

CONCH VENTURE

海螺环保



中國海螺環保控股有限公司

China Conch Environment Protection Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 587

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

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

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

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DEFINITIONS

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

Articles of Association:	the articles of association of the Company
associated corporation(s):	has the meaning ascribed thereto under the SFO
Audit Committee:	the audit committee of the Board
Board:	the board of Directors of the Company
BYD Company:	比亞迪股份有限公司 (BYD Company Limited*), a joint stock company established in the PRC with limited liability and the shares of which are listed on Shenzhen Stock Exchange (stock code: 002594) and on the Main Board of the Stock Exchange (stock code: 1211)
Changqing Oilfield:	中國石油天然氣股份有限公司長慶油田分公司 (Changqing Oilfield Branch of PetroChina Company Limited*)
Company/Conch Environment/we/us:	China Conch Environment Protection Holdings Limited (中國海螺環保控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 587)
Conch Cement:	安徽海螺水泥股份有限公司 (Anhui Conch Cement Co., Ltd.*), a joint stock company established in the PRC with limited liability and the shares of which are listed on Shanghai Stock Exchange (stock code: 600585) and on the Main Board of the Stock Exchange (stock code: 914)
Conch Holdings:	安徽海螺集團有限責任公司 (Anhui Conch Holdings Co., Ltd.*)
Conch Venture:	China Conch Venture Holdings Limited (中國海螺創業控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability and the shares of which are listed on the Main Board of the Stock Exchange (stock code: 586)
Conch Venture Green:	安徽海創新型節能建築材料有限責任公司 (Anhui Conch Venture New Energy-saving Building Material Co., Ltd.*)

DEFINITIONS

Conch Venture Wuhu:	蕪湖海創實業有限責任公司 (Wuhu Conch Venture Enterprise Limited*)
Corporate Governance Code:	the Corporate Governance Code set out in Appendix 14 of the Listing Rules
CV Investment:	安徽海螺創業投資有限責任公司 (Anhui Conch Venture Investment Co., Ltd.*)
Director(s):	the director(s) of the Company
Gezhouba Cement:	中國葛洲壩集團水泥有限公司 (China Gezhouba Group Cement Co., Ltd.*)
Group:	the Company and its subsidiaries
HKD/HK\$:	the lawful currency of Hong Kong
Hong Kong:	the Hong Kong Special Administrative Region of the PRC
Listing:	the listing of the Shares on the Main Board of the Stock Exchange
Listing Date:	30 March 2022, on which the Shares were listed and from which dealings therein are permitted to take place on the Main Board of the Stock Exchange
Listing Document:	the listing document of the Company issued in connection with the Listing dated 22 March 2022
Listing Rules:	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
Management:	the operating management team of the Company
Model Code:	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules
PRC:	the People's Republic of China, for the purposes of this report only and except where the context requires otherwise, excludes Hong Kong, Macau and Taiwan

DEFINITIONS

Remuneration and Nomination Committee:	the remuneration and nomination committee of the Board
Reporting Period:	from 1 January 2022 to 30 June 2022
RMB:	the lawful currency of the PRC
SA Conch:	安徽海螺集團有限責任公司工會委員會 (The Staff Association of Anhui Conch Holdings Co., Ltd.*)
SFO:	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended, supplemented or otherwise modified from time to time)
Share(s):	ordinary share(s) of HKD0.01 each in the share capital of the Company
Shareholder(s):	the shareholder(s) of the Company
Splendor Court:	Splendor Court Holdings Limited
Stock Exchange:	The Stock Exchange of Hong Kong Limited
Strategy, Sustainability and Risk Management Committee:	the strategy, sustainability and risk management committee of the Board

* For identification purpose only

1. CORPORATE INFORMATION

(I)	REGISTERED CHINESE NAME OF THE COMPANY:	中國海螺環保控股有限公司
	CHINESE ABBREVIATION:	海螺環保
	REGISTERED ENGLISH NAME OF THE COMPANY:	CHINA CONCH ENVIRONMENT PROTECTION HOLDINGS LIMITED
	ENGLISH ABBREVIATION:	CONCH ENVIRO
(II)	EXECUTIVE DIRECTORS:	Mr. Guo Jingbin (<i>Chairman of the Board</i>) Mr. Shu Mao (<i>General Manager</i>) Mr. Wan Changbao (appointed on 22 April 2022) Mr. Zhang Keke
(III)	NON-EXECUTIVE DIRECTORS:	Mr. Ji Qinying Mr. Xiao Jiaxiang Mr. Li Daming (resigned on 22 April 2022)
(IV)	INDEPENDENT NON-EXECUTIVE DIRECTORS:	Mr. Hao Jiming Mr. Dai Xiaohu Ms. Wang Jiafen (appointed on 18 July 2022) Mr. Cai Hongping (resigned on 18 July 2022)
(V)	AUDIT COMMITTEE:	Ms. Wang Jiafen (<i>Chairlady</i>) (appointed on 18 July 2022) Mr. Hao Jiming Mr. Dai Xiaohu Mr. Cai Hongping (resigned on 18 July 2022)
(VI)	REMUNERATION AND NOMINATION COMMITTEE:	Mr. Dai Xiaohu (<i>Chairman</i>) Mr. Guo Jingbin Mr. Hao Jiming Ms. Wang Jiafen (appointed on 18 July 2022) Mr. Cai Hongping (resigned on 18 July 2022)
(VII)	STRATEGY, SUSTAINABILITY AND RISK MANAGEMENT COMMITTEE:	Mr. Guo Jingbin (<i>Chairman</i>) Mr. Dai Xiaohu Mr. Xiao Jiaxiang Mr. Shu Mao Mr. Zhang Keke
(VIII)	COMPANY SECRETARY:	Mr. Shu Mao

1. CORPORATE INFORMATION

(IX) AUTHORISED REPRESENTATIVES:	Mr. Guo Jingbin Mr. Shu Mao
(X) REGISTERED OFFICE IN THE CAYMAN ISLANDS:	Campbells Corporate Services Limited Floor 4, Willow House, Cricket Square Grand Cayman, KY1-9010, Cayman Islands
(XI) HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN THE PRC:	Wuhu Conch International Conference Center No. 1005, South Jiuhua Road Yijiang District, Wuhu City Anhui Province PRC
(XII) POSTAL CODE:	241070
(XIII) EMAIL ADDRESS OF THE COMPANY:	conchenviro@conchventure.com
(XIV) WEBSITE OF THE COMPANY:	http://www.conchenviro.com
(XV) PRINCIPAL PLACE OF BUSINESS IN HONG KONG:	5/F, Manulife Place 348 Kwun Tong Road Kowloon, Hong Kong
(XVI) HONG KONG LEGAL ADVISOR:	Clifford Chance
(XVII) INTERNATIONAL AUDITOR:	KPMG Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong) 8/F, Prince's Building, 10 Chater Road, Central, Hong Kong
(XVIII) COMPLIANCE ADVISOR:	FUTEC Financial Limited
(XIX) PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS:	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands
(XX) HONG KONG SHARE REGISTRAR:	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
(XXI) STOCK CODE:	00587

2. FINANCIAL HIGHLIGHTS

FINANCIAL OVERVIEW (FOR THE SIX MONTHS ENDED 30 JUNE 2022)

1. Operation results

Item	January– June 2022 Amount (RMB'000)	January– June 2021 Amount (RMB'000)	Changes between the Reporting Period and the corresponding period of the previous year (%)
Revenue	868,437	740,358	17.30
Profit before taxation	312,212	322,651	–3.24
Profit for the period	277,974	301,498	–7.80
Net profit attributable to the equity Shareholders of the Company	249,080	264,930	–5.98

2. Assets and liabilities

Item	30 June 2022 Amount (RMB'000)	31 December 2021 Amount (RMB'000)	Changes between the Reporting Period and the end of the previous year (%)
Total assets	8,084,827	7,510,221	7.65
Total liabilities	4,787,193	4,420,301	8.30
Equity attributable to the equity Shareholders of the Company	2,648,982	2,420,593	9.44

3. BUSINESS REVIEW AND OUTLOOK

(1) MACRO ENVIRONMENT

Since 2022, the increasingly complex and severe international environment and the spread of the domestic epidemic has brought serious impact on economy. Under the Chinese government's macro-control policy, the epidemic prevention and control and economic and social development have been coordinated, with GDP growth of approximately 2.5% over the previous year.

In the first half of 2022, under the leadership of the Board, the Group strived to overcome the adverse factors such as disrupted logistics and transportation and the decline in waste generation due to the reduction and suspension of production of industrial enterprises caused by the COVID-19 epidemic, actively expanded its market and strengthened its internal management to continuously improve its production and operation level. During the Reporting Period, the Group recorded a net profit attributable to equity shareholders of the Company of RMB249 million, representing a year-on-year decrease of 5.98%. Excluding the impact of listing expenses, net profit attributable to equity shareholders of the Company amounted to RMB268 million, representing a year-on-year increase of 1.04%.

(2) BUSINESS REVIEW

Since 2022, the Group has stuck to the main line of cement kiln co-processing treatment business and pressed on with the development of various businesses such as sludge, fly ash and oil sludge, by which the Group achieved a continuous increase in the scale of production capacity, steady improvement in market operation and maintenance capabilities, remarkable results of technical transformation measures, and enhancement of the Group's brand influence, and demonstrated a generally stably positive development momentum.

As of the Reporting Period, the Group secured a total of 108 environmental protection projects in 22 provinces, municipalities and autonomous regions nationwide, which included 46 general hazardous waste projects, 27 fly ash washing projects, 9 oil sludge treatment projects and 26 industrial solid waste projects, with an annual treatment capacity of approximately 11.45 million tonnes of solid and hazardous waste.

3. BUSINESS REVIEW AND OUTLOOK

Industrial hazardous waste treatment

1) Project expansion

In the first half of 2022, the Group made full use of existing cement kiln resources and took into account business segments to refine project network and continued to enhance strategic partnership with cement enterprises while actively participating in exchanges with cement enterprises in blank market. During the Reporting Period, the Group signed a strategic cooperation framework agreement with Gezhouba Cement to achieve complementary advantages and promote in-depth cooperation, and successfully acquired the hazardous waste project in Shaoguan, Guangdong and the oil sludge project in Zhoushan, Zhejiang, which further improved the network of the hazardous waste market in the Pearl River Delta region, enhanced regional market competitiveness and bridged the gap in the oil sludge market in Zhejiang regions to expand the nationwide distribution network of oil sludge business.

During the Reporting Period, the Group secured 7 new industrial hazardous waste treatment projects, with a production capacity of 736,000 tonnes/year, including 2 general hazardous waste projects in Shaoguan, Guangdong Province and Junlian, Sichuan Province, with a production capacity of 400,000 tonnes/year, 4 fly ash washing projects in Xingtai, Hebei Province, Fusui, Guangxi Province, Baoding, Hebei Province and Liangping, Chongqing Municipality, with a production capacity of 300,000 tonnes/year, and 1 oil sludge treatment project in Zhoushan, Zhejiang Province, with a production capacity of 36,000 tonnes/year.

