CONCH VENTURE

China Conch Venture Holdings Limited
中國海螺創業控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 586

2024 ANNUAL REPORT

This Annual Report, in both Chinese and English versions, is available on the Company's website at www.conchventure.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 Annual 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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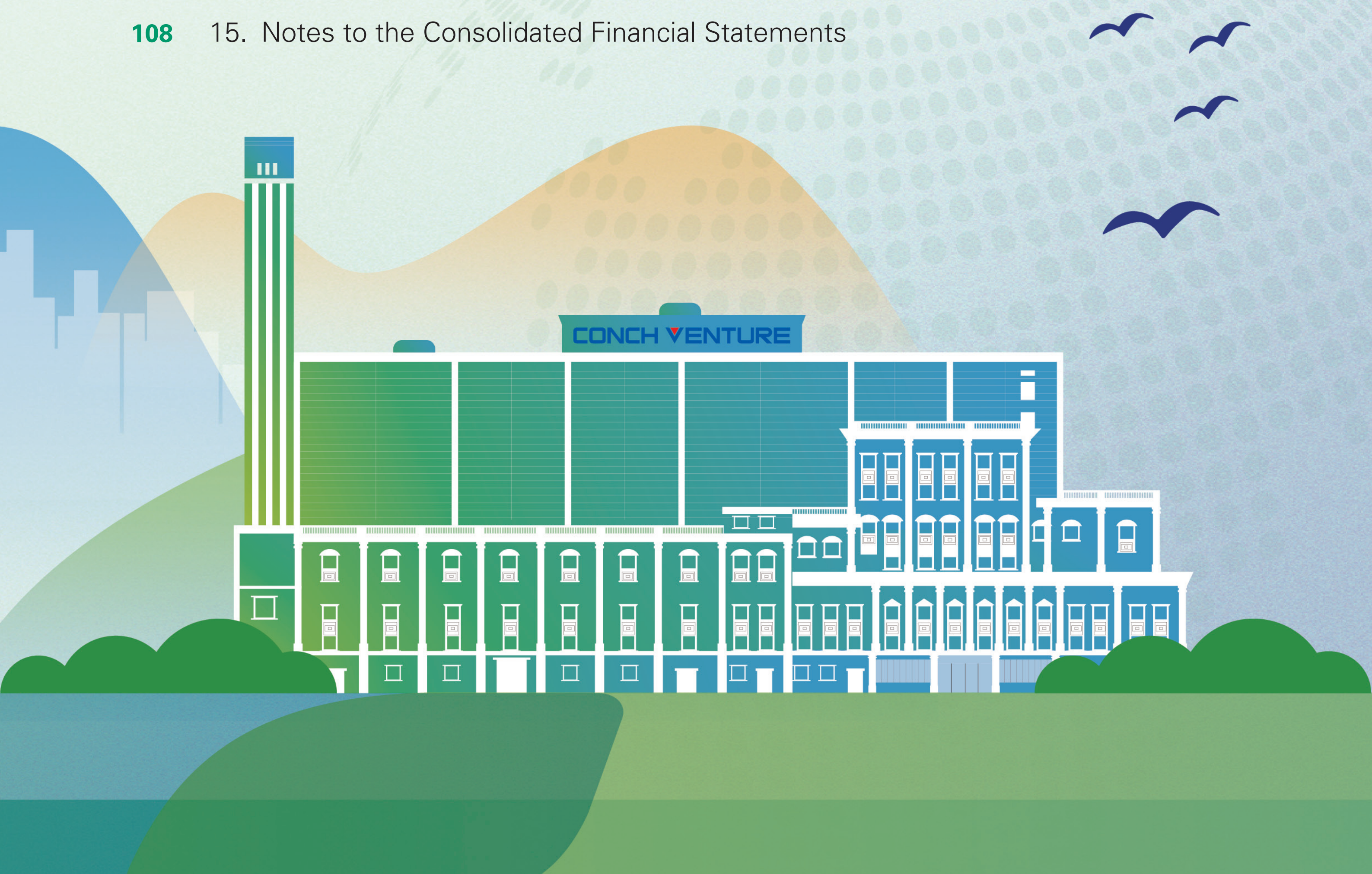


