

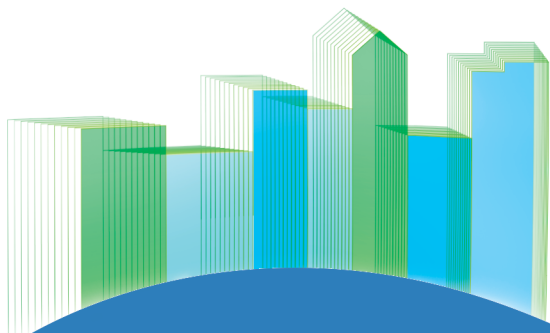


# 粵豐環保電力有限公司

CANVEST ENVIRONMENTAL PROTECTION GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1381



**STRIVE** FORWARD  
IN ENVIRONMENTAL  
PROTECTION



Interim Report **2024**

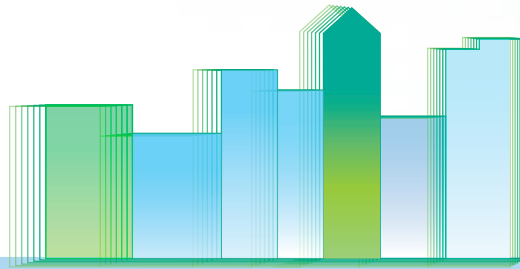


# MSW PROCESSING AND WTE PROCESS

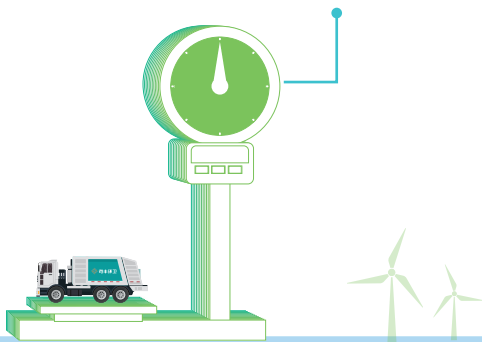
## MSW COLLECTION AND TRANSPORTATION



START



## WEIGHING STATION



## MSW TRANSFER STATION



## DISCHARGE PLATFORM

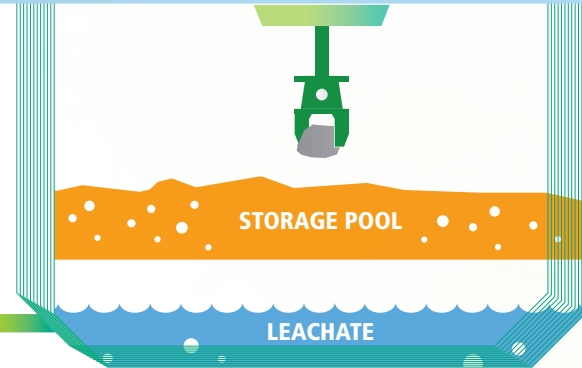


## WASTEWATER TREATMENT SYSTEM



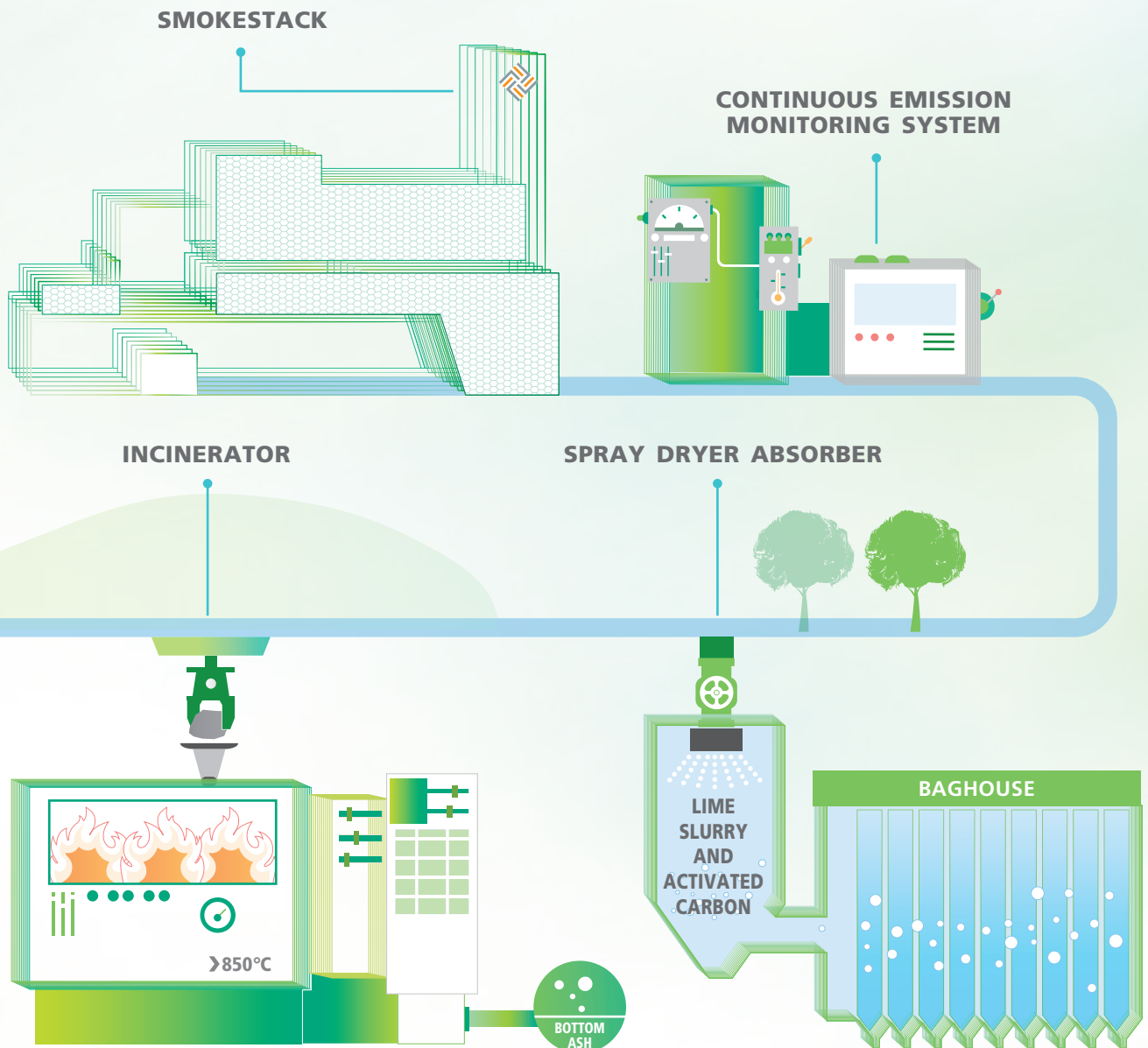
STORAGE POOL

LEACHATE



# CONTENTS

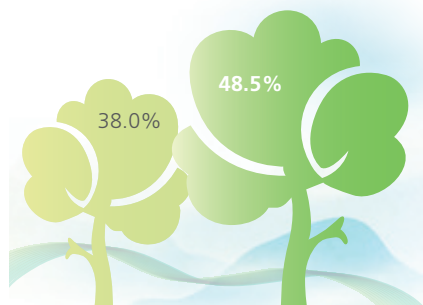
2	Financial Highlights	37	Interim Condensed Consolidated Statement of Comprehensive Income
3	Projects Overview	38	Interim Condensed Consolidated Balance Sheet
6	Corporate Milestones	40	Interim Condensed Consolidated Statement of Changes in Equity
7	Chairlady's Statement	42	Interim Condensed Consolidated Statement of Cash Flows
12	Management Discussion and Analysis	44	Notes to the Condensed Consolidated Interim Financial Information
30	Corporate Governance	69	Other Information
35	Report on Review of Interim Financial Information	76	Corporate Information
36	Interim Condensed Consolidated Statement of Profit or Loss	78	Glossary



## FINANCIAL HIGHLIGHTS

### Gross profit margin

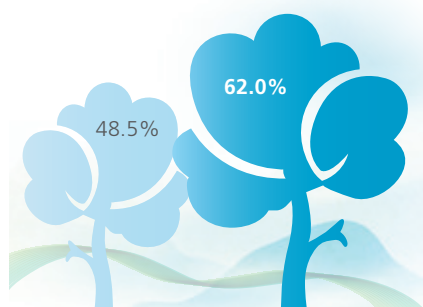
↑ **10.5** p.p



2023 2024  
(for the six months ended 30 June)

### EBITDA margin

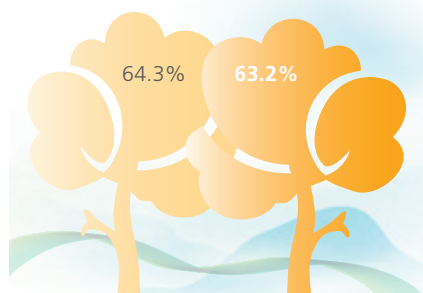
↑ **13.5** p.p



2023 2024  
(for the six months ended 30 June)

### Gearing ratio

↓ **1.1** p.p



2023 2024  
(as at 31 December) (as at 30 June)

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS HIGHLIGHTS

For the six months ended 30 June

	2024	2023	Change
Revenue (HK\$'000)	2,130,442	2,981,021	(28.5%)
Included: Revenue from power sales and waste treatment (HK\$'000)	1,819,137	1,736,490	+4.8%
Gross profit (HK\$'000)	1,033,848	1,133,203	(8.8%)
EBITDA* (HK\$'000)	1,321,668	1,446,680	(8.6%)
Profit for the period (HK\$'000)	452,177	640,686	(29.4%)
Profit attributable to equity holders of the Company (HK\$'000)	445,035	610,271	(27.1%)
Basic earnings per Share (HK cents)	18.3	25.1	(27.1%)

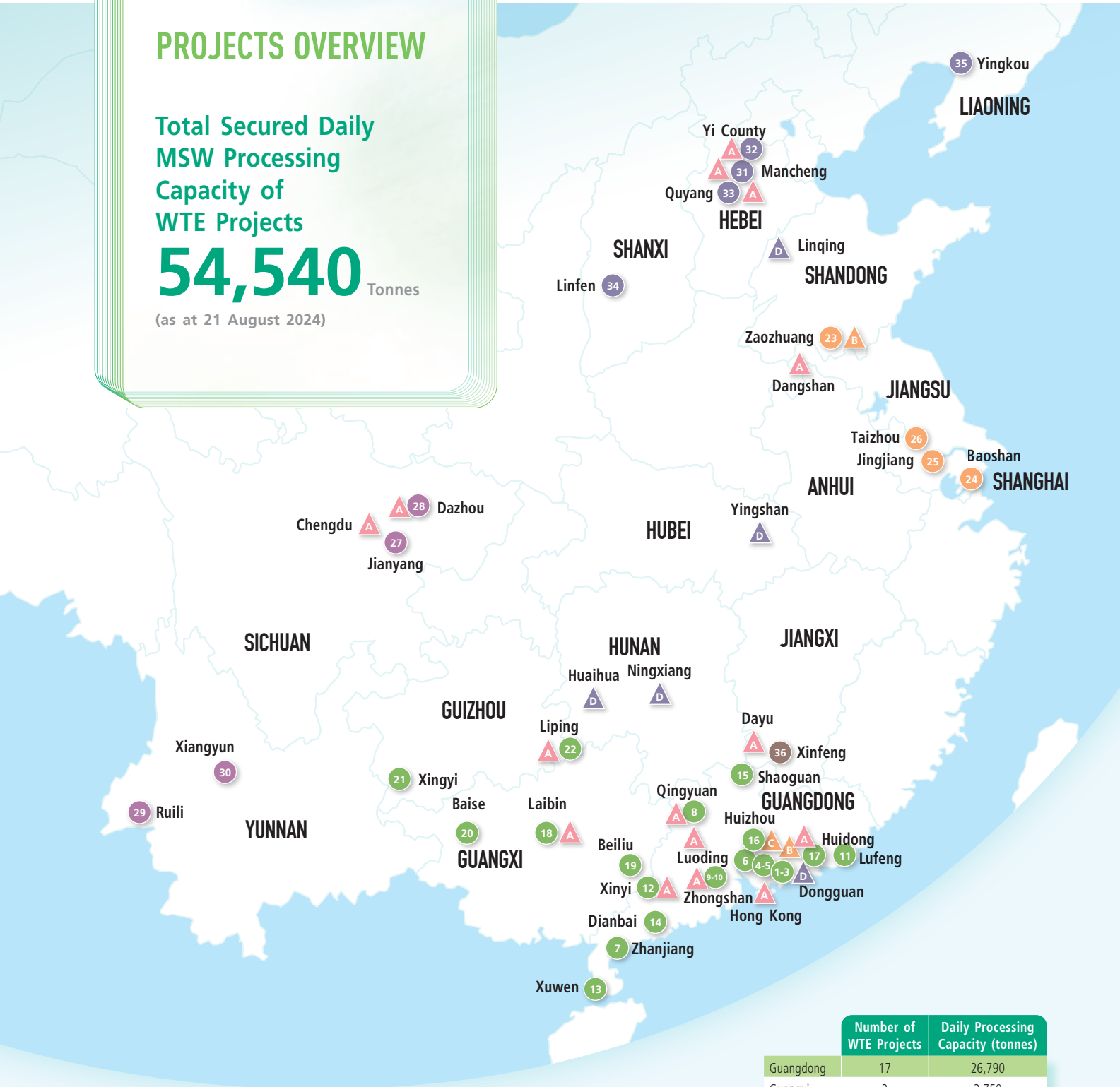
\* Non-HKFRS measures

## CONSOLIDATED BALANCE SHEET HIGHLIGHTS





	As at 30 June 2024	As at 31 December 2023	Change
Total assets (HK\$'000)	27,134,855	27,075,156	+0.2%
Total liabilities (HK\$'000)	17,161,030	17,406,479	(1.4%)
Included: Total bank borrowings (HK\$'000)	13,922,333	13,945,095	(0.2%)
Equity attributable to equity holders of the Company (HK\$'000)	9,585,113	9,298,523	+3.1%
Total liabilities / total assets (gearing ratio)	63.2%	64.3%	(1.1pp)

# PROJECTS OVERVIEW

Total Secured Daily MSW Processing Capacity of WTE Projects  
**54,540** Tonnes  
 (as at 21 August 2024)



