounted to RMB25.0 million from a financial institution by pledging the national subsidy receivable.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Borrowings

For the six months ended 30 June 2022, the total cost of borrowings of the Group was HK\$288.6 million (corresponding period in 2021: HK\$230.2 million), representing an increase of HK\$58.4 million. The increase was due to the interest expenses in relation to the increase in borrowings. Effective interest rate ranged from 2.19% to 5.19% for the six months ended 30 June 2022 (corresponding period in 2021: 1.31% to 8.00%).

Foreign Exchange Risk

The major operating subsidiaries of the Group operate in the PRC with transactions mainly settled in Renminbi, being the functional currency of such subsidiaries. Moreover, bank deposits of the Group were denominated in Hong Kong dollars, Renminbi and US dollars while bank loans were denominated in Hong Kong dollars and Renminbi. Save as disclosed above, the Group did not have any material exposures to foreign exchange risk. The Group does not have any financial instrument for the purpose of hedging. The Group manages foreign currency risk by closely monitoring the proportion of its non-Renminbi borrowings and deposits.

Commitments

As at 30 June 2022, the Group's capital commitments in relation to construction cost for concession rights, which were authorised but not contracted for, amounted to HK\$1,874.3 million (31 December 2021: HK\$2,304.4 million). Its capital commitment contracted for but not yet provided for in the consolidated financial statement in relation to construction cost for concession rights amounted to HK\$2,433.2 million (31 December 2021: HK\$4,507.3 million), and in relation to the capital injection to associates and joint ventures amounted to HK\$248.2 million (31 December 2021: HK\$204.0 million).

Pledging of shares by Controlling Shareholders

As at 30 June 2022, the Controlling Shareholders have not pledged all or part of its interests in the shares of the Company to secure the Company's debts or to secure guarantees or other support of its obligations.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES, PLAN FOR SIGNIFICANT INVESTMENT OR ACQUISITION OF MATERIAL CAPITAL ASSETS IN THE FUTURE

On 23 February 2022, the Group acquired 29.56% equity interests of Zaozhuang Zhongke Environmental Energy Company Limited ("Zaozhuang Zhongke") by public auction with a total consideration of RMB15.4 million (equivalent to HK\$19.0 million). Upon the completion of the acquisition, the Group owns 80.56% equity interests in Zaozhuang Zhongke.

Saved as disclosed above, there was no significant investment, material acquisition and disposal of material subsidiaries by the Company and no other material investments or additions of capital assets authorised by the Board at the date of this interim report.

CAPITAL EXPENDITURES

For the six months ended 30 June 2022, capital expenditures of the Group mainly consisted of expenditures on equipment purchase and construction costs (on accrual basis) relating to service concession arrangements amounting to HK\$1,899.4 million (corresponding period in 2021: HK\$1,062.1 million). Capital expenditures were mainly funded by bank borrowings and funds generated from operating activities.

MANAGEMENT DISCUSSION AND ANALYSIS

CONTINGENT LIABILITIES

On 6 July 2020, Kewei, the ultimate beneficial owner of Jianyang Lujiang Biochemical Co., Ltd. (“Jianyang Lujiang”), and his spouse (collectively, the “Guarantors”), entered into a joint and several guarantee agreement with Zhongxin sub-branch of Dongguan Rural Commercial Bank Co., Ltd. (“DRC Bank”), pursuant to which each of the Guarantors agreed to provide Jianyang Canvest a guarantee in the aggregate amount of not exceeding RMB700.0 million (equivalent to HK\$852.6 million) (equivalent to the total amount of the project loan provided by DRC Bank to Jianyang WTE plant). The term of the guarantee is from the effective date of the loan agreement to the end date of an additional three years. Please refer to the announcement of the Company dated 6 July 2020 for further details.

The Group holds 49% equity interest in Dongguan Xindongyuan, which holds 30% equity interest in Dongguan Xindongqing. As at 30 June 2022, the Group provided a corporate guarantee of RMB32.3 million (equivalent to HK\$39.3 million) for bank loans of Dongguan Xindongqing (31 December 2021: RMB32.3 million (equivalent to HK\$39.5 million)).

The Group holds 40% equity interest in Zhongzhou Environmental. As at 30 June 2022, the Group provided a corporate guarantee of RMB90.0 million (equivalent to HK\$109.6 million) for bank loans of Zhongzhou Environmental (31 December 2021: RMB90.0 million (equivalent to HK\$110.1 million)).

Saved as disclosed above, the Group did not have any significant contingent liabilities as at 30 June 2022.

PLEDGE OF ASSETS

As at 30 June 2022, the Group pledged certain of its rights to collect revenue from power sales, waste handling and environmental hygiene services, property, plant and equipment, right-of-use assets, and intangible assets (31 December 2021: certain of its right to collect revenue from power sales, waste handling and environmental hygiene services, property, plant and equipment and intangible assets) with an aggregate carrying amount of HK\$13,692.0 million (31 December 2021: HK\$12,940.5 million) to certain banks to secure certain credit facilities granted to the Group.

CONTINUING CONNECTED TRANSACTIONS

On 3 June 2021, the Company and Yue Xing entered into the supplemental leasing framework agreement (“YX Supplemental Leasing Framework Agreement”) to renew and revise the annual caps in the previous leasing framework agreement (the “YX Leasing Framework Agreement”) for a term of three years commencing from 1 July 2021 and will expire on 30 June 2024 (both days inclusive). The annual caps for the transactions for the period from 1 July 2021 to 31 December 2021, for the financial years ending 31 December 2022 and 2023 and for the period from 1 January 2024 to 30 June 2024 are RMB5.0 million, RMB10.0 million, RMB10.0 million and RMB5.0 million, respectively. Please refer to the announcement of the Company dated 3 June 2021 for further details. The rent paid by the Group to Yue Xing for the period from 1 January 2022 to 6 February 2022 was HK\$0.7 million (six months ended 30 June 2021: HK\$3.8 million).

On 7 February 2022, in order to facilitate our operations and continuing expansion and better govern the portfolio of properties available for leasing by the Group from companies controlled by Mr. Lai Chun Tung, an executive Director, (including Yue Xing), the Company and Yue Xing mutually agreed to terminate the YX Leasing Framework Agreement and YX Supplemental Leasing Framework Agreement. On the same day, the Company and Sanyang entered into a leasing framework agreement (the “Sanyang Leasing Framework Agreement”), pursuant to which Sanyang agreed to lease certain commercial properties held by itself and companies controlled by it (including that of Yue Xing) to the Company and/or its subsidiaries for use as offices or other purposes in the PRC for a term of three years commencing from 7 February 2022 to

MANAGEMENT DISCUSSION AND ANALYSIS

6 February 2025 (both days inclusive). The annual caps for the transactions for the period from 7 February 2022 to 31 December 2022, for the financial years ending 31 December 2023 and 2024 and for the period from 1 January 2025 to 6 February 2025 are RMB10.8 million, RMB10.8 million, RMB10.8 million and RMB0.9 million, respectively. Please refer to the announcement of the Company dated 7 February 2022 for further details. For the period from 7 February 2022 to 30 June 2022, the rent paid by the Group to Sanyang was HK\$3.8 million (six months ended 30 June 2021: nil).

On 7 February 2022, the Company and Canvest ECT entered into a monitoring and audit services agreement (the "MAS Framework Agreement"), pursuant to which Canvest ECT has been engaged to provide monitoring and audit services for the routine maintenance works for the machineries operated by the Group in the Group's WTE plants for a term of three years commencing from 7 February 2022 to 6 February 2025 (both days inclusive). The annual caps for the transactions for the period from 7 February 2022 to 31 December 2022, for the financial years ending 31 December 2023 and 2024 and for the period from 1 January 2025 to 6 February 2025 are RMB6.5 million, RMB7.0 million, RMB7.5 million and RMB0.7 million, respectively. Please refer to the announcement of the Company dated 7 February 2022 for further details. For the six months ended 30 June 2022, service fee amounted to HK\$1.8 million (corresponding period in 2021: nil).

On 9 February 2022, the Group entered into the operations management agreement with SIIC Baojingang, pursuant to which SIIC Baojingang entrusted the Group to manage and operate Baoshan WTE Project. The annual caps for the transactions for the financial years ending 31 December 2022 to 2025 are RMB46.0 million, RMB46.0 million, RMB46.0 million and RMB46.0 million, respectively. Please refer to the announcements of the Company dated 9 February 2022 and 11 February 2022 for further details. For the six months ended 30 June 2022, the management service income amounted to HK\$12.4 million (corresponding period in 2021: Nil).

Each of the above continuing connected transactions is subject to the reporting, annual review and announcement requirements but are exempted from the independent Shareholders' approval pursuant to Chapter 14A of the Listing Rules.

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's shares.

HUMAN RESOURCES

As at 30 June 2022, the Group employed a total of 4,150 employees, 82 of them were at management level. By geographical locations, it had 4,125 employees in the PRC and 25 employees in Hong Kong. Employees are remunerated according to their qualifications, working experience, job nature and performance with reference to market conditions. The Group also maintained medical insurance and mandatory provident fund scheme for its employees in Hong Kong.

The Company adopted a share option scheme on 7 December 2014, which became effective on 29 December 2014 (i.e. the Listing Date) and a summary of the principal terms of the share option scheme was set out in Appendix VI to the prospectus. Under the share option scheme and upon the discretion of the Board, share options might be granted as performance incentives to employees (including Directors). 2,500,000 share options remained outstanding as at 30 June 2022. Total remuneration costs, including Directors' remuneration, for the period under review were HK\$306.7 million (corresponding period in 2021: HK\$210.5 million).

MANAGEMENT DISCUSSION AND ANALYSIS

On 3 May 2019, the Company adopted the Share Award Scheme in which the Eligible Persons will be entitled to participate. The objectives of the Share Award Scheme are to (i) recognize the contributions of the Eligible Persons and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. A scheme rule and trust deed between the Company and Bank of Communications Trustee Limited as the Trustee have been entered into in this regard. Please refer to the announcements of the Company dated 3 May 2019 and 9 May 2019 for further details.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES BY THE COMPANY

As at 30 June 2022, the Company had not provided any financial assistance and guarantees to affiliated companies which is subject to disclosure requirement under Rule 13.22 of the Listing Rules.

ADVANCE TO AN ENTITY PROVIDED BY THE COMPANY

As at 30 June 2022, the Company had not provided any advance to an entity which is subject to disclosure requirement under Rule 13.20 of the Listing Rules.

EVENTS AFTER BALANCE SHEET DATE

From 30 June 2022 to the date of this interim report, there are no material events which affected the Group.

CHANGES SINCE 31 DECEMBER 2021

Saved as disclosed above, there were no other significant changes in the Group's financial position or information as disclosed under Management Discussion and Analysis in the annual report for the year ended 31 December 2021.

INTERIM DIVIDENDS

The Board has declared an interim dividend of HK6.2 cents (corresponding period in 2021: HK5.0 cents) per share payable in cash to Shareholders of the Company.

Interim dividend will be payable on or about Monday, 31 October 2022 to the Shareholders whose names appear on the register of members of the Company on Friday, 16 September 2022.

UPDATE ON CHINA SCIVEST WTE PLANT

Reference is made to the undertaking given by the Company on page 190 of the prospectus to disclose the status of rectifying the deficits in relation to certain construction related licenses and permits of the China Scivest WTE plant in the Company's interim and annual reports until China Scivest has obtained all construction related licenses and permits. For the six months ended 30 June 2022, the Group had proactively cooperated with the Dongguan Municipal People's Government and other related governing authorities in obtaining the construction related licenses and permits for China Scivest WTE plant. As at the date of this interim report, the Group is still in the progress of applying for such licenses and permits for China Scivest WTE plant.