2) Project operation

During the Reporting Period, in terms of customer retention and market expansion, the Group seized key customer resources and signed contracts with 2,033 new customers. The proportion of large corporate customers has steadily increased, and the Group has established cooperative relationships with key customers such as BYD Company and Changqing Oilfield. At the same time, the Group made every effort to promote inter-provincial transfer business, by which the number of transfer contracts increased compared with the same period last year, and the Group successfully opened up inter-provincial transfer channels in Shanghai and Zhejiang. The Group also researched and formulated a price adjustment mechanism for solid and hazardous waste, which effectively standardized the management and operation mechanism of solid and hazardous waste treatment price of the Group, and formulated and issued an incentive policy for marketing personnel, which extensively mobilized the enthusiasm and initiative of the marketing personnel. In terms of production operation, the Group adhered to the operating principle of cost-efficiency, comprehensively promoted technical transformation measures, and implemented technological transformations such as “terrace furnace and hot disc furnace” and “one machine, two kilns”, etc., which effectively shortened the treatment duration.

During the Reporting Period, the Group managed to overcome the negative factors such as fierce competition in the market and overall sluggish prices in the industry. The total treatment volume of industrial hazardous waste of the Group was 406,100 tonnes, representing a year-on-year increase of 23.29%, among which approximately 338,300 tonnes were general hazardous waste, approximately 45,400 tonnes were oil sludge and approximately 22,400 tonnes were fly ash.

3. BUSINESS REVIEW AND OUTLOOK

Industrial solid waste treatment

1) Project expansion

In the first half of 2022, the Group actively conducted research on the solid waste market and made adjustments to project planning based on the research, and gradually improved the network of sludge drying and other projects. During the Reporting Period, the Group secured 3 new industrial solid waste treatment projects, with a production capacity of 232,000 tonnes/year, including Sichuan Mianyang, Liangping sludge and Wuhu sludge.

2) Project operation

The Group continued to broaden its solid waste treatment business channels and signed contracts with 183 new customers and recorded a significant increase in the number of orders with a secured supply of solid waste. During the Reporting Period, the total treatment volume of industrial solid waste of the Group was approximately 897,900 tonnes, representing a year-on-year increase of 44.39%.

3. BUSINESS REVIEW AND OUTLOOK

As at 30 June 2022, details of general hazardous waste treatment projects of the Group are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date
1	In operation	Fuping, Shaanxi Province	100,000 tonnes/year	100,000 tonnes/year	April 2016
2		Qian County, Shaanxi Province	70,000 tonnes/year	63,600 tonnes/year	April 2017
3		Wuhu, Anhui Province	200,000 tonnes/year	130,000 tonnes/year	December 2017
4		Yiyang, Jiangxi Province	200,000 tonnes/year	170,000 tonnes/year	May 2018
5		Xingye, Guangxi Province	200,000 tonnes/year	161,500 tonnes/year	August 2018
6		Suzhou, Anhui Province	200,000 tonnes/year	125,000 tonnes/year	August 2018
7		Qianyang, Shaanxi Province	100,000 tonnes/year	100,000 tonnes/year	October 2018
8		Zhong County, Chongqing Municipality	200,000 tonnes/year	130,000 tonnes/year	June 2019
9		Tongchuan, Shaanxi Province	100,000 tonnes/year	81,500 tonnes/year	August 2019
10		Wenshan, Yunnan Province	100,000 tonnes/year	66,000 tonnes/year	August 2019
11		Sanming, Fujian Province	100,000 tonnes/year	20,500 tonnes/year	August 2019
12		Qingzhen, Guizhou Province	100,000 tonnes/year	100,000 tonnes/year	September 2019
13		Yixing, Jiangsu Province	100,000 tonnes/year	100,000 tonnes/year	December 2019
14		Sishui, Shandong Province	100,000 tonnes/year	14,900 tonnes/year	January 2020
15		Qiyang, Hunan Province	100,000 tonnes/year	69,500 tonnes/year	January 2020
16		Yangchun, Guangdong Province	100,000 tonnes/year	65,300 tonnes/year	August 2020
17		Luoyang, Henan Province	100,000 tonnes/year	72,000 tonnes/year	December 2020
18		Jiyuan, Henan Province	100,000 tonnes/year	50,000 tonnes/year	December 2020

3. BUSINESS REVIEW AND OUTLOOK

No.	Status of Construction	Project Location	Treatment Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date
19		Dezhou, Shandong Province	100,000 tonnes/year	75,000 tonnes/year	December 2020
20		Tai'an, Shandong Province	100,000 tonnes/year	100,000 tonnes/year	December 2020
21		Wuhu, Anhui Province	16,500 tonnes/year	16,500 tonnes/year	January 2021
22		Linxiang, Hunan Province	100,000 tonnes/year	88,500 tonnes/year	January 2021
23		Chongzuo, Guangxi Province	100,000 tonnes/year	85,000 tonnes/year	March 2021
24		Long'an, Guangxi Province	100,000 tonnes/year	70,000 tonnes/year	March 2021
25		Ninghai, Zhejiang Province	100,000 tonnes/year	100,000 tonnes/year	May 2021
26		Guilin, Guangxi Province	100,000 tonnes/year	60,000 tonnes/year	July 2021
27		Dengfeng, Henan Province	100,000 tonnes/year	80,000 tonnes/year	July 2021
28		Ningguo, Anhui Province	100,000 tonnes/year	70,000 tonnes/year	January 2022
29		Nanjing, Jiangsu Province	100,000 tonnes/year	94,600 tonnes/year	January 2022
30		Pingliang, Gansu Province	130,000 tonnes/year	60,000 tonnes/year	June 2022
31		Hulunbuir, Inner Mongolia	50,000 tonnes/year	35,000 tonnes/year	June 2022
32		Arong Qi, Inner Mongolia	100,000 tonnes/year	85,000 tonnes/year	June 2022
33		Jiayuguan, Gansu Province	200,000 tonnes/year	100,000 tonnes/year	June 2022
34		Fuyang, Zhejiang Province	200,000 tonnes/year	90,000 tonnes/year	June 2022
Subtotal			3,966,500 tonnes/year	2,829,400 tonnes/year	

3. BUSINESS REVIEW AND OUTLOOK

No.	Status of Construction	Project Location	Treatment Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date
35	Under construction	Fuzhou, Jiangxi Province	100,000 tonnes/year	/	September 2022
36		Shaoguan, Guangdong Province	200,000 tonnes/year		December 2022
37		Yunfu, Guangdong Province	100,000 tonnes/year		January 2023
Subtotal			400,000 tonnes/year		
38	To be constructed	Ganzhou, Jiangxi Province	200,000 tonnes/year	/	/
39		Luoding, Guangdong Province	80,000 tonnes/year		
40		Baoshan, Yunnan Province	100,000 tonnes/year		
41		Qingyuan, Guangdong Province	100,000 tonnes/year		
42		Dazhou, Sichuan Province	200,000 tonnes/year		
43		Ordos, Inner Mongolia	100,000 tonnes/year		
44		Longkou, Shandong Province	200,000 tonnes/year		
45		Yongdeng, Gansu Province	100,000 tonnes/year		
46		Junlian, Sichuan Province	200,000 tonnes/year		
Subtotal			1,280,000 tonnes/year		
Total			5,646,500 tonnes/year	2,829,400 tonnes/year	

3. BUSINESS REVIEW AND OUTLOOK

As at 30 June 2022, details of fly ash washing projects of the Group are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity	Actual/Expected Completion Date
1	In operation	Wuhu, Anhui Province	100,000 tonnes/year	December 2020
2		Yiyang, Hunan Province*	49,500 tonnes/year	March 2022
3		Yiyang, Jiangxi Province	100,000 tonnes/year	March 2022
4	Under construction	Quanjiao, Anhui Province	100,000 tonnes/year	October 2022
5		Qian County, Shaanxi Province	50,000 tonnes/year	January 2023
6	To be constructed	Chaohu, Anhui Province	100,000 tonnes/year	/
7		Jining, Shandong Province	100,000 tonnes/year	
8		Xin'an, Henan Province	50,000 tonnes/year	
9		Rizhao, Shandong Province	100,000 tonnes/year	
10		Qingzhen, Guizhou Province	100,000 tonnes/year	
11		Changjiang, Hainan Province	100,000 tonnes/year	
12		Yangchun, Guangdong Province	50,000 tonnes/year	
13		Xinhua, Hunan Province	50,000 tonnes/year	
14		Dengzhou, Henan Province	50,000 tonnes/year	
15		Anyang, Henan Province	100,000 tonnes/year	
16		Longyan, Fujian Province	100,000 tonnes/year	
17		Changzhi, Shanxi Province	50,000 tonnes/year	
18		Guiding, Guizhou Province	50,000 tonnes/year	
19		Yongdeng, Gansu Province	50,000 tonnes/year	
20		Beiliu, Guangxi Province	100,000 tonnes/year	
21		Tongren, Guizhou Province	100,000 tonnes/year	
22		Yiyang, Henan Province	100,000 tonnes/year	
23		Sanming, Fujian Province	300,000 tonnes/year	
24		Xingtai, Hebei Province	100,000 tonnes/year	
25		Fusui, Guangxi Province	100,000 tonnes/year	
26		Baoding, Hebei Province	50,000 tonnes/year	
27		Liangping, Chongqing Municipality	50,000 tonnes/year	
Total			2,349,500 tonnes/year	

3. BUSINESS REVIEW AND OUTLOOK

As at 30 June 2022, details of oil sludge treatment projects of the Group are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date
1	In operation	Yulin, Shaanxi Province (Phase 1)	100,000 tonnes/year	100,000 tonnes/year	May 2020 (Acquisition)
2		Binzhou, Shandong Province	100,000 tonnes/year	100,000 tonnes/year	May 2021 (Acquisition)
3		Dongying, Shandong Province (Phase 1)	80,000 tonnes/year	80,000 tonnes/year	January 2022
4	Under construction	Yulin, Shaanxi Province (Phase 2)	100,000 tonnes/year	/	September 2022
5		Jinzhou, Liaoning Province	Oil sludge treatment: 20,000 tonnes/year Incineration: 42,000 tonnes/year	/	December 2022
6	To be constructed	Dongying, Shandong Province (Phase 2)	80,000 tonnes/year	/	/
7		Leizhou, Guangdong Province	Oil sludge treatment: 150,000 tonnes/year Comprehensive utilization of resources: 50,000 tonnes/year		
8		Yan'an, Shaanxi Province	170,000 tonnes/year		
9		Changjiang, Hainan Province	50,000 tonnes/year		
10		Zhoushan, Zhejiang Province	36,000 tonnes/year		
11		Qingyang, Gansu Province	80,000 tonnes/year		
Total			1,058,000 tonnes/year	280,000 tonnes/year	

3. BUSINESS REVIEW AND OUTLOOK

As at 30 June 2022, details of industrial solid waste treatment projects of the Group are set out in the following table:

No.	Status of Construction	Project Location	Production Capacity	Actual/Expected Completion Date
1	In operation	Huaining, Anhui Province	70,000 tonnes/year	September 2017
2		Mian County, Shaanxi Province*	16,500 tonnes/year	October 2017
3		Huaibei, Anhui Province*	2×66,000 tonnes/year	December 2017
4		Liangping, Chongqing Municipality	75,000 tonnes/year	September 2019
5		Guangyuan, Sichuan Province	70,000 tonnes/year	January 2020
6		Fanchang, Anhui Province	210,000 tonnes/year	July 2020
7		Chizhou, Anhui Province	100,000 tonnes/year	November 2020
8		Yiyang, Hunan Province*	66,200 tonnes/year	January 2021
9		Baoding, Hebei Province	100,000 tonnes/year	March 2021
10		Quanjiao, Anhui Province	60,000 tonnes/year	July 2021
11		Zongyang, Anhui Province	100,000 tonnes/year	July 2021
12		Xinhua, Hunan Province	66,000 tonnes/year	January 2022
13		Xin'an, Henan Province	50,000 tonnes/year	June 2022
Subtotal			1,115,700 tonnes/year	
14	Under construction	Chaohu, Anhui Province	200,000 tonnes/year	October 2022
15		Wuhu, Anhui Province (sludge)	66,000 tonnes/year	November 2022
Subtotal			266,000 tonnes/year	

3. BUSINESS REVIEW AND OUTLOOK

No.	Status of Construction	Project Location	Production Capacity	Actual/Expected Completion Date
16	To be constructed	Rizhao, Shandong Province	100,000 tonnes/year	/
17		Quzhou, Zhejiang Province	100,000 tonnes/year	
18		Changzhi, Shanxi Province	50,000 tonnes/year	
19		Wolong, Henan Province	100,000 tonnes/year	
20		Dengzhou, Henan Province	50,000 tonnes/year	
21		Anyang, Henan Province	100,000 tonnes/year	
22		Tengzhou, Shandong Province	201,500 tonnes/year	
23		Guiding, Guizhou Province	50,000 tonnes/year	
24		Jiande, Zhejiang Province	100,000 tonnes/year	
25		Mianyang, Sichuan Province	100,000 tonnes/year	
26		Liangping, Chongqing Municipality (sludge)	66,000 tonnes/year	
Subtotal			1,017,500 tonnes/year	
Total			2,399,200 tonnes/year	

Note*: The treatment capacity of the above projects is adjusted according to the production capacity pursuant to the environmental impact assessment approvals obtained.

3. BUSINESS REVIEW AND OUTLOOK

During the Reporting Period, the Group had reached a treatment capacity of approximately 11,453,200 tonnes/year of solid and hazardous waste, the details of which are set out in the following table:

(Unit: 10,000 tonnes/year)

Category	General Hazardous Waste			Fly Ash Washing			Oil Sludge Treatment			Industrial Solid Waste		
Status	In operation	Under construction	To be constructed	In operation	Under construction	To be constructed	In operation	Under construction	To be constructed	In operation	Under construction	To be constructed
Scale	396.65	40	128	24.95	15	195	28	16.2	61.6	111.57	26.6	101.75

(3) FUTURE PLAN AND OUTLOOK

In the first half of 2022, amidst COVID-19 resurgence, intensified market competition and overall economic downturn in the external environment in the Mainland, the Group faced headwinds in performance growth. However, the Group achieved good results externally in capacity expansion, customer expansion and industry leadership, and internally in marketing management, production operation and cost reduction and efficiency. In the second half of 2022, the Group will take effective measures to improve the quality of operations, enhance quality and efficiency, and strive to achieve its business objectives. The Group will focus its efforts on the following areas:

Maintain firm confidence in development under the guidance of the new five-year plan

In order to integrate into the new development landscape, the Group has responded proactively to changes and firmly seized the market initiative. In the first half in 2022, the Group discussed and issued a new five-year plan for 2024-2028. In the second half of 2022, the Group will further give full play to the strategic leading role of the plan and strive to turn the plan into development benefits to provide important support for project expansion and performance growth.

In terms of the general hazardous waste and solid waste treatment business, the first is to speed up the connection with large cement enterprises which we have newly established strategic partnership with, and press on with the launch of qualified project carriers; the second is to focus on expanding sludge drying projects, improve market research on sludge drying, and fully promote cooperation with large water groups to promote project implementation; the third is to carry out investment and construction evaluation of pipeline projects based on the characteristics of different regions, so as to cater for off-peak production, balance market fluctuations, and regulate production operation.

In terms of fly ash and oil sludge business, the first is to fully leverage the network advantages of cement kiln production capacity of cement partners, identify potential project carriers, and at the same time strengthen the connection with large domestic waste-to-energy environmental protection conglomerates to speed up the planning and distribution of fly ash projects; the second is to carry out detailed research and analysis on the national oil sludge market, focus on expanding the network of oil sludge projects in blank areas such as the Northeast China and Southwest China, and gradually improve the oil sludge business.

3. BUSINESS REVIEW AND OUTLOOK

Focus on market construction and operation management to further strengthen industry position

In terms of general hazardous waste and industrial solid waste business, the first is to seize key customer resources, stabilize stock, and expand increment. The second is to develop differentiated marketing strategies. For regions with a relatively developed economy and greater amounts of waste generation, efforts will be made to increase the average treatment price and increase economic benefits; for regions with fierce competition and serious overcapacity, focus will be placed on increasing market share and enhancing market presence in the regions. The third is to strengthen the coordination of inter-provincial transfer business, establish a professional team for inter-provincial business, and increase the volume of transshipment business. The fourth is to actively promote industry interaction, establish an excellent market environment, strengthen information sharing in related regions, and promote the regulated development of the industry. The fifth is to strengthen the management and control of production and operation, reduce controllable costs, and at the same time continue to carry out technical transformation measures such as hot plate furnaces and terrace furnaces, and promote long-term cost reduction and efficiency improvement.

In terms of fly ash and oil sludge, the first is to conduct a comprehensive market research, and improve capacity utilization rate. The second is to strengthen operation management, ensure the stability of system of projects in operation, focus on process optimization and rectification, and at the same time exercise proper control over treatment costs and improve efficiency.

Intensify R&D and innovation and promote technological research and transformation of achievement

Firstly, the Group will pay attention to the development strategy and arrangement of the national environmental protection industry, increase technical reserve in the environmental protection field, and conduct advance research on new process and application of new technologies ahead of time. Secondly, the Group will continue to carry out proper technical transformation of non-kiln projects, track the process continuity after the technical transformation of non-kiln projects, facilitate industry development in respect of process and technology, and set a benchmark in the industry.

4. MANAGEMENT DISCUSSION AND ANALYSIS

(I) PROFITS

Item	January– June 2022 Amount (RMB'000)	January– June 2021 Amount (RMB'000)	Changes between the Reporting Period and the corresponding period of the previous year (%)
Revenue	868,437	740,358	17.30
Profit before taxation	312,212	322,651	–3.24
Profit for the period	277,974	301,498	–7.80
Net profit attributable to equity shareholders of the Company	249,080	264,930	–5.98

During the Reporting Period, the Group recorded a revenue of RMB868.44 million, representing a year-on-year increase of 17.30%. Profit before taxation amounted to RMB312.21 million, representing a year-on-year decrease of 3.24%. Profit for the period amounted to RMB277.97 million, representing a year-on-year decrease of 7.80%. Net profit attributable to equity shareholders of the Company amounted to RMB249.08 million, representing a year-on-year decrease of 5.98%. Excluding the impact of listing expenses, net profit attributable to equity Shareholders of the Company amounted to RMB267.67 million, representing a year-on-year increase of 1.04%. Basic earnings per share amounted to RMB0.14.

1. Revenue by business stream

Item	January–June 2022		January–June 2021		Change in amount	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Industrial hazardous waste treatment services	581,888	67.00	536,200	72.42	8.52	–5.42
General hazardous waste	496,873	57.21	465,851	62.92	6.66	–5.71
Oil sludge	55,249	6.36	42,350	5.72	30.46	0.64
Fly ash	29,766	3.43	27,999	3.78	6.31	–0.35
Industrial solid waste treatment services	286,549	33.00	204,158	27.58	40.36	5.42
Total	868,437	100.00	740,358	100.00	17.30	–

4. MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, our revenue was derived from two business streams, namely (i) industrial hazardous waste treatment services; and (ii) industrial solid waste treatment services. With a breakdown by streams:

- (i) Revenue from industrial hazardous waste treatment services was RMB581.89 million, representing a year-on-year increase of 8.52%, of which:

Revenue from general hazardous waste was RMB496.87 million, representing a year-on-year increase of 6.66%. The increase in revenue was primarily due to the commencement of operation of the Group's new projects in Nanjing and Ningguo, as well as the rapid year-on-year growth of the projects in Jining, Dezhou, Qiyang, Chongqing and Linxiang.

Revenue from oil sludge was RMB55.25 million, representing a year-on-year increase of 30.46%. This was primarily due to the commencement of operation of the Group's new project in Dongying, resulting in the increase in revenue from treatment.

Revenue from fly ash was RMB29.77 million, representing a year-on-year increase of 6.31%, which was primarily due to the year-on-year increase in the price of fly ash.

- (ii) Revenue from industrial solid waste treatment services was RMB286.55 million, representing a year-on-year increase of 40.36%. The rapid growth in revenue was primarily due to the year-on-year growth in results of the Group's projects in Quanjiao, Zongyang, Chizhou, Fanchang, Guangyuan and Huaibei.

2. Gross profit and gross profit margin

Item	January–June 2022		January–June 2021		Change in amount	Change in percentage (percentage points)
	Gross profit	Gross profit margin	Gross profit	Gross profit margin		
	(RMB'000)	(%)	(RMB'000)	(%)	(%)	
Industrial hazardous waste treatment services	314,303	54.01	330,354	61.61	–4.86	–7.60
General hazardous waste	289,743	58.31	307,379	65.98	–5.74	–7.67
Oil sludge	30,046	54.38	14,120	33.34	112.79	21.04
Fly ash	–5,486	–18.43	8,855	31.63	–161.95	–50.06
Industrial solid waste treatment services	176,243	61.51	118,829	58.20	48.32	3.31
Total	490,546	56.49	449,183	60.67	9.21	–4.18

4. MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the gross profit of the Group's products was RMB490.55 million, representing a year-on-year growth of 9.21%; and the consolidated gross profit margin was 56.49%, representing a year-on-year decrease of 4.18 percentage points. With a breakdown by streams:

- (i) Gross profit margin for industrial hazardous waste treatment services was 54.01%, representing a year-on-year decrease of 7.60 percentage points. Among which:

Gross profit margin for general hazardous waste was 58.31%, representing a year-on-year decrease of 7.67 percentage points. This was primarily because: (1) the recurrence of COVID-19 epidemic in China led to limited transportation and the suspension of industrial enterprises and the decline in waste generation, resulting from the limited inputs for companies in Eastern China, Southern China and Northwestern China, and thus a decrease in revenue; (2) the change in general hazardous waste product structure led to a year-on-year decrease in the average treatment price; and (3) the revenue of companies in Northern China fell short as a result of a relatively short period of production, which led to higher fixed costs.