	Number of WTE Projects	Daily Processing Capacity (tonnes)
Guangdong	17	26,790
Guangxi	3	3,750
Guizhou	2	2,250
Hebei	3	2,850
Jiangsu	2	2,050
Jiangxi	1	800
Liaoning	1	2,250
Shandong	1	1,800
Shanghai	1	3,800
Shanxi	1	1,200
Sichuan	2	5,000
Yunnan	2	2,000
<b>Total</b>	<b>36</b>	<b>54,540</b>

-  Environmental hygiene and landfill remediation services
-  Fly ash landfill services
-  Treatment of bottom ash services
-  Smart car parking services

## PROJECTS OVERVIEW

## WTE PROJECTS

		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	750 tonnes	18MW	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	In operation
	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
	20	Baise WTE plant	Baise	Phase 1: 700 tonnes Phase 2: 500 tonnes	Phase 1: 15MW Phase 2: 10MW	RMB97.9/tonne	Planning
Guizhou	21	Xingyi WTE plant	Xingyi	Phase 1: 700 tonnes Phase 2: 500 tonnes	Phase 1: 12MW Phase 2: 12MW	RMB80/tonne	In operation
	22	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	23	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
Shanghai	24	Baoshan WTE plant	Shanghai	3,800 tonnes	126MW	RMB250/tonne	In operation

PROJECTS OVERVIEW

		Location	Daily MSW processing capacity	Installed power generation capacity	Waste treatment fee	Status	
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	In operation
Sichuan	27	Jianyang WTE plant	Jianyang	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: In operation 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	In operation
	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
Jiangxi	36	Xinfeng WTE plant	Xinfeng	Phase 1: 400 tonnes Phase 2: 400 tonnes	15MW	RMB85/tonne	In operation

MAJOR PROJECTS OF ENVIRONMENTAL HYGIENE AND RELATED SERVICES

	Location	Operation Period
Hong Kong North Lantau Transfer Station and Outlying Islands Transfer Facilities Second Follow-on Contract	Sham Shui Kok Drive, Siu Ho Wan on North Lantau, Mui Wo, Cheung Chau, Peng Chau, Hei Ling Chau, Yung Shue Wan, Sok Kwo Wan and Ma Wan, Hong Kong	10 years
Quyong County Urban-Rural Environmental Sanitation and MSW Compression, Transfer and Processing Project	Quyong, Hebei	25 years
Yi County MSW Transfer Station Project	Yi County, Hebei	25 years
Luoding City Urban-Rural MSW Transfer and Disposal Project	Luoding, Guangdong	3 years
Xinyi City Rural MSW Collection and Transfer Project	Xinyi, Guangdong	3 years
Tianfu Airport (Pudu) Expressway Daily Maintenance Project	Chengdu, Sichuan	5 years
Urban Butler Service Concession Project	Dangshan, Anhui	25 years

## CORPORATE MILESTONES

# Q1 2024

- Awarded the Urban Butler Service Concession Project in Dangshan County, Anhui Province, with a service period of 25 years and the contact amounted to RMB1,795 million, which was the Group's first environmental sanitation project in Anhui Province
- Commenced operation of the North Lantau Transfer Station and the Outlying Islands Transfer Facilities, with a series of technological upgrading



## Q2 2024

- 13 WTE projects obtained 3,331,857 Green Electricity Certificates (GEC) in aggregate issued by the National Energy Administration of the PRC
- 1 WTE project has ascertained 240,980 tonnes of Verified Carbon Units (VCUs) under the Verified Carbon Standard (VCS)





# CHAIRLADY'S STATEMENT



## CHAIRLADY'S STATEMENT

**Canvest have been actively exploring the path of strategic transformation. On the solid foundation of our core WTE business, we were strategically expanding our business into the upstream and downstream environmental sanitation services, aiming to achieve synergistic development of the whole industrial chain, to put the idea of green development into practice and contribute to the sustainable development of the industry.**



TO ALL HONOURABLE SHAREHOLDERS,

On behalf of Canvest Environmental Protection Group Company Limited, I am pleased to report the interim results of the Group for the six months ended 30 June 2024 (the "Period").

In the first half of 2024, both the domestic and foreign state of affair remain complex, with multiple challenges posed by the persistently high US dollar interest rates, the tense global geopolitical situation and the presidential election year in the US. Domestically, we are in a critical period of "three phases of superposition", namely the change in pace of economic growth, structural adjustment pains and digestion of previous policies, and our economic development is facing a crucial stage in terms of speed transition.

The environmental protection industry is under the dual pressure of weakening growth momentum and receding national subsidy amid the situation. However, the PRC government remains active in promoting the strategic objective of "Carbon Peaking and Carbon Neutrality", and promulgated a series of important policies, such as "Opinions on Accelerating the Construction of a Waste Recycling System" (《關於加快構建廢棄物循環利用體系的意見》) and "Action Plan for Energy Conservation and Carbon Reduction in 2024–2025" (《2024–2025年節能降碳行動方案》), which aim at enhancing the capacity of solid waste management and comprehensive utilisation, establishing an efficient network of environmental infrastructure with urban and rural coverage, continuing to promote the optimisation of ecological environment quality while providing policy guidance for the resourceful utilisation of solid waste. Moreover, the purposes of the relevant initiatives of the General Office of the State Council are to accelerate the



## CHAIRLADY'S STATEMENT

establishment of the waste recycling system and clarify the development direction of the solid waste treatment industry, with the aim to deepen and upgrade the industrial chain. Meanwhile, the construction of "Zero-Waste Cities", a key national project, emphasises the reduction of solid waste generation at source and facilitates resource utilization, which would directly trigger the demand for advanced solid waste treatment technologies in the environmental sanitation market and expedite the marketisation process of the environmental sanitation market. The solid waste industry policies promulgated in the first half of 2024 cover multiple aspects, such as ecological protection, energy conservation and carbon reduction, resource utilization and information management, which not only provide strong policy support and assurance to the development of the solid waste industry, but would also enable the solid waste industry to be developed in an innovative and sustainable manner.

Against the backdrop of a solid waste industry facing abundant challenges and opportunities, Canvest, as a leading domestic WTE enterprise and integrated urban environmental protection and sanitation solution provider, continued to forge ahead and demonstrate resilience in business operations. During the Period, we stayed focus in achieving quality upgrade and efficiency enhancement, enhancing operational efficiency through refined management, and expanding our business reaches through market expansion and strategic cooperation. At the same time, we have also been actively exploring the path of strategic transformation. On the solid foundation of our core WTE business, we were strategically expanding our business into the upstream and downstream environmental sanitation services, aiming to achieve synergistic development of the whole industrial chain, to put the idea of green development into practice and contribute to the sustainable development of the industry.

## FINANCIAL PERFORMANCE

In the first half of 2024, the Group's revenue decreased by 28.5% year-on-year to HK\$2,130.4 million, and the decrease in total revenue was mainly because the projects went into operation last year and did not have any project under construction to generate construction revenue during the period while there was still construction revenue in last year. Net profit for the period of the Group decreased by 29.4% year-on-year to HK\$452.2 million, mainly due to nil construction revenue generated. Nevertheless, the gross profit margin and the EBITDA margin of the Group increased from 38.0% to 48.5% and from 48.5% to 62.0% respectively, primarily due to the fact that construction revenue with lower gross profit margin ceased to be a component of our revenue, which better reflected the Group's gross profit margin and EBITDA margin from operations. Meanwhile, with most of the Group's WTE projects going into operation, the Group's net cash generated from operating activities amounted to HK\$613.1 million, and the Group's gearing ratio decreased by 1.1 percentage points to 63.2%, indicating a more robust financial position.

## BUSINESS REVIEW

In the first half of 2024, the Group demonstrated tremendous operational resilience and strategic certainty as it was confronted with a complex, volatile and challenging market environment. As the WTE industry was entering into the stage of existing market, the Group has been focusing on automated and refined management of the existing projects. By deepening operational management, the Group has enhanced its operational efficiency and achieved cost reductions and efficiency enhancement, thereby strengthening the operational capability of its WTE projects. In addition to continuing to develop and penetrate the WTE industry, the Group has also made good use of the advantages of the geographical layout of its WTE projects to proactively establish and promote synergistic development of the upstream and downstream of the industrial chain, putting in place a solid foundation for the Group to make a breakthrough in the environmental sanitation business segment.

## CHAIRLADY'S STATEMENT

The Group's WTE business achieved orderly expansion and stable development during the Period. As at 30 June 2024, the Group operated a total of 33 WTE projects with a daily MSW processing capacity of 43,690 tonnes. In addition, the Group innocuously treated approximately 8,699,577 tonnes of waste, representing a year-on-year increase of 7.6%; generated 3,225,219,000 kWh of green energy, representing a year-on-year increase of 4.7%; saved 844,000 tonnes of standard coal, representing a year-on-year increase of 6.4%; offset 4,787,000 tonnes of carbon dioxide equivalent emissions, representing a year-on-year increase of 18.5%.

In recent years, the Group has been expanding its presence in the environmental sanitation segment intently. It has successfully entered Anhui Province during the Period and secured the contract for Urban Butler Service Concession (城市管家服務特許經營) in Dangshan County, of approximately RMB1,795 million, marking a significant breakthrough and capacity enhancement in environmental sanitation business by the Group, as well as contributing positively to the improvement of local urban environmental sanitation standard and promotion of sustainable economic and social development. Moreover, the Group has officially taken up the 10-year contract for the Hong Kong waste transfer station in March 2024, laying a solid foundation for us to penetrate the environmental protection industry chain and embark on a new chapter in our development in Hong Kong.

The Group has always regarded sustainable development as one of its strategic objectives and is committed to integrating environmental, social and governance (ESG) concepts into all aspects of its decision-making and operations through continuous innovation and practice. The Group actively fulfills its environmental and social responsibilities and promote sustainable development in the community. During the Period, the Group once again received the "Responsible Brand Award" and "ESG Pioneer Enterprise Award" in the China Philanthropy Festival as well as the "Pioneering Award for ESG Disclosure Contribution" in the "Hong Kong Green and Sustainability Contribution Awards 2024" organised by the Hong Kong Quality Assurance Agency, demonstrating the Group's outstanding contribution to public welfare and environmental, social and governance aspects.

In addition to the recognitions for contributions in environmental protection, the Group has also been widely praised for its excellent investor relations work and outstanding industrial performance. During the Period, the Group was named as "Honored Company" in the "2024 Asia Pacific Executive Team" by the authoritative international financial magazine *Institutional Investor* and secured rankings in 23 Utilities and Alternative Energy categories, demonstrating the Group's excellent investor relations management capabilities and reflects the high standard and depth of its corporate governance performance. This honour was a strong recognition of the Group's long-standing commitment to transparent communication, proactive response to investor concerns and continuous optimisation of its governance structure.

## OUTLOOK

In 2024, China's economy has been navigating at a faster pace towards a greener future with lower carbon emission and higher quality growth. With the focus on implementing the guiding principle of the 20th CPC National Congress and under the guidance of the "14th Five-Year Plan", the steady development of favourable policies such as the building of "Zero-Waste Cities" will boast market demand and categorical expansion in the solid waste management sector, that in turn have effectively enhanced the deep integration and expansion of upstream and downstream of the environmental protection industry chain, laying a solid foundation for the comprehensive upgrade and sustainable development of the industry.

## CHAIRLADY'S STATEMENT

At Canvest, we will be enthusiastically responding to China's green and low-carbon development strategy by penetrating and cultivating the WTE segment. Powered by project quality improvement, we will strengthen our refined management strategies so as to drive significant improvements in operational efficiency. At the same time, we are actively exploring ways of technological innovation, striving to optimise efficiency and demonstrating our industry-leading technological strength. Leveraging on the regional advantages of Guangdong-Hong Kong-Macao Greater Bay Area, Canvest will primarily focus on three directions of development: market, scale and region, and strive to achieve breakthroughs in various dimensions. We are committed to formulating an all-industry development, expanding our upstream and downstream business territories, exploiting the content of our "integrated sanitation" services, and upgrading our smart city management business to maximise the synergy of a range of business chains, optimise the allocation of resources, and enhance our competitiveness in the market, thereby injecting new momentum into the sustainable and healthy development of Canvest, and to lead us towards a greener, more efficient and smarter future.

This year marks the 10th anniversary of Canvest's listing in the Stock Exchange of Hong Kong. On behalf of the Board of Directors, I would like to express my sincerest gratitude to all shareholders, business partners and stakeholders who have given us their unwavering trust and support. Over this spectacular and eventful decade, we worked together in protecting the green ecology and contribute clean energy to the society. Looking ahead, Canvest will continue to adhere to the corporate culture of "unite as one, work meticulously, and strive for excellence" and work tirelessly to achieve our goals in innovation and breakthroughs on the path of high-quality development, contributing to the building of a green and sustainable future and creating a brilliant new chapter.

**Lee Wing Yee Loretta**

*Chairlady*

Hong Kong, 21 August 2024



# MANAGEMENT DISCUSSION AND ANALYSIS



## MANAGEMENT DISCUSSION AND ANALYSIS

## OUR COMPANY CULTURE

### Mission/Purpose: Safeguarding the Green Ecology, Devoting to Clean Energy

“To Protect the Ecological Environment and Promote Sustainable Development of Human Society” is the foundation and pursuit of our business.

### Vision: To be the most respected and trusted environmental protection enterprise

The Company is committed to building a valuable ecological chain of environmental protection industry, and adheres to exquisite technology, fine management, accurate positioning, and the pursuit of excellence, to undertake social responsibility and create value for the society, to be the industry benchmark, to create benefits for shareholders, and to enhance employees' sense of pride in their work.

### Core Values: Integrity, Responsibility, Harmony, Win-Win

**Integrity:** We must adhere to honesty and trustworthiness with shareholders, customers, employees, and society. This is the foundation of being human, the way of business, and the basis for survival.

**Responsibility:** This includes social responsibility, corporate responsibility, and employee responsibility. Regardless of the role we play, we must have a sense of responsibility and dedication. This is a common value orientation for both enterprises and individuals.

**Harmony:** This includes the harmony between human development and the ecological environment, the harmony between enterprises and society, the harmony between enterprises and shareholders, employees, and customers, and the harmony between employees and teams and employees themselves.

