



China Conch Environment Protection Holdings Limited
中國海螺環保控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 587)

INTERIM REPORT
2023



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
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), and the controlling shareholder of the Company
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)
controlling shareholder(s):	has the meaning ascribed thereto under the Listing Rules
Corporate Governance Code:	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
CV Group:	安徽海創集團股份有限公司 (Anhui Conch Venture Group Co., Ltd.*) (formerly known as: 安徽海螺創業投資有限責任公司 (Anhui Conch Venture Investment Co., Ltd.*))
Director(s):	the director(s) of the Company
Group:	the Company and its subsidiaries
HKD/HK\$:	the lawful currency of Hong Kong
holding company:	has the meaning ascribed thereto under the Listing Rules


DEFINITIONS

Hong Kong:	the Hong Kong Special Administrative Region of the PRC
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 to the Listing Rules
Parties Acting in Concert:	the parties acting in concert with Conch Cement under the Takeovers Code, namely Conch Venture, Ren Yong (任勇), Qi Shengli (齊生立), Li Qunfeng (李群峰), Li Xiaobo (李曉波), Zhou Xiaochuan (周小川), Guo Dan (郭丹), Yan Zi (晏滋), Ji Xian (紀憲), Ma Wei (馬偉) and Wang Jingqian (王敬謙)
PRC/China:	the People's Republic of China (for the purpose of this report, excludes Hong Kong, Macao Special Administrative Region of the PRC and Taiwan)
Remuneration and Nomination Committee:	the remuneration and nomination committee of the Board
Reporting Period:	from 1 January 2023 to 30 June 2023
RMB:	the lawful currency of the PRC
SA Conch:	安徽海螺集團有限責任公司工會委員會 (The Staff Association of Anhui Conch Holdings Co., Ltd.*)
SFO:	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended, 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

DEFINITIONS

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
subsidiary(ies):	has the meaning ascribed thereto under the Listing Rules
Takeovers Code:	the Code on Takeovers and Mergers and Share Buy-backs issued by the Securities and Futures Commission of Hong Kong (as amended, supplemented or otherwise modified from time to time)

* 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. LI Xiaobo (<i>General Manager</i>) Ms. LIAO Dan Mr. FAN Zhan
(III) NON-EXECUTIVE DIRECTORS:	Mr. LI Qunfeng (<i>Chairman of the Board</i>) Mr. XIAO Jiaxiang Mr. MA Wei
(IV) INDEPENDENT NON-EXECUTIVE DIRECTORS:	Mr. DING Wenjiang Ms. WANG Jiafen Ms. LI Chen
(V) AUDIT COMMITTEE:	Ms. WANG Jiafen (<i>Chairlady</i>) Mr. DING Wenjiang Ms. LI Chen
(VI) REMUNERATION AND NOMINATION COMMITTEE:	Mr. DING Wenjiang (<i>Chairman</i>) Mr. LI Qunfeng Ms. WANG Jiafen Ms. LI Chen
(VII) STRATEGY, SUSTAINABILITY AND RISK MANAGEMENT COMMITTEE:	Mr. LI Qunfeng (<i>Chairman</i>) Mr. DING Wenjiang Mr. LI Xiaobo Mr. XIAO Jiaxiang
(VIII) JOINT COMPANY SECRETARIES:	Ms. LIAO Dan Mr. LEE Leong Yin
(IX) AUTHORISED REPRESENTATIVES:	Mr. LI Qunfeng Mr. LI Xiaobo

1. CORPORATE INFORMATION

(X) REGISTERED OFFICE IN THE CAYMAN ISLANDS:	Campbells Corporate Services Limited Floor 4, Willow House, Cricket Square Grand Cayman, KY1-9010, Cayman Island
(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:	hlhb@conchenviro.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 Accounting and Financial Reporting Council Ordinance 8/F, Prince's Building, 10 Chater Road, Central, Hong Kong
(XVIII) COMPLIANCE ADVISOR:	Silver Nile Global Investments 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 2023)

1. Operation results

Item	January– June 2023 Amount (RMB'000)	January– June 2022 Amount (RMB'000)	Changes between the Reporting Period and the corresponding period of the previous year (%)
Revenue	970,784	868,437	11.79
Profit before taxation	251,729	312,212	-19.37
Profit for the period	224,439	277,974	-19.26
Net profit attributable to the equity Shareholders of the Company	200,020	249,080	-19.70

2. Assets and liabilities

Item	30 June 2023 Amount (RMB'000)	31 December 2022 Amount (RMB'000)	Changes between the Reporting Period and the end of the previous year (%)
Total assets	8,919,789	8,536,568	4.49
Total liabilities	5,298,147	5,148,934	2.90
Equity attributable to the equity Shareholders of the Company	2,928,927	2,728,907	7.33

3. BUSINESS REVIEW AND OUTLOOK

(1) MACRO ENVIRONMENT

In the first half of 2023, the international environment has become more complex and severe and the geopolitical situation is turbulent. Amid the rising inflation pressure and faltering recovery of the global economy, China has implemented well-targeted macro policies and insisted on promoting high-quality development. The coordinated development of green transformation and economy growth has continued to bear fruit, with GDP growth of approximately 5.5% year-on-year.

During the Reporting Period, under the background of fierce competition in the hazardous waste treatment market, increased peak shifting efforts in the cement industry and other unfavorable factors, the Group focused on its operating objectives and strived to expand the market while paying close attention to internal management. The Group also strengthened synergy in production management with factories of cement companies, thereby seeking a quarterly improvement in operating benefits and a steady enhancement in operating quality.

(2) BUSINESS REVIEW

Since 2023, under the leadership of the Board, the Group has consolidated its core strengths in cement kiln co-processing treatment business while diversifying the development of environmental protection industries such as oil sludge treatment, fly ash washing and comprehensive resource utilization by sticking to the development plans and leveraging new opportunities of national green and low-carbon transformation. The Group has also taken the lead in developing alternative fuels projects to continuously consolidate its leading position in the industry.

At the end of the Reporting Period, the Group put into operation and constructed a total of 66 environmental protection projects in 19 provinces, municipalities, and autonomous regions across the country, including 38 general hazardous waste projects, 5 fly ash washing projects, 5 oil sludge treatment projects, 17 industrial solid waste projects and 1 comprehensive resource utilization project. The treatment scale of the projects was approximately 7,316,700 tonnes/year (excluding projects subject to approval and to be constructed).



3. BUSINESS REVIEW AND OUTLOOK

Industrial hazardous waste treatment and comprehensive resource utilization

1) Project expansion

The Group continued to optimize project implementation plans based on policy planning and market demand. During the Reporting Period, the Group successfully entered into contracts for 3 fly ash projects in Queshan, Henan (100,000 tonnes/year), Shuangfeng, Hunan (100,000 tonnes/year) and Leshan, Sichuan (100,000 tonnes/year), with a production capacity of approximately 300,000 tonnes/year, and also successfully entered into a contract for an oil sludge project in Zhong County, Chongqing (200,000 tonnes/year), which further improved its layout for the oil sludge market in Southwest China.

In terms of comprehensive resource utilization, the Group made plans on the development of alternative fuel projects by taking advantage of the “Carbon Peak and Carbon Neutrality” strategic opportunity. During the Reporting Period, the Group successfully entered into a contract for a project (100,000 tonnes/year) in Wuhu, Anhui. Meanwhile, the Group launched technical research on industrial waste salt, aluminum ash and organic solvents to pave the way for the subsequent development in the industry.

2) Project operation

As for market expansion, the Group focused on the implementation of the entry plan and endeavored to solve bottlenecks restricting market expansion and profit realization. The Group closely monitored the bidding dynamics of key customers, refined the public relations tasks for the hazardous waste customers and consolidated the relationship with key customers. The Group also improved the blank market layout and strengthened channel development, thus successfully opening up the cross-provincial transfer channels such as those in Hubei and Tianjin.

Regarding operation and management, the Group continued to improve the dynamic tracking mechanism for the production process to ensure the fulfillment of treatment targets. The Group promoted the integration in management with cement enterprises and established a regular communication mechanism for production organizations to further explore treatment potential. To reduce production costs and improve production efficiency, the Group steadily advanced various technological reforms and initiatives.

During the Reporting Period, the total treatment volume of industrial hazardous waste of the Group was approximately 546,100 tonnes, representing a year-on-year increase of approximately 34%, among which, approximately 485,700 tonnes were general hazardous waste, approximately 29,800 tonnes were oil sludge, and approximately 30,600 tonnes were fly ash; approximately 11,470 tonnes of comprehensive resource utilization products were sold; and 40,900 tonnes of alternative fuels were disposed of and supplied.

3. BUSINESS REVIEW AND OUTLOOK

Industrial solid waste treatment

1) Project expansion

By virtue of advantageous resources in the regions, the Group explored its development potential and prioritized the layout in economically developed regions with reasonable treatment prices, such as Yangtze River Delta, Sichuan and Chongqing. During the Reporting Period, the Group successfully entered into a contract for a solid waste treatment project in Leshan, Sichuan (100,000 tonnes/year).