CORPORATE GOVERNANCE

The Company has been committed to ever improving its corporate governance and regarded it as an indispensable part of creating values for shareholders. The Company has established a modern corporate governance structure which comprises effectively balanced and independently operated bodies including general meetings, the Board, committees and senior management with reference to the code provisions as set out in the CG Code. The Company has also adopted the CG Code as its code of corporate governance practices.

Major identified risks and uncertainties faced by the Group are set out in details in the 2021 annual report of the Company.

In the opinion of the Board, the Company has complied with the CG Code during the six months ended 30 June 2022.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code. After specific enquiry, each of the Directors has confirmed to the Company that he or she had completely complied with the Model Code for the six months ended 30 June 2022.

THE COMMITTEES OF THE BOARD

The Board of the Company has established 5 committees namely the audit committee, the corporate governance committee, the nomination committee, the remuneration committee and the strategy and sustainability committee. Except for the strategy and sustainability committee which is chaired by the executive Director and consists of non-executive Director and independent non-executive Director as members, the respective chairperson and majority of the members of each of the other committees are independent non-executive Directors. Terms of reference of each of the committees have posted on corporate website (www.canvestenvironment.com) and Hong Kong Stock Exchange's website (www.hkexnews.hk), and will be amended by the Board from time to time as appropriate.

AUDIT COMMITTEE

The Company has set up an audit committee in compliance with the Listing Rules. The members of the audit committee comprise Mr. Chan Kam Kwan Jason, Professor Sha Zhenquan and Mr. Chung Wing Yin, and is chaired by Mr. Chan Kam Kwan Jason.

The audit committee meets the external auditors regularly to discuss any area of concern during the audit. The audit committee shall review the interim and annual reports before submission to the Board. The audit committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual report.

The primary duties of the audit committee are to make recommendations to the Board on the appointment and removal of external auditor; review the financial statements and render advice in respect of financial reporting as well as oversee internal control procedures of the Group and review and monitor the Company's compliance with the Company's whistleblowing policy.

During the six months ended 30 June 2022, the audit committee has held one meeting and performed the following major works:

- Review and discussion of the annual financial statements, results announcement and report for the year ended 31 December 2021, the related accounting principles and practices adopted by the Group and internal controls related matters; and recommendation of the re-appointment of the external auditor.

CORPORATE GOVERNANCE

The audit committee has reviewed the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2022 in conjunction with external auditor. Based on the review and discussion with the management, the audit committee was satisfied that the unaudited condensed consolidated interim financial information were prepared in accordance with the applicable accounting standards and fairly present the Group's financial position and results for the six months ended 30 June 2022. The external auditor attended the above meeting to discuss with the audit committee on issues arising from the audit and financial reporting matters.

There is no disagreement between the Board and the audit committee regarding the appointment of external auditor or the accounting treatment adopted by the Company.

The audit committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2022 and reviewed, in the presence of the management of the Group, the accounting principles and practices adopted by the Group, adequacy of resources for performing accounting and financial reporting function, and discussed with them the internal controls and financial reporting matters.

REMUNERATION COMMITTEE

The Company has set up a remuneration committee in compliance with the Listing Rules. The members of the remuneration committee comprise Professor Sha Zhenquan, Mr. Chan Kam Kwan Jason and Mr. Chung Wing Yin, and is chaired by Professor Sha Zhenquan.

Main duties of the remuneration committee include (but without limitation): (i) making recommendations to the Directors on the policy and structure for remuneration of all the Directors and senior management and establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) recommending the terms of the specific remuneration package of each executive Director and senior management to the Board; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time-to-time; (iv) considering and approving the grant of share options to eligible participants pursuant to the Share Option Scheme; (v) making recommendations to the board on the remuneration of non-executive Directors; (vi) considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; (vii) reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and (viii) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate. No Director should be involved in deciding his/her own remuneration.

During the six months ended 30 June 2022, the remuneration committee has held one meeting to perform the following major works:

- Performance evaluation of Directors and management team; and
- General review and discussion of the remuneration packages of Directors and management team.

CORPORATE GOVERNANCE

NOMINATION COMMITTEE

The members of nomination committee comprise Mr. Chung Wing Yin, Professor Sha Zhenquan and Mr. Chan Kam Kwan Jason and is chaired by Mr. Chung Wing Yin.

The primary duties of the nomination committee include, but are not limited to, (i) reviewing the structure, size and diversity (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the corporate strategy; (ii) making recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors in particular the chairlady and the chief executive officer; (iii) identifying individuals suitably qualified to become Directors and selecting or making recommendations to the Board on the selection of individuals nominated for directorship; and (iv) assessing the independence of independent non-executive Directors.

During the six months ended 30 June 2022, the nomination committee has held one meeting to perform the following major works:

- Review of the structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;
- Recommendation of the re-election of the retiring directors standing for re-election at the Company's annual general meeting held on 17 June 2022; and
- Assessment of the independence of all the Company's independent non-executive directors.

CORPORATE GOVERNANCE COMMITTEE

The members of the corporate governance committee comprise Mr. Chan Kam Kwan Jason, Ms. Loretta Lee, Professor Sha Zhenquan and Mr. Chung Wing Yin, and is chaired by Mr. Chan Kam Kwan Jason.

The corporate governance functions are performed by the corporate governance committee, which was delegated by the Board. The corporate governance functions are (i) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (ii) to review and monitor the training and continuous professional development of Directors and senior management; (iii) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; (iv) to develop and review the Company's policies and practices on corporate governance and making recommendations to the Board and report to the Board on relevant matters; (v) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and (vi) to consider any other topics as determined by the Board.

During the six months ended 30 June 2022, the corporate governance committee has held one meeting and performed the following major works:

- Review and assessment of the continuous professional development of Directors and senior management;
- Review of Company's policies and practices on corporate governance; and
- Review of Company's compliance with Appendix 14 to the Listing Rules.

STRATEGY AND SUSTAINABILITY COMMITTEE

The strategy and sustainability committee was established on 25 January 2022. The members of the strategy and sustainability committee comprise Mr. CT Lai, Mr. Lui Ting Cheong Alexander and Professor Sha Zhenquan, and is chaired by Mr. CT Lai.

The duties of the Committee shall be: (a) to conduct research and make recommendations on the Group's business strategy, sustainable development approach and related policies in the area of sustainable development; (b) to guide, evaluate, oversee and continuously improve the culture, management framework, affairs, risk management and capacity building of the Group in the areas of environmental and social responsibility and sustainability, and to provide advice and make recommendations to the Board on related work; (c) to identify, assess, manage and respond to the significant issues related to the environmental, social and governance (ESG) and sustainability, and where appropriate, to provide advice and make recommendations to the Board; (d) to monitor completeness of the Company's Sustainability Report, and to review the significant judgements in the Sustainability Report. In reviewing the Sustainability Report, the Committee should focus particularly on: (i) any changes in the policies and practices on Sustainability Report; (ii) major judgmental areas; (iii) significant adjustments resulting from internal audit or third-party verification; (iv) the going concern assumptions and any qualifications; (v) with reference to the principal international environmental, social and corporate governance code; (vi) compliance with the environmental, social and governance reporting guidelines as set out in the Listing Rules and legal requirements; (e) to review the Group's sustainability and ESG strategies and progress in reporting performance against ESG-related targets and indicators; (f) to report to the Board on the matters specified in the applicable provisions of the Environmental, Social and Governance Reporting Guidelines in Appendix 27 to the Listing Rules; and (g) to consider other topics, as defined by the Board from time to time.

During the six months ended 30 June 2022, the strategy and sustainability committee has held one meeting and performed the following major works:

- Review and discussion on the strategy reports for the operation and management of WTE plants, provisions of environmental hygiene and related services and integrated smart city management services; and
- Review and discussion on the sustainability report with external consultant and its compliance with Appendix 27 to the Listing Rules.

DISCLOSURE OF CHANGE IN INFORMATION OF DIRECTOR UNDER RULE 13.51B(1) OF THE LISTING RULES

Below are the changes of Directors' information since the date of the 2021 annual report of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. Chan Kam Kwan Jason, an independent non-executive Director of the Company, ceased to be an independent non-executive Director of 1957 & Co. (Hospitality) Limited (Stock Code: 8495) on 19 August 2022.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

CORPORATE GOVERNANCE

CONSTITUTIONAL DOCUMENTS

In order to provide flexibility to give Shareholders the option of attending general meetings remotely through electronic means if necessary or appropriate, a special resolution for the adoption of a revised set of Memorandum and Articles of Association of the Company (“New Articles”) is approval by Shareholders at the Company’s annual general meeting held on 17 June 2022.

The amended and restated memorandum and articles of association of the Company are available on the corporate website (www.canvestenvironment.com) and Hong Kong Stock Exchange’s website (www.hkex.com.hk).

THE IMPACT OF THE COVID-19 PANDEMIC

In this challenging environment, all members of the Group took concerted actions to combat the pandemic, including formulation of preventive and control plans, provide guidance to project companies, monitoring the implementation of the safety measures by project companies, centralized procurement and distribution of personal protective equipment and disinfectants at project companies, so as to minimize the adverse impacts. On the other hand, our stable and orderly construction and production activities were evidenced by no ongoing cases of inflection identified among all employees of the Group and contractors, and operating projects achieved optimistic results.

During the six months ended 30 June 2022 and up to the date of this interim report, our business operations were not materially affected by the COVID-19 pandemic, and no suspension to the operating projects. The Group will closely monitor and assess the pandemic impacts, and take more proactive measures (wherever appropriate) in times of need. As at the date of this interim report, the Group is unaware that the pandemic has resulted in any material and adverse impact on the condensed consolidated interim financial information.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

**TO THE BOARD OF DIRECTORS OF
CANVEST ENVIRONMENTAL PROTECTION GROUP COMPANY LIMITED**
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 34 to 65, which comprises the interim condensed consolidated balance sheet of Canvest Environmental Protection Group Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2022 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and notes, comprising significant accounting policies and other explanatory information. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 August 2022

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2022

	Note	Six months ended 30 June	
		2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue	6	4,111,537	2,695,248
Cost of sales	7	(2,864,208)	(1,726,270)
Gross profit		1,247,329	968,978
General and administrative expenses	7	(264,093)	(217,970)
Other income	8	104,039	112,609
Other (losses)/gains, net	9	(3,355)	16,843
Operating profit		1,083,920	880,460
Interest income	10	8,035	6,823
Interest expense	10	(280,905)	(178,545)
Interest expense, net		(272,870)	(171,722)
Share of net profits of associates and joint ventures		106,408	33,152
Profit before income tax		917,458	741,890
Income tax expense	11	(134,405)	(122,220)
Profit for the period		783,053	619,670
Attributable to:			
Equity holders of the Company		774,002	616,091
Non-controlling interests		9,051	3,579
		783,053	619,670
Earnings per share			
— basic (expressed in HK cents per share)	12(a)	31.9	25.4
— diluted (expressed in HK cents per share)	12(b)	31.9	25.4

The notes on pages 42 to 65 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Profit for the period	783,053	619,670
Other comprehensive (loss)/income, net of tax: <i>Items that may be subsequently reclassified to profit or loss:</i>		
Currency translation differences	(47,345)	103,052
Release of exchange differences upon disposal of a subsidiary	—	(336)
Other comprehensive (loss)/income for the period, net of tax	(47,345)	102,716
Total comprehensive income for the period	735,708	722,386
Attributable to:		
Equity holders of the Company	737,340	711,103
Non-controlling interests	(1,632)	11,283
	735,708	722,386