**Win-Win:** That is, win-win for enterprises, society, and related parties. We must not only pursue the maximization of enterprise benefits but also the maximization of social benefits, and create returns to shareholders, benefit the society, achieve self-improvement, and enhance value.

### Strategy

To achieve the objective of creating long-term values to shareholders and other stakeholders, the Group focuses on the growth strategy of “Incineration +” with an aim to achieve sustainable growth in both financial and Environmental, Social and Governance performance.



## MANAGEMENT DISCUSSION AND ANALYSIS

Affected by factors such as geopolitical conflicts, electoral cycles in Europe and the United States, and uncertain trends in US interest rates, the international political and economic environment in the first half of 2024 remained complex and volatile. On the other hand, domestic demand is yet to recover and the foundation for economic recovery remains to be consolidated, with overall optimisation and improvement in progress.

The uncertainty of the macro-environment exerts certain pressure on the development of the environmental protection industry, which has to face challenges such as market saturation and slowing growth. However, the country still attaches importance to the construction of ecological environment. The PRC government issued “The Opinions on Comprehensively Promotion of the Construction of Beautiful China” (《全面推進美麗中國建設的意見》) to propose vigorously developing the green environmental protection industry to inject development momentum; “Implementation Plan for Promoting the Renewal of Construction and Municipal Infrastructures and Equipment” (《推進建築和市政基礎設施設備更新工作實施方案》) to propose to advance the renewal of environmental sanitation facilities and equipment which will facilitate the industry’s quality upgrade; “Opinions on Accelerating the Construction of a Waste Recycling System” (《關於加快構建廢棄物循環利用體系的意見》) to emphasise the development of resource recycling industry, laying a green and low-carbon foundation for high-quality development. During the reporting period, the Group actively responded to the change from “incremental” to “existing” in the WTE industry by optimising and upgrading the level of refinement and automation of its existing WTE projects, and maintained its high-quality and efficient performance against the backdrop of intensified competition in the industry. We have also leveraged on the advantages of our WTE business to strengthen synergies with our integrated environmental sanitation business and promote cost reduction and efficiency across the entire industrial chain.

Looking forward, Canvest will lead the high-end, low-carbon and digital transformation with new quality productive forces. We will continue to dig deep into the value of the solid waste industry chain, starting from improving the quality and efficiency of the WTE business, we will enhance the level of refined operation, and advance technological innovation in an orderly manner so as to realise the digital transformation of our projects; and extend the depth and regional coverage of the environmental hygiene services so as to achieve the synergistic development of the entire solid waste industry chain. While adapting to the new normal state of the industry, the Group will follow the nation’s “dual-carbon” goals and continuously contribute to green and low-carbon development.

## OVERALL PERFORMANCE

For the six months ended 30 June 2024, the Group’s revenue was HK\$2,130.4 million, representing a decrease of 28.5% as compared with HK\$2,981.0 million in the corresponding period in 2023. Revenue from power sales and waste treatment was HK\$1,819.1 million, representing an increase of 4.8% as compared with HK\$1,736.5 million in the corresponding period in 2023. Gross profit margin was 48.5% (corresponding period in 2023: 38.0%). The operating profit was HK\$795.7 million (corresponding period in 2023: HK\$945.9 million). EBITDA margin was 62.0% (corresponding period in 2023: 48.5%). Profit attributable to equity holders of the Company was HK\$445.0 million (corresponding period in 2023: HK\$610.3 million). Basic earnings per Share was HK18.3 cents (corresponding period in 2023: HK25.1 cents).



## MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group's implementation of innocuous treatment of waste volume amounted to 8,699,577 tonnes, representing an increase of 7.6% as compared with 8,082,573 tonnes in the corresponding period in 2023. The Group generated 3,225,219,000 kWh from green energy, representing an increase of 4.7% as compared with 3,079,463,000 kWh in the corresponding period in 2023, sold 147,000 tonnes of steam, representing an increase of 182.7% as compared with 52,000 tonnes in the corresponding period in 2023, saved 844,000 tonnes of standard coal and offset 4,787,000 tonnes of carbon dioxide equivalent emissions<sup>(1)</sup>.

## I. WASTE-TO-ENERGY BUSINESS

### Projects and Processing Capacity

As at 30 June 2024 and the date of this interim report, the Group has 36 projects in our portfolio with daily MSW processing capacity of 54,540 tonnes. The operating daily MSW processing capacity of 33 operating projects reached 43,690 tonnes.

During the period under review, the Group's WTE business maintains relatively stable.

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	22	32,790
Western China Region	4	7,000
Eastern China Region	4	7,650
Northern China and Northeast China Regions	5	6,300
Central China Region	1	800
<b>Total</b>	<b>36</b>	<b>54,540</b>

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	
		2024	2023
<b>Southern China Region</b>	<b>Guangdong Province</b>		
	Innocuous treated waste (tonnes)	<b>5,003,350</b>	4,662,140
	Power generated (MWh)	<b>1,923,628</b>	1,815,276
	Power sold (MWh)	<b>1,682,264</b>	1,588,756
	<b>Guangxi Zhuang Autonomous Region</b>		
	Innocuous treated waste (tonnes)	<b>393,161</b>	372,644
	Power generated (MWh)	<b>149,734</b>	146,346
	Power sold (MWh)	<b>133,300</b>	130,329
	<b>Guizhou Province</b>		
Innocuous treated waste (tonnes)	<b>337,897</b>	333,858	
Power generated (MWh)	<b>130,697</b>	125,329	
Power sold (MWh)	<b>112,368</b>	107,474	
<b>Western China Region</b>	Innocuous treated waste (tonnes)	<b>846,864</b>	747,402
	Power generated (MWh)	<b>307,212</b>	278,444
	Power sold (MWh)	<b>265,219</b>	236,279
<b>Eastern China Region</b>	Innocuous treated waste (tonnes)	<b>1,106,866</b>	1,049,851
	Power generated (MWh)	<b>441,776</b>	442,201
	Power sold (MWh)	<b>360,816</b>	366,534
<b>Northern China and Northeast China Regions</b>	Innocuous treated waste (tonnes)	<b>836,601</b>	721,086
	Power generated (MWh)	<b>208,451</b>	208,965
	Power sold (MWh)	<b>171,503</b>	176,460
<b>Central China Region</b>	Innocuous treated waste (tonnes)	<b>174,838</b>	195,592
	Power generated (MWh)	<b>63,721</b>	62,902
	Power sold (MWh)	<b>56,477</b>	54,889
<b>Total</b>	Innocuous treated waste (tonnes)	<b>8,699,577</b>	8,082,573
	Power generated (MWh)	<b>3,225,219</b>	3,079,463
	Power sold (MWh)	<b>2,781,947</b>	2,660,721
	Steam sold (tonnes)	<b>147,000</b>	52,000

Notes:

1. Innocuous treated waste included MSW, wastewater and others.
2. 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, 16 WTE plants located in Guangdong Province continued to provide contributions. Huidong WTE 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, while Baise WTE project is currently in the planning stage.

***Western China Region***

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

***Eastern China Region***

1 WTE plant located in Shandong Province, 1 WTE plant located in Shanghai, and 2 WTE plants located in Jiangsu Province continued to provide contributions during the period under review.

***Northern China and Northeast China Regions***

2 WTE plants located in Hebei Province, 1 WTE plant located in Liaoning Province and 1 WTE plant located in Shanxi Province continued to provide contributions during the period under review. Quyang WTE 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.

**II. ENVIRONMENTAL HYGIENE AND RELATED SERVICES**

During the period under review, the Group, through Yuezhan and Sichuan Jiajieyuan, operated 27 integrated environmental sanitation projects located at Sichuan Province, Guangxi Zhuang Autonomous Region, Hebei Province and Guangdong Province. In January 2024, the Group was awarded the Urban Butler Service Concession Project in Dangshan County, Anhui Province, with a service period of 25 years, which was the Group's first environmental sanitation project in Anhui Province. As at 30 June 2024, the Group operated 22 (31 December 2023: 23) integrated environmental sanitation projects. In Hong Kong, the Group, through Johnson, a leading environmental hygiene service provider, provided a wide range of environmental services in Hong Kong. These projects continued to provide contributions to the Group during the period under review.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Group has contracted 3 landfill restoration projects located at Sichuan Province, Anhui Province and Guangdong Province. On 13 March 2023, Canvest Yuezhan Solid entered into the waste processing service agreement with Dazhou SIIIC, pursuant to which Canvest Yuezhan Solid will transport approximately 200,000 tonnes of waste from the landfill to Dazhou WTE plant, dispose of the solidified fly ash generated from Dazhou WTE plant to the landfill and detect and repair impermeable membranes at the landfill for three years.

On 28 July 2023, Canvest — Paul Y. Joint Venture, which was led by the Company, was awarded the Hong Kong North Lantau Transfer Station (“NLTS”) and Outlying Islands Transfer Facilities (“OITF”) Second Follow-on Contract for a period of 10 years. The NLTS is located on Sham Shui Kok Drive, Siu Ho Wan, on North Lantau, Hong Kong, while the OITF comprises a network of seven small-scale waste transfer facilities located at Mui Wo, Cheung Chau, Peng Chau, Hei Ling Chau, Yung Shue Wan, Sok Kwu Wan and Ma Wan. The project provides contributions to the Group during the period under review.

During the period under review, 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. Dongguan Xindongyue processed 66,169 tonnes of solidified fly ash and continued to provide contributions to the Group.

## ANALYSIS OF FINANCIAL RESULTS

### Revenue

In the first half of 2024, the Group’s revenue decreased by 28.5% to HK\$2,130.4 million as compared with the corresponding period last year. The decline in total revenue was primarily attributed to the absence of construction revenue recognised in the first half of 2024, compared to HK\$997.2 million recognised during the same period last year. Most of the Group’s WTE projects are now in operation, and the WTE industry has reached a mature stage characterised by a reduction in new projects. Yet, the revenue from power sales, waste treatment fees and environmental hygiene and other services income, which forms the Group’s core operations, amounted to HK\$2,037.4 million in aggregate in the first half of 2024, increased by 7.9% as compared with the corresponding period in 2023.

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the breakdown of revenue for the six months ended 30 June 2024 and 2023:

	Six months ended 30 June			
	2024		2023	
	HK\$'000	%	HK\$'000	%
	(Unaudited)		(Unaudited)	
Revenue from power sales	1,276,758	59.9%	1,219,438	40.9%
Revenue from waste treatment fees	542,379	25.5%	517,052	17.3%
Revenue from project construction services	—	0.0%	997,198	33.5%
Finance income from service concession arrangements	93,073	4.4%	96,181	3.2%
Environmental hygiene and other services income	218,232	10.2%	151,152	5.1%
<b>Total</b>	<b>2,130,442</b>	<b>100.0%</b>	<b>2,981,021</b>	<b>100.0%</b>

The following table sets forth the breakdown of the Group's revenue by region for the six months ended 30 June 2024 and 2023:

	Six months ended 30 June			
	2024		2023	
	HK\$'000	%	HK\$'000	%
	(Unaudited)		(Unaudited)	
Southern China Region	1,568,254	73.6%	1,508,802	50.6%
Central China Region	54,143	2.5%	56,654	1.9%
Western China Region	108,870	5.1%	108,649	3.6%
Northern China and Northeast China Regions	245,509	11.5%	797,328	26.8%
Eastern China Region	153,666	7.3%	509,588	17.1%
<b>Total</b>	<b>2,130,442</b>	<b>100.0%</b>	<b>2,981,021</b>	<b>100.0%</b>

## 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, the cost of sales decreased by 40.7% from HK\$1,847.8 million in 2023 to HK\$1,096.6 million in 2024. The decrease was mainly attributable to the absence of construction cost recognised in 2024.

**Gross Profit and Gross Profit Margin**

During the period under review, gross profit of the Group amounted to HK\$1,033.8 million, representing a decrease of 8.8% as compared to HK\$1,133.2 million in 2023. The decrease in gross profit was mainly attributable to the decrease in the project construction services. In the first half of 2024, the gross profit related to operations, including power sales and waste treatment operations and environmental hygiene and other services, amounted to HK\$940.8 million in aggregate, increased by 8.0% as compared with corresponding period last year.

Gross profit margin of the Group increased from 38.0% in the corresponding period in 2023 to 48.5% in first half of 2024. The rise was primarily attributed to an increase in the share of power sales and waste treatment operations, which has a higher gross profit margin.

The following table sets forth the breakdown of the Group's gross profit by service nature for the six months ended 30 June 2024 and 2023:

	<b>Six months ended 30 June</b>			
	<b>2024</b>		<b>2023</b>	
	<b>HK\$'000</b> <b>(Unaudited)</b>	<b>%</b>	<b>HK\$'000</b> <b>(Unaudited)</b>	<b>%</b>
Power sales and waste treatment operations	<b>860,750</b>	<b>83.3%</b>	811,181	71.6%
Project construction services	—	<b>0.0%</b>	166,200	14.6%
Finance income from service concession arrangements	<b>93,073</b>	<b>9.0%</b>	96,181	8.5%
Environmental hygiene and other services	<b>80,025</b>	<b>7.7%</b>	59,641	5.3%
<b>Total</b>	<b>1,033,848</b>	<b>100.0%</b>	1,133,203	100.0%

## MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the Group's gross profit margin by service nature for the six months ended 30 June 2024 and 2023:

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>Gross profit margin</b>	Gross profit margin
Power sales and waste treatment operations	<b>47.3%</b>	46.7%
Project construction services	—	16.7%
Finance income from service concession arrangements	<b>100.0%</b>	100.0%
Environmental hygiene and other services	<b>36.7%</b>	39.5%
Gross profit margin of the Group	<b>48.5%</b>	38.0%

### 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 25.7% from HK\$278.8 million in the corresponding period in 2023 to HK\$350.5 million in the first half of 2024. It was mainly due to additional WTE projects under operation, increase in research and development expenses for innovation and digitalization and increase in impairment of trade receivables following the trend of increasing trade receivable balances.

The Group recorded impairment losses on goodwill, other intangible assets, property, plant and equipment and other receivables in relation to smart parking business with the aggregate amount of HK\$51.9 million (with corresponding deferred tax liabilities of HK\$6.1 million reversed to the interim condensed consolidated statement of profit and loss) for the six months ended 30 June 2024 (corresponding period in 2023: nil), taking into account the changes in industry conditions and operating environment of smart parking industry.

