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## CANVEST ENVIRONMENTAL PROTECTION GROUP COMPANY LIMITED

粵豐環保電力有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1381)

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

#### HIGHLIGHTS

Financial Highlights	For the six months ended 30 June		Change
	2024 (Unaudited)	2023 (Unaudited)	
Revenue (HK\$'000)	<b>2,130,442</b>	2,981,021	(28.5%)
Included: Revenue from power sales and waste treatment (HK\$'000)	<b>1,819,137</b>	1,736,490	4.8%
Gross profit (HK\$'000)	<b>1,033,848</b>	1,133,203	(8.8%)
EBITDA (HK\$'000)	<b>1,321,668</b>	1,446,680	(8.6%)
Profit for the period (HK\$'000)	<b>452,177</b>	640,686	(29.4%)
Profit attributable to equity holders of the Company (HK\$'000)	<b>445,035</b>	610,271	(27.1%)
Basic earnings per share (HK cents)	<b>18.3</b>	25.1	(27.1%)
<b>Financial Ratios</b>			
Gross profit margin (%)	<b>48.5%</b>	38.0%	+10.5p.p
EBITDA margin (%)	<b>62.0%</b>	48.5%	+13.5p.p

## Operational Highlights

- During the period under review, the Group's (including its subsidiaries, associates and joint ventures) implementation of innocuous treatment of waste volume amounted to 8,699,577 tonnes. The Group generated 3,225,219,000 kWh from green energy, saved 844,000 tonnes of standard coal and offset 4,787,000 tonnes of carbon dioxide equivalent emissions<sup>(1)</sup>.
- During the period under review, total daily operating capacity is 43,690 tonnes.
- In January 2024, the Group 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.
- During the period under review, 6 WTE projects sold approximately 147,000 tonnes of steam, increased by 182.6% from 52,000 tonnes in corresponding period in 2023, and recorded the revenue of approximately HK\$30.3 million, increased by 168.6% from 11.3 million in corresponding period in 2023.
- During the period under review, 13 WTE projects obtained 3,331,857 Green Electricity Certificates (GEC) in aggregate issued by the National Energy Administration of the PRC. In addition, 1 WTE project has ascertained 240,980 tonnes of Verified Carbon Units (VCUs) under the Verified Carbon Standard (VCS).

The Board announces the unaudited consolidated results of the Group for the six months ended 30 June 2024. The condensed consolidated interim financial information has been reviewed by the audit committee of the Company and the Company's independent auditor, PricewaterhouseCoopers.

### *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.

## CHAIRLADY'S STATEMENT

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 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.

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 boost 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.

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

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the six months ended 30 June 2024*

	<i>Note</i>	<b>Six months ended 30 June</b>	
		<b>2024</b> (Unaudited) <i>HK\$'000</i>	2023 (Unaudited) <i>HK\$'000</i>
Revenue	3	2,130,442	2,981,021
Cost of sales	4	<u>(1,096,594)</u>	<u>(1,847,818)</u>
<b>Gross profit</b>		<b>1,033,848</b>	1,133,203
General and administrative expenses	4	(350,543)	(278,840)
Other income	5	135,918	103,392
Other losses, net	6	<u>(23,553)</u>	<u>(11,858)</u>
<b>Operating profit</b>		<b>795,670</b>	945,897
Interest income	7	11,682	7,773
Interest expense	7	<u>(346,873)</u>	<u>(318,644)</u>
Interest expense, net	7	<b>(335,191)</b>	(310,871)
Share of net profits of associates and joint ventures		<u>80,156</u>	<u>74,205</u>
<b>Profit before income tax</b>		<b>540,635</b>	709,231
Income tax expense	8	<u>(88,458)</u>	<u>(68,545)</u>
<b>Profit for the period</b>		<u>452,177</u>	<u>640,686</u>
<b>Attributable to:</b>			
Equity holders of the Company		445,035	610,271
Non-controlling interests		<u>7,142</u>	<u>30,415</u>
		<u>452,177</u>	<u>640,686</u>
<b>Earnings per share</b>			
— basic (expressed in HK cents per share)	9(a)	<u>18.3</u>	<u>25.1</u>
— diluted (expressed in HK cents per share)	9(b)	<u>18.3</u>	<u>25.1</u>