The notes on pages 42 to 65 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2022

	Note	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
ASSETS			
Non-current assets			
Right-of-use assets	14	386,966	397,689
Property, plant and equipment	15	1,312,906	1,331,683
Intangible assets	16	14,716,391	13,317,241
Interests in associates and joint ventures		1,529,103	1,389,711
Long-term deposits and prepayments	17	1,454,561	1,629,637
Receivables under service concession arrangements	18	2,697,659	2,361,965
		22,097,586	20,427,926
Current assets			
Inventories		28,509	22,321
Other receivables, deposits and prepayments	17	927,539	913,729
Receivables under service concession arrangements	18	290,223	262,836
Trade and bills receivables	17	1,444,955	1,062,020
Restricted deposits	19	33,455	46,830
Time deposits		22,500	—
Cash and cash equivalents		1,831,130	1,704,008
		4,578,311	4,011,744
Total assets		26,675,897	24,439,670
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	20	24,395	24,395
Share premium		2,640,551	2,640,551
Other reserves		1,670,852	1,469,618
Retained earnings		4,853,582	4,350,966
		9,189,380	8,485,530
Non-controlling interests		321,200	400,405
Total equity		9,510,580	8,885,935

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2022

	Note	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	21	12,153,226	11,279,473
Lease liabilities	22	—	2,751
Deferred income tax liabilities		928,881	857,969
Deferred government grants	23	218,130	224,716
Other non-current liabilities		11,049	8,755
		13,311,286	12,373,664
Current liabilities			
Trade and other payables	24	1,902,645	1,699,144
Current income tax liabilities		62,507	40,908
Bank borrowings	21	1,873,773	1,424,402
Lease liabilities	22	6,017	6,493
Deferred government grants	23	9,089	9,124
		3,854,031	3,180,071
Total liabilities		17,165,317	15,553,735
Total equity and liabilities		26,675,897	24,439,670
Net current assets		724,280	831,673
Total assets less current liabilities		22,821,866	21,259,599

The notes on pages 42 to 65 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

	(Unaudited)											
	Attributable to equity holders of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Shares held under share award scheme HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Other reserves HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2022	24,395	2,640,551	(37,513)	704,944	621,077	(176,369)	4,861	352,618	4,350,966	8,485,530	400,405	8,885,935
Comprehensive income												
Profit for the period	—	—	—	—	—	—	—	—	774,002	774,002	9,051	783,053
Other comprehensive loss												
Currency translation differences	—	—	—	—	—	—	—	(36,662)	—	(36,662)	(10,683)	(47,345)
Total comprehensive (loss)/income for the period	—	—	—	—	—	—	—	(36,662)	774,002	737,340	(1,632)	735,708
Appropriation of statutory reserve	—	—	—	—	129,893	—	—	—	(129,893)	—	—	—
Dividend approved in respect of the previous year (Note 13)	—	—	—	—	—	—	—	—	(141,493)	(141,493)	—	(141,493)
Acquisition of non-controlling interests (Note 28)	—	—	—	—	—	108,003	—	—	—	108,003	(126,965)	(18,962)
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	—	—	49,392	49,392
Balance at 30 June 2022	24,395	2,640,551	(37,513)	704,944	750,970	(68,366)	4,861	315,956	4,853,582	9,189,380	321,200	9,510,580
Representing:												
2022 declared interim dividend (Note 13)									151,252			
Other retained earnings									4,702,330			
									<u>4,853,582</u>			

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2022

(Unaudited)
Attributable to equity holders of the Company

	Share capital HK\$'000	Share premium HK\$'000	Shares held under share award scheme HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Other reserves HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2021	24,395	2,640,551	(37,513)	704,944	448,093	(176,369)	5,834	82,174	3,442,497	7,134,606	284,815	7,419,421
Comprehensive income												
Profit for the period	—	—	—	—	—	—	—	—	616,091	616,091	3,579	619,670
Other comprehensive income/(loss)												
Currency translation differences	—	—	—	—	—	—	—	95,348	—	95,348	7,704	103,052
Release of exchange differences upon disposal of a subsidiary	—	—	—	—	—	—	—	(336)	—	(336)	—	(336)
Total comprehensive income for the period	—	—	—	—	—	—	—	95,012	616,091	711,103	11,283	722,386
Appropriation of statutory reserve	—	—	—	—	63,338	—	—	—	(63,338)	—	—	—
Dividend approved in respect of the previous year	—	—	—	—	—	—	—	—	(119,538)	(119,538)	—	(119,538)
Share options lapsed (Note 20)	—	—	—	—	—	—	(973)	—	973	—	—	—
Acquisition of subsidiaries	—	—	—	—	—	—	—	—	—	—	154	154
Disposal of a subsidiary	—	—	—	—	—	—	—	—	—	—	(8,889)	(8,889)
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	—	—	44,453	44,453
Balance at 30 June 2021	24,395	2,640,551	(37,513)	704,944	511,431	(176,369)	4,861	177,186	3,876,685	7,726,171	331,816	8,057,987
Representing:												
2021 declared interim dividend (Note 13)									121,977			
Other retained earnings									3,754,708			
									<u>3,876,685</u>			

The notes on pages 42 to 65 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Cash flows from operating activities		
Profit before income tax	917,458	741,890
Adjustment for:		
Revenue from project construction services	(2,157,761)	(1,210,827)
Finance income from service concession arrangements	(86,329)	(57,861)
Share of net profits of associates and joint ventures	(106,408)	(33,152)
Depreciation of property, plant and equipment	76,371	68,182
Amortisation of intangible assets	324,096	207,803
Amortisation of right-of-use assets	10,037	5,659
Amortisation of deferred government grants	(5,618)	(4,366)
Impairment of trade receivables	3,000	3,507
Impairment of receivables under service concession arrangements	7,000	—
Impairment of other receivables	—	18,000
Interest income	(8,035)	(6,823)
Interest expense	280,905	178,545
Exchange differences	3,374	(15,002)
Gain on disposal of a subsidiary	—	(1,846)
(Gain)/loss on disposal of property, plant and equipment	(19)	5
Changes in working capital (excluding the effects of acquisition and currency translation differences on consolidation)		
— Non-current prepayments	291,652	(1,186,245)
— Inventories	(6,294)	(4,939)
— Trade and bills receivables and other receivables	(425,549)	(375,503)
— Receivables under service concession arrangements	125,545	78,214
— Trade and other payables	3,044	92,190
Net cash used in operations	(753,531)	(1,502,569)
Income tax paid	(40,928)	(71,993)
Net cash used in operating activities	(794,459)	(1,574,562)
Cash flows from investing activities		
Deposits paid for investments	(4,449)	(7,402)
Payments for purchase of property, plant and equipment	(148,796)	(79,174)
Proceeds from disposal of property, plant and equipment	20	59
Decrease in restricted deposits	13,178	4,345
Acquisition of subsidiaries	(7,939)	(27,476)
Proceeds from disposal of a subsidiary	24,646	9,922
Capital contribution and loan to associates and joint ventures	(38,340)	(13,788)
Interest received from bank deposits	7,413	4,340
Interest received from an associate	621	—
Expenditure capitalised on development projects	(3,571)	—
Increase in time deposits	(22,500)	—
Net cash used in investing activities	(179,717)	(109,174)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2022

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Cash flows from financing activities		
Proceeds from bank borrowings	2,089,091	2,479,541
Repayments of bank borrowings	(736,469)	(473,241)
Interest paid	(273,995)	(219,374)
Principal elements of lease payments	(3,227)	(3,199)
Interest elements of lease payments	(94)	(24)
Capital contributions from non-controlling interests	49,392	44,453
Acquisition of non-controlling interests	(18,962)	—
Net cash generated from financing activities	1,105,736	1,828,156
Net increase in cash and cash equivalents	131,560	144,420
Cash and cash equivalents at beginning of period	1,704,008	1,769,598
Currency translation differences	(4,438)	12,833
Cash and cash equivalents at end of period	1,831,130	1,926,851

The notes on pages 42 to 65 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Canvest Environmental Protection Group Company Limited (the “Company”) was incorporated in the Cayman Islands on 28 January 2014 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended, supplemented or modified from time to time. The address of the Company’s registered office is P.O. Box 309, Umland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company and its subsidiaries (together, the “Group”) are principally engaged in the operation and management of waste-to-energy (“WTE”) plants, provision of environmental hygiene and related services and integrated smart city management services.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This condensed consolidated interim financial information is presented in unit of Hong Kong dollars (“HK\$”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 23 August 2022.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2022 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This condensed consolidated interim financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2021, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Significant events and transactions

(a) Award of concession rights

- In March 2022, the Group was conditionally awarded the WTE project located in Quyang County, Hebei Province. The total daily municipal solid waste (“MSW”) processing capacity of this WTE plant is 1,050 tonnes. It shall be constructed in two phases, of which the processing capacity of phase 1 shall be 700 tonnes and phase 2 shall be 350 tonnes.
- In June 2022, the Group was conditionally awarded the WTE project located in Huidong County, Guangdong Province. The total daily MSW processing capacity of this WTE plant is 1,500 tonnes.

(b) Acquisition of non-controlling interest

On 23 February 2022, the Group acquired 29.56% equity interests of Zaozhuang Zhongke Environmental Energy Company Limited (“Zaozhuang Zhongke”) by public auction with a total consideration of RMB15,379,000 (equivalent to HK\$18,962,000). Upon the completion of the acquisition, the Group owns 80.56% equity interests in Zaozhuang Zhongke.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

2 BASIS OF PREPARATION (Continued)**Significant events and transactions** (Continued)**(c) Prevention and control measures against COVID-19**

After the outbreak of COVID-19 in early 2020, a series of precautionary and control measures have been and continued to be implemented across the People's Republic of China ("PRC"). In the meantime, the Group has implemented precautionary and control measures in all projects to fight against this disease and safeguard its employees and business operations. The Group will pay close attention to the development of this disease and evaluate its impact on the financial position and operating results of the Group. As at the date of approval for issue of this condensed consolidated interim financial information, the Group was not aware of any material adverse effects on the condensed consolidated interim financial information as a result of this disease.

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2021, as described in those annual consolidated financial statements, except for the estimation of income tax and the adoption of new and amended standards as set out below.

Estimation of income tax

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

A number of amended standards became applicable for the current reporting period:

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before intended use
Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Amendments to Annual Improvements Project	Annual Improvements to HKFRS Standards 2018–2020 Cycle

The amended standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES (Continued)**(b) New standards and amendments to standards that have been issued but are not yet effective**

Certain new and amended standards have been issued and but are not yet effective for the year beginning on 1 January 2022 and have not been early adopted by the Group during the six months ended 30 June 2022.

Standards/Interpretations	Subject	Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies	1 January 2023
Amendments to HKAS 8	Definition of Accounting Estimates	1 January 2023
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be announced

The Group is in the process of making an assessment of the impact of these new and amended standards, and has concluded on a preliminary basis that the adoption of these new and amended standards is not expected to have a significant impact on the Group in the current or future reporting periods and on foreseeable future transactions.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2021.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

This condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2021.

There have been no changes in the risk management policies since year end.