### Other Income

Other income mainly consisted of VAT refund, amortisation of deferred government grants and others. Other income increased by 31.5% from HK\$103.4 million in the corresponding period in 2023 to HK\$135.9 million in the current period of 2024. The increase was mainly due to the additional operating plants that were entitled to have VAT refund.

### Other Losses, Net

During the period under review, the Group recorded other net losses of HK\$23.6 million as compared to other net losses of HK\$11.9 million in the corresponding period in 2023. It was mainly due to foreign exchange loss from the depreciation of RMB against USD was recognised in the current period of 2024.

## MANAGEMENT DISCUSSION AND ANALYSIS

### 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 7.8% from HK\$310.9 million in the corresponding period in 2023 to HK\$335.2 million in the current period of 2024. The increase in interest expenses was due to the increase in HIBOR, which led to the increase in interest rate of offshore borrowings, and finance cost was not eligible for capitalisation as no construction works in progress in current period of 2024.

### 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 8.0% from HK\$74.2 million in 2023 to HK\$80.2 million in 2024.

### Income Tax Expense

Income tax expense increased by 29.1% from HK\$68.5 million in the corresponding period in 2023 to HK\$88.5 million in the current period of 2024. It was mainly attributable to the increase in current enterprise income tax incurred by certain operating WTE plants as a result of transiting from full tax exemption in 2023 to half tax exemption in 2024 or transiting from half tax exemption in 2023 to no tax exemption in 2024.

### Profit Attributable to the Equity Holders of the Company

Profit attributable to the equity holders of the Company decreased by 27.1% from HK\$610.3 million in the corresponding period in 2023 to HK\$445.0 million in the current period of 2024.

## 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\$959.9 million in cash from operating projects (corresponding period in 2023: HK\$884.0 million). Net cash prepaid and used for the construction of various WTE plants under BOT arrangements amounted to HK\$346.8 million (corresponding period in 2023: HK\$499.1 million). As a result, the total net cash generated from operating activities amounted to HK\$613.1 million during the period under review (corresponding period in 2023: HK\$384.9 million).

The Group generated cash flow through operating activities and loan facilities from banks. As at 30 June 2024, the total cash and cash equivalents of the Group were HK\$1,978.2 million (31 December 2023: HK\$1,897.6 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.



## MANAGEMENT DISCUSSION AND ANALYSIS

**Borrowings**

The Group reasonably diversifies its funding sources to optimise its debt portfolio and lower the financing cost. As at 30 June 2024, the Group's bank borrowings were HK\$13,922.3 million (31 December 2023: HK\$13,945.1 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 2023: same) and most of them were at floating interest rates (31 December 2023: all of them at floating interest rates).

Net asset of the Group was HK\$9,973.8 million (31 December 2023: HK\$9,668.7 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 2024 and 31 December 2023:

	<b>As at 30 June 2024 HK\$'000 (Unaudited)</b>	As at 31 December 2023 HK\$'000 (Audited)
Portion of term loans due to repayment after one year — secured	<b>11,127,402</b>	11,496,916
Portion of term loans due for repayment within one year or on demand		
— secured	<b>2,057,627</b>	1,653,179
— unsecured	<b>150,000</b>	110,000
Revolving loans due for repayment within one year — unsecured	<b>587,304</b>	685,000
<b>Total bank borrowings</b>	<b>13,922,333</b>	13,945,095

The gearing ratio is the ratio of total liabilities divided by total assets. As at 30 June 2024, the gearing ratio was 63.2% (31 December 2023: 64.3%).

As at 30 June 2024, the Group had banking facilities in the amount of HK\$16,340.9 million, of which HK\$2,380.4 million remained unutilized. The banking facilities were denominated in Renminbi and Hong Kong dollars and were at floating interest rates.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Cost of Borrowings

For the six months ended 30 June 2024, the total cost of borrowings of the Group was HK\$346.9 million (corresponding period in 2023: HK\$331.1 million), representing an increase of HK\$15.8 million. The increase was due to the increase in HIBOR, which led to the increase in interest rate and interest expenses of offshore borrowings. Effective interest rate ranged from 2.60% to 7.95% for the six months ended 30 June 2024 (corresponding period in 2023: 2.35% to 7.03%).

### 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. For entities with Hong Kong dollar as its functional currency, foreign exchange risks mainly arise from the outstanding balances due from/to group companies and short-term revolving bank borrowings denominated in RMB. The Group does not have any financial instrument for the purpose of hedging. The Group manages foreign currency risks by closely monitoring the proportion of its non-Renminbi borrowings and deposits and performing regular reviews of the Group's net foreign exchange exposure.

### COMMITMENTS

As at 30 June 2024, the Group's capital commitments in relation to construction cost for BOT concession rights and property, plant and equipment, which were authorised but not contracted for, amounted to HK\$1,222.1 million (31 December 2023: HK\$1,238.8 million) and Nil (31 December 2023: HK\$25.9 million), respectively. Its capital commitments contracted for but not yet provided for in the condensed consolidated interim financial information in relation to construction cost for BOT concession rights and property, plant and equipment amounted to HK\$242.3 million (31 December 2023: HK\$230.8 million) and HK\$7.2 million (31 December 2023: HK\$244.5 million), respectively, and in relation to the capital injection to associates and joint ventures amounted to HK\$61.1 million (31 December 2023: HK\$65.4 million).

### PLEDGING OF SHARES BY CONTROLLING SHAREHOLDERS

As at 30 June 2024, 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

Saved as disclosed in this interim report, during the period under review, 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 2024, capital expenditures of the Group mainly consisted of expenditures (on accrual basis) relating to service concession arrangements and investment property amounting to HK\$460.1 million (corresponding period in 2023: relating to service concession arrangements amounting to HK\$1,102.1 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, Canvest 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\$767.0 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 loan has been fully repaid on 24 June 2024. On 14 June 2024, Jianyang Canvest entered into a bank loan agreement with Jianyang sub-branch of Bank of China Limited for banking facility of not exceeding RMB671.0 million, and the Group provided a corporate guarantee of RMB335.5 million for such facility. Outstanding balance of such loan amounted to RMB651.9 million (equivalent to HK\$714.3 million) as at 30 June 2024.

The Group holds 49% equity interest in Dongguan Xindongyuan, which holds 30% equity interest in Dongguan Xindongqing. As at 30 June 2024, the Group provided a corporate guarantee of RMB32.3 million (equivalent to HK\$35.4 million) for bank loans of Dongguan Xindongqing (31 December 2023: RMB32.3 million (equivalent to HK\$35.7 million)).

The Group holds 40% equity interest in Zhongzhou Environmental. As at 30 June 2024, the Group provided a corporate guarantee of RMB69.9 million (equivalent to HK\$76.6 million) for bank loans of Zhongzhou Environmental (31 December 2023: RMB69.9 million (equivalent to HK\$77.1 million)).

The Group holds 30% equity interest in Sichuan SIIC. As at 30 June 2024, the Group provided a corporate guarantee of RMB60.0 million (equivalent to HK\$65.7 million) for bank loan obtained by Sichuan SIIC (31 December 2023: RMB60.0 million (equivalent to HK\$66.2 million)).

Saved as disclosed above, the Group did not have any significant contingent liabilities as at 30 June 2024.

**PLEDGE OF ASSETS**

As at 30 June 2024, 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, intangible assets and restricted deposits (31 December 2023: same) with an aggregate carrying amount of HK\$13,610.2 million (31 December 2023: HK\$14,006.1 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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), which includes 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 those held by 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 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 six months ended 30 June 2024, the rent paid by the Group in relation to Sanyang Leasing Framework Agreement was HK\$5.0 million (for the six months ended 30 June 2023: HK\$4.7 million).

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 2024, service fee amounted to HK\$1.4 million (for the six months ended 30 June 2023: HK\$1.2 million).

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 2024, the management service income amounted to HK\$21.8 million (for the six months ended 30 June 2023: HK\$22.0 million).

On 10 September 2022, Canvest Kewei and Dazhou Jiajing, which holds 100% equity interest in Dazhou SIIC, entered into the operations management agreement, pursuant to which, Dazhou Jiajing and Dazhou SIIC entrusted Canvest Kewei to manage and operate Dazhou WTE project from 10 September 2022 to 31 December 2026. On 13 March 2023, Canvest Yuezhan Solid entered into the waste processing service agreement with Dazhou SIIC, pursuant to which Canvest Yuezhan Solid will transport approximately 200,000 tonnes of waste from the landfill to Dazhou WTE plant, dispose the solidified fly ash generated from Dazhou WTE plant to the landfill and detect and repair impermeable membranes at the landfill for three years. Operations management agreement of Dazhou WTE plant and waste processing service agreement of Dazhou SIIC were entered into within 12 months, they shall be aggregated pursuant to Rule 14A.81 of the Listing Rules. The annual caps of the transaction in relation to the operations management agreement for the financial years ending 31 December 2023 to 2026 are RMB4.0 million, RMB3.5 million, RMB3.5 million, and RMB4.0 million, respectively. The revised annual caps of the transaction in relation to the waste processing service agreement for the financial years ending 31 December 2023 to 2025 are RMB6.5 million, RMB6.5 million, and RMB4.0 million, respectively. Please refer to the announcement of the Company dated 29 September 2023 for further details. For the six months ended 30 June 2024, the operations management

## MANAGEMENT DISCUSSION AND ANALYSIS

service income and waste processing service income amounted to HK\$1.6 million (for the six months ended 30 June 2023: HK\$2.6 million) and HK\$1.0 million (for the six months ended 30 June 2023: HK\$2.0 million), respectively.

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 2024, the Group employed a total of 7,240 employees, 105 of them were at management level. By geographical locations, it had 7,202 employees in the PRC and 38 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 31 December 2023 and as at 30 June 2024. Total remuneration costs, including Directors' remuneration, for the period under review were HK\$337.4 million (corresponding period in 2023: HK\$312.8 million).

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) recognise 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 2024, the Company had not provided any financial assistance and guarantees to affiliated companies pursuant to Rule 13.16 of the Listing Rules that 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 2024, the Company had not provided any advance to an entity pursuant to Rule 13.13 of the Listing Rules that is subject to disclosure requirement under Rule 13.20 of the Listing Rules.

## MANAGEMENT DISCUSSION AND ANALYSIS

**EVENTS AFTER BALANCE SHEET DATE**

The Group had the following events after the balance sheet date:

On 7 July 2024, Grandblue Environment Co., Ltd.\*\* (瀚藍環境股份有限公司) (“Grandblue Environment”) published an announcement on the website of the Shanghai Stock Exchange in relation to its potential asset acquisition to acquire the shares in the Company through GRANDBLUE INVESTMENT HONGKONG LIMITED (瀚藍(香港)環境投資有限公司) (“Grandblue”), an indirect wholly owned subsidiary of Grandblue Environment. Please refer to Grandblue’s announcement dated 7 July 2024, the Company’s announcement dated 7 July 2024, Grandblue’s clarification announcement dated 8 July 2024 and the Company’s clarification announcement dated 9 July 2024 for further details.

On 22 July 2024 (after trading hours), Grandblue requested, subject to the satisfaction of certain pre-conditions, the Board to put forward the proposal for the proposed privatisation of the Company by way of scheme of arrangement to the scheme shareholders. The transaction involves the payment of cash to the scheme shareholders to cancel the shares and withdraw the listing of the Shares on the Hong Kong Stock Exchange (the “Proposed Privatisation”). If the scheme is implemented, the offeror will pay a cancellation price of HK\$4.90 per Share to the scheme shareholders in cash. Please refer to the joint announcement of Grandblue and the Company dated 22 July 2024 for further details of the Proposed Privatisation.

On 22 July 2024 (after trading hours), the Group entered into the sale and purchase agreement with third party for the disposal of entire 100% equity interest in Canvest Yuezhan Environmental Management (Guangdong) Company Limited (an indirect wholly-owned subsidiary of the Company) at a cash consideration of RMB130.4 million (equivalent to approximately HK\$142.9 million).

On 22 July 2024 (after trading hours), (i) Canvest Kewei (an indirect wholly-owned subsidiary of the Company) entered into the a sale and purchase agreement with Best Approach Developments Limited (“Best Approach”), a controlling Shareholder, pursuant to which, Canvest Kewei conditionally agreed to sell, and Best Approach conditionally agreed to purchase, the entire equity interests in a company to be incorporated in the PRC as a direct wholly-owned subsidiary of the Canvest Kewei; (ii) the Company entered into a sale and purchase agreement with Best Approach, pursuant to which, the Company conditionally agreed to sell, and Best Approach conditionally agreed to purchase, the entire equity interests in Canvest Technology Company Limited, an indirect wholly-owned subsidiary of the Company; and (iii) Yi Feng Development Limited (“Yi Feng”) (a direct wholly-owned subsidiary of the Company) entered into a sale and purchase agreement with Best Approach, pursuant to which, Yi Feng conditionally agreed to sell, and Best Approach conditionally agreed to purchase, the entire equity interests in KK VII (BVI) Limited and KK VIII (BVI) Limited, which are indirect wholly-owned subsidiaries of the Company. These transactions constitute special deals under the Proposed Privatisation. Please refer to the announcement of the Company dated 22 July 2024, the supplemental announcement of the Company dated 7 August 2024 and the supplemental announcement of the Company dated 20 August 2024 for further details.

On 31 July 2024, the Company appointed Somerley Capital Limited as the independent financial adviser to advise the independent board committee in relation to the Proposed Privatisation. Please refer to the announcement of the Company dated 31 July 2024 for further details.

## MANAGEMENT DISCUSSION AND ANALYSIS

**CHANGES SINCE 31 DECEMBER 2023**

Saved as disclosed above and elsewhere in this interim report, 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 2023.

**INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: HK4.9 cents).

**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 2024, 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 2023 annual report of the Company.

The Company has complied with the CG Code during the six months ended 30 June 2024.

### 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 2024.

### 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, the respective chairperson and majority of the members of each of the other committees are independent non-executive Directors. The strategy and sustainability committee is chaired by the executive Director and consists of a non-executive Director and an independent non-executive Director as members till 21 June 2024, with effect from 21 June 2024, the strategy and sustainability committee is chaired by the executive Director and consists of two independent non-executive Directors as members. Terms of reference of each of the committees have posted on corporate website ([www.canvestenvironment.com](http://www.canvestenvironment.com)) and Hong Kong Stock Exchange's website ([www.hkexnews.hk](http://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 audit committee is chaired by Mr. Chan Kam Kwan Jason, and comprises Mr. Chan Kam Kwan Jason, Professor Sha Zhenquan and Mr. Lee Tsung Wah Jonathan.