Gross profit margin for oil sludge treatment was 54.38%, representing a year-on-year increase of 21.04 percentage points. The significant increase in gross profit margin was primarily due to the continuous optimization of the production process of oil sludge projects by the Group, which enhanced treatment capacity and reduced production costs.

Gross profit margin for fly ash treatment was -18.43%. The year-on-year decrease was primarily because: (1) a higher inventory level led to the decreased input volume during the optimization of the treatment process of the project in Wuhu, resulting in an increase in cost dilution; and (2) the change in market structure and increase in transportation cost of some customers.

- (ii) Gross profit margin for industrial solid waste treatment services was 61.51%, representing a year-on-year increase of 3.31 percentage points. The increase in gross profit margin was primarily due to the Group's aggressive expansion in the solid waste market and the increase in treatment volume, which led to significant dilution of unit cost.

4. MANAGEMENT DISCUSSION AND ANALYSIS

3. Other income

During the Reporting Period, the Group's other income amounted to RMB43.21 million, representing a year-on-year increase of RMB26.25 million, or 155%, primarily due to the year-on-year increase in government grants received by the Group for projects in Yangchun and Wuhu.

4. Distribution costs

During the Reporting Period, the Group's distribution costs amounted to RMB70.79 million, representing a year-on-year increase of RMB16.27 million, or 29.85%, primarily due to the increase in labour cost and business development service fees as a result of the increased number of projects in operation of the Group.

5. Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB113.23 million, representing a year-on-year increase of RMB36.34 million, or 47.27%, primarily due to the increase in listing expenses and the increase in management salaries and office depreciation due to the increase in number of management staff as a result of the rapid growth of the Group.

6. Finance costs

During the Reporting Period, the Group's finance costs amounted to RMB43.39 million, representing a year-on-year increase of RMB24.45 million, or 129.17%. The increase in finance costs was primarily due to new bank loans raised by the Group.

7. Profit before taxation

During the Reporting Period, the Group's profit before taxation amounted to RMB312.21 million, representing a year-on-year decrease of RMB10.44 million, or 3.24%. Excluding the impact of listing expenses, profit before taxation amounted to RMB330.81 million, representing a year-on-year increase of 2.53%.

4. MANAGEMENT DISCUSSION AND ANALYSIS

(II) FINANCIAL POSITION

As at 30 June 2022, the Group's total assets amounted to RMB8,084.83 million, representing an increase of RMB574.61 million as compared to the end of the previous year. The equity attributable to equity shareholders of the Company amounted to RMB2,648.98 million, representing an increase of RMB228.39 million as compared to the end of the previous year. Gearing ratio of the Group (total liabilities/total assets) was 59.21%, representing an increase of 0.35 percentage points as compared to the end of the previous year. The balance sheet items of the Group are as follows:

Item	As at 30 June 2022 (RMB'000)	As at 31 December 2021 (RMB'000)	Change between the end of the Reporting Period and the end of the previous year (%)
Property, plant and equipment	5,712,296	5,170,495	10.48
Non-current assets	6,347,906	5,806,723	9.32
Current assets	1,736,921	1,703,498	1.96
Non-current liabilities	2,975,064	2,425,630	22.65
Current liabilities	1,812,129	1,994,671	-9.15
Net current liabilities	75,208	291,173	-74.17
Equity attributable to equity Shareholders of the Company	2,648,982	2,420,593	9.44
Total assets	8,084,827	7,510,221	7.65
Total liabilities	4,787,193	4,420,301	8.30

4. MANAGEMENT DISCUSSION AND ANALYSIS

1. Non-current assets and current assets

As at 30 June 2022, non-current assets of the Group amounted to RMB6,347.91 million, representing an increase of 9.32% as compared to the end of the previous year, primarily due to the increase in property, plant and equipment.

Current assets of the Group amounted to RMB1,736.92 million, representing an increase of 1.96% as compared to the end of the previous year, primarily due to the increase in cash and cash equivalents and trade and other receivables.

2. Non-current liabilities and current liabilities

As at 30 June 2022, non-current liabilities of the Group amounted to RMB2,975.06 million, representing an increase of 22.65% as compared to the end of the previous year, primarily due to the new long-term bank loans raised by the Group during the Reporting Period.

Current liabilities of the Group amounted to RMB1,812.13 million, representing a decrease of 9.15% as compared to the end of the previous year, primarily due to the year-on-year decrease in trade and other payables of the Group.

As at 30 June 2022, current ratio and debt-to-equity ratio (calculated by dividing total amount of loans by total equity) of the Group were 0.96 and 1.10, respectively, as compared to 0.85 and 0.99, respectively, as at the end of the previous year.

3. Net current liabilities

As at 30 June 2022, net current liabilities of the Group amounted to RMB75.21 million, representing a decrease of RMB215.97 million as compared to the end of the previous year. The decrease was primarily due to the faster payment of trade and other payables of the Group.

4. Equity attributable to equity shareholders of the Company

As at 30 June 2022, the equity attributable to equity shareholders of the Company amounted to RMB2,648.98 million, representing an increase of 9.44% as compared to the end of the previous year, primarily due to increases in net profit from principal businesses attributable to the equity shareholders of the Group.

4. MANAGEMENT DISCUSSION AND ANALYSIS

(III) LIQUIDITY AND CAPITAL SOURCES

During the Reporting Period, the Group formulated reasonable capital planning and strengthened centralized capital management to fully satisfy the Group's capital needs. As at 30 June 2022, the Group's cash and cash equivalents amounted to RMB655.72 million, which were mainly denominated in RMB and HKD.

1. Bank loans

Item	As at 30 June 2022 (RMB'000)	As at 31 December 2021 (RMB'000)
Due within one year	686,315	634,033
Due after one year but within two years	609,238	343,522
Due after two years but within five years	2,028,686	1,766,994
Due after five years	304,787	299,312
Total	3,629,026	3,043,861

As at 30 June 2022, the balance of bank loans of the Group amounted to RMB3,629.03 million, representing an increase of RMB585.17 million as compared to the end of the previous year, primarily due to the new bank loans due within five years raised by the Group during the Reporting Period. As at 30 June 2022, the Group's bank loans were denominated in RMB, and most of the loan interests were subject to variable interest rate.

4. MANAGEMENT DISCUSSION AND ANALYSIS

2. Cash flows

As at 30 June 2022, the Group's balance of cash and cash equivalents was RMB655.72 million, representing a year-on-year increase of RMB158.91 million.

Item	January to June 2022 (RMB'000)	January to June 2021 (RMB'000)
Net cash generated from operating activities	242,013	297,268
Net cash used in investing activities	-628,599	-856,794
Net cash generated from financing activities	446,192	417,555
Net (decrease)/increase in cash and cash equivalents	59,606	-141,971
Cash and cash equivalents at the beginning of the period	596,113	638,784
Cash and cash equivalents at the end of the period	655,719	496,813

Net cash generated from operating activities

During the Reporting Period, net cash generated from operating activities of the Group amounted to RMB242.01 million, representing a year-on-year decrease of RMB55.26 million, which was mainly due to the increase in cash expenditures for the purchase of auxiliary materials and spare parts and payment of labour services for the Group's newly secured projects and the increase in turnover days of accounts receivable.

Net cash used in investing activities

During the Reporting Period, net cash used in investing activities of the Group amounted to RMB628.60 million, representing a year-on-year decrease of RMB228.19 million, primarily due to the decrease in payment for construction of plants and purchase of equipment and property during the Reporting Period.

Net cash generated from financing activities

During the Reporting Period, net cash generated from financing activities of the Group amounted to RMB446.19 million, representing a year-on-year increase of RMB28.64 million, primarily due to the increase in proceeds from bank loans.

4. MANAGEMENT DISCUSSION AND ANALYSIS

(IV) COMMITMENTS

As at 30 June 2022, purchase commitments of the Group in connection with construction contracts were as follows:

Item	As at 30 June 2022 (RMB'000)	As at 31 December 2021 (RMB'000)
Contracted for	454,312	504,362
Authorized but not contracted for	95,387	793,689
Total	549,699	1,298,051

(V) FOREIGN EXCHANGE RISK

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

The Group did not use any financial derivatives to hedge against any foreign exchange risks.

(VI) CONTINGENT LIABILITIES

As at 30 June 2022, the Group had no material contingent liabilities.

(VII) PLEDGE OF ASSETS

As at 30 June 2022, the bank loans of the Group amounting to RMB49,285,714.29 (31 December 2021: RMB50,000,000) were secured by right-of-use assets provided by Luoyang Haizhong Environmental Protection Technology Co., Ltd., a subsidiary of the Group.

(VIII) MATERIAL INVESTMENTS

During the Reporting Period, the Group did not have any material investment.

(IX) FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS ACQUISITION

During the Reporting Period, the Board has not approved any other material investment or capital asset acquisition.

4. MANAGEMENT DISCUSSION AND ANALYSIS

(X) MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

In March 2022, the Company acquired 51% equity interest in Shaoguan Conch Venture Hongfeng Green Environmental Protection Technology Co., Ltd. (韶關海創鴻豐綠色環保科技有限公司), with a capital contribution of RMB34,510,000. The investment represented less than 5% of the Group's total assets as of 30 June 2022.

Save as disclosed above, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures during the Reporting Period.

(XI) CONVERTIBLE BONDS

As at 30 June 2022, the Group did not have any convertible bonds.

As disclosed in the Listing Document, in September 2018, China Conch Venture Holdings International Limited (a subsidiary of Conch Venture) issued zero coupon guaranteed convertible bonds (the **"2018 Convertible Bonds"**) in the aggregate principal amount of HK\$3,925,000,000 due 2023, which were listed on the Frankfurt Stock Exchange in September 2018. According to the terms and conditions of the 2018 Convertible Bonds (the **"2018 CB Terms and Conditions"**) as disclosed in the announcement of Conch Venture on the website of the Stock Exchange on 30 August 2018, the 2018 Convertible Bonds can be convertible into the ordinary shares of Conch Venture at the initial conversion price of HK\$40.18 (subject to the adjustment according to 2018 CB Terms and Conditions) at any time on and after 16 October 2018 up to the close of business on the 10th day prior to 5 September 2023, the maturity date of the 2018 Convertible Bonds. According to the 2018 CB Terms and Conditions, in the event of the occurrence of the spin-off, no adjustment to the conversion price shall occur and a bondholder may only exercise their conversion right in respect of both the shares of Conch Venture and the shares of the Company jointly and may not exercise such rights individually. As of 30 June 2022, all of the 2018 Convertible Bonds are still outstanding, which is convertible into (1) 106,715,606 shares of Conch Venture based on the current conversion price of HK\$36.78, representing approximately 5.89% of the issued share capital of Conch Venture and approximately 5.56% of the issued share capital of Conch Venture as enlarged by the issue of the conversion shares, and (2) 103,698,811 shares of the Company with no consideration based on the current conversion price of HK\$37.85, representing approximately 5.68% of the issued share capital of the Company and approximately 5.37% of the issued share capital of the Company as enlarged by the issue of the conversion shares.