5.2 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management. Total net cash used in operating activities for the six months ended 30 June 2022 is approximately HK\$794,459,000 (six months ended 30 June 2021: HK\$1,574,562,000), including net operating cash used in relation to the construction of the WTE plants under build-operate-transfer ("BOT") arrangements of approximately HK\$1,696,350,000 (six months ended 30 June 2021: HK\$2,234,615,000). Excluding the operating cash outflow in relation to the construction of the WTE plants under BOT arrangements, the Group generated operating cash of approximately HK\$901,891,000 (six months ended 30 June 2021: HK\$660,053,000). The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and long term.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as forecasting cash inflows and outflows due in day to day business. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)**5.2 Liquidity risk** (Continued)

The table below analyses the Group's contractual maturities for its non-derivative financial liabilities (excluding statutory liabilities) as at 30 June 2022 and 31 December 2021. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year or on demand HK\$'000	More than 1 year but within 2 years HK\$'000	More than 2 years but within 5 years HK\$'000	More than 5 years HK\$'000	Total contracted cash flows HK\$'000
As at 30 June 2022 (Unaudited)					
Bank borrowings (including interest)	2,392,137	4,126,079	4,231,396	5,697,248	16,446,860
Lease liabilities	6,089	—	—	—	6,089
Trade and other payables	1,713,456	—	—	—	1,713,456
	4,111,682	4,126,079	4,231,396	5,697,248	18,166,405
As at 31 December 2021 (Audited)					
Bank borrowings (including interest)	1,907,616	4,274,584	3,972,252	4,802,359	14,956,811
Lease liabilities	6,642	2,768	—	—	9,410
Trade and other payables	1,473,661	—	—	—	1,473,661
	3,387,919	4,277,352	3,972,252	4,802,359	16,439,882

5.3 Interest rate risk

Interest rate risk relates to the risk that the fair value or 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 borrowings. Bank borrowings bearing variable rates expose the Group to cash flow interest rate risk.

The Group does not have an interest rate hedging policy. However, the management monitors the Group's interest rate exposure and will consider hedging significant exposure should the need arise.

During the six months ended 30 June 2022, if interest rates on bank borrowings had been 100 basis points higher/lower with all other variables held constant, profit after tax for the period and retained earnings would have been approximately HK\$67,893,000 (six months ended 30 June 2021: HK\$53,782,000) lower/higher as a result of higher/lower interest expense on bank borrowings. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to cash flow interest rate risk for bank borrowings in existence at the balance sheet date.

The Group's bank deposits were at fixed rates and expose the Group to fair value interest risk. As all the Group's bank deposits were short-term in nature, any changes in the interest rate from time to time is not considered to have significant impact to the Group's financial performance.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)**5.4 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustment to it in light of changes in economic condition.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt or to obtain bank and other borrowings.

The Group monitors capital on the basis of the net debt to total capital ratio. Net debt is calculated as total bank borrowings less cash and cash equivalents. Total capital is calculated as total equity, as shown in the interim condensed consolidated balance sheet, plus net debt. The net debt to total capital ratio at 30 June 2022 and 31 December 2021 were as follows:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Total bank borrowings (Note 21)	14,026,999	12,703,875
Less: cash and cash equivalents	(1,831,130)	(1,704,008)
Net debt	12,195,869	10,999,867
Total equity	9,510,580	8,885,935
Total capital	21,706,449	19,885,802
Net debt to total capital ratio	56%	55%

As at 30 June 2022, bank borrowings of HK\$7,707,341,000 (31 December 2021: HK\$6,871,082,000) are subjected to the fulfilment of covenants relating to certain financial ratios. If the Group were to breach the covenants, such bank borrowings would become repayable on demand. The Group regularly monitors its compliance with these covenants.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)**5.5 Fair value of financial assets and liabilities measured at amortised cost**

The fair value of the following financial assets and liabilities approximate their carrying values:

- Trade and bills receivables
- Deposits and other receivables
- Restricted deposits
- Time deposits
- Cash and cash equivalents
- Trade and other payables
- Bank borrowings
- Lease liabilities

6 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors of the Group. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. For the six months ended 30 June 2022, the Executive Directors consider that the Group's operations are generally operated and managed as a single segment — WTE project construction and operation (2021: same). No separate segment information was presented accordingly.

The Group is mainly domiciled in the PRC. All of the Group's revenue is generated in the PRC and most of its non-current assets are located in the PRC for the six months ended 30 June 2022 (2021: same).

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Revenue from power sales	1,211,562	956,133
Waste treatment fee	556,844	401,866
Revenue from project construction services	2,157,761	1,210,827
Finance income from service concession arrangements	86,329	57,861
Environmental hygiene and other services income	99,041	68,561
	4,111,537	2,695,248

For the six months ended 30 June 2022, the Group had transactions with two (six months ended 30 June 2021: one) customers which individually exceeded 10% of the Group's revenue. Revenue of approximately HK\$432,030,000 and HK\$412,082,000 were derived from the largest and the second largest customers for the six months ended 30 June 2022, respectively, while revenue of approximately HK\$414,913,000 was derived from the largest customer for the six months ended 30 June 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 EXPENSES BY NATURE

Expenses included in cost of sales and general and administrative expenses are analysed as follows:

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Maintenance cost	101,982	106,741
Environmental protection expenses	233,241	134,576
Research and development costs	24,210	3,793
Impairment of trade receivables	3,000	3,507
Impairment of receivables under service concession arrangements	7,000	—
Impairment of other receivables	—	18,000
Remuneration to the Company's auditor		
— Audit services	1,500	1,500
Remuneration to other auditors		
— Audit services	579	842
— Non-audit services	—	9
Employee benefit expenses	306,718	210,535
Depreciation and amortisation		
— Property, plant and equipment	76,371	68,182
— Intangible assets	324,096	207,803
— Right-of-use assets	10,037	5,659
Other lease expenses*	5,528	5,291
Donation	1,208	1,331
Construction cost recognised for project construction services (included in cost of sales)	1,836,572	1,011,622

* These expenses relate to short-term leases or leases of low-value assets. They are directly charged as expenses and are not included in the measurement of lease liabilities under HKFRS 16.

8 OTHER INCOME

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Value-added tax ("VAT") refund (Note (i))	64,433	69,970
Revenue from non-hazardous waste handling	6,570	24,677
Sales of bottom ash and scrap materials	17,859	9,010
Amortisation of deferred government grants (Note (ii))	5,618	4,366
Government subsidies (Note (iii))	160	895
Others	9,399	3,691
	104,039	112,609

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 OTHER INCOME (Continued)

Notes:

- (i) The amount represents the Group's entitlement to a VAT refund in accordance with the Notice of the Ministry of Finance and State Administration of Taxation on policies regarding the VAT on Comprehensive Utilisation of Resources and Other Products. There were no unfulfilled conditions and other contingencies attached to the receipts of such tax refund. There is no assurance that the Group will continue to receive such tax refund in the future.
- (ii) Government grants recognised were related to the construction of infrastructure under service concession arrangements. There were no unfulfilled conditions and other contingencies attached to the receipts of these grants.
- (iii) Government subsidies for the six months ended 30 June 2022 mainly represent cash subsidies in respect of the Employment Support Scheme under the Anti-epidemic Fund of Hong Kong Special Administrative Region Government and subsidies received from certain PRC government authorities as financial support to the growth of enterprises and stabilizing employment (six months ended 30 June 2021: the amount mainly represents subsidies received from certain PRC government authorities as financial support to the growth of enterprises and stabilizing employment). There were no unfulfilled conditions and other contingencies attached to the entitlements of such government subsidies. There is no assurance the Group will continue to enjoy such government subsidies in the future.

9 OTHER (LOSSES)/GAINS, NET

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Gain on disposal of a subsidiary	—	1,846
Gain/(loss) on disposal of property, plant and equipment	19	(5)
Exchange (losses)/gains, net	(3,374)	15,002
	(3,355)	16,843

10 INTEREST INCOME AND EXPENSE

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Interest expense on bank borrowings	(288,632)	(230,150)
Interest expense on lease liabilities	(94)	(24)
Less: amount capitalised on qualifying assets	7,821	51,629
	(280,905)	(178,545)
Interest income from bank deposits	7,448	4,340
Interest income from an associate (Note 27(a)(iii))	587	2,483
Interest expense, net	(272,870)	(171,722)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 INCOME TAX EXPENSE

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Current income tax		
PRC enterprise income tax	62,698	75,821
Hong Kong profits tax	—	975
Total current income tax	62,698	76,796
Deferred income tax	71,707	45,424
Income tax expense	134,405	122,220

No Hong Kong profits tax has been provided as the subsidiaries incorporated in Hong Kong have no assessable profits for the six months ended 30 June 2022 (for the six months ended 30 June 2021: Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits arising in Hong Kong, except for one subsidiary of the Group which is qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are taxed at 8.25% and the remaining assessable profits of this subsidiary are taxed at 16.5%).

Subsidiaries incorporated in the PRC are subject to a tax rate of 25% for the six months ended 30 June 2022 and 2021 on the assessable profits arising in or derived from the PRC except certain subsidiaries have obtained an approval for enterprise income tax ("EIT") incentive that the project would be fully exempted from the PRC enterprise income tax for three years starting from the tax year in which the project recorded its operating revenue for the first time, followed by a 50% tax reduction for the ensuing three years.

In addition, certain PRC subsidiaries operating in western region of the PRC were entitled to a concessionary tax rate of 15% from 2021 to 2030 pursuant to the "Continuation of Preferential EIT policies in the Western Region" (2020 Announcement No. 23) jointly issued by Ministry of Finance, State Taxation Administration and National Development and Reform Commission of the PRC.

Besides, certain PRC subsidiaries were approved as High and New Technology Enterprise and subject to a preferential EIT rate of 15%.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 INCOME TAX EXPENSE (Continued)

Subsidiaries	Applicable tax rate Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Dongguan China Scivest Environmental Power Company Limited		
— phase 1 of its project	15%	15%
— phase 2 of its project	12.5%	12.5%
Dongguan Eco-Tech Environmental Power Company Limited		
— phase 1 of its project	15%	15%
— phase 2 of its project	12.5%	12.5%
Zhanjiang Canvest Environmental Power Company Limited	25%	12.5%
Qianxinan Canvest Environmental Power Company Limited		
— phase 1 of its project	15%	15%
— phase 2 of its project	7.5%	7.5%
Laibin Canvest Environmental Power Company Limited	7.5%	7.5%
Zhongshan City Guangye Longcheng Environmental Company Limited		
— phase 1 of its project	12.5%	12.5%
— phase 2 of its project	0%	25%
Beiliu Canvest Environmental Power Company Limited	7.5%	7.5%
Lufeng Canvest Environmental Power Company Limited	12.5%	12.5%
Xinfeng Canvest Environmental Power Company Limited	12.5%	0%
Xinyi Canvest Environmental Power Company Limited	0%	0%
Maoming Canvest Environmental Power Company Limited	0%	0%
Zaozhuang Zhongke Environmental Energy Company Limited	0%	0%
Zaozhuang Canvest Environmental Company Limited	0%	0%
Shaoguan Canvest Environmental Power Company Limited	0%	0%
Xuwen Canvest Environmental Power Company Limited	0%	0%
Dehong Canvest Environmental Power Company Limited	0%	0%
Yingkou Canvest Power Environmental Company Limited	0%	0%
Baoding Canvest Kewei Environmental Power Company Limited	0%	0%
Qingyuan City Zhongtian New Energy Company Limited	0%	0%
Linfen Canvest Environmental Power Company Limited	0%	25%
Xiangyun Shengyun Environmental Energy Company Limited	0%	25%
Qiandongnanzhou Liping Canvest Environmental Power Company Limited	0%	25%
Jingjiang Canvest Environmental Power Company Limited	0%	25%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 EARNINGS PER SHARE**(a) Basic**

The calculation of basic earnings per share is based on the Group's profit attributable to equity holders of the Company and weighted average number of ordinary shares in issue, excluding treasury shares and shares held under Share Award Scheme, during the period.