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 proposed permissible audit related and non-audit services to be provided by the external auditor, review the financial statements and render advice in respect of financial reporting, oversee internal control procedures of the Group and review and monitor the Company's compliance with the Company's whistleblowing policy.



## CORPORATE GOVERNANCE

During the six months ended 30 June 2024, 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 2023, the related accounting principles and practices adopted by the Group and internal controls related matters; and
- Considering the re-appointment of external auditors of the Company and its independence and review the proposed permissible audit related and non-audit services to be provided by the external auditor.

The audit committee has reviewed the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2024 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 2024. 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 2024 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 remuneration committee is chaired by Professor Sha Zhenquan, and comprises Professor Sha Zhenquan and Mr. Chan Kam Kwan Jason and Mr. Lee Tsung Wah Jonathan.

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.

## CORPORATE GOVERNANCE

During the six months ended 30 June 2024, 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.

## NOMINATION COMMITTEE

The nomination committee was chaired by Professor Sha Zhenquan, and comprises Professor Sha Zhenquan, Mr. Chan Kam Kwan Jason and Mr. Lee Tsung Wah Jonathan.

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 2024, the nomination committee has held one meeting to perform the following major works:

- Review of the structure, size, composition and diversity 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 21 June 2024; and
- Assessment of the independence of all the Company's independent non-executive directors.

## CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee is chaired by Mr. Chan Kam Kwan Jason and comprises Mr. Chan Kam Kwan Jason, Ms. Loretta Lee, Professor Sha Zhenquan and Mr. Lee Tsung Wah Jonathan.

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.

## CORPORATE GOVERNANCE

During the six months ended 30 June 2024, 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 C1 to the Listing Rules.

## STRATEGY AND SUSTAINABILITY COMMITTEE

The members of the strategy and sustainability committee (also known as ESG and Climate Risk Management Committee) comprise Mr. CT Lai, Professor Sha Zhenquan and Mr. Chung Kwok Nam, and is chaired by Mr. CT Lai. Mr. Lui Ting Cheong Alexander resigned from the position of non-executive Director and member of the strategy and sustainability committee of the Board with effect from 21 June 2024. Mr. Chung Kwok Nam has been appointed as the member of the strategy and sustainability committee with effect from 21 June 2024.

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 C2 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 2024, the strategy and sustainability committee has held one meeting and performed the following major works:

- Review and discussion on the significant ESG and climate-related topics 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 C2 to the Listing Rules.

## CORPORATE GOVERNANCE

**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 2023 annual report of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Mr. Lui Ting Cheong Alexander ("Mr. Lui") tendered his resignation and resigned from the position of non-executive Director and member of the strategy and sustainability committee of the Board with effect from 21 June 2024 due to his other business commitments. Following Mr. Lui's resignation, Mr. Chung Kwok Nam, an independent non-executive Director, has been appointed as a member of the strategy and sustainability committee with effect from 21 June 2024. Please refer to the announcement of the Company dated 21 June 2024 for further details.

Mr. Yuan Guozhen ("Mr. Yuan") has resigned as the chief executive officer (the "CEO") of the Group with effect from 12 September 2024 due to a redesignation of duties in the Group. Mr. Yuan will remain as an executive Director of the Company. Mr. Zhang Chao ("Mr. Zhang") has been appointed as the CEO with effect from 12 September 2024. The biographical details of Mr. Zhang has been disclosed in Directors' and Senior Management's Profile in the 2023 Annual Report of the Company. Please refer to the announcement of the Company dated 12 September 2024 for further details.

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

**CONSTITUTIONAL DOCUMENTS**

Pursuant to Rule 2.07A of the Listing Rules and the articles of association of the Company, the Company will disseminate the future corporate communications of the Company (the "Corporate Communications") to its Shareholders electronically and only send Corporate Communications in printed form to the Shareholders upon request, with arrangement effective on 31 December 2023. A special resolution for the adoption of the Third Amended and Restated Memorandum and Articles of Association of the Company is approval by Shareholders at the Company's annual general meeting held on 21 June 2024, for the purpose of, among others, (i) bringing the memorandum and articles of association of the Company in line with the latest regulatory requirements in relation to the expanded paperless listing regime and the electronic dissemination of corporate communications by listed issuers and the relevant amendments made to the Listing Rules which took effect from 31 December 2023; and (ii) better aligning the amendments of the memorandum and articles of association for housekeeping purposes with the provisions of the Listing Rules and the applicable laws of the Cayman Islands.

The Third Amended and Restated Memorandum and Articles of Association of the Company are available on the corporate website ([www.canvestenvironment.com](http://www.canvestenvironment.com)) and Hong Kong Stock Exchange's website ([www.hkex.com.hk](http://www.hkex.com.hk)).

# 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 36 to 68, 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 2024 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 selected explanatory notes. 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" issued by the Hong Kong Institute of Certified Public Accountants. 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, 21 August 2024

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## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2024

	Note	Six months ended 30 June	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue	6	2,130,442	2,981,021
Cost of sales	7	(1,096,594)	(1,847,818)
<b>Gross profit</b>		<b>1,033,848</b>	1,133,203
General and administrative expenses	7	(350,543)	(278,840)
Other income	8	135,918	103,392
Other losses, net	9	(23,553)	(11,858)
<b>Operating profit</b>		<b>795,670</b>	945,897
Interest income	10	11,682	7,773
Interest expense	10	(346,873)	(318,644)
Interest expense, net	10	(335,191)	(310,871)
Share of net profits of associates and joint ventures		80,156	74,205
<b>Profit before income tax</b>		<b>540,635</b>	709,231
Income tax expense	11	(88,458)	(68,545)
<b>Profit for the period</b>		<b>452,177</b>	640,686
<b>Attributable to:</b>			
Equity holders of the Company		445,035	610,271
Non-controlling interests		7,142	30,415
		<b>452,177</b>	640,686
<b>Earnings per share</b>			
— basic (expressed in HK cents per share)	12(a)	18.3	25.1
— diluted (expressed in HK cents per share)	12(b)	18.3	25.1

The notes on pages 44 to 68 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 2024

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
<b>Profit for the period</b>	<b>452,177</b>	640,686
<b>Other comprehensive loss, net of tax:</b>		
<i>Items that may be subsequently reclassified to profit or loss:</i>		
Currency translation differences	(83,246)	(234,866)
Release of exchange differences upon disposal of an associate	(2)	—
<b>Other comprehensive loss for the period, net of tax</b>	<b>(83,248)</b>	(234,866)
<b>Total comprehensive income for the period</b>	<b>368,929</b>	405,820
<b>Attributable to:</b>		
Equity holders of the Company	364,655	383,786
Non-controlling interests	4,274	22,034
	<b>368,929</b>	405,820

The notes on pages 44 to 68 form an integral part of this condensed consolidated interim financial information.

## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2024

	Note	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Right-of-use assets	14	441,982	452,272
Investment property		147,912	—
Property, plant and equipment	15	1,635,056	1,574,824
Intangible assets	16	14,678,792	15,015,890
Interests in associates and joint ventures		1,581,667	1,595,903
Deferred tax asset		1,159	2,335
Long-term deposits and prepayments	17	234,966	336,326
Receivables under service concession arrangements	18	3,067,479	3,137,542
		21,789,013	22,115,092
<b>Current assets</b>			
Inventories		30,475	31,625
Other receivables, deposits and prepayments	17	724,007	823,804
Receivables under service concession arrangements	18	275,936	277,098
Trade and bills receivables	17	2,232,312	1,828,593
Restricted deposits	19	104,920	101,296
Cash and cash equivalents		1,978,192	1,897,648
		5,345,842	4,960,064
<b>Total assets</b>		<b>27,134,855</b>	<b>27,075,156</b>
<b>EQUITY</b>			
<b>Equity attributable to equity holders of the Company</b>			
Share capital	20	24,395	24,395
Share premium		2,640,551	2,640,551
Other reserves		935,385	863,561
Retained earnings		5,984,782	5,770,016
		9,585,113	9,298,523
Non-controlling interests		388,712	370,154
<b>Total equity</b>		<b>9,973,825</b>	<b>9,668,677</b>



## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2024

	Note	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings	21	11,127,402	11,496,916
Deferred income tax liabilities		889,035	908,020
Deferred government grants	22	167,461	174,800
Other non-current liabilities		14,048	11,765
		<b>12,197,946</b>	12,591,501
<b>Current liabilities</b>			
Trade and other payables	23	2,089,642	2,306,402
Current income tax liabilities		66,303	48,103
Bank borrowings	21	2,794,931	2,448,179
Deferred government grants	22	12,208	12,294
		<b>4,963,084</b>	4,814,978
<b>Total liabilities</b>		<b>17,161,030</b>	17,406,479
<b>Total equity and liabilities</b>		<b>27,134,855</b>	27,075,156
<b>Net current assets</b>		<b>382,758</b>	145,086
<b>Total assets less current liabilities</b>		<b>22,171,771</b>	22,260,178

The notes on pages 44 to 68 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 2024

	(Unaudited)											
	Attributable to equity holders of the Company											
	Share capital	Share premium	Shares held under share award scheme	Capital reserve	Statutory reserve	Other reserves	Share option reserve	Exchange reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>Balance at 1 January 2024</b>	24,395	2,640,551	(37,513)	704,944	1,009,155	(69,088)	4,861	(748,798)	5,770,016	9,298,523	370,154	9,668,677
<b>Comprehensive income</b>												
Profit for the period	—	—	—	—	—	—	—	—	445,035	445,035	7,142	452,177
<b>Other comprehensive loss</b>												
Currency translation differences	—	—	—	—	—	—	—	(80,378)	—	(80,378)	(2,868)	(83,246)
Release of exchange differences upon disposal of an associate	—	—	—	—	—	—	—	(2)	—	(2)	—	(2)
<b>Total comprehensive (loss)/income for the period</b>	—	—	—	—	—	—	—	(80,380)	445,035	364,655	4,274	368,929
Appropriation of statutory reserve	—	—	—	—	152,204	—	—	—	(152,204)	—	—	—
Dividend approved in respect of the previous year (Note 13)	—	—	—	—	—	—	—	—	(78,065)	(78,065)	—	(78,065)
Dividend to non-controlling interests	—	—	—	—	—	—	—	—	—	—	(21)	(21)
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	—	—	14,305	14,305
<b>Balance at 30 June 2024</b>	24,395	2,640,551	(37,513)	704,944	1,161,359	(69,088)	4,861	(829,178)	5,984,782	9,585,113	388,712	9,973,825

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	(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
<b>Balance at 1 January 2023</b>	24,395	2,640,551	(37,513)	704,944	840,316	(68,366)	4,861	(577,941)	5,171,787	8,703,034	300,872	9,003,906
<b>Comprehensive income</b>												
Profit for the period	—	—	—	—	—	—	—	—	610,271	610,271	30,415	640,686
<b>Other comprehensive loss</b>												
Currency translation differences	—	—	—	—	—	—	—	(226,485)	—	(226,485)	(8,381)	(234,866)
<b>Total comprehensive (loss)/income for the period</b>	—	—	—	—	—	—	—	(226,485)	610,271	383,786	22,034	405,820
Appropriation of statutory reserve	—	—	—	—	60,832	—	—	—	(60,832)	—	—	—
Dividend approved in respect of the previous year	—	—	—	—	—	—	—	—	(114,658)	(114,658)	—	(114,658)
Acquisition of non-controlling interests	—	—	—	—	—	(722)	—	—	—	(722)	(4)	(726)
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	—	—	20,705	20,705
<b>Balance at 30 June 2023</b>	24,395	2,640,551	(37,513)	704,944	901,148	(69,088)	4,861	(804,426)	5,606,568	8,971,440	343,607	9,315,047
<b>Representing:</b>												
2023 declared interim dividend (Note 13)									119,538			
Other retained earnings									5,487,030			
									<u>5,606,568</u>			

The notes on pages 44 to 68 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 2024

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
<b>Cash flows from operating activities</b>		
Profit before income tax	540,635	709,231
Adjustment for:		
Revenue from project construction services	—	(997,198)
Finance income from service concession arrangements	(93,073)	(96,181)
Share of net profits of associates and joint ventures	(80,156)	(74,205)
Depreciation of property, plant and equipment	86,221	75,791
Amortisation of intangible assets	339,369	331,686
Amortisation of right-of-use assets	8,570	11,328
Amortisation of deferred government grants	(6,134)	(6,294)
Impairment of trade receivables	8,547	2,334
Impairment of receivables under service concession arrangements	1,182	2,929
Impairment of other receivables	4,585	—
Impairment of property, plant and equipment	528	—
Impairment of intangible assets	46,823	—
Interest income	(11,682)	(7,773)
Interest expense	346,873	318,644
Exchange differences	25,713	17,150
Gain on disposal of an associate and a joint venture	(2,237)	(5,328)
Loss on disposal of property, plant and equipment	77	36
Changes in working capital (excluding the effects of currency translation differences on consolidation)		
— Non-current prepayments	(47,493)	155,919
— Inventories	908	(3,706)
— Trade and bills receivables and other receivables	(335,037)	(325,604)
— Receivables under service concession arrangements	138,949	134,894
— Trade and other payables	(279,564)	231,643
Net cash generated from operations	693,604	475,296
Income tax paid	(80,529)	(90,382)
Net cash generated from operating activities	613,075	384,914
<b>Cash flows from investing activities</b>		
Deposits paid for investments	(6,364)	(210)
Payments for acquisition of leasehold land held for own use	—	(36)
Payments for purchase of property, plant and equipment and concession rights	(326,920)	(363,860)
Proceeds from disposal of property, plant and equipment	499	91
Proceeds from disposal of assets classified as held-for-sale	441	35,678
(Increase)/decrease in restricted deposits for investment	(4,122)	640
Dividends from an associate	32,372	13,559
Dividends from a joint venture	33,033	28,248
Acquisition of subsidiaries	—	(17,568)
Proceeds from disposal of an associate	19,205	—
Capital contribution to associates	—	(75,936)
Reduction of registered capital of a joint venture	551	—
Interest received from bank deposits	9,920	8,162
Expenditure capitalised on development projects	(1,771)	(4,209)
Decrease in time deposits	—	2,089
Net cash used in investing activities	(243,156)	(373,352)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
<b>Cash flows from financing activities</b>		
Proceeds from bank borrowings	1,505,922	938,721
Repayments of bank borrowings	(1,467,624)	(601,580)
Interest paid	(330,024)	(322,466)
Principal elements of lease payments	—	(2,751)
Interest elements of lease payments	—	(16)
Capital contributions from non-controlling interests	14,305	20,705
Acquisition of non-controlling interests	—	(726)
Dividends paid to non-controlling interests	(21)	—
Decrease/(increase) in restricted deposits for financing	204	(4,366)
Net cash (used in)/generated from financing activities	(277,238)	27,521
<b>Net increase in cash and cash equivalents</b>	92,681	39,083
Cash and cash equivalents at beginning of period	1,897,648	1,809,883
Currency translation differences	(12,137)	(32,522)
<b>Cash and cash equivalents at end of period</b>	1,978,192	1,816,444

The notes on pages 44 to 68 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, Ugland 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 21 August 2024.