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

*For the six months ended 30 June 2024*

	<b>Six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	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	<b>(83,246)</b>	(234,866)
Release of exchange differences upon disposal of an associate	<b>(2)</b>	—
<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	<b>364,655</b>	383,786
Non-controlling interests	<b>4,274</b>	22,034
	<b>368,929</b>	405,820



## INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2024

	As at <b>30 June 2024</b> (Unaudited) <i>HK\$'000</i>	As at 31 December 2023 (Audited) <i>HK\$'000</i>
<i>Note</i>		
<b>ASSETS</b>		
<b>Non-current assets</b>		
Right-of-use assets	441,982	452,272
Investment property	147,912	—
Property, plant and equipment	1,635,056	1,574,824
Intangible assets	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	11 234,966	336,326
Receivables under service concession arrangements	3,067,479	3,137,542
	<u>21,789,013</u>	<u>22,115,092</u>
<b>Current assets</b>		
Inventories	30,475	31,625
Other receivables, deposits and prepayments	11 724,007	823,804
Receivables under service concession arrangements	275,936	277,098
Trade and bills receivables	11 2,232,312	1,828,593
Restricted deposits	104,920	101,296
Cash and cash equivalents	1,978,192	1,897,648
	<u>5,345,842</u>	<u>4,960,064</u>
<b>Total assets</b>	<u><u>27,134,855</u></u>	<u><u>27,075,156</u></u>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the Company</b>		
Share capital	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
	<u>9,585,113</u>	<u>9,298,523</u>
Non-controlling interests	388,712	370,154
<b>Total equity</b>	<u><u>9,973,825</u></u>	<u><u>9,668,677</u></u>

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

## 1 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.

## 2 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.

### Investment property

Investment property is interest in land (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.

<b>Standards</b>	<b>Subject</b>	<b>Effective for accounting periods beginning on or after</b>
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.

**3 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 — waste-to-energy (“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><u>2,130,442</u></b>	<b><u>2,981,021</u></b>

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.

#### 4 EXPENSES BY NATURE

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

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

\* 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.

## 5 OTHER INCOME

	Six months ended 30 June	
	2024	2023
	(Unaudited) <i>HK\$'000</i>	(Unaudited) <i>HK\$'000</i>
Value-added tax (“VAT”) refund ( <i>Note (i)</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 ( <i>Note (ii)</i> )	6,134	6,294
Government subsidies ( <i>Note (iii)</i> )	989	1,381
Others	10,491	4,239
	<u>135,918</u>	<u>103,392</u>

### 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 stabilizing 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.

## 6 OTHER LOSSES, NET

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

*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\$2,337,000. 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.

## 7 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
	<u>(346,873)</u>	<u>(318,644)</u>
Interest income from bank deposits	11,682	7,773
	<u>(335,191)</u>	<u>(310,871)</u>

## 8 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	—	—
	<u>100,447</u>	<u>72,858</u>
<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>
	<u>88,458</u>	<u>68,545</u>

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).

## 9 EARNINGS PER SHARE

### (a) Basic

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

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

### (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.

## 10 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 as dividends payable as at 30 June 2024.



## 11 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
	<u>234,966</u>	<u>336,326</u>
<b>Current assets</b>		
Trade and bills receivables		
— Bills receivables	1,555	—
— Trade receivables ( <i>Note</i> )	2,257,871	1,847,160
— Less: Impairment of trade receivables	(27,114)	(18,567)
	<u>2,232,312</u>	1,828,593
Other receivables, deposits and prepayments		
— Deposits and prepayments	28,262	29,259
— Other receivables ( <i>Note</i> )	231,064	263,875
— Value-added tax recoverable	496,222	557,626
— Less: Impairment of other receivables	(31,541)	(26,956)
	<u>2,956,319</u>	<u>2,652,397</u>
	<u><u>3,191,285</u></u>	<u><u>2,988,723</u></u>

*Note:* 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 a 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; receivables of HK\$2,464,000 (31 December 2023: HK\$827,000) due from a 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; and receivables of HK\$662,000 (31 December 2023: HK\$1,754,000) due from a 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. As at 30 June 2024, included in “Other receivables” are receivables of HK\$4,031,000 (31 December 2023: HK\$835,000) due from the Group’s associate, which are unsecured, interest-free and repayable on tenth of next month according to the credit terms.