2) Project operation

The Group actively expanded its solid waste treatment business and seized opportunities, and has successfully obtained the treatment franchise from a number of waste-producing enterprises. During the Reporting Period, the total treatment volume of industrial solid waste of the Group was approximately 1,036,200 tonnes, representing a year-on-year increase of approximately 15%.



3. BUSINESS REVIEW AND OUTLOOK

At the end of Reporting Period, details of general hazardous waste treatment projects of the Group in operation and under construction 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	2×100,000 tonnes/year	130,000 tonnes/year	December 2017
4		Yiyang, Jiangxi Province	2×100,000 tonnes/year	170,000 tonnes/year	May 2018
5		Xingye, Guangxi Province	2×100,000 tonnes/year	161,500 tonnes/year	August 2018
6		Suzhou, Anhui Province	2×100,000 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	2×100,000 tonnes/year	95,200 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	40,500 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	100,000 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	In operation	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		Linxiang, Hunan Province	100,000 tonnes/year	88,500 tonnes/year	January 2021	
22		Wuhu, Anhui Province	16,500 tonnes/year	16,500 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		Guilin, Guangxi Province	100,000 tonnes/year	50,000 tonnes/year	July 2021	
26		Dengfeng, Henan Province	100,000 tonnes/year	80,000 tonnes/year	July 2021	
27		Ningguo, Anhui Province	100,000 tonnes/year	70,000 tonnes/year	January 2022	
28		Nanjing, Jiangsu Province	100,000 tonnes/year	94,600 tonnes/year	January 2022	
29		Pingliang, Gansu Province	130,000 tonnes/year	60,000 tonnes/year	June 2022	
30		Fuyang, Zhejiang Province	2×100,000 tonnes/year	90,000 tonnes/year	June 2022	
31		Jiayuguan, Gansu Province	100,000 tonnes/year	100,000 tonnes/year	June 2022	
32		Hulunbuir, Inner Mongolia	50,000 tonnes/year	35,000 tonnes/year	June 2022	
33		Arong Qi, Inner Mongolia	100,000 tonnes/year	85,000 tonnes/year	June 2022	
34		Fuzhou, Jiangxi Province	100,000 tonnes/year	75,000 tonnes/year	October 2022	
35		Nantong, Chongqing Municipality	100,000 tonnes/year	22,300 tonnes/year	December 2022	
36		Shaoguan, Guangdong Province	2×100,000 tonnes/year	182,600 tonnes/year	April 2023	
Subtotal			4,166,500 tonnes/year	3,069,600 tonnes/year		
37		Under construction	Qingyuan, Guangdong Province	100,000 tonnes/year	/	September 2023
38	Tongchuan, Shaanxi Province		200,000 tonnes/year	April 2024		
Subtotal			300,000 tonnes/year			
Total			4,466,500 tonnes/year	3,069,600 tonnes/year		

3. BUSINESS REVIEW AND OUTLOOK

At the end of Reporting Period, details of fly ash washing projects of the Group in operation and under construction 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		Quanjiao, Anhui Province	100,000 tonnes/year	May 2023
Subtotal			349,500 tonnes/year	
5	Under construction	Qian County, Shaanxi Province	50,000 tonnes/year	October 2023
Subtotal			50,000 tonnes/year	
Total			399,500 tonnes/year	

At the end of Reporting Period, details of oil sludge treatment projects of the Group in operation and under construction 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	225,000 tonnes/year	225,000 tonnes/year	May 2020
2		Binzhou, Shandong Province	100,000 tonnes/year	100,000 tonnes/year	May 2021
3		Dongying, Shandong Province (Phase 1)	80,000 tonnes/year	80,000 tonnes/year	January 2022
Subtotal			405,000 tonnes/year	405,000 tonnes/year	
4	Under construction	Dongying, Shandong Province (Phase 2)	80,000 tonnes/year	/	July 2023
5		Jinzhou, Liaoning Province	Oil sludge treatment: 20,000 tonnes/year Incineration: 42,000 tonnes/year		October 2023
6		Qingyang, Gansu Province	80,000 tonnes/year		January 2024
Subtotal			222,000 tonnes/year		
Total			627,000 tonnes/year	405,000 tonnes/year	

3. BUSINESS REVIEW AND OUTLOOK

At the end of Reporting Period, details of solid waste treatment projects of the Group in operation and under construction are set out in the following table:

No.	Status of Construction	Project Location	Treatment 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*	2×60,000 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
14		Chaohu, Anhui Province (sludge drying)	200,000 tonnes/year	January 2023
15		Wuhu, Anhui Province (sludge drying)	132,000 tonnes/year	February 2023
16		Yunfu, Guangdong Province*	160,000 tonnes/year	June 2023
Subtotal			1,657,700 tonnes/year	
17	Under construction	Shuicheng, Guizhou Province	66,000 tonnes/year	September 2023
Subtotal			66,000 tonnes/year	
Total			1,723,700 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

At the end of the Reporting Period, details of the comprehensive resource utilization projects of the Group are set out in the following table:

Status of Construction	Project Location	Treatment Capacity	Hazardous Waste Qualification	Completion Date
In operation	Ninghai, Zhejiang Province	100,000 tonnes/year	100,000 tonnes/year	May 2021

At the end of Reporting Period, the treatment scale of the Group's projects in operation and under construction was approximately 7,316,700 tonnes/year, 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		Solid waste		Comprehensive resource utilization
	In operation	Under construction	In operation	Under construction	In operation	Under construction	In operation	Under construction	
Scale	416.65	30	34.95	5	40.5	22.2	165.77	6.6	10

(3) FUTURE PLAN AND OUTLOOK

2023 is a key year for the Group to enhance quality and efficiency and achieve high-quality development. From the perspective of macro environment, China's economy has gradually returned to the normal track with main indicators generally improving. Recovery and transformation will become the theme for China's economy in the second half of the year. The Group will seize policy opportunities, continue to promote scientific research and innovation, innovate management models, and promote cost reduction and efficiency increase, so as to further enhance its profitability. Therefore, the Group will focus its efforts on the following areas:

Multi-industry linkage development to consolidate new momentum for growth

In terms of alternative fuel business, the Group will vigorously grasp the new round of industry development opportunities driven by green development and the "Carbon Peak and Carbon Neutrality" goal, accelerate the implementation of projects with relatively mature market conditions, actively expand upstream raw material market channels, and give full play to the advantages of the alternative fuel industry chain;

In terms of fly ash washing business, the Group will follow the overall principle of "planning first, focusing on layout and launching in a timely manner", and rationally promote the implementation of plans based on development policies and market demand;

In terms of hazardous waste and oil sludge treatment business, the Group will continuously consolidate its core competitive advantages, seize the opportunity of industry integration, carry out project acquisition and merger as and when appropriate, and further improve market network coverage;

In terms of comprehensive resource utilization business, the Group will accelerate the technical research and demonstration for the comprehensive utilization projects of waste salt, waste acid, organic solution, aluminum ash, etc., clarify the technical treatment path, and thoroughly investigate the market situation, striving to achieve a zero breakthrough in the resource utilization projects of waste salt, waste acid, etc.

3. BUSINESS REVIEW AND OUTLOOK

Multiple measures are taken to enhance quality and efficiency, and facilitate new steps in promoting high-quality development

Conducting market expansion, production enhancement and price stabilization to strengthen the ability to control the market. Firstly, the Group will actively carry out communication and exchanges with large environmental protection enterprises, establish a good competition and cooperation relationship between enterprises, conduct practical and detailed market research and argumentation, and strive to increase production and stabilize prices, so as to improve economic efficiency. Secondly, the Group will comprehensively sort out and divide the types of customers, establish public relations with customers at different levels, strengthen cooperation and negotiation with large-scale waste-producing enterprises, and strengthen the bidding management of key waste-producing enterprises. Thirdly, the Group will improve the provincial marketing management system and mechanism, capitalize on market resources in a timely manner, and expand revenue channels.

Strengthening internal management, optimizing production organization, and improving operational efficiency. Firstly, the Group will improve the entire process control from receiving orders to treatment, pay attention to the difficulty of material treatment, and enhance regional market coordination to optimize the overall allocation and adjustment of materials within the region, thereby promoting the dual improvement of treatment volume and revenue. Secondly, the Group will further implement production management integration with cement entities, strengthen synergy in production, and enhance treatment efficiency. Thirdly, the Group will accelerate the promotion of technical transformation and technical measures and strengthen benchmarking management. For subsidiaries with poor production indicators, the Group will provide assistance and guidance to facilitate their overall operational quality improvement.