DEFINITIONS

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

2024 AGM:	the annual general meeting of the Company convened on 25 June 2024
2025 AGM:	the annual general meeting of the Company to be convened on 25 June 2025, or any adjournment thereof
Anhui CV Group:	安徽海創集團股份有限公司 (Anhui Conch Venture Group Co., Ltd.*)
Articles of Association:	the articles of association of the Company
associate(s):	has the meaning ascribed thereto under the Listing Rules
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
BOT:	build-operate-transfer, a type of business arrangement used in the construction of a facility
CG Code:	the Corporate Governance Code set out in Appendix C1 to the Listing Rules
China/PRC:	the People's Republic of China
CK Engineering:	安徽海螺川崎工程有限公司 (Anhui Conch Kawasaki Engineering Co., Ltd.*)
CK Equipment:	安徽海螺川崎節能設備製造有限公司 (Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd.*)
CK Shanghai:	上海海螺川崎節能環保工程有限公司 (Shanghai Conch Kawasaki Engineering Co., Ltd.*)
CKEM:	安徽海螺川崎裝備製造有限公司 (Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd.*)
close associate(s):	has the meaning ascribed thereto under the Listing Rules
Company/Conch Venture:	中國海螺創業控股有限公司 (China Conch Venture Holdings Limited)

DEFINITIONS

Conch Cement:	安徽海螺水泥股份有限公司 (Anhui Conch Cement Company Limited*), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 00914) and the Shanghai Stock Exchange, PRC (stock code: 600585)
Conch Design Institute:	安徽海螺建材設計研究院有限責任公司 (Anhui Conch Construction Materials Design Institute Co., Ltd.*)
Conch Environment:	中國海螺環保控股有限公司 (China Conch Environment Protection Holdings Limited), a company whose shares are listed on the Main Board of the Stock Exchange (stock code: 00587)
Conch Group:	Conch Holdings and its affiliates (primarily Conch Cement and Conch New Materials)
Conch Holdings:	安徽海螺集團有限責任公司 (Anhui Conch Holdings Co., Ltd.*)
Conch IID Shanghai:	上海海螺國際投資發展有限公司 (Shanghai Conch International Investment Development Co., Ltd.*)
Conch Investment:	Anhui Conch Investment Co., Ltd. (安徽海螺科創材料有限責任公司)
Conch New Materials:	海螺（安徽）節能環保新材料股份有限公司 (Anhui Conch Energy-saving New Materials Co., Ltd.*), a company whose shares are listed on the Shenzhen Stock Exchange, PRC (stock code: 00619))
Conch Venture Wuhu:	蕪湖海創實業有限責任公司 (Wuhu Conch Venture Enterprise Limited*)
connected person(s):	has the meaning ascribed thereto under the Listing Rules
controlling shareholder(s):	has the meaning ascribed thereto under the Listing Rules
CV Green Energy:	安徽海創綠能環保有限公司 (Anhui Haichuang Lvneng Environmental Protection Co., Ltd*) (formerly known as 安徽海創綠能環保集團股份有限公司 (Anhui Haichuang Lvneng Environmental Protection Group Co., Ltd*)
Director(s):	the director(s) of the Company
Group:	the Company and its subsidiaries
HKD:	the lawful currency of Hong Kong
Hong Kong:	the Hong Kong Special Administrative Region of the PRC

DEFINITIONS

Kawasaki HI:	川崎重工業株式会社 (Kawasaki Heavy Industries Ltd.*)
Kawasaki Partner:	such member company of the Kawasaki Group which held (or holds) equity interest in CK Engineering and CK Equipment, including Kawasaki HI and its subsidiaries
Listing Rules:	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
Management:	the operating management of the Company
Model Code:	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Listing Rules
Remuneration and Nomination Committee:	the remuneration and nomination committee of the Board
Reporting Period:	from 1 January 2024 to 31 December 2024
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 from time to time)
Shareholder(s):	the shareholder(s) of the Company
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