	Six months ended 30 June	
	2022 (Unaudited)	2021 (Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	774,002	616,091
Weighted average number of ordinary shares in issue (thousand shares)	2,429,441	2,429,441
Basic earnings per share (HK cents)	31.9	25.4

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has one category of dilutive potential ordinary share: share options (2021: same). For the share options, a calculation was performed to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares for the period) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted earnings per share for the six months ended 30 June 2022 and 2021 are the same as the basic earnings per share as the conversion of potential ordinary shares in relation to the outstanding share options would have an anti-dilutive effect on the basic earnings per share.

13 DIVIDENDS

The Board has resolved to declare an interim dividend of HK6.2 cents per ordinary share for the six months ended 30 June 2022 (six months ended 30 June 2021: HK5.0 cents per ordinary share), which will be payable on or about Monday, 31 October 2022 to shareholders whose names appear on the register of members of the Company on Friday, 16 September 2022. The interim dividend, amounting to HK\$151,252,000 (six months ended 30 June 2021: HK\$121,977,000), has not been recognised as a dividend payable in the condensed consolidated interim financial information. The amount of interim dividend declared for the six months ended 30 June 2022 was calculated based on the number of ordinary shares in issue at the date of approval for issue of the condensed consolidated interim financial information (i.e. 23 August 2022).

The final dividend of HK5.8 cents per ordinary share for the year ended 31 December 2021 (for the year ended 31 December 2020: HK4.9 cents per ordinary share) has been approved by the shareholders at the annual general meeting of the Company held on Friday, 17 June 2022, and was subsequently paid on Friday, 22 July 2022. The final dividends for the year ended 31 December 2021, amounting to HK\$141,493,000, have been recognised as dividends payable as at 30 June 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 RIGHT-OF-USE ASSETS

	Leasehold land held for own use HK\$'000	Office premises lease for own use HK\$'000	Total HK\$'000
For the six months ended 30 June 2022 (Unaudited)			
Opening net book amount as at 1 January 2022	388,684	9,005	397,689
Amortisation (Note 7)	(6,859)	(3,178)	(10,037)
Currency translation differences	(686)	—	(686)
Closing net book amount as at 30 June 2022	381,139	5,827	386,966
For the six months ended 30 June 2021 (Unaudited)			
Opening net book amount as at 1 January 2021	162,591	2,772	165,363
Additions	—	12,714	12,714
Amortisation (Note 7)	(2,357)	(3,302)	(5,659)
Currency translation differences	1,856	—	1,856
Closing net book amount as at 30 June 2021	162,090	12,184	174,274

15 PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
For the six months ended 30 June 2022 (Unaudited)	
Opening net book amount as at 1 January 2022	1,331,683
Additions	62,825
Disposals	(1)
Depreciation (Note 7)	(76,371)
Currency translation differences	(5,230)
Closing net book amount as at 30 June 2022	1,312,906
For the six months ended 30 June 2021 (Unaudited)	
Opening net book amount as at 1 January 2021	1,313,342
Additions	50,518
Acquisition of subsidiaries	1,163
Disposals	(64)
Disposal of a subsidiary	(28)
Depreciation (Note 7)	(68,182)
Currency translation differences	14,951
Closing net book amount as at 30 June 2021	1,311,700

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 INTANGIBLE ASSETS

	Goodwill	Concession rights	Contract backlog	Brand name	Capitalised development costs	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months ended 30 June 2022 (Unaudited)						
Opening net book amount as at 1 January 2022	233,858	13,067,431	—	14,872	1,080	13,317,241
Additions for BOT arrangements	—	1,777,057	—	—	—	1,777,057
Additions through internal development	—	—	—	—	3,571	3,571
Amortisation (Note 7)	—	(323,395)	—	(618)	(83)	(324,096)
Currency translation differences	(975)	(56,336)	—	(62)	(9)	(57,382)
Closing net book amount as at 30 June 2022	232,883	14,464,757	—	14,192	4,559	14,716,391
For the six months ended 30 June 2021 (Unaudited)						
Opening net book amount as at 1 January 2021	218,539	10,263,681	554	15,653	—	10,498,427
Additions for BOT arrangements	—	1,089,166	—	—	—	1,089,166
Acquisition of subsidiaries	8,869	26,753	—	—	—	35,622
Amortisation (Note 7)	—	(206,636)	(560)	(607)	—	(207,803)
Currency translation differences	2,377	118,728	6	177	—	121,288
Closing net book amount as at 30 June 2021	229,785	11,291,692	—	15,223	—	11,536,700

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 TRADE AND BILLS RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Non-current assets		
Prepayments for property, plant and equipment and concession rights	1,451,421	1,626,490
Deposits and prepayments	3,140	3,147
	1,454,561	1,629,637
Current assets		
Trade and bills receivables		
— Bills receivable	1,218	1,084
— Trade receivables	1,452,670	1,066,869
— Less: Impairment of trade receivables	(8,933)	(5,933)
	1,444,955	1,062,020
Other receivables, deposits and prepayments		
— Deposits and prepayments	28,887	25,064
— Other receivables	268,682	261,361
— Value-added tax recoverable	647,970	645,304
— Less: Impairment of other receivables	(18,000)	(18,000)
	2,372,494	1,975,749
	3,827,055	3,605,386

An impairment analysis is performed at each reporting date using the probability of default approach to measure expected credit losses. As the Group's customers are primarily PRC local governments and state-owned entities, the probabilities of default rates are estimated based on comparable companies with published credit ratings. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forward-looking credit risk information. The Group has identified the gross domestic product growth rates in the PRC to be the most relevant factors, and accordingly adjusted the historical loss rates based on the expected changes in these factors in the future period.

For trade and bills receivables which are long overdue with significant balances, they are assessed individually for impairment allowance. The loss allowance was assessed to be HK\$8,933,000 as at 30 June 2022 (31 December 2021: HK\$5,933,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 TRADE AND BILLS RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The credit period granted by the Group is generally 30 days. The maturity of the bills receivable is within 12 months. The ageing analysis of trade receivables, net of impairment, as at the end of the reporting period, based on invoice date, is as follows:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Up to 1 month	957,512	763,596
1 to 3 months	201,075	103,342
3 to 6 months	133,332	88,074
Over 6 months	151,818	105,924
	1,443,737	1,060,936

As at 30 June 2022, other receivables mainly include a sum of HK\$135,186,000 (31 December 2021: HK\$135,908,000) which is agreed to be reimbursed by an entity ultimately controlled by the local municipal government in related to interests in certain PRC companies. The remaining balances mainly include refundable tender deposits for potential projects (31 December 2021: same).

If there is no significant increase in credit risk since initial recognition, impairment on other receivables is measured at 12-month expected credit losses. If a significant increase in credit risk has occurred, then impairment is measured as lifetime expected credit losses. As at 30 June 2022, the impairment was assessed to be HK\$18,000,000 in respect of other receivables (31 December 2021: HK\$18,000,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

Certain 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 manage WTE projects in the PRC for specific periods. The following is the summarised information of the contract asset component (receivables under service concession arrangements) with respect to the Group's service concession arrangements:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Contract assets		
Receivables under service concession arrangements	3,007,660	2,637,579
Less: Impairment	(19,778)	(12,778)
	2,987,882	2,624,801
Less: Amount included in non-current assets	(2,697,659)	(2,361,965)
Amount included in current assets	290,223	262,836

To measure the expected credit losses of receivables under service concession arrangements, they have been grouped based on shared credit risk characteristics. The receivables under service concession arrangements relate to unbilled contract work and have the same risk characteristics as the trade and bills receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade and bills receivables are a reasonable approximation of the loss rates for receivables under service concession arrangements.

An impairment analysis is performed at each reporting date using the probability of default approach to measure expected credit losses. As the Group's customers are primarily PRC local governments and state-owned entities, the probabilities of default rates are estimated based on comparable companies with published credit ratings and the forward-looking factors to reflect the effect of the external economic environment. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance was assessed to be HK\$19,778,000 as at 30 June 2022 in respect of receivables under service concession arrangements (31 December 2021: HK\$12,778,000).

The increase in the loss allowance was mainly due to the increase in the gross carrying amount of receivables under service concession arrangements as at 30 June 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 RESTRICTED DEPOSITS

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Restricted deposits, denominated in RMB	33,455	46,830

As at 30 June 2022, restricted deposits represent deposits pledged for service concession arrangements in relation to various WTE plants in the PRC. The effective interest rate on restricted bank deposits is 0.3%–2.75% per annum (31 December 2021: 0.3%–2.75%).

20 SHARE CAPITAL AND RESERVES

(a) Share capital

	Number of shares	Total HK\$'000
Ordinary shares of HK\$0.01 each		
Authorised:		
At 31 December 2021, 1 January 2022 and 30 June 2022	5,000,000,000	50,000
Issued and fully paid:		
At 31 December 2021, 1 January 2022 and 30 June 2022	2,439,541,169	24,395

(b) Share options

On 24 April 2015, the Board of the Company has granted share options to certain employees, officers and directors of the Company or any of its subsidiaries to subscribe for a total of 3,000,000 ordinary shares of the Company under the Share Option Scheme adopted on 7 December 2014. The acceptance of the grant of the share option can be made with a payment of HK\$1 from the grantees. All share options granted were accepted. All share options granted under the Share Option Scheme are exercisable in whole or in part within 10 years from the date of grant. The details of the share options granted are as follows:

— Number of share options granted	3,000,000
— Exercise price	HK\$4.39 per share
— Share option life	10 years
— Exercisable period	24 April 2015 to 23 April 2025

No share option granted was exercised since the date of grant to 30 June 2022. No share options granted was lapsed during the six months ended 30 June 2022 (six months ended 30 June 2021: 500,000 share options lapsed). As at 30 June 2022, a total of 2,500,000 (31 December 2021: 2,500,000) share options under the Share Option Scheme remained outstanding.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 SHARE CAPITAL AND RESERVES (Continued)**(c) Share Award Scheme**

On 3 May 2019 (the "Adoption Date"), the Company adopted the Share Award Scheme to recognise the contributions by Eligible Persons, including employees and directors of companies within the Group, and to give incentives to them in order to retain them for the continuing operation and development of the Group, and to attract suitable personnel for further development of the Group. Subject to any early termination as may be determined by the Board of the Company, the Share Award Scheme is valid and effective for 10 years from the adoption date.

The Company established a trust to purchase shares of the Company and hold them in trust for the benefit of Eligible Persons. Pursuant to the rules of the Share Award Scheme, the Company has appointed a trustee, Bank of Communications Trustee Limited, to administrate the Share Award Scheme and the funds and properties held under the trust during the award period.

On 17 July 2019, 10,100,000 ordinary shares were purchased under the Share Award Scheme at a consideration of HK\$37,513,000.

No shares were granted by the Company under the Share Award Scheme from the Adoption Date to the date of approval for issue of this condensed consolidated interim financial information. The Group did not recognise any equity-settled share-based payments in relation to the Share Award Scheme for the six months ended 30 June 2022 and 2021.