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 2024 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 2023, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

### Significant events and transactions

#### (a) *Disposal of an associate*

On 27 April 2024, the Group entered into a sale and purchase agreement to dispose of 25.5% equity interest in Canvest Guoye Environmental Investment (Guangdong) Company Limited (粵豐國業環保投資(廣東)有限公司) (“Canvest Guoye”) at a consideration of RMB19,380,000 (equivalent to HK\$21,378,000). Upon the completion of the disposal, Canvest Guoye is no longer be an associate of the Group.

#### (b) *Impairment of non-financial assets of smart car parking business*

During the six months ended 30 June 2024, an impairment loss of HK\$47,351,000 for the non-financial assets related to the smart car parking business was recognised (see Note 16).

## 3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2023, as described in those annual consolidated financial statements, except for the estimation of income tax, investment property and the adoption of new and amended standards as set out below. The condensed consolidated interim financial information has been prepared under the historical cost convention, except the investment property which is carried at fair value after initial recognition.

### 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.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**3 ACCOUNTING POLICIES** (Continued)**Investment property**

Investment property is interest in land and building structures (including right-of-use assets) held to earn rental income and/or for capital appreciation. Such property is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value, which reflects market conditions at the end of the reporting period.

**(a) New and amended standards adopted by the Group**

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

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current
Amendments to HKAS 1	Non-current Liabilities with Covenants
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
Amendments to HKAS 7 and HKFRS 7	Supplier finance arrangements

The amended standards and interpretations 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.

**(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 2024 and have not been early adopted by the Group during the six months ended 30 June 2024.

Standards	Subject	Effective for accounting periods beginning on or after
Amendments to HKFRS 1 and HKAS 21	Lack of Exchangeability	1 January 2025
Amendments to HKFRS 9 and HKFRS 7	Classification and measurement of financial instruments	1 January 2026
HKFRS 18	Presentation and Disclosure in Financial Statements (New Standard)	1 January 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosures (New Standard)	1 January 2027
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 currently assessing the impact of these new or amended standards on the Group's financial position and performance.

## 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 2023.

## 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 2023.

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 generated from operating activities for the six months ended 30 June 2024 is approximately HK\$613,075,000 (six months ended 30 June 2023: HK\$384,914,000), including net operating cash used in relation to the construction of the WTE plants under build-operate-transfer ("BOT") arrangements of approximately HK\$346,797,000 (six months ended 30 June 2023: HK\$499,069,000). 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\$959,872,000 (six months ended 30 June 2023: HK\$883,983,000). 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 2024 and 31 December 2023. 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
<b>As at 30 June 2024 (Unaudited)</b>					
Bank borrowings (including interest)	3,358,434	4,070,012	3,697,816	4,986,996	16,113,258
Trade and other payables	1,854,501	—	—	—	1,854,501
	<b>5,212,935</b>	<b>4,070,012</b>	<b>3,697,816</b>	<b>4,986,996</b>	<b>17,967,759</b>
<b>As at 31 December 2023 (Audited)</b>					
Bank borrowings (including interest)	3,108,609	4,635,302	3,551,338	5,210,245	16,505,494
Trade and other payables	2,053,608	—	—	—	2,053,608
	<b>5,162,217</b>	<b>4,635,302</b>	<b>3,551,338</b>	<b>5,210,245</b>	<b>18,559,102</b>

**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. Most of 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 2024, if interest rates on bank borrowings had been 100 basis points higher/lower with all other variables held constant, profit after tax and total comprehensive income for the period would have been approximately HK\$65,384,000 (six months ended 30 June 2023: HK\$66,123,000) 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 and certain of bank borrowings were at fixed rates and expose the Group to fair value interest risk. As all the Group's bank deposits and bank borrowings at fixed rate 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 Foreign exchange risk**

The Group mainly operates in the PRC with most of the transactions denominated and settled in Renminbi (“RMB”). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities denominated in a currency that is not the entity’s functional currency.

Management closely monitors foreign exchange exposure and will take measures to minimise the currency translation risk. The Group manages its foreign exchange risk by performing regular reviews of the Group’s net foreign exchange exposure.

For entities with Hong Kong dollar as functional currency, foreign exchange risk mainly arises from outstanding balances due from/to group companies and bank borrowings denominated in RMB, and as at 30 June 2024, if RMB had strengthened/weakened by 1% against HK\$, with all other variables held constant, the profit after tax and total comprehensive income for the six months ended would have been approximately HK\$18,166,000 (six months ended 30 June 2023: HK\$15,666,000) higher/lower as a result of lower/higher exchange losses. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group’s presentation currency.

**5.5 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.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS** (Continued)**5.5 Capital risk management** (Continued)

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 2024 and 31 December 2023 were as follows:

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Total bank borrowings (Note 21)	13,922,333	13,945,095
Less: cash and cash equivalents	(1,978,192)	(1,897,648)
Net debt	11,944,141	12,047,447
Total equity	9,973,825	9,668,677
Total capital	21,917,966	21,716,124
Net debt to total capital ratio	54%	55%

As at 30 June 2024, bank borrowings of HK\$7,938,181,000 (31 December 2023: HK\$7,872,513,000) 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.

**5.6 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
- Cash and cash equivalents
- Trade and other payables
- Bank borrowings

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**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 2024, the Executive Directors consider that the Group's operations are generally operated and managed as a single segment — WTE project construction and operation (2023: same). No separate segment information was presented accordingly.

The Group is mainly domiciled in the People's Republic of China ("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 2024 (2023: same).

	<b>Six months ended 30 June</b>	
	<b>2024</b> <b>(Unaudited)</b> <b>HK\$'000</b>	<b>2023</b> <b>(Unaudited)</b> <b>HK\$'000</b>
Revenue from power sales	<b>1,276,758</b>	1,219,438
Waste treatment fee	<b>542,379</b>	517,052
Revenue from project construction services	—	997,198
Finance income from service concession arrangements	<b>93,073</b>	96,181
Environmental hygiene and other services income	<b>218,232</b>	151,152
	<b>2,130,442</b>	2,981,021

For the six months ended 30 June 2024, the Group had transactions with one (six months ended 30 June 2023: three) customer which individually exceeded 10% of the Group's revenue. Revenue of approximately HK\$390,015,000 was derived from the largest customer for the six months ended 30 June 2024, while revenue of approximately HK\$590,812,000, HK\$384,599,000 and HK\$376,460,000 were derived from the largest, the second largest and the third largest customer for the six months ended 30 June 2023, respectively.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**7 EXPENSES BY NATURE**

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

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Maintenance cost	98,090	101,618
Environmental protection expenses	203,876	203,102
Research and development costs	37,151	29,354
Impairment of trade receivables	8,547	2,334
Impairment of receivables under service concession arrangements	1,182	2,929
Impairment of other receivables	4,585	—
Impairment of property, plant and equipment	528	—
Impairment of intangible assets	46,823	—
Remuneration to the Company's auditor		
— Audit services	1,500	1,500
— Non-audit services	431	—
Remuneration to other auditors		
— Audit services	368	348
— Non-audit services	217	149
Employee benefit expenses	337,443	312,804
Depreciation and amortisation		
— Property, plant and equipment	86,221	75,791
— Intangible assets	339,369	331,686
— Right-of-use assets	8,570	11,328
Other lease expenses*	6,357	6,141
Donation	1,298	1,145
Construction cost recognised for project construction services (included in cost of sales)	—	830,998

\* 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	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Value-added tax ("VAT") refund (Note (i))	81,300	61,068
Revenue from non-hazardous waste handling	12,000	8,413
Sales of bottom ash and scrap materials	25,004	21,997
Amortisation of deferred government grants (Note (ii))	6,134	6,294
Government subsidies (Note (iii))	989	1,381
Others	10,491	4,239
	<b>135,918</b>	<b>103,392</b>

## 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 or 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 or other contingencies attached to the receipts of these grants.
- (iii) Government subsidies for the six months ended 30 June 2024 mainly represent cash subsidies received from certain PRC government authorities as financial support to the growth of enterprises and stabilising employment (six months ended 30 June 2023: same). There were no unfulfilled conditions or 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, NET**

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Gain on disposal of an associate and a joint venture (Note)	2,237	5,328
Loss on disposal of property, plant and equipment	(77)	(36)
Exchange losses, net	(25,713)	(17,150)
	<b>(23,553)</b>	<b>(11,858)</b>

Note:

On 27 April 2024, the Group entered into sale and purchase agreements with independent third party in respect of the disposal of entire interest in Canvest Guoye, at cash considerations of RMB19,380,000 (equivalent to HK\$21,378,000), resulting in a gain on disposal of an associate amounting to HK\$2,237,000.

On 13 February 2023 and 14 February 2023, the Group entered into sale and purchase agreements with independent third parties in respect of the disposal of entire interests in Shen County Nanyi New Energy Power Company Limited and Hengyang Canvest Environmental Construction Power Company, respectively, at cash considerations in aggregate of RMB32,582,000 (equivalent to HK\$36,935,000), resulting in a gain on disposal of an associate and a joint venture amounting to HK\$5,328,000.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 10 INTEREST INCOME AND EXPENSE

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Interest expense on bank borrowings	(346,873)	(331,050)
Interest expense on lease liabilities	—	(16)
Less: amount capitalised on qualifying assets	—	12,422
	(346,873)	(318,644)
Interest income from bank deposits	11,682	7,773
Interest expense, net	(335,191)	(310,871)

## 11 INCOME TAX EXPENSE

	Six months ended 30 June	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
<b>Current income tax</b>		
PRC enterprise income tax	100,447	72,858
Hong Kong profits tax	—	—
<b>Total current income tax</b>	<b>100,447</b>	<b>72,858</b>
<b>Deferred income tax</b>	<b>(11,989)</b>	<b>(4,313)</b>
<b>Income tax expense</b>	<b>88,458</b>	<b>68,545</b>

For the six months ended 30 June 2024, subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a 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 subject to Hong Kong profits tax at a rate of 8.25% and the remaining assessable profits of this subsidiary subject to Hong Kong profits tax at a rate of 16.5%. No Hong Kong profits tax has been provided as the subsidiaries incorporated in Hong Kong have no assessable profits during the period (for the six months ended 30 June 2023: same).

Subsidiaries incorporated in the PRC are subject to a tax rate of 25% for the six months ended 30 June 2024 and 2023 on the assessable profits arising in or derived from the PRC except certain subsidiaries were entitled to 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 (for the six months ended 30 June 2023: same).

Besides, certain PRC subsidiaries were approved as High and New Technology Enterprise and subject to a preferential EIT rate of 15% (for the six months ended 30 June 2023: same).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**11 INCOME TAX EXPENSE** (Continued)

Subsidiaries	Applicable tax rate Six months ended 30 June	
	2024 (Unaudited)	2023 (Unaudited)
Dongguan China Scivest Environmental Power Company Limited		
— phase 1 of its project	15%	15%
— phase 2 of its project	15%	12.5%
Dongguan Eco-Tech Environmental Power Company Limited		
— phase 1 of its project	15%	15%
— phase 2 of its project	15%	15%
Qianxinan Canvest Environmental Power Company Limited		
— phase 1 of its project	15%	15%
— phase 2 of its project	15%	15%
Laibin Canvest Environmental Power Company Limited	15%	15%
Zhongshan City Guangye Longcheng Environmental Company Limited		
— phase 2 of its project	0%	0%
Beiliu Canvest Environmental Power Company Limited	9%	4.5%
Lufeng Canvest Environmental Power Company Limited	25%	12.5%
Xinfeng Canvest Environmental Power Company Limited	7.5%	7.5%
Xinyi Canvest Environmental Power Company Limited	12.5%	12.5%
Maoming Canvest Environmental Power Company Limited	12.5%	12.5%
Zaozhuang Zhongke Environmental Energy Company Limited	12.5%	12.5%
Zaozhuang Canvest Environmental Company Limited	0%	0%
Shaoguan Canvest Environmental Power Company Limited	12.5%	0%
Xuwen Canvest Environmental Power Company Limited	12.5%	0%
Dehong Canvest Environmental Power Company Limited	7.5%	0%
Yingkou Canvest Power Environmental Company Limited	12.5%	0%
Baoding Canvest Kewei Environmental Power Company Limited	12.5%	0%
Qingyuan City Zhongtian New Energy Company Limited	12.5%	0%
Linfen Canvest Environmental Power Company Limited	0%	0%
Xiangyun Shengyun Environmental Energy Company Limited	0%	0%
Qiandongnanzhou Liping Canvest Environmental Power Company Limited	0%	0%
Jingjiang Canvest Environmental Power Company Limited	0%	0%
Taizhou Canvest Environmental Power Company Limited	0%	0%
Baoding Yi County Canvest Environmental Power Company Limited	0%	0%
Huizhou Zhongkai 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.

	<b>Six months ended 30 June</b>	
	<b>2024 (Unaudited)</b>	2023 (Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	<b>445,035</b>	610,271
Weighted average number of ordinary shares in issue (thousand shares)	<b>2,429,441</b>	2,429,441
Basic earnings per share (HK cents)	<b>18.3</b>	25.1

**(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 (2023: 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 2024 and 2023 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 no dilutive effect on the basic earnings per share.