Actively advancing project construction, strengthening safety management, and preventing various business risks

Firstly, the Group will closely monitor the progress of environmental protection projects, comprehensively review the constraints of engineering construction, improve the accuracy of project estimates, and optimize project construction plans. Secondly, the Group will strengthen basic safety management, systematically organize the formulation and implementation of rules and regulations, focus on weak links, and make up for shortcomings. Thirdly, the Group will strengthen accounts receivable control, fully clarify accountability for regional accounts receivable and overdue debt settlement, and continue to ensure the stable and safe operating cash flows of the Company. Fourthly, the Group will attach great importance to compliance management, give full play to the internal audit supervision function, and ensure the standardized operation of the Company's various businesses.

4. MANAGEMENT DISCUSSION AND ANALYSIS

(I) PROFITS

Item	January-June 2023 Amount (RMB'000)	January-June 2022 Amount (RMB'000)	Changes between the Reporting Period and the corresponding period of the previous year (%)
Revenue	970,784	868,437	11.79
Profit before taxation	251,729	312,212	-19.37
Profit for the period	224,439	277,974	-19.26
Net profit attributable to equity shareholders of the Company	200,020	249,080	-19.70

During the Reporting Period, the Group recorded revenue of RMB970.78 million, representing a year-on-year increase of 11.79%. Profit before taxation amounted to RMB251.73 million, representing a year-on-year decrease of 19.37%. Profit for the period amounted to RMB224.44 million, representing a year-on-year decrease of 19.26%. Net profit attributable to equity shareholders of the Company amounted to RMB200.02 million, representing a year-on-year decrease of 19.70%. During the six months ended 30 June 2023, basic earnings per share amounted to RMB0.11, representing a year-on-year decrease of RMB0.03.

1. Revenue by business stream

Item	January-June 2023		January-June 2022		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Industrial hazardous waste treatment services	631,658	65.07	581,888	67.00	8.55	-1.93
General hazardous waste	549,653	56.62	496,873	57.21	10.62	-0.59
Oil sludge	40,292	4.15	55,249	6.36	-27.07	-2.21
Fly ash	41,713	4.30	29,766	3.43	40.13	0.87
Industrial solid waste treatment services	293,516	30.23	286,549	33.00	2.43	-2.77
Comprehensive resource utilization	45,610	4.70	-	-	-	4.70
Total	970,784	100.00	868,437	100.00	11.79	-

4. MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, revenue of the Group was derived from three business segments, namely (i) industrial hazardous waste treatment services; (ii) industrial solid waste treatment services; and (iii) comprehensive resource utilization. With a breakdown by business streams:

- (i) Revenue from **industrial hazardous waste treatment services** was RMB631.66 million, representing a year-on-year increase of 8.55%, of which:

Revenue from **general hazardous waste** was RMB549.65 million, representing a year-on-year increase of 10.62%. The increase in revenue was primarily due to the Group's new project in Shaoguan being put into operation, as well as the rapid year-on-year growth of the projects in Wenshan and Fuyang.

Revenue from **oil sludge treatment** was RMB40.29 million, representing a year-on-year decrease of 27.07%. This was primarily due to the technical transformation of production facility in the oil sludge treatment companies, resulting in a phased reduction in intake.

Revenue from **fly ash treatment** was RMB41.71 million, representing a year-on-year increase of 40.13%. This was primarily due to the commencement of operation of the fly ash project in Quanjiao, as well as the rapid year-on-year growth of the project in Wuhu.

- (ii) Revenue from **industrial solid waste treatment services** was RMB293.52 million, representing a year-on-year increase of 2.43%. This was primarily due to the Group's projects in Chaohu and Shaoguan being put into operation.
- (iii) Revenue from **comprehensive resource utilization** was RMB45.61 million. The year-on-year increase in revenue was primarily due to the new project in Ninghai being put into operation, as well as the commencement of operation of the alternative fuel projects in Wuhu and Chizhou.

2. Gross profit and gross profit margin

Item	January – June 2023		January – June 2022		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	330,025	52.25	314,303	54.01	5.00	-1.77
General hazardous waste	306,739	55.81	289,743	58.31	5.87	-2.50
Oil sludge	9,665	23.99	30,046	54.38	-67.83	-30.39
Fly ash	13,621	32.65	-5,486	-18.43	-	51.08
Industrial solid waste treatment service	150,896	51.41	176,243	61.51	-14.38	-10.10
Comprehensive resource utilization	5,436	11.92	-	-	-	11.92
Total	486,357	50.10	490,546	56.49	-0.85	-6.39

4. MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the Group recorded a gross profit of RMB486.36 million, basically flat year-on-year. With a breakdown by streams:

- (i) Gross profit margin for **industrial hazardous waste treatment services** was 52.25%, representing a year-on-year decrease of 1.77 percentage points, among which:

Gross profit margin for **general hazardous waste** was 55.81%, representing a year-on-year decrease of 2.5 percentage points, which was primarily due to price decline caused by intensified competition in the market, resulting the decrease in price of hazardous waste treatment in Guangdong, Jiangxi and other provinces.

Gross profit margin for **oil sludge treatment** was 23.99%, representing a year-on-year decrease of 30.39 percentage points, which was mainly due to the insufficient oil sludge for treatment in the factory, resulting in a decrease in revenue.

Gross profit margin for **fly ash treatment** was 32.65%, representing a year-on-year increase of 51.08 percentage points, which was primarily because the increased treatment volume led to the higher revenue as a result of treatment efficiency promotion due to the technical improvement of fly ash treatment project in Wuhu.

- (ii) Gross profit margin for **industrial solid waste treatment services** was 51.41%, representing a year-on-year decrease of 10.10 percentage points, primarily due to lower revenue caused by the insufficient treatment volume as a result of intensified competition of land remediation business.
- (iii) Gross profit margin for **comprehensive resource utilization** was 11.92%.



4. MANAGEMENT DISCUSSION AND ANALYSIS

3. Other income

During the Reporting Period, the Group's other income amounted to RMB17.39 million, representing a year-on-year decrease of RMB25.81 million, or 59%, primarily due to a year-on-year decrease in government subsidies received.

4. Distribution costs

During the Reporting Period, the Group's distribution costs amounted to RMB72.81 million, representing a year-on-year increase of RMB2.02 million, or 2.85%, primarily due to increase in labour costs resulting from additional projects in operation.

5. Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB131.74 million, representing a year-on-year increase of RMB18.51 million, or 16.35%, primarily due to the increase in revenue led to an increase in tax expenses, and the increase in labor costs due to the additional projects in operation.

6. Finance costs

During the Reporting Period, the Group's finance costs amounted to RMB49.67 million, representing a year-on-year increase of RMB6.28 million, or 14.48%. 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 RMB251.73 million, representing a year-on-year decrease of RMB60.48 million, or 19.37%, and share of profits of associates amounted to RMB2.2 million, representing a year-on-year decrease of 62.47%.

4. MANAGEMENT DISCUSSION AND ANALYSIS

(II) FINANCIAL POSITION

As at the end of the Reporting Period, the Group's total assets amounted to RMB8,919.79 million, representing an increase of RMB383.22 million as compared to the end of the previous year. The equity attributable to equity shareholders of the Company amounted to RMB2,928.93 million, representing an increase of RMB200.02 million as compared to the end of the previous year. Gearing ratio of the Group (total liabilities/total assets) was 59.40%, representing a decrease of 0.92 percentage point as compared to the end of the previous year. The balance sheet items of the Group are as follows:

Item	As at 30 June 2023 (RMB'000)	As at 31 December 2022 (RMB'000)	Change between the end of the Reporting Period and the end of the previous year (%)
Property, plant and equipment	6,642,588	6,366,191	4.34
Non-current assets	7,513,168	7,217,071	4.10
Current assets	1,406,621	1,319,497	6.60
Non-current liabilities	3,333,700	3,169,857	5.17
Current liabilities	1,964,447	1,979,077	-0.74
Net current liabilities	557,826	659,580	-15.43
Equity attributable to equity Shareholders of the Company	2,928,927	2,728,907	7.33
Total assets	8,919,789	8,536,568	4.49
Total liabilities	5,298,147	5,148,934	2.90

4. MANAGEMENT DISCUSSION AND ANALYSIS

1. Non-current assets and current assets

As at the end of the Reporting Period, non-current assets of the Group amounted to RMB7,513.17 million, representing an increase of 4.10% 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 RMB1,406.62 million, representing an increase of 6.60% as compared to the end of the previous year, primarily due to the increase in trade and other receivables as a result of new operating projects.

2. Non-current liabilities and current liabilities

As at the end of the Reporting Period, non-current liabilities of the Group amounted to RMB3,333.70 million, representing an increase of 5.17% as compared to the end of the previous year, primarily due to the new long-term loans raised by the Group during the Reporting Period.

As at the end of the Reporting Period, current liabilities of the Group amounted to RMB1,964.45 million, remained basically unchanged as compared to the end of the previous year.

As at the end of the Reporting Period, current ratio and debt-to-equity ratio (calculated by dividing total amount of loans by total equity) of the Group were 0.72 and 1.13, respectively, as compared to 0.67 and 1.11, respectively, as at the end of the previous year.