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. The loss allowance was assessed to be HK\$27,114,000 as at 30 June 2024 (31 December 2023: HK\$18,567,000).

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 ( <i>Note</i> )	1,065,743	960,889
1 to 3 months	276,964	222,886
3 to 6 months	295,924	224,748
Over 6 months	592,126	420,070
	<u>2,230,757</u>	<u>1,828,593</u>

*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).

## 12 TRADE AND OTHER PAYABLES

	<b>As at 30 June 2024 (Unaudited) HK\$'000</b>	As at 31 December 2023 (Audited) HK\$'000
<b>Current liabilities</b>		
Trade payables ( <i>Note</i> )	445,604	391,111
Construction payables	1,065,182	1,354,483
Dividend payable ( <i>Note 10</i> )	78,065	—
Accruals and other payables	500,791	560,808
	<u>2,089,642</u>	<u>2,306,402</u>

*Note:* As at 30 June 2024, included in “Trade payables” are payables of HK\$41,312,000 (31 December 2023: HK\$29,385,000) due to the Group’s associate, which are unsecured, interest-free and repayable on credit terms of 10 days after the receipt of VAT invoices, and monitoring fee payables of HK\$2,162,000 (31 December 2023: HK\$3,471,000) due to a related party, which are unsecured, interest free and repayable upon the receipt of the VAT invoice.

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:

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

### 13 EVENTS AFTER 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.

## 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).

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.

### I. WASTE-TO-ENERGY BUSINESS

#### Projects and Processing Capacity

As at 30 June 2024 and the date of this announcement, 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 announcement:

	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>

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

		<b>Six months ended 30 June</b>	
		<b>2024</b>	<b>2023</b>
<b>Southern China Region</b>	<b>Guangdong Province</b>		
	Innocuous treated waste ( <i>tonnes</i> )	<b>5,003,350</b>	4,662,140
	Power generated ( <i>MWh</i> )	<b>1,923,628</b>	1,815,276
	Power sold ( <i>MWh</i> )	<b>1,682,264</b>	1,588,756
	<b>Guangxi Zhuang Autonomous Region</b>		
	Innocuous treated waste ( <i>tonnes</i> )	<b>393,161</b>	372,644
	Power generated ( <i>MWh</i> )	<b>149,734</b>	146,346
	Power sold ( <i>MWh</i> )	<b>133,300</b>	130,329
	<b>Guizhou Province</b>		
Innocuous treated waste ( <i>tonnes</i> )	<b>337,897</b>	333,858	
Power generated ( <i>MWh</i> )	<b>130,697</b>	125,329	
Power sold ( <i>MWh</i> )	<b>112,368</b>	107,474	
<b>Western China Region</b>	Innocuous treated waste ( <i>tonnes</i> )	<b>846,864</b>	747,402
	Power generated ( <i>MWh</i> )	<b>307,212</b>	278,444
	Power sold ( <i>MWh</i> )	<b>265,219</b>	236,279
<b>Eastern China Region</b>	Innocuous treated waste ( <i>tonnes</i> )	<b>1,106,866</b>	1,049,851
	Power generated ( <i>MWh</i> )	<b>441,776</b>	442,201
	Power sold ( <i>MWh</i> )	<b>360,816</b>	366,534
<b>Northern China and Northeast China Regions</b>	Innocuous treated waste ( <i>tonnes</i> )	<b>836,601</b>	721,086
	Power generated ( <i>MWh</i> )	<b>208,451</b>	208,965
	Power sold ( <i>MWh</i> )	<b>171,503</b>	176,460
<b>Central China Region</b>	Innocuous treated waste ( <i>tonnes</i> )	<b>174,838</b>	195,592
	Power generated ( <i>MWh</i> )	<b>63,721</b>	62,902
	Power sold ( <i>MWh</i> )	<b>56,477</b>	54,889
<b>Total</b>	Innocuous treated waste ( <i>tonnes</i> )	<b>8,699,577</b>	8,082,573
	Power generated ( <i>MWh</i> )	<b>3,225,219</b>	3,079,463
	Power sold ( <i>MWh</i> )	<b>2,781,947</b>	2,660,721
	Steam sold ( <i>tonnes</i> )	<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.