**13 DIVIDENDS**

The Board did not declare an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: HK4.9 cents per ordinary share). The interim dividend for the six months ended 30 June 2023 amounting to HK\$119,538,000 has not been recognised as a dividend payable in the condensed consolidated interim financial information as at 30 June 2023.

The final dividend of HK3.2 cents per ordinary share for the year ended 31 December 2023 (for the year ended 31 December 2022: HK4.7 cents per ordinary share) has been approved by the shareholders at the annual general meeting of the Company held on Friday, 21 June 2024, and was subsequently paid on Wednesday, 31 July 2024. The final dividends for the year ended 31 December 2023, amounting to HK\$78,065,000, have been recognised as dividends payable as at 30 June 2024.

## 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
<b>For the six months ended 30 June 2024 (Unaudited)</b>			
Opening net book amount as at 1 January 2024	452,272	—	452,272
Amortisation (Note 7)	(8,570)	—	(8,570)
Currency translation differences	(1,720)	—	(1,720)
Closing net book amount as at 30 June 2024	441,982	—	441,982
<b>For the six months ended 30 June 2023 (Unaudited)</b>			
Opening net book amount as at 1 January 2023	473,089	2,648	475,737
Addition	36	—	36
Amortisation (Note 7)	(8,680)	(2,648)	(11,328)
Currency translation differences	(4,729)	—	(4,729)
Closing net book amount as at 30 June 2023	459,716	—	459,716

## 15 PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
<b>For the six months ended 30 June 2024 (Unaudited)</b>	
Opening net book amount as at 1 January 2024	1,574,824
Additions	158,479
Disposals	(576)
Depreciation (Note 7)	(86,221)
Impairment loss (Note 7)	(528)
Currency translation differences	(10,922)
Closing net book amount as at 30 June 2024	1,635,056
<b>For the six months ended 30 June 2023 (Unaudited)</b>	
Opening net book amount as at 1 January 2023	1,158,951
Additions	271,117
Disposals	(127)
Depreciation (Note 7)	(75,791)
Currency translation differences	(20,063)
Closing net book amount as at 30 June 2023	1,334,087

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 16 INTANGIBLE ASSETS

	Goodwill	Concession rights	Brand name	Capitalised development costs	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the six months ended 30 June 2024 (Unaudited)</b>					
Opening net book amount as at 1 January 2024	210,990	14,778,048	11,182	15,670	15,015,890
Additions for BOT arrangements	—	151,986	—	—	151,986
Additions through internal development	—	—	—	1,771	1,771
Amortisation (Note 7)	—	(337,929)	(558)	(882)	(339,369)
Impairment loss (Note 7)	(8,012)	(22,287)	—	(16,524)	(46,823)
Currency translation differences	(1,452)	(103,100)	(76)	(35)	(104,663)
Closing net book amount as at 30 June 2024	201,526	14,466,718	10,548	—	14,678,792
<b>For the six months ended 30 June 2023 (Unaudited)</b>					
Opening net book amount as at 1 January 2023	214,050	14,334,214	12,476	8,927	14,569,667
Additions for BOT arrangements	—	1,076,480	—	—	1,076,480
Additions through internal development	—	—	—	4,209	4,209
Amortisation (Note 7)	—	(330,860)	(572)	(254)	(331,686)
Currency translation differences	(4,016)	(288,600)	(216)	(277)	(293,109)
Closing net book amount as at 30 June 2023	210,034	14,791,234	11,688	12,605	15,025,561

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**16 INTANGIBLE ASSETS** (Continued)

In view of the Group's cash generated unit ("CGU") of Kaixiang Network during the six months ended 30 June 2024 was unable to meet the management's budget, management considered there was impairment indicator and performed impairment assessment on the goodwill attributable to Kaixiang Network. The recoverable amount of the CGU of Kaixiang Network was determined based on the value-in-use ("VIU") calculations which require the use of assumptions. The calculation uses pre-tax cash flow projections based on financial budgets approved by management using the estimated growth rate of approximately -28.7% and -10.1% in 2024 and 2025, respectively, (31 December 2023: 6.7% for covering a 5-year period) on services income for Kaixiang Network, and then 0% for the rest of the period (31 December 2023: 2.0% beyond the 5-year period) on service income, and taking into account the expected remaining useful lives of the relevant underlying operating assets for Kaixiang Network. The pre-tax discount rate used is 18.0% (31 December 2023: 17.2%) for Kaixiang Network for the six months ended 30 June 2024. Management estimates the discount rate using pre-tax rate that reflect market assessments of the time value of money and the specific risks relating to Kaixiang Network. Based on the impairment assessment, impairment loss of goodwill amounted to HK\$8,012,000 was recognised in the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2024.

As at 30 June 2024, due to the restructuring and downsizing of the smart car parking business undertaken by the Group, management considered there were impairment indicators and performed an impairment assessment on certain intangible assets and property, plant and equipment with carrying amounts of HK\$38,811,000 and HK\$7,875,000, respectively. Based on VIU calculations, an impairment loss of intangible assets and property, plant and equipment of HK\$38,811,000 and HK\$528,000 (Note 15) were recognised in the interim condensed consolidated statement of profit or loss for the six months ended 30 June 2024, respectively.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
<b>Non-current assets</b>		
Prepayments for property, plant and equipment and concession rights	234,599	191,202
Deposits and prepayments	367	145,124
	<b>234,966</b>	<b>336,326</b>
<b>Current assets</b>		
Trade and bills receivables		
— Bills receivables	1,555	—
— Trade receivables	2,257,871	1,847,160
— Less: Impairment of trade receivables	(27,114)	(18,567)
	<b>2,232,312</b>	<b>1,828,593</b>
Other receivables, deposits and prepayments		
— Deposits and prepayments	28,262	29,259
— Other receivables	231,064	263,875
— Value-added tax recoverable	496,222	557,626
— Less: Impairment of other receivables	(31,541)	(26,956)
	<b>2,956,319</b>	<b>2,652,397</b>
	<b>3,191,285</b>	<b>2,988,723</b>

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 growth rate of gross domestic product and industrial value added 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.

The Group determines the provision for expected credit losses by grouping together trade receivables with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic conditions. For trade receivables which are long overdue with significant balances, they are assessed individually for impairment allowance. Impairment allowance of HK\$27,114,000 was provided as at 30 June 2024 (31 December 2023: HK\$18,567,000).

## 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 receivables is within 6 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:

	<b>As at 30 June 2024 (Unaudited) HK\$'000</b>	As at 31 December 2023 (Audited) HK\$'000
Up to 1 month (Note)	<b>1,065,743</b>	960,889
1 to 3 months	<b>276,964</b>	222,886
3 to 6 months	<b>295,924</b>	224,748
Over 6 months	<b>592,126</b>	420,070
	<b>2,230,757</b>	1,828,593

Note: As at 30 June 2024, the balance includes government on-grid tariff subsidy receivables of HK\$726,387,000 (31 December 2023: HK\$621,909,000) for certain projects which will be billed and settled upon the successful completion of government administrative procedures pursuant to "Notice on Relevant Review Work on the Projects List of Renewable Energy Power Generation Subsidies" (《關於開展可再生能源發電補貼項目清單審核有關工作的通知》) announced by the Ministry of Finance of the PRC. Under normal operating cycle, it takes a relatively long time for settlement as the collection is subject to the allocation of funds by relevant government authorities to local grid companies and there is no due date for the settlement of such subsidies, which is funded by the Renewable Energy Development Fund set up and administered by the Ministry of Finance.

As at 30 June 2024, other receivables mainly include refundable tender deposits for potential projects (31 December 2023: 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 2024, the impairment was assessed to be HK\$31,541,000 in respect of other receivables (31 December 2023: HK\$26,956,000).

## 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:

	<b>As at 30 June 2024 (Unaudited) HK\$'000</b>	As at 31 December 2023 (Audited) HK\$'000
Contract assets		
Receivables under service concession arrangements	<b>3,380,601</b>	3,450,644
Less: Impairment	<b>(37,186)</b>	(36,004)
	<b>3,343,415</b>	3,414,640
Less: Amount included in non-current assets	<b>(3,067,479)</b>	(3,137,542)
Amount included in current assets	<b>275,936</b>	277,098

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 receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade 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\$37,186,000 as at 30 June 2024 in respect of receivables under service concession arrangements (31 December 2023: HK\$36,004,000).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**19 RESTRICTED DEPOSITS**

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Restricted deposits, denominated in RMB	42,366	38,875
Restricted deposits, denominated in HKD	62,554	62,421
	<b>104,920</b>	<b>101,296</b>

As at 30 June 2024, restricted deposits of HK\$40,960,000 (31 December 2023: HK\$37,459,000) and HK\$63,960,000 (31 December 2023: HK\$63,837,000) represent deposits pledged for BOT service concession arrangements in relation to various WTE plants and financing activities, respectively. As at 30 June 2024, HK\$42,366,000 (31 December 2023: HK\$38,875,000) were deposited with banks in the PRC, where the remittance of funds is subject to foreign exchange control. The effective interest rate on restricted deposits is 0.20%–2.75% per annum (31 December 2023: same).

**20 SHARE CAPITAL AND RESERVES****(a) Share capital**

	Number of shares	Total HK\$'000
Ordinary shares of HK\$0.01 each <b>Authorised:</b> At 31 December 2023, 1 January 2024 and 30 June 2024	<b>5,000,000,000</b>	<b>50,000</b>
<b>Issued and fully paid:</b> At 31 December 2023, 1 January 2024 and 30 June 2024	<b>2,439,541,169</b>	<b>24,395</b>

**(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 2024. No share options granted was lapsed during the six months ended 30 June 2024 (six months ended 30 June 2023: nil). As at 30 June 2024, a total of 2,500,000 (31 December 2023: 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 2024 and 2023.

**21 BANK BORROWINGS**

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
<b>At variable interest rates</b>		
Bank borrowings, secured	13,185,029	13,150,095
Less: Amount included under non-current liabilities	(11,127,402)	(11,496,916)
Amount included under current liabilities	2,057,627	1,653,179
Unsecured bank borrowings included under current liabilities	356,000	795,000
<b>At fixed interest rates</b>		
Unsecured bank borrowings included under current liabilities	381,304	—
Total amounts under current liabilities	2,794,931	2,448,179

As at 30 June 2024, 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, restricted deposits and corporate guarantees (31 December 2023: same).

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**22 DEFERRED GOVERNMENT GRANTS**

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Deferred government grants	179,669	187,094
Less: Amount included under current liabilities	(12,208)	(12,294)
Amount included under non-current liabilities	167,461	174,800

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.

**23 TRADE AND OTHER PAYABLES**

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
<b>Current liabilities</b>		
Trade payables	445,604	391,111
Construction payables	1,065,182	1,354,483
Dividend payable (Note 13)	78,065	—
Accruals and other payables	500,791	560,808
	<b>2,089,642</b>	<b>2,306,402</b>

Accruals and other payables mainly include accrued staff costs and other staff benefits, VAT payables and payables for concession rights.

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

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
Up to 1 month	292,265	244,813
1 to 2 months	41,024	46,352
2 to 3 months	26,166	23,738
Over 3 months	86,149	76,208
	<b>445,604</b>	<b>391,111</b>

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

## 24 COMMITMENTS

### Capital commitments

	As at 30 June 2024 (Unaudited) HK\$'000	As at 31 December 2023 (Audited) HK\$'000
<b>Authorised but not contracted:</b>		
Construction cost for BOT concession rights	1,222,119	1,238,811
Construction cost for property, plant and equipment	—	25,884
	<b>1,222,119</b>	<b>1,264,695</b>
<b>Contracted but not provided for:</b>		
Construction cost for BOT concession rights	242,281	230,776
Construction cost for property, plant and equipment	7,247	244,461
	<b>249,528</b>	<b>475,237</b>

As at 30 June 2024, capital injection commitments to associates and joint ventures amounted to HK\$31,556,000 (31 December 2023: HK\$31,781,000) and HK\$29,554,000 (31 December 2023: HK\$33,617,000), respectively.

## 25 FINANCIAL GUARANTEES

- (a) As at 30 June 2024, 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\$8,351,116,000 (31 December 2023: HK\$8,304,111,000).
- (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 2024, the Group provided a guarantee of RMB32,340,000 (equivalent to HK\$35,435,000) for bank loans of Dongguan Xindongqing (31 December 2023: RMB32,340,000 (equivalent to HK\$35,687,000)).
- (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.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

**25 FINANCIAL GUARANTEES** (Continued)

(c) (Continued)

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 (equivalent to the total amount of the loan), inclusive of principal, corresponding interest, default interest, compound interest, liquidated damages and deferred payment, as well as necessary and reasonable expenses and all other related expenses incurred in realizing the security right and creditor’s rights. 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. As at 31 December 2023, such guarantee amounted to RMB700,000,000 (equivalent to HK\$772,450,000). The loan has been fully repaid on 24 June 2024.

On 14 June 2024, Jianyang Canvest entered into a bank loan agreement with Jianyang sub-branch of Bank of China Limited for banking facility of not exceeding RMB671,000,000, and the Group provided a corporate guarantee of RMB335,500,000 for such facility. Outstanding balance of such loan amounted to RMB651,887,000 (equivalent to HK\$714,272,000) as at 30 June 2024.

(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 2024, the Group, together with other shareholders of Zhongzhou Environmental, provided a joint and several guarantee in the aggregate amount of not exceeding of RMB69,900,000 (equivalent to HK\$76,589,000) for bank loan of Zhongzhou Environmental (31 December 2023: RMB69,900,000 (equivalent to HK\$77,135,000)).

(e) The Group holds 30% equity interest in Sichuan SIIC Ecological Environmental Co., Ltd (“Sichuan SIIC”), and accounted for as an associate in the interim condensed consolidated balance sheet. As at 30 June 2024, the Group provided a corporate guarantee of RMB60,000,000 (equivalent to HK\$65,742,000) for bank loan of Sichuan SIIC (31 December 2023: RMB60,000,000 (equivalent to HK\$66,210,000)).

Other than abovementioned, the Group did not have any other significant contingent liabilities as at 30 June 2024 and 31 December 2023.

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

(i) During the six months ended 30 June 2024, the Group paid rental and related expenses, based on terms that were mutually agreed by both parties, in aggregate of HK\$5,035,000 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 2023: HK\$4,656,000).