4. MANAGEMENT DISCUSSION AND ANALYSIS

(XII) HUMAN RESOURCES

The Group attaches great importance to human resources management and the continuous improvement of its system, and has developed an up-to-date working mechanism and management philosophy to safeguard the value of human capital. The Group has provided employees with industry-competitive remuneration, benefits, and growth mechanisms, and improved the employee skills training system and career growth and development paths to ensure that employees enjoy the fruits of business development.

During the Reporting Period, the Group carried out integration and optimization of the middle and senior management team, and was committed to strengthening the establishment and quality of the cadre and talent team by opening up external introduction channels, improving the internal selection and appointment mechanism, and perfecting the multi-post exchange and deployment mechanism; and the Group has organized several times of online and offline inspections, training and interactive exchanges for the management and key business of its subsidiaries, aiming to keeping the comprehensive performance capability of the management team and the business carrying capacity of employees in key positions up to date and improving the capability and standard of corporate governance of the Group's subsidiaries.

At the same time, taking into consideration the actual production and operation, the subsidiaries of the Group has also carried out trainings to improve the theoretical or practical skills of employees in junior management positions and basic positions, and has optimized and improved the performance appraisal of employees in various positions. The Group and its subsidiaries has strengthened the coordination between the top and bottom in the human resources management mechanism to safeguard the value of corporate human capital.

As at 30 June 2022, the Group had 3,673 employees. The remuneration of employees is determined by experience, skills, performance and market conditions. As required by the PRC regulations on social insurance, the Group participated in the social insurance schemes operated by local government authorities which include pension insurance, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance. During the Reporting Period, the total remuneration of employees (including the remuneration of the Directors) was approximately RMB138.30 million.

(XIII) NO MATERIAL CHANGES

Since the publication of our audited financial statements for the year ended 31 December 2021, there have been no material changes to our business.

5. OTHER INFORMATION

(1) INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2022.

(2) DISCLOSURE OF INTERESTS

1. Substantial Shareholders' Interests or Short Positions

As at 30 June 2022, as far as the Directors were aware, the interests or short positions of the persons other than the Directors and chief executive of the Company in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of part XV of the SFO as recorded in the register of substantial shareholders required to be kept by the Company under section 336 of the SFO were as follows:

Name of Shareholders	Nature of interests	Number of shares (Note 5)	Approximate percentage of shareholdings
Conch International Holdings (HK) Limited	Beneficial owner	173,371,000 (L) (Note 1)	9.49%
Conch Holdings	Interest of controlled corporation	252,590,500 (L) (Note 2)	13.83%
Conch Cement	Beneficial owner	79,219,500 (L)	4.34%
	Interest of controlled corporation	173,371,000 (L) (Note 1)	9.49%
	Subtotal	252,590,500 (L)	13.83%

5. OTHER INFORMATION

Name of Shareholders	Nature of interests	Number of shares (Note 5)	Approximate percentage of shareholdings
Conch Venture Wuhu	Interest of controlled corporation	252,590,500 (L) (Note 2)	13.83%
Conch Venture Green	Interest of controlled corporation	252,590,500 (L) (Note 2)	13.83%
China Conch Venture Holdings (HK) Limited	Interest of controlled corporation	252,590,500 (L) (Note 2)	13.83%
China Conch Venture Holdings International Limited	Interest of controlled corporation	252,590,500 (L) (Note 2)	13.83%
Conch Venture	Interest of controlled corporation	252,590,500 (L) (Note 2)	13.83%
	Beneficial owner	4,705,500 (L)	0.26%
	Subtotal	257,296,000 (L)	14.08%
SA Conch	Interest of controlled corporation	125,898,000 (L) (Note 3)	6.89%
CV Investment	Beneficial owner	41,560,000 (L)	2.28%
	Interest of controlled corporation	84,338,000 (L) (Note 4)	4.62%
	Subtotal	125,898,000 (L)	6.89%

5. OTHER INFORMATION

Notes:

1. Conch International Holdings (HK) Limited is wholly owned by Conch Cement. As such, Conch Cement is deemed to be interested in the shares in which Conch International Holdings (HK) Limited is interested by virtue of the SFO.
2. Among these shares, 79,219,500 shares are directly owned by Conch Cement and the remaining 173,371,000 shares are owned by Conch International Holdings (HK) Limited which is wholly-owned by Conch Cement. By virtue of the SFO, Conch Cement is deemed to be interested in the shares in which Conch International Holdings (HK) Limited is interested. As 36.40% of the issued share capital of Conch Cement is held by Conch Holdings, Conch Holdings is deemed to be interested in the shares in which Conch Cement is interested by virtue of the SFO. 49% of the issued share capital of Conch Holdings is held by Conch Venture Wuhu, Conch Venture Wuhu is wholly owned by Conch Venture Green, Conch Venture Green is wholly owned by China Conch Venture Holdings (HK) Limited, China Conch Venture Holdings (HK) Limited is wholly owned by China Conch Venture Holdings International Limited, China Conch Venture Holdings International Limited is wholly owned by Conch Venture. By virtue of the SFO, Conch Venture Wuhu, Conch Venture Green, China Conch Venture Holdings (HK) Limited, China Conch Venture Holdings International Limited and Conch Venture are respectively deemed to be interested in the shares in which Conch Cement is interested.
3. Among these shares, 41,560,000 shares are directly owned by CV Investment and the remaining 67,282,000 shares, 6,066,000 shares and 10,990,000 shares are owned respectively by (i) 海螺創投控股（珠海）有限公司 (Conch Venture Holdings (Zhuhai) Co., Ltd.*) ("**CV Holdings (Zhuhai)**"), (ii) 安徽海螺創業醫療投資管理有限責任公司 (Anhui Conch Venture Medical Investment Management Co., Ltd.*) ("**CV Medical**") and (iii) 海螺創業國際有限公司 (Conch Venture International Limited*) ("**CVI**"), all of which are wholly-owned by CV Investment. CV Investment is deemed to be interested in the shares in which CV Holdings (Zhuhai), CV Medical and CVI are interested by virtue of the SFO. As SA Conch holds 82.93% of registered capital of CV Investment, SA Conch is deemed to be interested in the shares in which CV Investment is interested by virtue of the SFO.
4. Among these shares, 67,282,000 shares, 6,066,000 shares and 10,990,000 shares are owned respectively by CV Holdings (Zhuhai), CV Medical and CVI. By virtue of the SFO, CV Investment is deemed to be interested in the shares in which CV Holdings (Zhuhai), CV Medical and CVI are interested.
5. The letter "L" denotes a long position ("**L**") in the shares.

* For identification purpose only

Save as disclosed above, as at 30 June 2022, the Directors were not aware of any other persons, other than the Directors and chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register of substantial shareholders required to be kept under section 336 of the SFO.

5. OTHER INFORMATION

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

As at 30 June 2022, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they have taken, or are deemed to have taken, under such provisions of the SFO), or recorded in the register required to be kept by the Company under section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 of the Listing Rules were set out below:

The Company

Name of Directors	Nature of interests	Number of shares (long positions)	Approximate percentage of shareholdings
Mr. Guo Jingbin	Interest of controlled corporation (Note 1)	47,680,000	2.61%
Mr. Ji Qinying	Interest of spouse (Note 2)	35,033,752	1.92%
Mr. Shu Mao	Beneficial owner	143,000	0.01%
Mr. Wan Changbao	Beneficial owner	230,000	0.01%
Mr. Zhang Keke	Beneficial owner	2,990,418	0.16%

Notes:

- These shares are owned by Splendor Court, which is wholly owned by Mr. Guo Jingbin. Mr. Guo Jingbin is deemed to be interested in the shares held by Splendor Court by virtue of the SFO. On 18 July 2022, due to family wealth distribution arrangement, 47,680,000 Shares of the Company held by Splendor Court, which is wholly-owned by Mr. Guo Jingbin, were given in their entirety to a company wholly-owned by Mr. Guo's daughter, and Mr. Guo (through Splendor Court) no longer held any Shares of the Company.
- These shares are personally owned by Ms. Yan Zi. Mr. Ji Qinying is deemed to be interested in the shares held by his spouse, Ms. Yan Zi, by virtue of the SFO.

5. OTHER INFORMATION

Save as disclosed above, as at 30 June 2022, none of the Directors and chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions they have taken, or are deemed to have taken, under such provisions of the SFO), or recorded in the register required to be kept by the Company under section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

During the period from the Listing Date to 30 June 2022, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

(4) CHANGE IN DIRECTORS' INFORMATION

During the Reporting Period, the change in the information of Directors is as follows:

Mr. Guo Jingbin resigned as an independent non-executive director of China Logistics Property Holdings Co., Ltd. (HKEX stock code before delisting: 01589) with effect from 1 March 2022.

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

(5) SHARE OPTION SCHEME

During the period from the Listing Date to 30 June 2022, the Company had no share option scheme within the meaning of Chapter 17 of the Listing Rules.

(6) CORPORATE GOVERNANCE

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

The Company has adopted the Corporate Governance Code set out in Appendix 14 to the Listing Rules as the corporate governance code of the Company. The Company has confirmed that, during the period from Listing Date to 30 June 2022, the Company complied with the principles and all applicable code provisions of the Corporate Governance Code, and the Company has further refined the corporate governance structure and enhanced its corporate governance under the guidance of the regulatory documents including the Listing Rules and the Articles of Association.

The Company regularly reviews and improves its corporate governance practices in order to be continuously in compliance with the Corporate Governance Code.

5. OTHER INFORMATION

(7) MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules as the code for dealing in securities of the Company by the Directors since the Listing Date. Having made specific enquiries by the Company, all Directors confirmed that they complied with the Model Code during the period from the Listing Date to 30 June 2022.

During the period from the Listing Date to 30 June 2022, the Company was not aware of any incident of non-compliance with the Model Code by the relevant employees.

(8) AUDIT COMMITTEE

With effective from 18 July 2022, Mr. Cai Hongping resigned as the chairman of the Audit Committee and Ms. Wang Jiafen was appointed as the chairlady of the Audit Committee. The Audit Committee comprises Mr. Hao Jiming, Mr. Dai Xiaohu and Ms. Wang Jiafen, being the independent non-executive Directors. The Company adopted the latest revised “Terms of Reference of the Audit Committee of the Board” with effect from 25 May 2022 to remove its internal control system. The new “Terms of Reference of the Audit Committee of the Board” stipulates that the primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor; review the financial statements and information; provide advice in respect of financial reporting; consider any significant or unusual matters and report to the Board for consideration. The Terms of Reference of the Audit Committee of the Board of the Company clearly defines the duties and rules of the committee.

The Audit Committee has reviewed the unaudited interim results and interim report of the Company for the six months ended 30 June 2022. The Audit Committee has no disagreement with the accounting treatment methods adopted by the Company.