3. Net current liabilities

As at the end of the Reporting Period, net current liabilities of the Group amounted to RMB557.83 million, representing a decrease of RMB101.75 million as compared to the end of the previous year, primarily due to the increase in trade and other receivables as a result of new operating projects.

4. Equity attributable to equity shareholders of the Company

As at the end of the Reporting Period, the Group's equity attributable to equity shareholders of the Company amounted to RMB2,928.93 million, representing an increase of 7.33% as compared to the end of the previous year, primarily due to the increase in net profit attributable to the equity shareholders of the Group.

4. MANAGEMENT DISCUSSION AND ANALYSIS

(III) LIQUIDITY AND CAPITAL SOURCES

During the Reporting Period, the Group improved the returns on its stock capital, enhanced capital planning and management and conducted reasonable allocation of project loans, so as to fully satisfy the Company's capital needs. As at the end of the Reporting Period, the Group's cash and cash equivalents amounted to RMB321.42 million, which were mainly denominated in RMB.

1. Bank loans

Item	As at 30 June 2023 (RMB'000)	As at 31 December 2022 (RMB'000)
Due within one year	792,173	637,566
Due after one year but within two years	1,470,752	1,135,745
Due after two years but within five years	1,466,592	1,634,774
Due after five years	365,870	366,607
Total	4,095,387	3,774,692

As at the end of the Reporting Period, the balance of bank loans of the Group amounted to RMB4,095.38 million, representing an increase of RMB320.70 million as compared to the end of the previous year, primarily due to the new bank loans due after one year but within two years raised by the Group during the Reporting Period. As at the end of the Reporting Period, 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 the end of the Reporting Period, the Group's balance of cash and cash equivalents was RMB321.42 million, representing a year-on-year decrease of RMB334.30 million.

Item	January to June 2023 (RMB'000)	January to June 2022 (RMB'000)
Net cash generated from operating activities	278,095	242,013
Net cash used in investing activities	-470,463	-628,599
Net cash generated from financing activities	240,728	446,192
Net increase in cash and cash equivalents	48,360	59,606
Cash and cash equivalents at the beginning of the period	273,058	596,113
Cash and cash equivalents at the end of the period	321,418	655,719

Net cash generated from operating activities

During the Reporting Period, net cash generated from operating activities of the Group amounted to RMB278.10 million, representing a year-on-year increase of RMB36.08 million, which was mainly due to the rise in business development income leading to the increase in the receipts of sales payment.

Net cash used in investing activities

During the Reporting Period, net cash used in investing activities of the Group amounted to RMB470.46 million, representing a year-on-year decrease of RMB158.14 million, primarily due to the decrease in payment for purchase of property, plant and equipment and construction in progress 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 RMB240.73 million, representing a year-on-year decrease of RMB205.46 million, primarily due to the increase in repayment of loans during the Reporting Period.

4. MANAGEMENT DISCUSSION AND ANALYSIS

(IV) COMMITMENTS

As at the end of the Reporting Period, purchase commitments of the Group in connection with construction contracts were as follows:

Item	As at 30 June 2023 (RMB'000)	As at 31 December 2022 (RMB'000)
Contracted for	553,871	385,482
Authorized but not contracted for	434,159	313,766
Total	988,030	699,248

(V) FOREIGN EXCHANGE RISK

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

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

(VI) CONTINGENT LIABILITIES

As at the end of the Reporting Period, the Group had no material contingent liabilities.

(VII) PLEDGE OF ASSETS

As at the end of the Reporting Period, the bank loans of the Group amounting to RMB46,429,000 (31 December 2022: RMB47,857,000) were secured by right-of-use assets provided by Luoyang Haizhong Environmental Protection Technology Co., Ltd., a subsidiary of the Company.

(VIII) MATERIAL INVESTMENTS

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

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

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

4. MANAGEMENT DISCUSSION AND ANALYSIS

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

During the Reporting Period, the Group did not have any material acquisitions or disposals of subsidiaries, associates and joint ventures.

(XI) CONVERTIBLE BONDS

As at the end of the Reporting Period, 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 2023, 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 immediately upon the completion of listing, and approximately 5.37% of the issued share capital of the Company as enlarged by the issue of the conversion shares.

On 5 September 2023, the 2018 Convertible Bonds matured and none of the outstanding principal amount of the 2018 Convertible Bonds had been converted into Shares. China Conch Venture Holdings International Limited redeemed the outstanding 2018 Convertible Bonds in whole at a redemption price equal to 114.63% of the outstanding principal amount of HK\$3,817,000,000 together with all accrued and unpaid interests thereon and completed all relevant procedures thereafter pursuant to the terms of the subscription agreement and the 2018 Convertible Bonds. Following the aforesaid redemption, the 2018 Convertible Bonds were cancelled in whole. (For details, please refer to the announcement dated 5 September 2023 issued by Conch Venture). As at the date of this report, there are no outstanding convertible bonds in issue that can be converted into shares of the Company.

4. MANAGEMENT DISCUSSION AND ANALYSIS

(XII) HUMAN RESOURCES

During the Reporting Period, the Group continued to improve and optimise the compensation management system by implementing a compensation assessment and incentive system featuring of top-down and vertical overall management with key positions as the main line, classifying and refining the assessment and incentive contents. Meanwhile, the Group developed the annual special incentive policy, and implemented the allowance for dispatched personnel system, the technical title award and compensation for employee system and the on-the-job relearning reward system, in bid to stimulate employees' pursuance of career progress, enthusiasm and initiative for working and entrepreneurship.

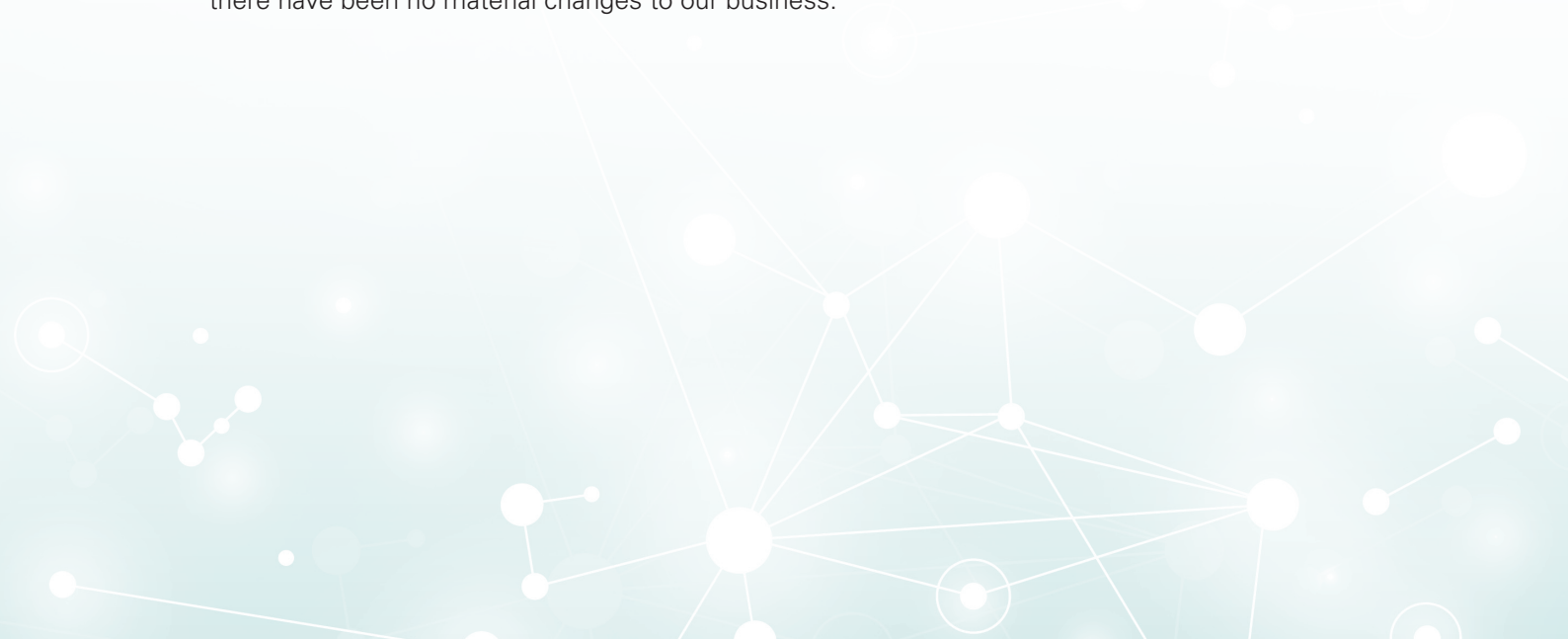
The Group endeavours to build a diversified and professional training system by combining online and offline methods to organise professional knowledge and skills training in production safety, process technology, marketing business, financial and internal control, etc., and arranges internal and external declaration and assessment of middle and senior level professions in the engineering division, electrical and mechanical division, chemical division and environmental division, so as to promote professional training and skills enhancement of the Group's professional talent team.