21 BANK BORROWINGS

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
At variable interest rates		
Bank borrowings, secured	14,026,999	12,563,875
Less: Amount included under non-current liabilities	(12,153,226)	(11,279,473)
Amount included under current liabilities	1,873,773	1,284,402
Unsecured bank borrowings included under current liabilities	—	140,000
Total amounts under current liabilities	1,873,773	1,424,402

As at 30 June 2022, bank borrowings are secured by rights to collect revenue from power sales, waste handling services and environmental hygiene services, property, plant and equipment, right-of-use assets, intangible assets and corporate guarantees (31 December 2021: rights to collect revenue from power sales, waste handling services and environmental hygiene services, property, plant and equipment, intangible assets and corporate guarantees).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 LEASE LIABILITIES

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Lease liabilities	6,017	9,244
Less: Amount included under current liabilities	(6,017)	(6,493)
Amount included under non-current liabilities	—	2,751

During the six months ended 30 June 2022, total cash outflow for leases was included in the interim condensed consolidated statement of cash flows in (a) interest paid under “financing activities” of HK\$94,000 (six months ended 30 June 2021: HK\$24,000), (b) payment for short-term and low-value assets leases of HK\$5,528,000 (six months ended 30 June 2021: HK\$5,291,000) under “operating activities”, and (c) principal elements of lease payments of HK\$3,227,000 (six months ended 30 June 2021: HK\$3,199,000) under “financing activities”.

23 DEFERRED GOVERNMENT GRANTS

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Deferred government grants	227,219	233,840
Less: Amount included under current liabilities	(9,089)	(9,124)
Amount included under non-current liabilities	218,130	224,716

The government grants was recognised as deferred income when received and amortised to profit or loss on a systematic basis over the concession period of the WTE projects.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

24 TRADE AND OTHER PAYABLES

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Current liabilities		
Trade payables	320,210	261,313
Construction payables	1,149,712	1,115,560
Dividend payable (Note 13)	141,493	—
Accruals and other payables (Note)	291,230	322,271
	1,902,645	1,699,144

Note: Accruals and other payables mainly include accrued staff costs and other staff benefits and VAT payables.

The ageing analysis of trade payables based on invoice date is as follows:

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Up to 1 month	224,486	202,022
1 to 2 months	32,148	24,694
2 to 3 months	16,199	7,738
Over 3 months	47,377	26,859
	320,210	261,313

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

25 COMMITMENTS

Capital commitments

	As at 30 June 2022 (Unaudited) HK\$'000	As at 31 December 2021 (Audited) HK\$'000
Authorised but not contracted to: Construction cost for concession rights	1,874,342	2,304,423
Contracted but not provided for: Construction cost for concession rights	2,433,152	4,507,304

As at 30 June 2022, capital injection commitments to associates and joint ventures amounted to HK\$174,669,000 (31 December 2021: HK\$125,498,000) and HK\$73,554,000 (31 December 2021: HK\$78,456,000), respectively.

26 FINANCIAL GUARANTEES

- (a) As at 30 June 2022, there are certain corporate guarantees provided by certain subsidiaries of the Group for each other in respect of their borrowings (Note 21) amounting to HK\$9,719,279,000 (31 December 2021: HK\$9,427,116,000).
- (b) The Group holds 49% equity interest in Dongguan Xindongyuan Environmental Investment Company Limited ("Dongguan Xindongyuan"), and accounted for as an associate in the interim condensed consolidated balance sheet, which holds 30% equity interest in Dongguan Xindongqing Environmental Investment Company Limited ("Dongguan Xindongqing"). As at 30 June 2022, the Group provided a guarantee of RMB32,340,000 (equivalent to HK\$39,390,000) for bank loans of Dongguan Xindongqing (31 December 2021: RMB32,340,000 (equivalent to HK\$39,555,000)).
- (c) On 6 July 2020, Jianyang Canvest Environmental Power Company Limited ("Jianyang Canvest") (a joint venture with 50% equity held by the Group and 50% by Jianyang Lujiang Biochemical Co., Ltd. ("Jianyang Lujiang")) entered into Loan Agreement with Zhongxin sub-branch of Dongguan Rural Commercial Bank Co., Ltd. ("DRC Bank"), pursuant to which DRC Bank provided Jianyang Canvest with a loan facility in an aggregate amount of RMB700,000,000 with a term of not more than 180 months for the development and construction of the Jianyang WTE plant.

Canvest Kewei Environmental Investment (Guangdong) Company Limited ("Kewei"), an indirect wholly-owned subsidiary of the Company, together with the ultimate beneficial owner of Jianyang Lujiang and his spouse, entered into a joint and several guarantee agreement with DRC Bank, pursuant to which each of Kewei, the ultimate beneficial owner of Jianyang Lujiang and his spouse, agreed to provide Jianyang Canvest a guarantee in the aggregate amount of not exceeding RMB700,000,000. The term of the guarantee is from the effective date of the loan agreement to the end date of an additional three years. Further, the shares representing 50% equity of Jianyang Canvest held by Jianyang Lujiang will also be pledged to DRC Bank until the date of the loan is fully repaid. This guarantee agreement remains effective as at 30 June 2022 and 31 December 2021.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

26 FINANCIAL GUARANTEES (Continued)

- (d) The Group holds 40% equity interest in Huizhou City Zhongzhou Environmental Resources Company Limited (“Zhongzhou Environmental”), and accounted for as an associate in the interim condensed consolidated balance sheet. As at 30 June 2022, the Group, together with other shareholders of Zhongzhou Environmental, provided a joint and several guarantee in the aggregate amount of not exceeding of RMB90,000,000 (equivalent to HK\$109,620,000) for bank loan of Zhongzhou Environmental (31 December 2021: RMB90,000,000 (equivalent to HK\$110,079,000)).

Other than abovementioned, the Group did not have any other significant contingent liabilities as at 30 June 2022 and 31 December 2021.

27 RELATED PARTY TRANSACTIONS**(a) Transactions with related parties**

- (i) During the six months ended 30 June 2022, the Group paid rental and related expenses, based on terms that were mutually agreed by both parties, in aggregate of HK\$4,483,000 for office to two related parties which was controlled by Mr. Lai Chun Tung (the Executive Director of the Company) and a close member of his family (six months ended 30 June 2021: HK\$3,812,000).
- (ii) During the six months ended 30 June 2022, fly ash treatment services provided by an associate to the Group amounted to HK\$61,199,000 (six months ended 30 June 2021: HK\$11,597,000). As at 30 June 2022, included in “Trade payables” are fly ash treatment fee payables of HK\$50,869,000 (31 December 2021: HK\$48,223,000) due to this associate, which are unsecured, interest-free and repayable on credit terms of 10 days after the receipt of VAT invoices.
- (iii) The shareholder’s loan due from Dongguan Xindongyuan, which was unsecured and interest-bearing at the rate announced by the People’s Bank of China and included in “Interests in associates and joint ventures” in the consolidated balance sheet, was fully settled as at 30 June 2022 (31 December 2021: HK\$30,578,000). For the six months ended 30 June 2022, interest income of HK\$587,000 is recognised (six months ended 30 June 2021: HK\$2,483,000) (Note 10).
- (iv) During the six months ended 30 June 2022, sales of bottom ash to an associate amounted to HK\$2,508,000 (six months ended 30 June 2021: HK\$2,575,000). As at 30 June 2022, included in “Other receivables” are receivables of HK\$709,000 (31 December 2021: HK\$515,000) due from this associate, which are unsecured, interest-free and repayable on tenth of next month according to the credit terms.
- (v) During the six months ended 30 June 2022, the Group provided operation management services of Baoshan WTE Project to a subsidiary of the Group’s associate and management service income amounted to HK\$12,398,000 (six months ended 30 June 2021: nil). As at 30 June 2022, included in “Trade receivables” are receivables of HK\$8,647,000 (31 December 2021: nil) due from this subsidiary of the Group’s associate, which are unsecured, interest-free and repayable on the twenty-fifth of next month according to the credit terms.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

27 RELATED PARTY TRANSACTIONS (Continued)**(a) Transactions with related parties** (Continued)

- (vi) During the six months ended 30 June 2022, a related party, which was ultimately controlled by Mr. Lai Chun Tung and his associate, has been engaged to provide monitoring and audit services for the routine maintenance works of the machineries operated by the Group in the Group's WTE plants and service fees amounted to HK\$1,784,000 (six months ended 30 June 2021: nil) based on terms that were mutually agreed by both parties. As at 30 June 2022, included in "Trade payables" are payables of HK\$1,726,000 (31 December 2021: nil) due to this related party, which are unsecured, interest free and repayable upon the receipt of the VAT invoice.
- (vii) During the six months ended 30 June 2022, the Group provided environmental hygiene and related services to a related party which was significant influenced by Mr. Lai Chun Tung, and revenue amounted to HK\$1,040,000 (six months ended 30 June 2021: nil) based on terms that were mutually agreed by both parties. As at 30 June 2022, included in "Trade receivables" are receivables of HK\$755,000 (31 December 2021: nil) due from this related party, which are unsecured, interest-free and repayable upon the receipt of the VAT invoices.

Other than those disclosed above and elsewhere in this report, the Group did not have any transaction with its related parties during the six months ended 30 June 2022 and 2021.

(b) Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2022 (Unaudited) HK\$'000	2021 (Unaudited) HK\$'000
Wages and salaries	10,495	8,638
Pension costs — defined contribution plans	171	147
Welfare and other expenses	1,324	1,043
Total	11,990	9,828

28 TRANSACTIONS WITH NON-CONTROLLING INTERESTS**Acquisition of equity interests in Zaozhuang Zhongke**

On 23 February 2022, the Group acquired 29.56% equity interests of Zaozhuang Zhongke by public auction with a total consideration of RMB15,379,000 (equivalent to HK\$18,962,000). Upon the completion of acquisition, the Group's equity interest in Zaozhunag Zhongke increased to 80.56%, and the Group recognised a decrease in non-controlling interest of HK\$126,965,000 and an increase in equity attributable to equity holders of the Company of HK\$108,003,000.

OTHER INFORMATION

The Company adopted a share option scheme on 7 December 2014. On 24 April 2015, the Company has granted a total of 3,000,000 share options to the eligible participants of the Company. Please refer to the Company's announcement dated 24 April 2015, the Company's 2015–2021 annual report and Note 20 to the condensed consolidated interim financial information for further details.

Name or category of participant	Outstanding as at 1 January 2022	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2022	Date of grant of share options	Exercise period of share options*	Exercise price of share options** HK\$ per share
Directors									
Ms. Loretta Lee	250,000	—	—	—	—	250,000	24 April 2015	24 April 2015 to 23 April 2025	4.39
Mr. Yuan Guozhen	250,000	—	—	—	—	250,000	24 April 2015	24 April 2015 to 23 April 2025	4.39
Mr. CT Lai	250,000	—	—	—	—	250,000	24 April 2015	24 April 2015 to 23 April 2025	4.39
Subtotal	750,000	—	—	—	—	750,000			
Other employees working under continuous employment contracts									
In aggregate	1,750,000	—	—	—	—	1,750,000	24 April 2015	24 April 2015 to 23 April 2025	4.39
Total	2,500,000	—	—	—	—	2,500,000			

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The number and/or exercise price of the share options is/are subject to adjustment in the case of rights or bonus issues, or other changes in the Company's share capital.

*** The closing price of the Shares immediately before the date of grant of such share options was HK\$4.39 per share.

The number of shares available for issue under the Share Option Scheme is 197,000,000 Shares, representing 8.08%, 8.08%, 8.08% and 8.08% of the issued share capital of the Company as at the date of the Company's 2021 annual report, as at 30 June 2022, the interim results announcement date (i.e. 23 August 2022) and as at the date of this interim report, respectively.