5. OTHER INFORMATION

(9) REMUNERATION AND NOMINATION COMMITTEE

With effect from 18 July 2022, Mr. Cai Hongping resigned as a member of the Remuneration and Nomination Committee and Ms. Wang Jiafen was appointed as a member of the Remuneration and Nomination Committee. the Remuneration and Nomination Committee comprises Mr. Guo Jingbin (executive Director and Chairman of the Board), Mr. Hao Jiming, Mr. Dai Xiaohu and Ms. Wang Jiafen (independent non-executive Directors). The primary functions of the Remuneration and Nomination Committee are to make recommendation to the Board on the overall remuneration policy and the structure relating to all Directors and senior management of the Group; make recommendation to the Board on the remuneration packages for each of the executive Directors and senior management; and review performance-based remuneration and ensure none of the Directors participate in deciding their own remuneration; to review the structure, size and composition (including the skills, knowledge and experiences) of the Board at least annually; to make recommendation to the Board on any proposed changes to the Board to complement the Company's corporate strategy; to identify and select individuals suitably qualified as potential Board members or make recommendations to the Board on the selection of individuals nominated for directorships; to assess the independence of independent non-executive Directors; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning of Directors, in particular that of the chairman/ chief executive officer/general manager. The Terms of Reference of the Remuneration and Nomination Committee of the Board of the Company clearly defines the duties and rules of the committee.

The Company has adopted a Board diversity policy since 16 March 2022. As the Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance, the Board adopted a Board diversity policy, whereby setting forth principles adopted to realize the Board diversity.

The Remuneration and Nomination Committee is assigned by the Board to be responsible for compliance with the relevant codes governing diversity on the Board under the Corporate Governance Code. The selection of candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, race, language, age, cultural background, educational background, industry experience, professional experience, skills, knowledge and tenure of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. The Company strives to maintain diversified opinions in every aspect in the Board, especially the opinions that are consistent with the strategy and objectives of the Company, and conduct regular assessment on the Board diversity and progress in achieving the objective of diversity.

As disclosed on page 213 of the Company's Listing Document, the Company will appoint at least one female Director to the Board within one year from the Listing Date. On 18 July 2022, the Company appointed Ms. Wang Jiafen to the Board, symbolizing an initial achievement of measurable goals of the Board diversity policy.

5. OTHER INFORMATION

(10) STRATEGY, SUSTAINABILITY AND RISK MANAGEMENT COMMITTEE

The Strategy, Sustainability and Risk Management Committee comprises Mr. Guo Jingbin (executive Director and Chairman of the Board), Mr. Shu Mao (executive Director and General Manager), Mr. Zhang Keke (executive Director), Mr. Xiao Jiaxiang (non-executive Director) and Mr. Dai Xiaohu (independent non-executive Director). The Company has adopted the latest revision of the “Terms of Reference of the Strategy, Sustainability and Risk Management Committee of the Board” with effect from 25 May 2022 to add the functions of supervision and review of the internal control system. The Strategy, Sustainability and Risk Management Committee is mainly responsible for formulating the mid and long-term planning of development strategies of the Group, considering and making recommendations on policies for the sustainable development, monitoring and reviewing the implementation of strategic development plans and policies related to sustainable development, overseeing and reviewing the risk management and internal control system, and assisting the Board in fulfilling its management and supervision responsibilities related to the sustainable development of the Group. The Terms of Reference of the Strategy, Sustainability and Risk Management Committee of the Board of the Company clearly defines the duties and rules of the committee.

(11) PROPERTY, PLANT AND EQUIPMENT

As at 30 June 2022, the property, plant and equipment of the Group amounted to approximately RMB5,712.30 million. Details of the changes in property, plant and equipment of the Group during the Reporting Period are set out in note 9 to the financial statements. As disclosed on pages 179 to 182 of the Listing Document of the Company, as of the latest practicable date (i.e. 13 March 2022), we had not obtained the land use right certificates for the land occupied by eight properties with a total gross floor area of 39,133.8 square meters (the “**Relevant Lands**”). Details of the Relevant Lands, including but not limited to the use, reasons for non-compliance, rectification status and expected time to obtain the real property ownership certificates, are disclosed in the table on pages 179 to 182 of the Listing Document.

As of the date of this report, we have obtained the land use right certificate for Property No. 2 among the Relevant Lands (which has a gross site area of 27,226.67 sq.m. and a gross floor area of 6,914.33 sq.m. and is used as a waste treatment plant) on 23 March 2022 for a term commencing from 7 June 2022 to 7 June 2072, and the expected time to obtain the real property ownership certificate of the property is on or before March 2023; and the land use right certificate for Property No. 8 among the Relevant Lands (which has a gross site area of 10,636.19 sq.m. and a gross floor area of 3,456 sq.m. and is used as a waste treatment plant) on 25 June 2022 for a term commencing from 17 January 2011 to 16 January 2061, and the expected time to obtain the real property ownership certificate of the property is on or before September 2023. As of the date of this report, there is no update on the remaining six properties as compared to the disclosure in the Listing Document. The Company will take proactive actions to obtain land use right certificates of the Relevant Lands and to obtain the real property ownership certificates of the eight properties on the Relevant Lands.

5. OTHER INFORMATION

(12) EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Neither the Company nor its subsidiaries had any material events after the Reporting Period and up to the date of this interim report.

For and on behalf of the Board
China Conch Environment Protection Holdings Limited
中國海螺環保控股有限公司

GUO Jingbin

Chairman

China, 30 August 2022

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2022 — unaudited
(Expressed in Renminbi yuan)

	Note	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
Revenue	4	868,437	740,358
Cost of sales		(377,891)	(291,175)
Gross profit		490,546	449,183
Other income	5	43,206	16,959
Distribution costs		(70,791)	(54,520)
Administrative expenses		(113,225)	(76,884)
Profit from operations		349,736	334,738
Finance costs	6(a)	(43,386)	(18,932)
Share of profits of associates	10	5,862	6,845
Profit before taxation	6	312,212	322,651
Income tax	7	(34,238)	(21,153)
Profit for the period		277,974	301,498
Attributable to:			
Equity shareholders of the Company		249,080	264,930
Non-controlling interests		28,894	36,568
Profit for the period		277,974	301,498
Earnings per share	8		
— Basic (RMB)		0.14	0.15
— Diluted (RMB)		0.14	0.14

The accompanying notes form part of interim financial report.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the six months ended 30 June 2022 — unaudited
(Expressed in Renminbi yuan)

		Six months ended 30 June	
	Note	2022 RMB'000	2021 RMB'000
Profit for the period		277,974	301,498
Other comprehensive income for the period (after tax and reclassification adjustments)		—	—
Total comprehensive income for the period		277,974	301,498
Attributable to:			
Equity shareholders of the Company		249,080	264,930
Non-controlling interests		28,894	36,568
Total comprehensive income for the period		277,974	301,498

The accompanying notes form part of interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2022 — unaudited
(Expressed in Renminbi yuan)

		At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
	Note		
Non-current assets			
Property, plant and equipment	9	5,712,296	5,170,495
Right-of-use assets	9	215,843	197,156
Intangible assets	9	133,567	63,047
Goodwill		9,219	5,815
Interests in associates	10	72,081	68,839
Non-current portion of trade and other receivables	11	196,838	293,062
Deferred tax assets		8,062	8,309
		6,347,906	5,806,723
Current assets			
Inventories		16,241	8,061
Trade and other receivables	11	1,043,887	1,024,495
Restricted bank deposits	12	21,074	58,149
Bank deposits with original maturity over three months	12	—	1,680
Cash and cash equivalents	12	655,719	596,113
Financial assets measured at FVPL		—	15,000
		1,736,921	1,703,498
Current liabilities			
Loans and borrowings	13	686,315	634,033
Trade and other payables	14	1,076,918	1,330,427
Contract liabilities		16,854	9,858
Lease liabilities		274	530
Income tax payables		31,768	19,823
		1,812,129	1,994,671
Net current liabilities		(75,208)	(291,173)
Total assets less current liabilities		6,272,698	5,515,550

The accompanying notes form part of interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

at 30 June 2022 — unaudited
(Expressed in Renminbi yuan)

	Note	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Non-current liabilities			
Loans and borrowings	13	2,942,711	2,409,828
Lease liabilities		3,723	3,606
Deferred tax liabilities		28,630	12,196
		2,975,064	2,425,630
Net assets		3,297,634	3,089,920
Capital and reserves	15		
Share capital		14,837	—
Reserves		2,634,145	2,420,593
Equity attributable to equity shareholders of the Company		2,648,982	2,420,593
Non-controlling interests		648,652	669,327
Total equity		3,297,634	3,089,920

The accompanying notes form part of interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2022 — unaudited
(Expressed in Renminbi yuan)

Note	Attributable to equity shareholders of the Company						Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	PRC statutory reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000		
Balance at 1 January 2021	–	–	273,686	109,216	670,342	1,053,244	748,393	1,801,637
Changes in equity for the six months ended 30 June 2021:								
Profit for the period	–	–	–	–	264,930	264,930	36,568	301,498
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	264,930	264,930	36,568	301,498
Non-controlling interests arising from establishment of subsidiaries	–	–	–	–	–	–	96,300	96,300
Acquisition of subsidiaries with non-controlling interests	–	–	–	–	–	–	19,759	19,759
Acquisition of non-controlling interests	–	–	(439,829)	–	–	(439,829)	(231,635)	(671,464)
Profit distribution to non-controlling interests	–	–	–	–	–	–	(10,500)	(10,500)
Balance at 30 June 2021 and 1 July 2021	–	–	(166,143)	109,216	935,272	878,345	658,885	1,537,230
Changes in equity for the six months ended 31 December 2021:								
Profit for the period	–	–	–	–	313,677	313,677	31,402	345,079
Other comprehensive income	–	–	–	–	–	–	–	–
Total comprehensive income	–	–	–	–	313,677	313,677	31,402	345,079
Non-controlling interests arising from establishment of subsidiaries	–	–	–	–	–	–	12,967	12,967
Appropriation to reserves	–	–	–	72,881	(72,881)	–	–	–
Issuance of ordinary shares by capitalization of the balance due to related parties	–*	1,199,004	–	–	–	1,199,004	–	1,199,004
Deemed contribution from the ultimate parent company	–	–	29,567	–	–	29,567	–	29,567
Disposal of a subsidiary with non-controlling interests	–	–	–	–	–	–	(31,760)	(31,760)
Profit distribution to non-controlling interests	–	–	–	–	–	–	(2,167)	(2,167)
Balance at 31 December 2021	–*	1,199,004	(136,576)	182,097	1,176,068	2,420,593	669,327	3,089,920

* The balance represents an amount less than RMB1,000.