As at the end of the Reporting Period, the Group had 3,515 (31 December 2022: 3,686) employees. The remuneration of employees is determined by qualifications, experience, work performance and market conditions. As required by the China's 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 RMB170.51 million (30 June 2022: approximately RMB138.30 million).

(XIII) NO MATERIAL CHANGES

Since the publication of our audited financial statements for the year ended 31 December 2022, there have been no material changes to our business.



5. OTHER INFORMATION

(I) INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2023.

(II) DISCLOSURE OF INTERESTS

1. Substantial Shareholders' Interests or Short Positions

As at the end of the Reporting Period, 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	Long/short positions	Approximate percentage of shareholdings
Conch Venture	Beneficial owner	13,900,000	Long positions	0.76%
	Interest of controlled corporation (note 1)	483,832,979	Long positions	26.49%
	Subtotal	497,732,979		27.25%
China Conch Venture Holdings International Limited	Interest of controlled corporation (note 1)	483,832,979	Long positions	26.49%
Conch Cement	Beneficial owner	79,219,500	Long positions	4.34%
	Interest of controlled corporation (note 2)	286,134,000	Long positions	15.66%
	Interests held jointly with another person (note 3)	118,479,479	Long positions	6.49%
	Subtotal	483,832,979		26.49%
Conch International Holdings (HK) limited	Beneficial owner	286,134,000	Long positions	15.66%

5. OTHER INFORMATION

Name of shareholders	Nature of interests	Number of shares	Long/short positions	Approximate percentage of shareholdings
Conch Holdings	Interest of controlled corporation (note 1)	483,832,979	Long positions	26.49%
Wuhu Conch Venture Property Co., Ltd.	Interest of controlled corporation (note 1)	483,832,979	Long positions	26.49%
SA Conch	Interest of controlled corporation (note 4)	109,178,000	Long positions	5.98%
CV Group	Interest of controlled corporation (note 5)	109,178,000	Long positions	5.98%
Ren Yong	Beneficial owner	21,184,826	Long positions	1.16%
	Interests held jointly with another person (note 3)	462,648,153	Long positions	25.33%
	Subtotal	483,832,979		26.49%
Qi Shengli	Beneficial owner	9,412,500	Long positions	0.52%
	Interests held jointly with another person (note 3)	474,420,479	Long positions	25.97%
	Subtotal	483,832,979		26.49%
Zhou Xiaochuan	Beneficial owner	783,000	Long positions	0.04%
	Interest of spouse (note 6)	573,142	Long positions	0.03%
	Interests held jointly with another person (note 3)	482,476,837	Long positions	26.41%
	Subtotal	483,832,979		26.49%

5. OTHER INFORMATION

Name of shareholders	Nature of interests	Number of shares	Long/short positions	Approximate percentage of shareholdings
Han Zhuhua	Beneficial owner	573,142	Long positions	0.03%
	Interest of spouse (note 7)	483,259,837	Long positions	26.45%
	Subtotal	483,832,979		26.49%
Guo Dan	Interest of controlled corporation (note 8)	32,725,000	Long positions	1.79%
	Interests held jointly with another person (note 3)	451,107,979	Long positions	24.69%
	Subtotal	483,832,979		26.49%
Yan Zi	Interest of controlled corporation (note 9)	35,033,752	Long positions	1.92%
	Interests held jointly with another person (note 3)	448,799,227	Long positions	24.57%
	Subtotal	483,832,979		26.49%
Ji Xian	Interest of controlled corporation (note 10)	10,080,000	Long positions	0.55%
	Interests held jointly with another person (note 3)	473,752,979	Long positions	25.93%
	Subtotal	483,832,979		26.49%
Wang Jingqian	Beneficial owner	1,930,000	Long positions	0.11%
	Interests held jointly with another person (note 3)	481,902,979	Long positions	26.38%
	Subtotal	483,832,979		26.49%

5. OTHER INFORMATION

Notes:

1. Among the above Shares, (i)197,698,979 Shares are owned by Conch Cement and its Parties Acting in Concert; and (ii)286,134,000 Shares are owned by Conch International Holdings (HK) Limited which is a wholly owned subsidiary of Conch Cement. Conch Holdings is the holding company of Conch Cement. As 49% of the issued share capital of Conch Holdings is held by Wuhu Conch Venture Property Co., Ltd., Wuhu Conch Venture Property Co., Ltd. is wholly owned by China Conch Venture Holdings International Limited, and China Conch Venture Holdings International Limited is ultimately wholly owned by Conch Venture. By virtue of SFO, Conch Holdings, Wuhu Conch Venture Property Co., Ltd., China Conch Venture Holdings International Limited and Conch Venture are respectively deemed to be interested in the Shares in which Conch Cement and its Parties Acting in Concert and Conch International Holdings (HK) Limited is interested.
2. 286,134,000 Shares are held by Conch International Holdings (HK) Limited, which is a wholly-owned subsidiary of Conch Cement. Accordingly, by virtue of SFO, Conch Cement is deemed to be interested in the Shares in which Conch International Holdings (HK) Limited is interested.
3. By virtue of SFO, Conch Cement and its Parties Acting in Concert are respectively deemed to be interested in the Shares in which Conch Cement and its Parties Acting in Concert are interested, namely (i) 365,353,500 Shares held by Conch Cement and its wholly-owned subsidiary Conch International Holdings (HK) Limited, (ii) 21,184,826 Shares held by Ren Yong, (iii) 9,412,500 Shares held by Qi Shengli, (iv) 2,050,000 Shares held by Li Qunfeng, (v) 2,166,132 Shares held by Li Xiaobo, (vi) 1,356,142 Shares held by Zhou Xiaochuan, (vii) 32,725,000 Shares held by Guo Dan, (viii) 35,033,752 Shares held by Yan Zi, (ix)10,080,000 Shares held by Ji Xian, (x) 2,541,127 Shares held by Ma Wei and (xi)1,930,000 Shares held by Wang Jingqian.
4. Among the above Shares, 98,039,000 Shares, 5,943,000 Shares and 5,196,000 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 Group. CV Group 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 82.93% of CV Group’s registered capital is held by SA Conch, SA Conch is deemed to be interested in the Shares in which CV Group is interested by virtue of the SFO.
5. Among these Shares, 98,039,000 Shares, 5,943,000 Shares and 5,196,000 Shares are owned by CV Holdings (Zhuhai), CV Medical and CVI, respectively. CV Group is deemed to be interested in the Shares in which CV Holdings (Zhuhai), CV Medical and CVI is interested by virtue of the SFO.
6. These Shares are owned by Zhou Xiaochuan’s spouse, Han Zhuhua. Zhou Xiaochuan is deemed to be interested in the Shares held by his spouse by virtue of the SFO.
7. These Shares are owned by Han Zhuhua’s spouse and Zhou Xiaochuan, one of Conch Cement Parties Acting in Concert. Han Zhuhua is deemed to be interested in the Shares held by her spouse by virtue of the SFO.
8. These Shares are owned by Dazzling Star Investments Limited. Dazzling Star Investments Limited is wholly-owned by Guo Dan. Guo Dan is deemed to be interested in the Shares held by Dazzling Star Investments Limited by virtue of the SFO.
9. These Shares are owned by Fortune Gold Limited. Fortune Gold Limited is wholly-owned by Yan Zi. Yan Zi is deemed to be interested in the Shares held by Fortune Gold Limited by virtue of the SFO.
10. These Shares are owned by Golden Convergence Limited. Golden Convergence Limited is wholly owned by Ji Xian. Ji Xian is deemed to be interested in the Shares held by Golden Convergence Limited by virtue of the SFO.

According to Section 336 of the SFO, shareholders are required to file disclosure of interest forms when certain criteria are fulfilled. When the shareholdings of the Shareholders in the Company change, it is not necessary for the Shareholders to notify the Company and the Stock Exchange unless certain criteria are fulfilled. Therefore, the latest shareholdings of the Shareholders in the Company may be different from the shareholdings filed with the Stock Exchange.

5. OTHER INFORMATION

Save as disclosed above and in the section headed “Directors’ and Chief Executive’s Interests and Short Positions” below, at the end of Reporting Period, the Directors were not aware of any other persons, other than 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 by the Company pursuant to Section 336 of the SFO.