1. CORPORATE INFORMATION

(I)	**REGISTERED CHINESE NAME OF THE COMPANY:**	中國海螺創業控股有限公司
	CHINESE ABBREVIATION:	海螺創業
	REGISTERED ENGLISH NAME OF THE COMPANY:	CHINA CONCH VENTURE HOLDINGS LIMITED
	ENGLISH ABBREVIATION:	CONCH VENTURE
(II)	**EXECUTIVE DIRECTORS:**	Mr. GUO Jingbin *(Chairman) (re-designated as an executive Director from a non-executive Director on 2 April 2024)* Mr. JI Qinying *(Vice-Chairman & Chief Executive Officer)* Mr. WANG Xuesen *(appointed on 2 April 2024)* Mr. HE Guangyuan *(appointed on 2 April 2024)* Mr. WAN Changbao *(appointed on 2 April 2024)* Mr. LI Jian *(resigned on 11 March 2024)* Mr. SHU Mao *(resigned on 2 April 2024)* Mr. LI Daming *(resigned on 2 April 2024)*
(III)	**NON-EXECUTIVE DIRECTOR:**	Mr. LYU Wenbin *(appointed on 27 March 2025)* Mr. LIU Yan *(resigned on 27 March 2025)*
(IV)	**INDEPENDENT NON-EXECUTIVE DIRECTORS:**	Mr. CHAN Chi On (alias Derek CHAN) Mr. CHAN Kai Wing Ms. CHENG Yanlei *(elected on 25 June 2024)* Mr. PENG Suping *(resigned on 7 January 2025)*
(V)	**AUDIT COMMITTEE:**	Mr. CHAN Chi On (alias Derek CHAN) *(Chairman)* Mr. CHAN Kai Wing Ms. CHENG Yanlei *(appointed on 25 June 2024)* Mr. PENG Suping *(resigned on 7 January 2025)*
(VI)	**REMUNERATION AND NOMINATION COMMITTEE:**	Mr. CHAN Kai Wing *(Chairman)* Mr. CHAN Chi On (alias Derek CHAN) Mr. LYU Wenbin *(appointed on 27 March 2025)* Ms. CHENG Yanlei *(appointed on 25 June 2024)* Mr. PENG Suping *(resigned on 7 January 2025)* Mr. LIU Yan *(resigned on 27 March 2025)*

1. CORPORATE INFORMATION

(VII)	STRATEGY, SUSTAINABILITY AND RISK MANAGEMENT COMMITTEE:	Mr. GUO Jingbin *(Chairman)* Mr. JI Qinying Mr. CHAN Chi On (alias Derek CHAN) Mr. LYU Wenbin *(appointed on 27 March 2025)* Mr. LIU Yan *(resigned on 27 March 2025)*
(VIII)	COMPANY SECRETARY:	Mr. CHEN Xingqiang *(re-designated on 10 October 2024)* Mr. LEE Leong Yin *(resigned on 10 October 2024)*
(IX)	AUTHORISED REPRESENTATIVES:	Mr. GUO Jingbin Mr. JI Qinying
(X)	REGISTERED OFFICE OF THE COMPANY:	Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands
(XI)	ADDRESS OF THE HEAD OFFICE IN THE PRC:	1011 Jiuhua South Road Wuhu City, Anhui Province, China
(XII)	POSTAL CODE:	241070
(XIII)	EMAIL ADDRESS OF THE COMPANY:	hlcy@conchventure.com
(XIV)	WEBSITE OF THE COMPANY:	www.conchventure.com
(XV)	PRINCIPAL PLACE OF BUSINESS IN HONG KONG:	Suite 4018, 40/F, Jardine House 1 Connaught Place, Central Hong Kong
(XVI)	HONG KONG LEGAL ADVISOR:	Chiu & Partners
(XVII)	INTERNATIONAL AUDITOR:	KPMG *Certified public accountants; Registered public interest entity auditor in accordance with the Accounting and Financial Reporting Council Ordinance (Chapter 588 of the Laws of Hong Kong)*
(XVIII)	CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE:	Conyers Trust Company (Cayman) Limited Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111 Cayman Islands
(XIX)	HONG KONG BRANCH SHARE REGISTRAR:	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17/F Hopewell Centre 183 Queen's Road East, Wanchai Hong Kong
(XX)	STOCK CODE:	00586

2. FINANCIAL HIGHLIGHTS

FINANCIAL OVERVIEW (FOR THE YEAR ENDED 31 DECEMBER 2024)

1. Operation results

Unit: RMB'000

Item	2024	2023	2022	2021	2020
Revenue	**6,270,737**	8,015,211	8,224,356	8,350,485	6,604,573
Profit before taxation	**2,249,669**	2,872,104	4,439,279	7,933,461	8,052,715
Share of profit of associates	**1,316,054**	1,662,468	2,939,049	6,168,140	6,387,437
Net profit attributable to the equity shareholders of the Company	**2,019,557**	2,463,706	3,909,927	7,458,129	7,617,627

2. Assets and liabilities

Unit: RMB'000

Item	2024	2023	2022	2021	2020
Total assets	**82,326,183**	80,460,379	75,379,877	68,919,066	54,327,572
Total liabilities	**33,149,551**	32,707,661	28,207,473	22,261,630	14,350,393
Equity attributable to the equity shareholders of the Company	**47,713,102**	46,315,519	44,862,013	45,269,794	38,564,985

26 July 2024

The Company paid the final dividend for the financial year 2023, with the total dividend amount being approximately HK$358.4 million; on 8 November, the Company paid a special dividend for the first time, with the total dividend amount being approximately HK$179.2 million.