The accompanying notes form part of interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

for the six months ended 30 June 2022 — unaudited
(Expressed in Renminbi yuan)

		Attributable to equity shareholders of the Company					Non-controlling interests RMB'000	Total equity RMB'000	
	Note	Share capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	PRC statutory reserves RMB'000	Retained earnings RMB'000			Sub-total RMB'000
Balance at 1 January 2022		-	1,199,004	(136,576)	182,097	1,176,068	2,420,593	669,327	3,089,920
Changes in equity for the six months ended 30 June 2022:									
Profit for the period		-	-	-	-	249,080	249,080	28,894	277,974
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income		-	-	-	-	249,080	249,080	28,894	277,974
Capitalisation issue		15(b)	14,837	(14,837)	-	-	-	-	-
Acquisition of subsidiaries with non-controlling interests		17	-	-	-	-	-	29,886	29,886
Acquisition of non-controlling interests			-	-	(20,691)	-	(20,691)	(76,109)	(96,800)
Non-controlling interests arising from capital injection into subsidiaries			-	-	-	-	-	22,012	22,012
Profit distribution to non-controlling interests			-	-	-	-	-	(25,358)	(25,358)
Balance at 30 June 2022			14,837	1,184,167	(157,267)	182,097	1,425,148	648,652	3,297,634

The accompanying notes form part of the interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2022 — unaudited
(Expressed in Renminbi yuan)

	Note	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000
Operating activities:			
Cash generated from operations		264,747	313,434
Income tax paid		(22,734)	(16,166)
Net cash generated from operating activities		242,013	297,268
Investing activities:			
Payment for purchase of property, plant and equipment, construction in progress and intangible assets		(692,266)	(803,128)
Payment for purchase of right-of-use assets		(16,921)	(19,497)
Acquisition of subsidiaries, net of cash acquired	17	(69,183)	(37,302)
Repayment of amounts due from related parties		150,000	—
Other cash flows (used in)/arising from investing activities		(229)	3,133
Net cash used in investing activities		(628,599)	(856,794)
Financing activities:			
Proceeds from loans and borrowings		1,172,541	456,520
Repayment of loans and borrowings		(587,376)	(82,041)
Advance from related parties		—	171,091
Repayment of amounts due to related parties		—	(162,004)
Profit distribution to non-controlling interests		(11,289)	(34,500)
Interest paid		(61,461)	(27,322)
Capital contribution from non-controlling interests		22,012	96,300
Acquisition of non-controlling interests		(77,440)	—
Other cash flows used in financing activities		(10,795)	(489)
Net cash generated from financing activities		446,192	417,555
Net increase/(decrease) in cash and cash equivalents		59,606	(141,971)
Cash and cash equivalents at 1 January		596,113	638,784
Cash and cash equivalents at 30 June		655,719	496,813

The accompanying notes form part of interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

1 GENERAL INFORMATION

China Conch Environment Protection Holdings Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands with limited liability under the Cayman Law, Cap 22(Law 3 of 1961, as consolidated and revised) of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 30 March 2022 (the “Listing”).

The Company and its subsidiaries (together the “Group”) are principally provide treatment solutions for industrial solid waste and hazardous waste utilizing cement kiln waste treatment technologies in the People’s Republic of China (the “PRC”).

2 BASIS OF PREPARATION

This Interim Financial Information has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” issued by the International Accounting Standards Board (“IASB”). It was authorised for issue on 30 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

The IASB has issued a number of amendments to International Financial Reporting Standards (“IFRSs”) that are first effective for the current accounting period of the Group. None of the developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this Interim Financial Information.

The preparation of Interim Financial Information is in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This Interim Financial Information contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

2 BASIS OF PREPARATION *(Continued)*

The Interim Financial Information has been prepared assuming the Group will continue as a going concern notwithstanding that the Group recorded net current liabilities of RMB75,208,000 as at 30 June 2022. The directors have reviewed the current financial performance and working capital forecast as part of their assessment of the Group's ability to continue as a going concern, and after carefully considering the matters described below, the directors have a reasonable expectation that the Group is able to continue as a going concern for at least the next twelve months from 30 June 2022 to meet its obligations, as and when they fall due, having regard to the following:

- (1) the Group generated net cash inflows from operating activities of approximately RMB242 million during the six-month period ended 30 June 2022 and expects to continue to improve its working capital management and generate positive operating cash flows for the next twelve months;
- (2) the Group has the ability to obtain new banking and other financing facilities, borrowings and has the ability to renew or refinance the banking facilities upon maturity and obtain other borrowings. As at the date of this report, the Group had available unutilised banking facilities of RMB7.5 billion;
- (3) the Group can adjust the schedule of certain planned capital expenditure for the next twelve months from the end of 30 June 2022.

Consequently, the directors have concluded that the Group has adequate resources to continue in operational existence for the foreseeable future and that there are no material uncertainties related to events or conditions which, individually or collectively, may cast significant doubt on the Group's ability to continue as a going concern.

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company.

3 CHANGES IN ACCOUNTING POLICIES

The International Accounting Standards Board ("IASB") has issued a number of standards and amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are provision of treatment solutions for industrial solid waste and hazardous waste.

(i) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by each significant category for the six months ended 30 June 2022 and 30 June 2021 recognised in the consolidated statements of profit or loss are as follows:

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Revenue from contracts with customers within the scope of IFRS 15, all recognised over time		
Solid and hazardous waste solutions		
— Industrial solid waste	286,549	204,158
— General hazardous waste	496,873	465,851
— Oil sludge	55,249	42,350
— Fly ash	29,766	27,999
	868,437	740,358

For the six months ended 30 June 2022, there was no customer from which revenue accounted for 10% or more of the Group's revenue.

(b) Segment reporting

(i) Services from which reportable segments derive their revenue

Information reported to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance is more focused on the Group as a whole, as all of the Group's activities are considered to be primarily dependent on the performance on solid and hazardous waste solutions. Resources are allocated based on what is beneficial for the Group in enhancing its solid and hazardous waste solutions activities as a whole rather than any specific service. Performance assessment is based on the results of the Group as a whole. Therefore, management considers there is only one operating segment under the requirements of IFRS 8, Operating segments.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(ii) Geographic information

The geographical location of revenue is based on the selling location. All of the Group's revenue from external customers is from the PRC. The geographical location of the specified non-current assets (primarily property, plant and equipment, right-of-use assets, intangible assets, goodwill, interests in associates) is based on the physical location of the assets, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets and goodwill, and the location of operations, in the case of interests in associates. During the Relevant Periods, substantially all of the Group's specified non-current assets are physically located in the PRC.

5 OTHER INCOME

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Interest income on bank deposits	4,719	5,078
Government grants (i)	35,060	10,506
Net gain/(loss) on disposal of right-of-use assets and property, plant and equipment	88	(2)
Recognition of negative goodwill as income	–	644
Gain from debt restructuring	1,635	–
Others	1,704	733
	43,206	16,959

- (i) Government grants mainly represented subsidies received from local government authorities for encouraging the Group's development in the solid waste solutions in the respective PRC cities.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

6 PROFIT BEFORE TAXATION

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

(a) Finance costs:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Interest on loans and borrowings	63,947	27,557
Interest on lease liabilities	92	89
Total interest expense on financial liabilities not at fair value through profit or loss	64,039	27,646
Less: interest expense capitalised in construction in progress*	(20,653)	(8,714)
	43,386	18,932

* The borrowing costs were capitalised at rates of 1.70% — 4.65% per annum for six months ended 30 June 2022 (six months ended 30 June 2021: 3.60% — 4.65%).

(b) Other items:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Cost of services provided	377,891	291,175
Depreciation of owned property, plant and equipment	98,337	62,828
Listing fees	18,593	—
Depreciation of right-of-use assets	3,371	1,778
Amortisation of intangible assets	3,519	3,376
Loss allowance for trade receivables	1,127	3,120
Short-term lease payments not included in the measurement of lease liabilities	2,149	772

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

7 INCOME TAX

	Six months ended 30 June	
	2022 RMB'000	2021 RMB'000
Current tax — Hong Kong Profits Tax		
Provision for the period	—	—
Current tax-PRC Income Tax		
Provision for the period	34,128	23,007
Under provision in respect of prior years	551	151
Deferred tax:		
Origination and reversal of temporary differences, net	(441)	(2,005)
	34,238	21,153

- (a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (b) The estimated annual effective tax rate applicable to group entities incorporated in Hong Kong for the income subject to Hong Kong Profits Tax is 16.5% (2021: 16.5%) to the six months ended 30 June 2022. No provision for Hong Kong Profits Tax has been made as the Group had no assessable profits derived from or earned in Hong Kong during the period.
- (c) The provision for PRC income tax is based on a statutory rate of 25% of the assessable income of the Company's mainland China subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC.
- (d) Pursuant to Notice No.14 issued by the State Administration of Taxation on 10 March 2015 and relevant local tax authorities' notices, certain subsidiaries are entitled to a preferential income tax rate of 15% as qualifying companies located in western areas in the PRC.
- (e) Pursuant to the PRC Enterprise Income Tax Law Implementing Regulations issued by State Council of the PRC, certain subsidiaries engaged in solid waste solutions are eligible for income tax exemption for the first three years starting from the year in which revenue is generated and 50% income tax reduction for the next three years.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

8 EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2022 is based on the profit attributable to shareholders of the Company for the six months ended 30 June 2022 of RMB249,080,000 (30 June 2021: RMB264,930,000) and the weighted average number of ordinary shares of 1,826,765,059 in issue (30 June 2021: 1,826,765,059).

9 PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

(a) Acquisition and disposals of owned property, plant and equipment

During the six months ended 30 June 2022, the Group acquired items of plant and equipment amounting to RMB650,327,000, among which RMB100,265,000 were acquired through business combination. Items of plant and equipment with a net book value of RMB135,000 were disposed of during the six months ended 30 June 2022, resulting in a loss on disposal of RMB4,000.

As at 30 June 2022, property, plant and equipment with carrying amount of RMB Nil were pledged as collaterals for certain bank loans.

(b) Right-of-use assets

Right-of-use assets represent properties leased for own use and leasehold land for own use. During the six months ended 30 June 2022, additions of right-of-use assets amounted to RMB26,370,000, among which RMB Nil were acquired through business combination.

As at 30 June 2022, leasehold land for own use with carrying amount of RMB9,476,000 (2021:RMB9,476,000) were pledged as collaterals for certain bank loans.

(c) Intangible assets

Intangible assets consist of software, pollutant discharge permit and customer relationship. During the six months ended 30 June 2022, additions of intangible assets amounted to RMB74,557,000, among which RMB71,185,000 were acquired through business combination.

10 INTERESTS IN ASSOCIATES

As at 30 June 2022, interests in associates represented share of net assets of four associates that are not individually material. For the six months period ended 30 June 2022, the Group recognised share of profits of associates in the amount of RMB5,862,000 in the consolidated statement of profit or loss (six months ended 30 June 2021: RMB6,845,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

11 TRADE AND OTHER RECEIVABLES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade receivables		
— Third parties	855,582	681,441
— Related parties (Note 19(b))	178	17,125
Bills receivable	78,865	89,009
Less: loss allowance for doubtful debts	(33,196)	(32,276)
Trade and bills receivables	901,429	755,299
Other receivables		
— Deposits and prepayments	23,723	18,576
— VAT recoverable	87,165	82,821
— Others	30,913	12,933
	1,043,230	869,629
Amounts due from related parties (Note 19(b))		
— Advances to related parties	—	150,000
— Others	657	4,866
Current portion of trade and other receivables	1,043,887	1,024,495
Other receivables and prepayments to be recovered after one year	196,838	293,062
Non-current portion of trade and other receivables	196,838	293,062
Total current and non-current trade and other receivables	1,240,725	1,317,557

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

All of the amounts due from related parties are unsecured, non-interest bearing and repayable on demand.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

11 TRADE AND OTHER RECEIVABLES *(Continued)*

Ageing analysis

As of the end of the reporting periods, the ageing analysis of trade receivables and bills receivable (which are included in trade and other receivables), based on the past due aging and net of loss allowance, is as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Current	740,172	671,366
Less than 1 year	159,684	82,692
1 to 2 years	1,573	1,241
	901,429	755,299

12 CASH AND CASH EQUIVALENTS

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Cash at bank and on hand	676,793	655,942
Less: Restricted bank deposits (Note)	(21,074)	(58,149)
Bank deposits with original maturity over three months	—	(1,680)
Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement	655,719	596,113

Note: As at 30 June 2022, restricted bank deposits of RMB21,074,000 mainly represent deposits for issuing bank acceptance bills payable (31 December 2021: RMB58,149,000).