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

As at the end of the Reporting Period, 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 were set out below:

The Company

Name of Directors/ chief executive	Nature of interests	Number of shares	Long/short positions	Approximate percentage of shareholdings
Mr. Li Qunfeng (note 1)	Beneficial owner	2,050,000	Long positions	0.11%
	Interests held jointly with another person	481,782,979	Long positions	26.37%
	Subtotal	483,832,979		26.49%
Mr. Li Xiaobo (note 1)	Beneficial owner	2,166,132	Long positions	0.12%
	Interests held jointly with another person	481,666,847	Long positions	26.37%
	Subtotal	483,832,979		26.49%
Mr. Ma Wei (note 1)	Beneficial owner	2,541,127	Long positions	0.14%
	Interests held jointly with another person	481,291,852	Long positions	26.35%
	Subtotal	483,832,979		26.49%
Ms. Liao Dan (note 2)	Interest of spouse	483,832,979	Long positions	26.49%

5. OTHER INFORMATION

Notes:

- Mr. Li Qunfeng, Mr. Li Xiaobo and Mr. Ma Wei are Parties Acting in Concert. Accordingly, Mr. Li Qunfeng, Mr. Li Xiaobo and Mr. Ma Wei are deemed to be interested in the Shares in which (i) Conch Cement and its wholly owned subsidiary Conch International Holdings (HK) Limited hold 365,353,500 Shares in aggregate, (ii) Ren Yong holds 21,184,826 Shares, (iii) Qi Shengli holds 9,412,500 Shares, (iv) Li Qunfeng holds 2,050,000 Shares, (v) Li Xiaobo holds 2,166,132 Shares, (vi) Zhou Xiaochuan holds 1,356,142 Shares, (vii) Guo Dan holds 32,725,000 Shares, (viii) Yan Zi holds 35,033,752 Shares, (ix) Ji Xian holds 10,080,000 Shares, (x) Ma Wei holds 2,541,127 Shares and (xi) Wang Jingqian holds 1,930,000 Shares are interested.
- Ms. Liao Dan is deemed to be interested in the Shares held by Mr. Wang Jingqian, the spouse of Ms. Liao Dan and Parties Acting in Concert. Mr. Wang Jingqian is deemed to be interested in the Shares in which (i) Conch Cement holds 365,353,500 Shares, (ii) Ren Yong holds 21,184,826 Shares, (iii) Qi Shengli holds 9,412,500 Shares, (iv) Li Qunfeng holds 2,050,000 Shares, (v) Li Xiaobo holds 2,166,132 Shares, (vi) Zhou Xiaochuan holds 1,356,142 Shares, (vii) Guo Dan holds 32,725,000 Shares, (viii) Yan Zi holds 35,033,752 Shares, (ix) Ji Xian holds 10,080,000 Shares, (x) Ma Wei holds 2,541,127 Shares and (xi) Wang Jingqian holds 1,930,000 Shares are interested.

Associated corporation of the Company

Name of Director/ chief executive	Name of associated corporation	Nature of interests	Number of shares	Long/short positions	Approximate percentage of shareholdings	Approximate total percentage of shareholdings
Mr. Li Xiaobo	Conch Cement	Beneficial owner	193,000 (A shares)	Long positions	0.00%	0.00%

Save as disclosed above, as at the end of the Reporting Period, there were no interests and short positions of the Directors and chief executive of the Company 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 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.

5. OTHER INFORMATION

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

During the Reporting Period, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

(IV) CHANGE IN DIRECTORS AND DIRECTORS' INFORMATION

During the Reporting Period, details of changes in Directors of the Company and information of Directors were as follows:

1. Mr. Hao Jiming resigned as an independent non-executive Director and a member of each of the Audit Committee and the Remuneration and Nomination Committee of the Company with effect from 27 March 2023 due to the personal work arrangement;
2. Ms. Li Chen was appointed as an independent non-executive Director and a member of each of the Audit Committee and the Remuneration and Nomination Committee of the Company with effect from 27 March 2023;
3. Mr. Fan Zhan was appointed as a non-executive director of West China Cement Limited (a company listed on the Stock Exchange, stock code: 2233) with effect from 7 June 2023.

After the end of the Reporting Period and up to the date of this report, details of changes in Directors of the Company were as follows:

1. Mr. Dai Xiaohu resigned as an independent non-executive Director, the chairman of the Remuneration and Nomination Committee and a member of each of the Audit Committee and the Strategy, Sustainability and Risk Management Committee of the Company with effect from 21 August 2023 due to the personal work arrangement;
2. Mr. Ding Wenjiang was appointed as an independent non-executive Director, the chairman of the Remuneration and Nomination Committee and a member of each of the Audit Committee and the Strategy, Sustainability and Risk Management Committee of the Company with effect from 21 August 2023.

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

(V) SHARE SCHEME

The Company had no share scheme within the meaning of Chapter 17 of the Listing Rules since its inception.

5. OTHER INFORMATION

(VI) 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 Board has confirmed that, during the Reporting Period, the Company complied with the principles and all applicable code provisions of the Corporate Governance Code, and operated in a standardised manner. 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.

(VII) MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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. Having made specific enquiries by the Company, all Directors of the Company confirmed that they complied with the Model Code during the Reporting Period.

(VIII) AUDIT COMMITTEE

On 27 March 2023, Mr. Hao Jiming resigned as a member of the Audit Committee of the Company and Ms. Li Chen was appointed as a member of the Audit Committee of the Company. On 21 August 2023, Mr. Dai Xiaohu resigned as a member of the Audit Committee of the Company and Mr. Ding Wenjiang was appointed as a member of the Audit Committee of the Company.

The Audit Committee currently comprises Mr. Ding Wenjiang, Ms. Wang Jiafen and Ms. Li Chen, being the independent non-executive Directors. Ms. Wang Jiafen is the chairlady of the Audit Committee. The primary duties of the Audit Committee of the Company are to make recommendations to the Board on the appointment and dismissal of the external auditor; to review the financial statements report and information; to provide advice and oversight in respect of financial reporting; and to 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 Audit Committee.

The Audit Committee has reviewed the unaudited interim results and interim report of the Company for the six months ended 30 June 2023. The Audit Committee has no disagreement with the accounting treatment methods adopted by the Company.

5. OTHER INFORMATION

(IX) REMUNERATION AND NOMINATION COMMITTEE

On 27 March 2023, Mr. Hao Jiming resigned as a member of the Remuneration and Nomination Committee of the Company and Ms. Li Chen was appointed as a member of the Remuneration and Nomination Committee of the Company. On 21 August 2023, Mr. Dai Xiaohu resigned as the chairman of the Remuneration and Nomination Committee of the Company and Mr. Ding Wenjiang was appointed as the chairman of the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee currently comprises Mr. Li Qunfeng (Chairman of the Board and a non-executive Director), Mr. Ding Wenjiang, Ms. Wang Jiafen and Ms. Li Chen (independent non-executive Directors). Mr. Ding Wenjiang is the chairman of the Remuneration and Nomination Committee. 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; to make recommendation to the Board on the remuneration packages for each of the executive Directors and senior management; to 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 experience) 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; and to review and/or approve matters relating to share schemes under Chapter 17 of the Listing Rules. The Terms of Reference of the Remuneration and Nomination Committee of the Board of the Company clearly defines the duties and rules of the Remuneration and Nomination Committee.

The Remuneration and Nomination Committee of the Company has established the Board diversity policy, whereby setting forth principles adopted to realize the Board diversity.

(X) STRATEGY, SUSTAINABILITY AND RISK MANAGEMENT COMMITTEE

On 21 August 2023, Mr. Dai Xiaohu resigned as a member of the Strategy, Sustainability and Risk Management Committee of the Company and Mr. Ding Wenjiang was appointed as a member of the Strategy, Sustainability and Risk Management Committee.

The Strategy, Sustainability and Risk Management Committee comprises Mr. Li Qunfeng (Chairman of the Board and non-executive Director), Mr. Li Xiaobo (executive Director and General Manager), Mr. Xiao Jiaxiang (non-executive Director) and Mr. Ding Wenjiang (independent non-executive Director). Mr. Li Qunfeng is the chairman of the Strategy, Sustainability and Risk Management Committee. 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 and management 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 Strategy, Sustainability and Risk Management Committee.

5. OTHER INFORMATION

(XI) PROPERTY, PLANT AND EQUIPMENT

As at the end of the Reporting Period, the property, plant and equipment of the Group amounted to approximately RMB6,642.59 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 186 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.

The Group has obtained the land use right certificate for Property No. 2 among the Relevant Lands on 23 March 2022, which has a gross site area of 27,229 sq.m., for a term commencing from 7 June 2022 to 7 June 2072 with an estimated gross floor area of 6,914.33 sq.m. In view of the delay in the completion of project completion examination, the Group expects that the expected time to obtain the real property ownership certificate of the property will be further adjusted from August 2023 to December 2023.

The Group has obtained the land use right certificate for Property No. 8 among the Relevant Lands on 24 June 2022, which has a gross site area of 10,636.19 sq.m., for a term commencing from 17 January 2011 to 16 January 2061 with an estimated gross floor area of 3,456 sq.m. In view of the delay in the completion of project completion examination, the Group expects that the expected time to obtain the real property ownership certificate of the property will be adjusted from September 2023 to December 2023 or before.