### ***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.

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 SIIC, 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.

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

	Six months ended 30 June		2023	
	2024		2023	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
	(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%
Total	<u>2,130,442</u>	<u>100.0%</u>	<u>2,981,021</u>	<u>100.0%</u>

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		2023	
	2024		2023	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
	(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%
Total	<u>2,130,442</u>	<u>100.0%</u>	<u>2,981,021</u>	<u>100.0%</u>

## 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:

	Six months ended 30 June			
	2024		2023	
	<i>HK\$'000</i>	<i>%</i>	<i>HK\$'000</i>	<i>%</i>
	(Unaudited)		(Unaudited)	
Power sales and waste treatment operations	<b>860,753</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>93,070</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%
Total	<b><u>1,033,848</u></b>	<b><u>100.0%</u></b>	<b><u>1,133,203</u></b>	<b><u>100.0%</u></b>

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>	<b>2023</b>
	<b><i>Gross profit margin</i></b>	<b><i>Gross profit margin</i></b>
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%
	<hr/>	<hr/>
Gross profit margin of the Group	<b><u>48.5%</u></b>	<b><u>38.0%</u></b>

### **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.

## **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.

## ***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>	<b>As at 31 December 2023 HK\$'000 (Audited)</b>
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
Total bank borrowings	<b><u>13,922,333</u></b>	<b><u>13,945,095</u></b>

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.

## ***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 announcement, 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 announcement.

## **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.

## **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.

## **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.

## **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.

### **Changes since 31 December 2023**

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 (the “Strategy and Sustainability Committee”) 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.

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

### **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 announcement.

### **Compliance with Corporate Governance Code**

During the six months ended 30 June 2024, the Company has complied with the code provisions of the CG Code.

### **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.

### **Review of Interim Results**

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the unaudited interim financial information. There is no disagreement between the Board and the audit committee regarding the accounting treatment adopted by the Company.

The interim results for the six months ended 30 June 2024 have not been audited but has been reviewed by PricewaterhouseCoopers, the auditor of the Company, 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.

### **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.

## **Publication of Interim Results and Interim Report**

This announcement is published on the websites of the Company ([www.canvestenvironment.com](http://www.canvestenvironment.com)) and the Hong Kong Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)). The interim report of the Company for the six months ended 30 June 2024 containing all the information required under the Listing Rules will be posted on the above websites and will be dispatched to the Shareholders (if requested) in due course.

## **Board of Directors**

As at the date of this announcement, the board comprises Ms. Lee Wing Yee Loretta, Mr. Lai Kin Man, Mr. Yuan Guozhen and Mr. Lai Chun Tung, as executive Directors; Mr. Feng Jun, as non-executive Director; Professor Sha Zhenquan, Mr. Chan Kam Kwan Jason, Mr. Chung Kwok Nam and Mr. Lee Tsung Wah Jonathan, as independent non-executive Directors.

By Order of the Board  
**Canvest Environmental Protection Group Company Limited**  
**LEE Wing Yee Loretta**  
*Chairlady*

Hong Kong, 21 August 2024

## GLOSSARY

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
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 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
CG Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix C2 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
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
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
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
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.
RMB	Renminbi, the lawful currency of PRC
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
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
WTE	waste-to-energy, the process of generating electricity from the incineration of waste
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*