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(Expressed in Renminbi unless otherwise indicated)

13 LOANS AND BORROWINGS

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Current	686,315	634,033
Non-current	2,942,711	2,409,828
Total	3,629,026	3,043,861

As at 30 June 2022, the loans and borrowings were repayable as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Within one year	686,315	634,033
After one year but within two years	609,238	343,522
After two years but within five years	2,028,686	1,766,994
After five years	304,787	299,312
Total	3,629,026	3,043,861

As at 30 June 2022, the loans and borrowings were secured as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Bank loans		
— Guaranteed	20,667	47,637
— Secured	—	50,000
— Guaranteed and secured	49,285	7,000
— Unsecured	3,559,074	2,939,224
Total	3,629,026	3,043,861

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

14 TRADE AND OTHER PAYABLES

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade payables		
— Third parties	130,599	90,799
— Related parties	29,524	32,924
Bills payable	21,673	39,880
Trade and bills payables	181,796	163,603
Other payables and accruals		
— Construction and equipment payables	701,748	377,444
— Deposits	26,297	35,593
— Other taxes and surcharges payables	4,228	3,676
— Accrued payroll and other benefits	5,042	99,758
— Accrued expenses	56,045	75,204
— Others	46,095	29,503
	1,021,251	784,781
Dividends payable to the-then shareholders	50,316	36,247
Amounts due to related parties		
— Construction and equipment payables	4,790	508,288
— Others	561	1,111
Trade and other payables	1,076,918	1,330,427

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

14 TRADE AND OTHER PAYABLES *(Continued)*

An ageing analysis of trade and bills payables of the Group is as follows:

	At 30 June 2021 RMB'000	At 31 December 2021 RMB'000
Within 1 year	181,796	163,603

The amounts due to related parties are unsecured, non interest-bearing and repayable on demand.

15 CAPITAL, RESERVE AND DIVIDENDS

(a) Dividends

No interim dividend was declared or paid for the six months ended 30 June 2022 and 2021.

(b) Share capital

The Company was incorporated on 2 March 2020 in the Cayman Islands as an exempted company with limited liability. Upon incorporation, the Company's authorised share capital was HK\$150,000,000 divided into 15,000,000,000 ordinary shares ("Shares") with a per value of HK\$0.01 each.

On 16 March, 2022, China Conch Venture Holdings Limited ("Conch Venture") Board declared the Conch Venture Distribution to the Qualifying Conch Venture Shareholders. The Conch Venture Distribution was satisfied wholly by way of a distribution in specie to the qualifying Conch Venture Shareholders of an aggregate of 1,826,765,059 Shares, representing all the issued Shares of the Company, by way of capitalisation of HK\$18,267,651 (equivalent to approximately RMB14,837,000) from the share premium account of the Company.

(c) Nature and purpose of reserves

(i) Share premium and distributability of reserves

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

16 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

As at 30 June 2022, carrying amount of financial assets and liabilities measured at fair value is RMB Nil (31 December 2021: RMB15,000,000).

Fair value at 31 December 2021 RMB'000	Fair value measurements as at 31 December 2021 categorised into		
	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000

Recurring fair value measurement

Financial assets measured at FVPL

— Investment in wealth

management products	15,000	–	15,000	–
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During the six months ended 30 June 2022, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2021: Nil).

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost were not materially different from their fair values as at 31 December 2021 and 30 June 2022.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

17 ACQUISITION OF SUBSIDIARIES

(a) Acquisition of Pingliang Environment

On 28 March 2022, the Group acquired 100% equity interests in Pingliang Conch Venture Environment Engineering Co., Ltd. ("Pingliang Environment") from Wuhu Conch Investment Ltd. (belong together with the Group to Conch Venture before 30 March 2022) for a consideration of RMB35,000,000.

The major identifiable assets and liabilities of Pingliang Environment include property, plant and equipment of RMB89,866,000, trade and other receivables of RMB9,053,000, trade and other payables of RMB64,212,000 and cash and cash equivalents of RMB293,000.

(b) Acquisition of Shaoguan Environmental

To expand the scale of operations for the treatment of hazardous and solid waste, on 7 March 2022, the Group acquired 51% equity interests in Shaoguan Conch Venture Hongfeng Green Environmental Protection Technology Co., Ltd. ("Shaoguan Environmental"), from its previous controlling shareholder for a consideration of RMB34,510,000. As a result of this acquisition, the Group holds 51% equity interests in Shaoguan Environmental and it is accounted for as a subsidiary.

The major identifiable assets and liabilities of Shaoguan Environmental include property, plant and equipment of RMB10,399,000, intangible assets of RMB71,185,000, trade and other receivables of RMB44,000, trade and other payables of RMB3,548,000, cash and cash equivalents of RMB34,000, deferred tax liabilities of RMB17,122,000 and non-controlling interests of RMB29,886,000. Goodwill of RMB3,404,000 was recognised as at the date of acquisition.

18 COMMITMENTS

Capital commitments outstanding at 30 June 2022 not provided for in the interim financial report were as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Contracted for	454,312	504,362
Authorised but not contracted for	95,387	793,689
	549,699	1,298,051

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(Expressed in Renminbi unless otherwise indicated)

19 MATERIAL RELATED PARTY TRANSACTIONS

During the period, transactions with the following parties are considered as related party transactions.

Name of party (i)	Relationship
Anhui Conch Holdings Co., Ltd. ("Conch Holdings") 安徽海螺集團有限責任公司	Holding Company of related party
Anhui Conch Cement Co., Ltd. ("Conch Cement") 安徽海螺水泥股份有限公司	Associate of Conch Holdings
Anhui Conch Building Materials Design and Research Institute ("Conch Design Institute") 安徽海螺建材設計研究院	Subsidiary of Conch Holdings
Conch (Anhui) Energy Saving and Environment Protection New Material Co., Ltd. ("Conch New Material") 海螺（安徽）節能環保新材料股份有限公司	Associate of Conch Holdings
Anhui Conch IT Engineering Co., Ltd. ("Conch IT Engineering") 安徽海螺信息技術工程有限責任公司	Subsidiary of Conch Holdings
Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd. ("CKEM") 安徽海螺川崎裝備製造有限公司	Joint venture of Conch Cement and Kawasaki HI
China Conch Venture Holdings Limited ("Conch Venture") 中國海螺創業控股有限公司	The ultimate parent company*
Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd. 安徽海螺川崎節能設備製造有限公司	Subsidiary of Conch Venture
Shanghai Conch Kawasaki Engineering Co., Ltd. 上海海螺川崎節能環保工程有限公司	Subsidiary of Conch Venture
Huoqiu Conch Venture Environment Engineering Co., Ltd. 霍邱海創環境工程有限責任公司	Subsidiary of Conch Venture
Huoshan Conch Venture Environmental Protection Technology Co., Ltd. 霍山海創環保科技有限責任公司	Subsidiary of Conch Venture

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

19 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

Name of party (i)	Relationship
Lujiang Conch Venture Environmental Protection Technology Co., Ltd. 廬江海創環保科技有限責任公司	Subsidiary of Conch Venture
Wuwei Conch Venture Environmental Protection Technology Co., Ltd. 無為海創環保科技有限責任公司	Subsidiary of Conch Venture
Yiyang Conch Venture Environment Energy Co., Ltd. 弋陽海創環境能源有限責任公司	Subsidiary of Conch Venture
Zongyang Conch Venture Environmental Protection Technology Co., Ltd. 縱陽海創環保科技有限責任公司	Subsidiary of Conch Venture
Ningguo Conch Venture Environment Engineering Co., Ltd. 寧國海創環境工程有限責任公司	Subsidiary of Conch Venture
Dexing Conch Venture Environmental Protection Technology Co., Ltd. 德興海創環保科技有限責任公司	Subsidiary of Conch Venture
Shizhu Xian Conch Venture Environmental Protection Technology Co., Ltd. 石柱縣海創環保科技有限責任公司	Subsidiary of Conch Venture
Shizhu Conch Venture Environmental Protection Technology Co., Ltd. 扶綏海創環境工程有限責任公司	Subsidiary of Conch Venture

* On 30 March 2022, the shares of the Company were listed on the Stock Exchange after completed spin-off from Conch Venture, which is the ultimate parent company of the Company.

(i) The English translation of the names is for reference only. The official names of these entities are in Chinese.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi unless otherwise indicated)

19 MATERIAL RELATED PARTY TRANSACTIONS (Continued)**(a) Significant related party transactions**

Particulars of significant transactions between the Group and the above related parties during the period are as follows:

	Six months ended 30 June	
	2022	2021
	RMB'000	RMB'000
Service rendered to:		
CKEM	20	–
Conch Holdings	4	1
Conch New Material	75	58
Conch Cement	461	647
Conch Venture and its subsidiaries	9,745	8,561
	10,305	9,267
Purchase of goods from:		
Conch Venture and its subsidiaries	25,164	465,553
Conch IT Engineering	2,416	3,676
Conch Holdings	61	27
Conch Cement	7,308	3,307
	34,949	472,563
Services received from:		
Conch IT Engineering	49	–
Conch Design Institute	4,671	1,329
Conch Holdings	1	2
Conch Cement	24,633	29,498
Conch Venture and its subsidiaries	3,764	7,218
	33,118	38,047
Purchase of right-of-use assets		
Conch Cement	5,778	5,395
Interest expense on loans		
Conch Venture and its subsidiaries	–	2,795

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(Expressed in Renminbi unless otherwise indicated)

19 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties

Balances with related parties at the end of each reporting period are as follows:

	At 30 June 2022 RMB'000	At 31 December 2021 RMB'000
Trade receivables:		
Conch Venture and its subsidiaries	–	17,048
Conch Holdings	42	–
CKEM	38	–
Conch New Material	7	–
Conch Cement	91	77
	178	17,125
Other receivables (non-trade):		
Conch Venture and its subsidiaries	–	154,599
Conch Design Institute	273	–
Conch Cement	82	173
Conch IT Engineering	292	94
Conch New Material	10	–
	657	154,866
Trade payables:		
Conch Venture and its subsidiaries	–	327
Conch New Material	9	–
Conch Cement	29,515	32,597
	29,524	32,924
Other payables (non-trade):		
Conch Venture and its subsidiaries	–	504,728
Conch Cement	604	163
Conch IT Engineering	2,175	2,238
Conch Design Institute	2,572	2,264
Conch New Material	–	6
	5,351	509,399
Dividends payable		
Conch Venture and its subsidiaries	–	36,274