The Group has obtained the land use right certificate for Property No. 5 among the Relevant Lands on 19 September 2022, whose gross site area was adjusted from 27,240 sq.m. to 123,969 sq.m. due to the expansion and new construction of the project, for a term commencing from 19 September 2022 to 25 November 2071 with an estimated gross floor area of 60,293 sq.m. In view of the expansion and new construction of the project, and additional time required for the local government to complete the internal administrative process, the Group expects that the expected time to obtain the real property ownership certificate of the property will be adjusted from March 2023 to March 2024 or before.

As of the end of the Reporting Period, there is no update on the remaining five 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

(XII) MATERIAL EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Since the Reporting Period and up to the date of this report, there has been no material event affecting the Company and its subsidiaries that require to be disclosed.

For and on behalf of the Board
China Conch Environment Protection Holdings Limited
LI Qunfeng
Chairman

Anhui Province, the People's Republic of China, 21 August 2023



CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 June 2023 — unaudited
(Expressed in Renminbi yuan)

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Revenue	4	970,784	868,437
Cost of sales		(484,427)	(377,891)
Gross profit		486,357	490,546
Other income	5	17,392	43,206
Distribution costs		(72,812)	(70,791)
Administrative expenses		(131,738)	(113,225)
Profit from operations		299,199	349,736
Finance costs	6(a)	(49,670)	(43,386)
Share of profits of associates	10	2,200	5,862
Profit before taxation	6	251,729	312,212
Income tax	7	(27,290)	(34,238)
Profit for the period		224,439	277,974
Attributable to:			
Equity shareholders of the Company		200,020	249,080
Non-controlling interests		24,419	28,894
Profit for the period		224,439	277,974
Earnings per share	8		
— Basic (RMB)		0.11	0.14
— Diluted (RMB)		0.11	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 2023 — unaudited
(Expressed in Renminbi yuan)

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Profit for the period		224,439	277,974
Other comprehensive income for the period (after tax and reclassification adjustments)		—	—
Total comprehensive income for the period		224,439	277,974
Attributable to:			
Equity shareholders of the Company		200,020	249,080
Non-controlling interests		24,419	28,894
Total comprehensive income for the period		224,439	277,974

The accompanying notes form part of interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 June 2023 — unaudited
(Expressed in Renminbi yuan)

	Note	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Non-current assets			
Property, plant and equipment	9	6,642,588	6,366,191
Right-of-use assets	9	262,930	234,630
Intangible assets	9	113,981	121,537
Goodwill		9,219	9,219
Interests in associates	10	72,119	65,919
Non-current portion of trade and other receivables	11	402,866	410,652
Deferred tax assets		9,465	8,923
		7,513,168	7,217,071
Current assets			
Inventories		23,118	17,842
Trade and other receivables	11	1,014,191	975,728
Restricted bank deposits	12	47,894	52,869
Cash and cash equivalents	12	321,418	273,058
		1,406,621	1,319,497
Current liabilities			
Loans and borrowings	13	792,173	637,566
Trade and other payables	14	1,142,623	1,314,478
Contract liabilities		9,431	10,676
Lease liabilities		1,609	1,691
Income tax payables		18,611	14,666
		1,964,447	1,979,077
Net current liabilities		(557,826)	(659,580)
Total assets less current liabilities		6,955,342	6,557,491

The accompanying notes form part of interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

at 30 June 2023 — unaudited
(Expressed in Renminbi yuan)

	Note	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Non-current liabilities			
Loans and borrowings	13	3,303,214	3,137,126
Lease liabilities		5,457	6,124
Deferred tax liabilities		25,029	26,607
		3,333,700	3,169,857
Net assets		3,621,642	3,387,634
Capital and reserves	15		
Share capital		14,837	14,837
Reserves		2,914,090	2,714,070
Equity attributable to equity shareholders of the Company		2,928,927	2,728,907
Non-controlling interests		692,715	658,727
Total equity		3,621,642	3,387,634

The accompanying notes form part of interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 June 2023 — unaudited
(Expressed in Renminbi yuan)

	Note	Attributable to equity shareholders of the Company					Sub-total RMB'000	Non- controlling interests RMB'000	Total equity RMB'000
		Share capital RMB'000	Share premium RMB'000	Capital reserves RMB'000	PRC statutory reserves RMB'000	Retained earnings 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		—	—	—	—	—	—	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	2,648,982	648,652	3,297,634

* 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 2023 — 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 reserves RMB'000	PRC statutory reserves RMB'000	Retained earnings RMB'000	Sub-total RMB'000			
Balance at 1 January 2023	14,837	1,184,167	(156,918)	248,073	1,438,748	2,728,907	658,727	3,387,634	
Changes in equity for the six months ended 30 June 2023:									
Profit for the period	-	-	-	-	200,020	200,020	24,419	224,439	
Other comprehensive income	-	-	-	-	-	-	-	-	
Total comprehensive income	-	-	-	-	200,020	200,020	24,419	224,439	
Non-controlling interests arising from capital injection into subsidiaries	-	-	-	-	-	-	5,409	5,409	
Deemed contribution from non-controlling interests	-	-	-	-	-	-	5,724	5,724	
Profit distribution to non-controlling interests	-	-	-	-	-	-	(1,564)	(1,564)	
Balance at 30 June 2023	14,837	1,184,167	(156,918)	248,073	1,638,768	2,928,927	692,715	3,621,642	

The accompanying notes form part of interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

for the six months ended 30 June 2023 — unaudited
(Expressed in Renminbi yuan)

	Note	Six months ended 30 June	
		2023 RMB'000	2022 RMB'000
Operating activities:			
Cash generated from operations		302,560	264,747
Income tax paid		(25,465)	(22,734)
Net cash generated from operating activities		278,095	242,013
Investing activities:			
Payment for purchase of property, plant and equipment, construction in progress and intangible assets		(454,853)	(692,266)
Payment for purchase of right-of-use assets		(12,332)	(16,921)
Acquisition of subsidiaries, net of cash acquired		–	(69,183)
Repayment of amounts due from related parties		–	150,000
Other cash flows used in investing activities		(3,278)	(229)
Net cash used in investing activities		(470,463)	(628,599)
Financing activities:			
Proceeds from loans and borrowings		733,434	1,172,541
Repayment of loans and borrowings		(412,739)	(587,376)
Profit distribution to non-controlling interests		(13,151)	(11,289)
Interest paid		(71,212)	(61,461)
Capital contribution from non-controlling interests		5,409	22,012
Acquisition of non-controlling interests		–	(77,440)
Other cash flows used in financing activities		(1,013)	(10,795)
Net cash generated from financing activities		240,728	446,192
Net increase in cash and cash equivalents		48,360	59,606
Cash and cash equivalents at 1 January		273,058	596,113
Cash and cash equivalents at 30 June		321,418	655,719

The accompanying notes form part of interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi yuan 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 21 August 2023.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2022 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2023 annual financial statements. Details of any changes in accounting policies are set out in Note 3.

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 report 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 2022 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 International Financial Standards (“IFRSs”).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi yuan 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 RMB557,826,000 as at 30 June 2023. 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 2023 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 RMB278 million during the six-month period ended 30 June 2023 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 RMB6.8 billion.

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 group has applied the following new and amended IFRSs issued by the IASB to this interim financial report for the current accounting period:

- IFRS 17, Insurance contracts
- Amendments to IAS 8, Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
- Amendments to IAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction
- Amendments to IAS 12, Income taxes: International tax reform — Pillar Two model rules

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 yuan 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 2023 and 30 June 2022 recognised in the consolidated statements of profit or loss are as follows:

	Six months ended 30 June	
	2023	2022
	RMB'000	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	293,516	286,549
— General hazardous waste	549,652	496,873
— Oil sludge	40,292	55,249
— Fly ash	41,713	29,766
	925,173	868,437
Revenue from contracts with customers within the scope of IFRS 15, recognised at point in time		
Solid and hazardous waste solutions		
— Comprehensive resource utilization	45,611	—
	970,784	868,437

For the six months ended 30 June 2023, 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 yuan 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	
	2023	2022
	RMB'000	RMB'000
Interest income on bank deposits	2,678	4,719
Government grants (i)	14,677	35,060
Net gain on disposal of right-of-use assets and property, plant and equipment	7	88
Gain from debt restructuring	–	1,635
Others	30	1,704
	17,392	43,206

- (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 yuan unless otherwise indicated)

6 PROFIT BEFORE TAXATION

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

(a) Finance costs:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Interest on loans and borrowings	75,772	63,947
Interest on lease liabilities	158	92
Total interest expense on financial liabilities not at fair value through profit or loss	75,930	64,039
Less: interest expense capitalised in construction in progress*	(26,260)	(20,653)
	49,670	43,386

* The borrowing costs were capitalised at rates of 1.60%–4.90% per annum for six months ended 30 June 2023 (six months ended 30 June 2022: 1.70%–4.65%).