OTHER INFORMATION

SHARE AWARD SCHEME

The Company has adopted the Share Award Scheme on 3 May 2019 to recognise the contributions by certain employees, consultants or advisers (collectively, the “Eligible Persons”). Subject to any early termination as may be determined by the Board pursuant to the rules of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date. The maximum number of Shares which may be awarded to an Eligible Person under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time. The Board shall not make any further award of awarded shares which will result in the nominal value of the Shares awarded under the Share Award Scheme exceeding 10% of the issued share capital of the Company from time to time. Please refer to the announcement of the Company dated 3 May 2019 for further details. On 17 July 2019, the Trustee purchased an aggregate of 10,100,000 Shares from Wise Power Investment Limited for the purpose of the Share Award Scheme. The Shares are held by the Trustee for the benefit of the Eligible Persons under the Trust. No Shares was granted or vested under Share Award Scheme as at 30 June 2022, the date of the interim results announcement (i.e. 23 August 2022) and the date of this interim report. Please refer to the announcement of the Company dated 17 July 2019 for further details.

DIRECTORS’ INTERESTS IN SHARES, UNDERLYING SHARES AND SHORT POSITIONS

As at 30 June 2022, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) which (i) were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of SFO; or (iii) were required by the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

(1) Long positions in shares of the Company

Name of Director	Number of Shares/Underlying Shares Held						Total interests as % of the issued share capital
	Personal interest	Number of underlying shares held under equity derivatives ⁽²⁾	Spouse interests	Founder of a discretionary trust ⁽¹⁾	Beneficiary of trust	Total interests ⁽⁴⁾	
Ms. Loretta Lee	1,376,000	250,000	250,000	1,335,615,837	—	1,337,491,837	54.8%
Mr. KM Lai	—	—	10,000,000	1,335,615,837	—	1,345,615,837	55.2%
Mr. Yuan Guozhen	—	250,000	357,000	—	—	607,000	0.02%
Mr. CT Lai	—	250,000 ⁽³⁾	1,626,000	—	1,335,615,837	1,337,491,837	54.8%
Professor Sha Zhenquan	100,000	—	—	—	—	100,000	0.0%
Mr. Chung Kwok Nam	80,000	—	—	—	—	80,000	0.0%

OTHER INFORMATION

Notes:

1. The entire issued share capital of Best Approach is directly and indirectly held by VISTA Co, whose entire issued share capital held by HSBC International Trustee Limited as trustee of the Harvest VISTA Trust, a trust with Mr. KM Lai and Ms. Loretta Lee as founders and established in accordance with the laws of the BVI. The discretionary beneficiaries of the Harvest VISTA Trust include Mr. KM Lai, Ms. Loretta Lee and the personal trust of Ms. Loretta Lee (the beneficiaries of which are Ms. Loretta Lee and her immediate family members).
2. Details of share options held by the directors are shown in page 66.
3. These represent the 250,000 share options held by Mr. CT Lai.
4. Both Ms. Loretta Lee and Mr. CT Lai are Directors. Under the SFO, if a director's spouse is himself a director or chief executive of the listed corporation concerned, the director need not aggregate his interest. As such, in his capacity as a Director, Mr. CT Lai is not required to aggregate the interests of Ms. Loretta Lee under the SFO. However, Mr. CT Lai is still required to aggregate the interest of Ms. Loretta Lee in determining whether he falls under the definition of "substantial shareholders" under the SFO.

(2) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Approximate percentage of interest
Ms. Loretta Lee ⁽¹⁾	Best Approach	100.0%
Mr. KM Lai ⁽¹⁾	Best Approach	100.0%

Note:

1. The entire issued share capital of Best Approach is directly and indirectly held by VISTA Co, whose entire issued share capital is held by HSBC International Trustee Limited as trustee of the Harvest VISTA Trust, a trust with Mr. KM Lai and Ms. Loretta Lee as founders and established in accordance with the laws of the BVI. The discretionary beneficiaries of the Harvest VISTA Trust include Mr. KM Lai, Ms. Loretta Lee and the personal trust of Ms. Loretta Lee (the beneficiaries of which are Ms. Loretta Lee and her immediate family members).

OTHER INFORMATION

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND SHORT POSITIONS

So far as is known to the Directors or chief executives of the Company, as at 30 June 2022, the interests or short positions of substantial shareholders (other than Directors or the chief executives of the Company) in the shares or underlying shares of the Company which (i) would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of SFO; or (ii) were recorded in the register required to be kept by the Company under Section 336 of SFO or, who are directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

(1) The Company

Name of Shareholder	Nature of Interest	Number of Shares Held	Number of Underlying Shares	Approximate Percentage of Shareholding
HSBC International Trust Limited	Trustee	1,335,615,837 ⁽¹⁾	—	54.7%
VISTA Co	Interest of controlled corporation	1,335,615,837 ⁽²⁾	—	54.7%
Century Rise	Interest of controlled corporation	1,335,615,837 ⁽³⁾	—	54.7%
Best Approach	Beneficial owner	1,335,615,837	—	54.7%
AEP Green Power, Limited	Beneficial owner	138,305,678	—	5.7%
SIHL	Interest in controlled corporation	475,251,000 ⁽⁴⁾	—	19.5%
Shanghai Industrial Investment (Holdings) Company Limited	Interest in controlled corporation	475,251,000 ⁽⁴⁾	—	19.5%
True Victor	Beneficial owner	475,251,000 ⁽⁴⁾	—	19.5%

Notes:

- The entire issued share capital of Best Approach is directly and indirectly held by VISTA Co, whose entire issued share capital is held by HSBC International Trustee Limited as trustee of the Harvest VISTA Trust, a trust with Mr. KM Lai and Ms. Loretta Lee as founders and established in accordance with the laws of the BVI. The discretionary beneficiaries of the Harvest VISTA Trust include Mr. KM Lai, Ms. Loretta Lee and the personal trust of Ms. Loretta Lee (the beneficiaries of which are Ms. Loretta Lee and her immediate family members).
- VISTA Co holds 55% of the issued share capital of Best Approach and the entire issued share capital of Century Rise. Therefore, VISTA Co is deemed or taken to be interested in all our Shares held by Century Rise and Best Approach for the purposes of the SFO.
- Century Rise holds 45% of the issued share capital of Best Approach. Therefore, Century Rise is deemed or taken to be interested in all our Shares held by Best Approach for the purposes of the SFO.
- True Victor is an indirect wholly-owned subsidiary of SIHL.

OTHER INFORMATION

INTERESTS OF ANY OTHER PERSONS

Save as disclosed in the foregoing, as at 30 June 2022, no other persons had informed the Company that they had any interests or short positions in the shares which (i) would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO; or (ii) were recorded in the register required to be kept by the Company under Section 336 of SFO.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 17 July 2020, the Company (as borrower) entered into a facility agreement (the "Facility Agreement I") with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$1,938.0 million (with incremental facilities of up to a further HK\$1,170.0 million) with a term of 36 months has been granted to the Company. As at 30 June 2022 and as at the date of this interim report, the proceeds of HK\$1,938.0 million and the incremental proceeds of HK\$598.0 million have been fully utilized. Pursuant to the Facility Agreement I, it shall constitute a mandatory prepayment event (among others) if Ms. Lee Wing Yee Loretta, Mr. Lai Kin Man and Mr. Lai Chun Tung and any trust established by any of them (collectively, "the Controlling Shareholders") collectively cease directly or indirectly to (i) have the power to (a) cast, or control the casting of, more than 35% of the maximum number of votes that might be cast at a general meeting of the Company; (b) appoint or nominate a larger number of seats on the board of directors of the Company than any other person or group; or (c) exercise the management control of the Company; (ii) hold beneficially at least 35% of the issued share capital of the Company; or (iii) be collectively the single largest shareholder of the Company. Please refer to the announcement of the Company dated 17 July 2020 for further details.

On 23 November 2020, the Company (as borrower) entered into a facility agreement (the "Facility Agreement II") with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$390.0 million due to expire in July 2023 has been granted to the Company. As at 30 June 2022 and as at the date of this interim report, the proceeds of HK\$390.0 million have been fully utilised. Pursuant to the Facility Agreement II, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 23 November 2020 for further details.

On 5 August 2021, the Company (as borrower) entered into a facility agreement (the "Facility Agreement III") with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$150.0 million for a term of 36 months from the date of drawdown has been granted to the Company. As at 30 June 2022 and as at the date of this interim report, the proceeds of HK\$150.0 million have been utilized. Pursuant to the Facility Agreement III, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 5 August 2021 for further details.

On 20 April 2022, the Company (as borrower) entered into a facility agreement (the "Facility Agreement IV") with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$250.0 million for a term of 15 months (which may be further extended for another 15 months) from the date of drawdown has been granted to the Company. As at 30 June 2022 and as at the date of this interim report, the proceeds of HK\$250.0 million have been utilized. Pursuant to the Facility Agreement IV, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 20 April 2022 for further details.

OTHER INFORMATION

On 25 April 2022, the Company (as borrower) entered into a facility agreement (the “Facility Agreement V”) with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$150.0 million for a term of 18 months from the date of drawdown has been granted to the Company. As at 30 June 2022 and as at the date of this interim report, the proceeds of HK\$150.0 million have been utilized. Pursuant to the Facility Agreement V, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 25 April 2022 for further details.

On 30 August 2022, the Company (as borrower) entered into a facility agreement (the “Facility Agreement VI”) with certain financial institutions pursuant to which a term loan facility in the aggregate amount of HK\$2,891.0 million (with incremental facilities of up to a further HK\$200.0 million) for a term of 36 months from the date of first utilisation has been granted to the Company. As at the date of this interim report, this facility has not been utilized. Pursuant to the Facility Agreement VI, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 30 August 2022 for further details.

On 16 September 2022, the Company (as borrower) entered into a facility agreement (the “Facility Agreement VII”) with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$300.0 million for a term of 36 months from the date of first utilisation has been granted to the Company. As at the date of this interim report, this facility has not been utilized. Pursuant to the Facility Agreement VII, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 16 September 2022 for further details.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities for the six months ended 30 June 2022.

PUBLIC FLOAT

Based on the information that is available to the Company and to the knowledge of the Directors, they confirm that the Company has maintained at least 25% of the Company’s total issued share capital held by the public for the six months ended 30 June 2022 and as at the date of this interim report.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK6.2 cents (corresponding period in 2021: HK5.0 cents) per share payable in cash to Shareholders of the Company.

Interim dividend will be payable on or about Monday, 31 October 2022 to the Shareholders whose names appear on the register of members of the Company on Friday, 16 September 2022.