(ii) During the six months ended 30 June 2024, fly ash treatment services provided by an associate to the Group amounted to HK\$44,165,000 (six months ended 30 June 2023: HK\$53,881,000). As at 30 June 2024, included in “Trade payables” are fly ash treatment fee payables of HK\$41,312,000 (31 December 2023: HK\$29,385,000) due to this associate, which are unsecured, interest-free and repayable on credit terms of 10 days after the receipt of VAT invoices.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

- (iii) During the six months ended 30 June 2024, sales of bottom ash to an associate amounted to HK\$3,378,000 (six months ended 30 June 2023: HK\$3,224,000). As at 30 June 2024, included in "Other receivables" are receivables of HK\$4,031,000 (31 December 2023: HK\$835,000) due from this associate, which are unsecured, interest-free and repayable on tenth of next month according to the credit terms.
- (iv) During the six months ended 30 June 2024, 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\$21,796,000 (six months ended 30 June 2023: HK\$21,989,000). As at 30 June 2024, included in "Trade receivables" are receivables of HK\$3,832,000 (31 December 2023: HK\$3,859,000) 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.
- (v) During the six months ended 30 June 2024, the Group provided operation management services of Dazhou WTE plant to a subsidiary of the Group's associate and recognised management service income amounted to HK\$1,558,000 (six months ended 30 June 2023: HK\$2,575,000). As at 30 June 2024, included in "Trade receivables" are receivables of HK\$2,464,000 (31 December 2023: HK\$827,000) due from this subsidiary of the Group's associate, which are unsecured, interest-free and repayable on credit terms of 10 days after the receipt of VAT invoices.

During the six months ended 30 June 2024, the Group provided environmental hygiene and related services to a subsidiary of the Group's associate and recognised environmental hygiene and other services income amounted to HK\$975,000 (six months ended 30 June 2023: HK\$2,015,000). As at 30 June 2024, included in "Trade receivables" are receivables of HK\$662,000 (31 December 2023: HK\$1,754,000) due from this subsidiary of the Group's associate, which are unsecured, interest-free and repayable on the twentieth of every 2 months according to the credit terms.

- (vi) During the six months ended 30 June 2024, 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\$1,404,000 (six months ended 30 June 2023: HK\$1,194,000) based on terms that were mutually agreed by both parties. As at 30 June 2024, included in "Trade payables" are payables of HK\$2,162,000 (31 December 2023: HK\$3,471,000) 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 2024, the Group provided operation management services to a joint venture and recognised services fees amounted to HK\$4,032,000 (six months ended 30 June 2023: Nil). As at 30 June 2024, included in "Other receivables" are receivables of HK\$563,000 (31 December 2023: Nil) due from this joint venture, which are unsecured, interest-free, and repayable on credit terms of 30 days after the receipt of invoices.

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

- (viii) Certain PRC subsidiaries of the Group are required to provide performance bonds to the local governments as stated in the environmental hygiene services contracts. As at 30 June 2024, two (as at 31 December 2023: three) performance bonds amounted to HK\$13,314,000 (as at 31 December 2023: HK\$15,615,000) were issued by a financial institution, which is held by an associate of Mr. Lai Chun Tung. The tenor is within three years from the date of the issuance. No fee paid by the Group for issuing these performance bonds during the six months ended 30 June 2024 (for the six months ended 30 June 2023: HK\$15,000). No payables due to this related party as at 30 June 2024 and 31 December 2023.

Other than those disclosed above and elsewhere in this condensed consolidated interim financial information, the Group did not have any transaction with its related parties during the six months ended 30 June 2024 and 2023.

**(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	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Wages and salaries	10,491	12,333
Pension costs — defined contribution plans	244	143
Welfare and other expenses	820	1,300
Total	11,555	13,776

**27 EVENTS AFTER THE BALANCE SHEET DATE**

- (1) On 22 July 2024, the Group entered into the sale and purchase agreement with a third party for the disposal of entire 100% equity interest in Canvest Yuezhan Environmental Management (Guangdong) Company Limited at a cash consideration of RMB130,390,000 (equivalent to approximately HK\$142,867,000).
- (2) On 22 July 2024, the Group entered into 3 sale and purchase agreements with Best Approach Limited, the controlling shareholder, also pursuant to which, the Group conditionally agreed: (i) to sell the land use rights and structures located in Shanghai at a cash consideration of RMB134,994,000 (equivalent to approximately HK\$147,912,000), those assets are classified as "Investment Property" in the interim condensed consolidated balance sheet as at 30 June 2024; (ii) to sell the entire 100% equity interests in Canvest Technology Company Limited at a cash consideration of HK\$30,000,000; and (iii) to sell the entire 100% equity interests in KK VII (BVI) Limited and KK VIII (BVI) Limited, which hold two commercial properties, a rooftop and two carpark spaces in Hong Kong, and those assets are classified as "right-of-use assets" and "property, plant and equipment" in the interim condensed consolidated balance sheet as at 30 June 2024, at a cash consideration of HK\$165,000,000.

## 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 2015–2023 annual report and Note 20 to the condensed consolidated interim financial information for further details.

Particulars of the outstanding share options under the Share Option Scheme from 1 January 2024 to 30 June 2024 and options granted, exercised, cancelled, forfeited or lapsed during such period are as follows:

Name or category of participant	Outstanding as at 1 January 2024	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2024	Date of grant of share options	Exercise period of share options*	Exercise price of share options** HK\$ per share
<b>Directors</b>									
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			
<b>Other employees working under continuous employment contracts</b>									
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.

No options were granted by the Company during the six months ended 30 June 2024. The number of shares outstanding and available for grant under the Share Option Scheme is 197,000,000 Shares, representing 8.08%, 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 2023 annual report, as at 1 January 2024, as at 30 June 2024, the interim results announcement date (i.e. 21 August 2024) 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 since the date of its adoption and as at 30 June 2024, the date of the interim results announcement (i.e. 21 August 2024) and the date of this interim report. Please refer to the announcement of the Company dated 17 July 2019 for further details.

The number of shares outstanding and available for grant under the Share Award Scheme is 10,100,000 Shares, representing 0.41%, 0.41%, 0.41%, 0.41% and 0.41% of the issued share capital of the Company as at the date of the Company’s 2023 annual report, as at 1 January 2024, as at 30 June 2024, the interim results announcement date (i.e. 21 August 2024) and as at the date of this interim report, respectively.



## OTHER INFORMATION

**DIRECTORS' INTERESTS IN SHARES, UNDERLYING SHARES AND SHORT POSITIONS**

As at 30 June 2024, 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) Interest in shares of the Company**

Name of Director	Number of Shares/Underlying Shares Held					Total interests <sup>(4)</sup>	Total interests as % of the issued share capital
	Personal interest	Number of underlying shares held under equity derivatives <sup>(2)</sup>	Spouse interests	Founder of a discretionary trust <sup>(1)</sup>	Beneficiary of trust		
Ms. Loretta Lee	1,376,000	250,000	250,000	1,335,615,837	—	1,337,491,837	54.8%
				(long position)	(long position)	243,954,117	243,954,117
Mr. KM Lai	—	—	10,000,000	1,335,615,837	—	1,345,615,837	55.2%
				(long position)	(long position)	243,954,117	243,954,117
Mr. Yuan Guozhen	—	250,000	357,000	—	—	607,000	0.02%
				—	—	—	—
Mr. CT Lai	—	250,000 <sup>(3)</sup>	1,626,000	—	1,335,615,837	1,337,491,837	54.8%
				(long position)	(long position)	243,954,117	243,954,117
Professor Sha Zhenquan	100,000	—	—	—	—	100,000	0.0%
				(short position)	(short position)	—	—
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 69.
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 <sup>(1)</sup>	Best Approach	100.0%
Mr. KM Lai <sup>(1)</sup>	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 2024, 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 <sup>(1)</sup> (long position)	—	54.7%
		243,954,117 (short position)		10.0%
VISTA Co	Interest of controlled corporation	1,335,615,837 <sup>(2)</sup> (long position)	—	54.7%
		243,954,117 (short position)		10.0%
Century Rise	Interest of controlled corporation	1,335,615,837 <sup>(3)</sup> (long position)	—	54.7%
		243,954,117 (short position)		10.0%
Best Approach	Beneficial owner	1,335,615,837 (long position)	—	54.7%
		243,954,117 (short position)		10.0%
AEP Green Power, Limited	Beneficial owner	138,305,678	—	5.7%
SIHL	Interest in controlled corporation	719,205,117 <sup>(4)</sup> (long position)	—	29.5%
Shanghai Industrial Investment (Holdings) Company Limited	Interest in controlled corporation	719,205,117 <sup>(4)</sup> (long position)	—	29.5%
True Victor	Beneficial owner	475,251,000 <sup>(4)</sup>	—	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.

## OTHER INFORMATION

3. 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.
4. True Victor is an indirect wholly-owned subsidiary of SIHL.

## INTERESTS OF ANY OTHER PERSONS

Save as disclosed in the foregoing, as at 30 June 2024, 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 5 August 2021, 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\$150.0 million for a term of 36 months from the date of drawdown has been granted to the Company. As at 30 June 2024 and as at the date of this interim report, the proceeds of HK\$150.0 million have been utilized. Pursuant to the Facility Agreement I, 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 II”) 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. The Company exercised the right to extend the loan for another 15 months in June 2023. As at 30 June 2024 and as at the date of this interim report, the proceeds of HK\$250.0 million have been utilized. 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 20 April 2022 for further details.

On 30 August 2022, the Company (as borrower) entered into a facility agreement (the “Facility Agreement III”) 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 30 June 2024 and as at the date of this interim report, this facility of HK\$2,891.0 million has 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 30 August 2022 for further details.

On 16 September 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\$300.0 million for a term of 36 months from the date of first utilisation has been granted to the Company. As at 30 June 2024 and as at the date of this interim report, this facility of HK\$300.0 million has 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 16 September 2022 for further details.

## OTHER INFORMATION

On 13 October 2023, 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 one year from the date of the agreement, with an option to extend for another one year subject to extension conditions and at the sole discretion of the lender. As at 30 June 2024 and as at the date of this interim report, this facility of HK\$150.0 million has 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 13 October 2023 for further details.

On 5 January 2024, Quyang Yuezhan Environmental Intelligent City Service Company Limited\* (曲陽粵展環境智慧城市服務有限公司) (“Quyang Yuezhan”) (as borrower), an indirect wholly-owned subsidiary of the Company, entered into a facility agreement (the “Facility Agreement VI”) with a financial institution pursuant to which a term loan facility in the aggregate amount of RMB165.0 million (approximately HK\$180.8 million) for a term of eleven years from the date of the agreement was granted to Quyang Yuezhan. As at 30 June 2024 and as at the date of this interim report, this facility of RMB27.7 million (approximately HK\$30.3 million) has been utilized. Pursuant to the Facility Agreement VI, it shall trigger an event of default (among others) if the Controlling Shareholders collectively cease directly or indirectly to hold more than 51% or above of the total shares of the Company. Please refer to the announcement of the Company dated 10 January 2024 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 2024.

## **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 2024 and as at the date of this interim report.

## **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2024 (six months ended 30 June 2023: HK4.9 cents).

## 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  
(Executive Director)

Mr. Lai Chun Tung (Executive Director)

#### Non-Executive Directors

Mr. Feng Jun

#### Independent Non-executive Directors

Professor Sha Zhenquan

Mr. Chan Kam Kwan Jason

Mr. Chung Kwok Nam

Mr. Lee Tsung Wah Jonathan

### BOARD COMMITTEES

#### Audit Committee

Mr. Chan Kam Kwan Jason (Chairperson)

Professor Sha Zhenquan

Mr. Lee Tsung Wah Jonathan

#### Remuneration Committee

Professor Sha Zhenquan (Chairperson)

Mr. Chan Kam Kwan Jason

Mr. Lee Tsung Wah Jonathan

#### Nomination Committee

Professor Sha Zhenquan (Chairperson)

Mr. Chan Kam Kwan Jason

Mr. Lee Tsung Wah Jonathan

#### Corporate Governance Committee

Mr. Chan Kam Kwan Jason (Chairperson)

Ms. Lee Wing Yee Loretta

Professor Sha Zhenquan

Mr. Lee Tsung Wah Jonathan

#### Strategy and Substitutability Committee

Mr. Lai Chun Tung (Chairperson)

Professor Sha Zhenquan

Mr. Chung Kwok Nam

### 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

28/F,  
No. 9 Des Voeux Road West,  
Sheung Wan,  
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

**BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG**

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

**INVESTOR RELATIONS**

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

**WEBSITE**

[www.canvestenvironment.com](http://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 and Shanghai-Hong Kong Stock Connect.

**DESPATCH OF CORPORATE COMMUNICATIONS**

This interim report in both English and Chinese versions is published on Canvest's website ([www.canvestenvironment.com](http://www.canvestenvironment.com)) and Hong Kong Stock Exchange's website ([www.hkexnews.hk](http://www.hkexnews.hk)). This interim report is printed in both English and Chinese versions and is dispatched to Shareholders (if requested).

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

## GLOSSARY

Baise	Baise Canvest Environmental Power Company Limited** (百色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
Baoshan WTE plant	the WTE plant 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
Canvest 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
Canvest Yuezhan Solid	Canvest Yuezhan Solid Waste Treatment Technology (Guangdong) Company Limited (粵豐粵展固體廢物處理科技(廣東)有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
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



## GLOSSARY

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
CG Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix C1 to the Listing Rules
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
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
Dazhou SIIC	Dazhou SIIC Environment Protection Co., Ltd** (達州上實環保有限公司), a company incorporated in the PRC with limited liability, is an indirect non-wholly owned subsidiary of Sichuan SIIC, and is principally engaged in the operation of the Dazhou WTE plant
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

## GLOSSARY

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
HIBOR	Hong Kong Interbank Offered Rates
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
Huidong	Huizhou Huidong Canvest Environmental Power Company Limited** (惠州惠東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
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
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
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
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
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 C3 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

## GLOSSARY

Ms. Loretta Lee	Ms. Lee Wing Yee, Loretta (李詠怡), one of our controlling shareholders, an executive Director and chairlady
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.
Quyung	Quyung Kewei Canvest Environmental Power Company Limited** (曲陽科維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
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. Lai Chun Tung, an executive Director, 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
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)
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 or USD	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
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*