(b) Other items:

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Cost of services provided	484,427	377,891
Depreciation of owned property, plant and equipment	118,494	98,337
Depreciation of right-of-use assets	3,234	3,371
Amortisation of intangible assets	7,100	3,519
Loss allowance for trade receivables	4,344	1,127
Short-term lease payments not included in the measurement of lease liabilities	2,221	2,149

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi yuan unless otherwise indicated)

7 INCOME TAX

	Six months ended 30 June	
	2023	2022
	RMB'000	RMB'000
Current tax – Hong Kong Profits Tax		
Provision for the period	–	–
Current tax – PRC Income Tax		
Provision for the period	29,935	34,128
(Over)/Under provision in respect of prior years	(525)	551
Deferred tax:		
Origination and reversal of temporary differences, net	(2,120)	(441)
	27,290	34,238

- (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% (2022: 16.5%) to the six months ended 30 June 2023. 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 yuan unless otherwise indicated)

8 EARNINGS PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2023 is based on the profit attributable to shareholders of the Company for the six months ended 30 June 2023 of RMB200,020,000 (30 June 2022: RMB249,080,000) and the weighted average number of ordinary shares of 1,826,765,059 in issue (30 June 2022: 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 2023, the Group acquired items of plant and equipment amounting to RMB416,716,000. Items of plant and equipment with a net book value of RMB715,000 were disposed of during the six months ended 30 June 2023, resulting in a gain on disposal of RMB7,000.

(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 2023, additions of right-of-use assets amounted to RMB32,452,000.

As at 30 June 2023, leasehold land for own use with carrying amount of RMB8,907,000 (2022: RMB9,476,000) were pledged as collaterals for certain bank loans.

(c) Intangible assets

Intangible assets consist of software, pollutant discharge permit, non-patent technology and customer relationship. During the six months ended 30 June 2023, additions of intangible assets amounted to RMB60,000.

10 INTERESTS IN ASSOCIATES

As at 30 June 2023, interests in associates represented share of net assets of four associates that are not individually material. For the six months period ended 30 June 2023, the Group recognised share of profits of associates in the amount of RMB2,200,000 in the consolidated statement of profit or loss (six months ended 30 June 2022: RMB5,862,000).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi yuan unless otherwise indicated)

11 TRADE AND OTHER RECEIVABLES

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Trade receivables		
— Third parties	855,987	795,900
— Related parties (Note 18(b))	15,599	4,499
Bills receivable, carried at amortised cost	57,029	101,315
Bills receivable, carried at FVOCI	15,821	12,006
Less: loss allowance for doubtful debts	(39,837)	(35,493)
Trade and bills receivables	904,599	878,227
Other receivables		
— Deposits	23,390	15,009
— VAT recoverable	54,094	60,280
— Others	4,421	4,729
Prepayments	25,873	16,242
	1,012,377	974,487
Amounts due from related parties (Note 18(b))		
— Others	1,814	1,241
Current portion of trade and other receivables	1,014,191	975,728
Non-current portion of trade and other receivables	402,866	410,652
Total current and non-current trade and other receivables	1,417,057	1,386,380

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 yuan unless otherwise indicated)

11 TRADE AND OTHER RECEIVABLES *(Continued)*

Non-current portion of trade and other receivables mainly consist of non-current portion of VAT recoverable and prepayments for land use right, which are expected to be deducted after one year.

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 2023 RMB'000	At 31 December 2022 RMB'000
Current	729,955	651,923
Less than 1 year	164,418	220,082
1 to 2 years	10,226	6,222
	904,599	878,227

12 CASH AND CASH EQUIVALENTS

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Cash at bank and on hand	369,312	325,927
Less: Restricted bank deposits (Note)	(47,894)	(52,869)
Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement	321,418	273,058

Note: As at 30 June 2023, restricted bank deposits of RMB47,390,000 mainly represent deposits for issuing bank acceptance bills payable (31 December 2022: RMB52,869,000).

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(Expressed in Renminbi yuan unless otherwise indicated)

13 LOANS AND BORROWINGS

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Current	792,173	637,566
Non-current	3,303,214	3,137,126
Total	4,095,387	3,774,692

As at 30 June 2023, the loans and borrowings were repayable as follows:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Within one year	792,173	637,566
After one year but within two years	1,470,752	1,135,745
After two years but within five years	1,466,592	1,634,774
After five years	365,870	366,607
Total	4,095,387	3,774,692

As at 30 June 2023, the loans and borrowings were secured as follows:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Bank loans		
— Guaranteed	25,970	34,303
— Secured	46,429	47,857
— Unsecured	4,022,988	3,692,532
Total	4,095,387	3,774,692

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi yuan unless otherwise indicated)

14 TRADE AND OTHER PAYABLES

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Trade payables		
— Third parties	157,861	140,955
— Related parties (Note 18(b))	49,470	33,924
Bills payable	54,643	40,795
Trade and bills payables	261,974	215,674
Other payables and accruals		
— Construction and equipment payables	449,620	465,213
— Deposits	27,761	25,334
— Other taxes and surcharges payables	4,914	4,588
— Accrued payroll and other benefits	8,654	132,050
— Accrued expenses	39,425	70,561
— Others	46,016	53,611
	838,364	967,031
Dividends payable to the-then shareholders	48,682	65,993
Amounts due to related parties (Note 18(b))		
— Construction and equipment payables	254,909	280,910
— Others	670	544
Trade and other payables	1,142,625	1,314,478

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi yuan 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 2023 RMB'000	At 31 December 2022 RMB'000
Within 1 year	261,974	215,674

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 2023 and 2022.

(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", the ultimate parent Company of the Company before the Company completed spin-off from Conch Venture on 30 March 2022) 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 yuan 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 2023, carrying amount of financial assets and liabilities measured at fair value is RMB Nil (31 December 2022: RMB 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 2022 and 30 June 2023.

17 COMMITMENTS

Commitments outstanding at 30 June 2023 not provided for in the interim financial report:

	At 30 June 2023 RMB'000	At 31 December 2022 RMB'000
Contracted for	553,871	385,482
Authorised but not contracted for	434,159	313,766
	988,030	699,248

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(Expressed in Renminbi yuan unless otherwise indicated)

18 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	Parent of Conch Cement
Anhui Conch Cement Co., Ltd. ("Conch Cement") 安徽海螺水泥股份有限公司	The ultimate parent Company
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	Shareholder of Conch Holdings(ii)
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 yuan unless otherwise indicated)

18 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

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

(ii) Conch Venture was the ultimate parent Company of the Company before the Company completed spin-off from Conch Venture on 30 March 2022 and therefore it ceased to be a related party of the Company after 30 March 2022.

Conch Venture, which was the major shareholder of Conch Holding, became related party of the Company again from 28 October 2022 since Conch Cement, a subsidiary of Conch Holding, became the Parent of the Company on the same date.

(iii) Conch Cement, which was the associate of Conch Venture, was the related party of the Company before the Company completed spin-off from Conch Venture on 30 March 2022.

Conch Cement became the ultimate parent Company of the Company on 28 October 2022 and therefore is considered a related party of the Company again since then.

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(Expressed in Renminbi yuan unless otherwise indicated)

18 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	
	2023	2022
	RMB'000	RMB'000
Service rendered to:		
CKEM	70	20
Conch Holdings	509	4
Conch New Material	–	75
Conch Cement	4,110	461
Conch Venture and its subsidiaries	11,470	9,745
	16,159	10,305
Purchase of goods from:		
Conch Venture and its subsidiaries	67,917	25,164
Conch IT Engineering	2,573	2,416
Conch Holdings	–	61
Conch Cement	3,193	7,308
	73,683	34,949
Services received from:		
Conch IT Engineering	63	49
Conch Design Institute	120	4,671
Conch Holdings	4	1
Conch Cement	38,919	24,633
Conch Venture and its subsidiaries	585	3,764
	2,268	33,118
Purchase of right-of-use assets		
Conch Cement	–	5,778

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi yuan unless otherwise indicated)

18 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 2023 RMB'000	At 31 December 2022 RMB'000
Trade receivables:		
Conch Venture and its subsidiaries	15,165	4,365
CKEM	–	67
Conch Cement	434	67
	15,599	4,499
Other receivables (non-trade):		
Conch Venture and its subsidiaries	377	338
Conch Cement	1,344	748
Conch IT Engineering	–	133
Conch New Material	81	22
Conch Holdings	12	–
	1,814	1,241
Trade payables:		
Conch Venture and its subsidiaries	2,817	1,099
Conch Cement's associates	6,027	4,789
Conch New Material	75	–
Conch Cement	40,551	28,036
	49,470	33,924
Other payables (non-trade):		
Conch Venture and its subsidiaries	248,900	271,539
Conch Cement	1,211	230
Conch IT Engineering	3,030	5,556
Conch Design Institute	2,430	4,115
Conch Cement's associates	–	8
Conch New Material	8	6
	255,579	281,454
Dividends payable		
Conch Venture and its subsidiaries	48,682	48,682