CLOSURE OF REGISTER OF MEMBERS

The Company’s register of members will be closed from Wednesday, 14 September 2022 to Friday, 16 September 2022 (both days inclusive), during such period no transfer of Shares will be effected. To qualify for the interim dividend, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company’s branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 13 September 2022.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Lee Wing Yee Loretta
(Chairlady and Executive Director)

Mr. Lai Kin Man
(Deputy Chairman and Executive Director)

Mr. Yuan Guozhen
(Chief Executive Officer and Executive Director)

Mr. Lai Chun Tung (Executive Director)

Non-Executive Directors

Mr. Feng Jun

Mr. Lui Ting Cheong Alexander

Independent Non-executive Directors

Professor Sha Zhenquan

Mr. Chan Kam Kwan Jason

Mr. Chung Wing Yin

Mr. Chung Kwok Nam

BOARD COMMITTEES

Audit Committee

Mr. Chan Kam Kwan Jason (Chairperson)

Professor Sha Zhenquan

Mr. Chung Wing Yin

Remuneration Committee

Professor Sha Zhenquan (Chairperson)

Mr. Chan Kam Kwan Jason

Mr. Chung Wing Yin

Nomination Committee

Mr. Chung Wing Yin (Chairperson)

Professor Sha Zhenquan

Mr. Chan Kam Kwan Jason

Corporate Governance Committee

Mr. Chan Kam Kwan Jason (Chairperson)

Ms. Lee Wing Yee Loretta

Professor Sha Zhenquan

Mr. Chung Wing Yin

Strategy and Substitutability Committee

Mr. Lai Chun Tung (Chairperson)

Mr. Lui Ting Cheong Alexander

Professor Sha Zhenquan

COMPANY SECRETARY

Ms. Wong Ling Fong Lisa (HKICPA)

AUTHORISED REPRESENTATIVES

Ms. Lee Wing Yee Loretta

Ms. Wong Ling Fong Lisa

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISORS

as to Hong Kong law:

King & Wood Mallesons

as to PRC law:

Jingtian & Gongcheng

as to BVI and Cayman Islands law:

Maples and Calder

PRINCIPAL BANKERS

Dongguan Rural Commercial Bank Co. Ltd.
The Hong Kong and Shanghai Banking
Corporation Limited

REGISTERED OFFICE

PO Box 309, Ugland House,
Grand Cayman, KY1-1104,
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 6803B, 68/F.,
International Commerce Centre,
1 Austin Road West,
Kowloon,
Hong Kong

PRINCIPAL PLACE OF BUSINESS IN PRC

Level 24,
Canvest Tower,
2 San Yuan Road,
Nan Cheng District, Dongguan City,
Guangdong Province, PRC

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
 PO Box 1093, Boundary Hall,
 Cricket Square, Grand Cayman,
 KY1-1102, Cayman Islands

INVESTOR RELATIONS

E-mail : info@canvest.com.hk
 Telephone: (852) 2668 6596
 Facsimile : (852) 2668 6597

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

WEBSITE

www.canvestenvironment.com

LISTING INFORMATION**Equity Securities Listing**

The Company's ordinary shares are listed on the Main Board of Hong Kong Stock Exchange (Stock Code: 1381) and it has been selected as one of the eligible stocks included in Southbound trading through Shenzhen-Hong Kong Stock Connect.

INTERIM DIVIDEND

Amount payable	:	HK6.2 cents per share
Ex-entitlement date	:	Friday, 9 September 2022
Latest time for lodging transfer	:	At 4:30 p.m. on Tuesday, 13 September 2022
Book closure period	:	From Wednesday, 14 September 2022 to Friday, 16 September 2022 (both days inclusive)
Record date	:	Friday, 16 September 2022
Payment date	:	Monday, 31 October 2022

DESPATCH OF CORPORATE COMMUNICATIONS

This interim report is printed in both English and Chinese versions and is delivered to Shareholders. This interim report is also published on Canvest's website (www.canvestenvironment.com) and Hong Kong Stock Exchange's website (www.hkexnews.hk).

For environment protection reasons, the Company encourages Shareholders to view the contents of this interim report posted on the aforesaid websites.

GLOSSARY

Baoshan WTE Project	the WTE project under construction and located in Baoshan District, Shanghai municipality and owned by SIIC Baojingang
Best Approach	Best Approach Developments Limited (臻達發展有限公司), a company incorporated under the laws of BVI on 2 January 2014 with limited liability and a controlling shareholder of the Company
Board	the board of Directors
BOT	build-operate-transfer, a project model in which a private entity receives a concession from the public sector to finance, design, construct and operate a facility stated in the concession contract for a definite period of time and transfer the facility and assets to the public sector after the completion of the concession period, at which point the obligation of the private entity to operate the designed and constructed facility effectively terminates
BVI	the British Virgin Islands
Canvest or the Company	Canvest Environmental Protection Group Company Limited (粵豐環保電力有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 28 January 2014, and where the text requires, “we”, “us” or “our” shall mean the Group
Canvest ECT	Guangdong Canvest Energy Conservation Technology Co., Ltd.** (廣東粵豐節能科技有限公司), a company incorporated in the PRC and is ultimately controlled as to 49% by Mr. CT Lai and 51% by Mr. Guo Huiqiang** (郭惠強), an associate of Mr. CT Lai, respectively
Cash generated from operating projects*	Net cash generated from/used in operating activities for the year, excluding net operating cash used for construction of various WTE plants under BOT arrangements
Century Rise	Century Rise Development Limited (誠朗發展有限公司), a company incorporated under the laws of BVI on 6 January 2012 with limited liability and a controlling shareholder of the Company
China or PRC	the People’s Republic of China, except where the context otherwise requires, does not include Hong Kong, Macau Special Administrative Region and Taiwan
China Scivest	Dongguan China Scivest Environmental Power Company Limited** (東莞粵豐環保電力有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
CG Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules

GLOSSARY

Dazhou Jiajing	Dazhou Jiajing Environment Renewable Resource Company Limited** (達州佳境環保再生資源有限公司), a company incorporated in the PRC with limited liability and Sichuan SIIC holds 100% equity interest of it
Dianbai	Maoming Canvest Environmental Power Company Limited** (茂名粵豐環保電力有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
Director(s)	director(s) of the Company
Dongguan Xindongqing	Dongguan Xindongqing Environmental Investment Company Limited** (東莞市新東清環保投資有限公司), a company incorporated in the PRC with limited liability and Dongguan Xindongyuan holds 30% equity interest of it
Dongguan Xindongyuan or Machong	Dongguan Xindongyuan Environmental Investment Company Limited** (東莞市新東元環保投資有限公司), a company incorporated in the PRC with limited liability and the Group holds 49% equity interest of it
Dongguan Xindongyue	Dongguan Xindongyue Environmental Company Limited** (東莞市新東粵環保實業有限公司), a company incorporated in the PRC with limited liability and the Group holds 35% equity interest of it
EBITDA*	Earnings before interest expense, income tax expense, depreciation and amortisation
Eligible Person(s)	(i) employees (whether full-time or part-time and including any executive Director), consultants or advisers of or to the Group, and (ii) any non-executive Director (including independent non-executive Directors) of the Group
Group	the Company and its subsidiaries
Harvest VISTA Trust	The Harvest VISTA Trust, a discretionary trust founded by Ms. Loretta Lee and Mr. KM Lai, with Ms. Loretta Lee, Ms. Loretta Lee's personal trust and Mr. KM Lai as beneficiaries
HK\$	Hong Kong dollar(s), the lawful currency of Hong Kong
Hong Kong	Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Independent Third Party(ies)	an individual(s) or a company(ies) which is/are independent of and not connected with (within the meaning of the Listing Rules), the directors, the chief executives and the substantial Shareholders of our Company and our subsidiaries and their respective associates

GLOSSARY

Jiayang or Jiayang Canvest	Jiayang Canvest Environmental Power Company Limited** (簡陽粵豐環保發電有限公司), a company incorporated in the PRC with limited liability and the Group holds 50% equity interest of it
Johnson	Hong Kong Johnson Holding Co., Ltd. (香港莊臣控股有限公司), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Hong Kong Stock Exchange (stock code: 1955) and the Group holds 30.75% equity interest of it
Kewei	Canvest Kewei Environmental Investment (Guangdong) Company Limited** (粵豐科維環保投資(廣東)有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
kWh	kilowatt-hour. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
Linfen	Linfen Canvest Environmental Power Company Limited** (臨汾粵豐環保電力有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
Listing Date	29 December 2014, the date which our Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Lufeng	Lufeng Canvest Environmental Power Company Limited** (陸豐粵豐環保電力有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
Main Board	the Main Board of the Hong Kong Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
Mr. CT Lai	Mr. Lai Chun Tung (黎俊東), an executive Director
Mr. KM Lai	Mr. Lai Kin Man (黎健文), also known as Li Jianwen (黎建文), one of our controlling shareholders, an executive Director and deputy chairman
Ms. Loretta Lee	Ms. Lee Wing Yee, Loretta (李詠怡), one of our controlling shareholders, an executive Director and chairlady

GLOSSARY

MSW	municipal solid waste, a waste type consisting of everyday solid items that are produced from urban residents' daily life activities and services for their everyday life, as well as other solid waste deemed by the authorities as waste, including household waste, commercial waste, waste from trading markets, streets and other public places, as well as non-industrial waste from institutions, schools, factories, etc.
PPP	Public-private-partnership
RMB	Renminbi, the lawful currency of PRC
Sanyang	Dongguan Sanyang Industrial Development Co., Ltd.** (東莞市三陽實業發展有限公司), a company incorporated in the PRC and is jointly-owned by Mr. CT Lai and his associate
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share Award Scheme	the share award scheme of the Company adopted by the Board on 3 May 2019 in accordance with the rules relating to the said scheme as amended from time-to-time
Share(s)	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
Shareholder(s)	holders of Shares
Shen County	Shen County Shanghai Industrial Environmental Energy Company Limited** (莘縣上實環保能源有限公司), a company incorporated in the PRC with limited liability and the Group holds 20% equity interest of it
Sichuan Jiajieyuan	Sichuan Jiajieyuan Environmental Technology Company Limited** (四川佳潔園環保科技有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
Sichuan SIIC	Sichuan SIIC Ecological Environmental Co., Ltd. (formerly known as "Sichuan SIIC Environmental Investment Development Co., Ltd.")** (四川上實生態環境有限責任公司) (formerly known as 四川上實環境投資發展有限公司), a company incorporated in the PRC with limited liability. The Group effectively holds 30% equity interest of it
SIHL	Shanghai Industrial Holdings Limited (上海實業控股有限公司), a company incorporated under the laws of Hong Kong with limited liability whose shares are listed on the Hong Kong Stock Exchange (stock code: 363) and a substantial Shareholder of the Company

GLOSSARY

SIIC Baojingang	Shanghai SIIC Baojingang Environmental Resources Technology Co Ltd.** (上海上實寶金剛環境資源科技有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of SIHL. The Group effectively holds 18% equity interest of it
SIIC Environment	SIIC Environment Holdings Limited, a company incorporated in the Republic of Singapore with limited liability whose shares are listed on the Hong Kong Stock Exchange (stock code: 807) and Singapore Exchange Limited (stock code: BHK.SG)
Strategy and Sustainability Committee	the strategy and sustainability committee established by the Board on 25 January 2022 and chaired by Mr. Lai Chun Tung, an executive Director
True Victor	True Victor Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of SIHL
Trustee	Bank of Communications Trustee Limited (which is independent and not connected with the Company) and any additional or replacement trustees, being the trustee or trustees for the time being to be declared in the trust deed entered into with the Company
US dollars	United States dollars, lawful currency of the United States of America
VAT	Value-added tax in the PRC
VISTA Co	Harvest Vista Company Limited, a company incorporated in the British Virgin Islands on 18 June 2014, whose entire issued share capital is held by HSBC International Trustee Limited in its capacity as trustee of Harvest VISTA Trust
WTE	waste-to-energy, the process of generating electricity from the incineration of waste
Yue Xing	Dongguan City Yue Xing Company Limited** (東莞市粵星建造有限公司), a company incorporated in the PRC and is jointly-owned by Mr. CT Lai and his associate
Zhongshan	Zhongshan City Guangye Longcheng Environmental Company Limited** (中山市廣業龍澄環保有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
Zhongzhou Environmental	Huizhou City Zhongzhou Environmental Resources Company Limited** (惠州市中洲環保資源有限公司), a company incorporated in the PRC with limited liability and the Group holds 40% equity interest of it
%	per cent

* Cash generated from operating projects and EBITDA are non-HKFRS measures which are useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business. Additionally, as the Group has historically reported certain non-HKFRS results to investors, the Group considers that the inclusion of non-HKFRS measures provides consistency in our financial reporting.

** For identification purposes only