20 August 2024

Yangzhou Haichang Port under the Company launched its external opening service function, and successfully received the first international navigation ship for berthing and operation on 14 October.

22 August 2024

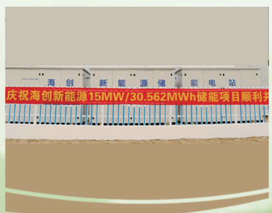
The Company hosted the event "Entrepreneurial Classroom Entering Conch Venture", and more than 140 enterprises in Wuhu signed up to participate.

31 October 2024

The awarding ceremony of the 2024 Asian Corporate Social Responsibility Awards in China was held in Shanghai. Conch Venture won the "Green Leadership Award" and the "Cycled Economy Leadership Award".

26 December 2024

The Company's 15MW/30.562MWh energy storage power station project for its new energy business was officially connected to the grid for operation, achieving cost reduction and efficiency improvement.



Throughout 2024

The Company added 15 new production lines with operating time over 365 days, and a total of 36 production lines have been operating continuously for over 365 days. The Company completed the price adjustment of waste disposal for 6 projects, bringing the operating quality to next level.

CONCH VENTURE

CONCH VENTURE SUMMARY OF EVENTS

2024

21 February 2024

MSCI, a global index company, released the latest global ESG (Environmental, Social and Governance) report ratings. The ESG report rating of Conch Venture for 2023 was once again rated as A, and the rating was maintained in February 2025, remaining at the top in China within the "Construction and Engineering" category of MSCI for three consecutive years.

12 March 2024

The Group signed a cooperation agreement with Changshan Southern Cement Co., Ltd.* (常山南方水泥有限公司), and successfully expanded the lithium battery recycling and comprehensive utilisation project with a disposal scale of 30,000 tonnes per year in Changshan, Zhejiang Province. The total contracted disposal scale has reached approximately 230,000 tonnes per year.

19 April 2024

The Company held a special meeting on improving quality and efficiency, systematically summarising a series of measures for improving quality and efficiency and project operation experience.

25 June 2024

The 2024 AGM of Conch Venture was held in Wuhu, Anhui.

2 July 2024

The Company successfully held an investor reverse roadshow event at its headquarters in Wuhu, Anhui Province, attracting more than 50 investors from over 40 institutions across the country to attend on site.

4. BUSINESS REVIEW AND OUTLOOK

(I) MACRO ENVIRONMENT

In 2024, China's economy maintained growth in a stable manner, with solid efforts made in promoting high-quality development. China's GDP grew by 5% year-on-year, and the long-term positive trend of China's economy continued. At the same time, the State issued the "Opinions on Accelerating the Comprehensive Green Transformation of Economic and Social Development" to further accelerate the construction of an economic system featuring green, low-carbon and cycled development, which has created significant development opportunities for the environmental protection industry. As a conglomerate providing energy-saving and environmental protection solutions, the Group has been deeply engaged in the main business of environmental protection. With a focus on improving the quality and upgrading of the industry, the Group actively expanded the green industry, so as to implement and practise the concept of green and sustainable development with solid actions.

During the Reporting Period, the Group achieved revenue of RMB6.271 billion, which decreased by 21.76% year-on-year. Net profit (excluding share of profits of associates) of our principal activities attributable to equity shareholders of the Group amounted to RMB704 million, which decreased by 12.20% as compared with the corresponding period of the previous year.

(II) BUSINESS REVIEW

In 2024, under the strong leadership of the Board, the Group implemented the general keynote of "focusing on its main business and improving quality and efficiency". Adhering to the business strategy of empowering and making breakthroughs in its main business of environmental protection and facilitating the coordinated development of multiple business segments, the Group has achieved new breakthroughs in the process of promoting high-quality development. In terms of the municipal waste treatment industry, through lean management, the Group achieved high-quality operation with remarkable efficiency improvement in diversified business operations. In terms of the new energy materials industry, the Group carried out integrated management to reduce costs and increase efficiency, thereby steadily improving its operational quality. In terms of the lithium battery resource recycling and utilisation industry, the Group summarised its experience and carried out research and development to optimise its process technologies, so as to make optimal layout arrangements. The overall business development of the Group has been stable and positive, which solidifies the foundation for the next phase of high-quality development.

As at the end of the Reporting Period, the Group promoted and signed contracts for 131 projects in 23 provinces, cities and autonomous regions in China, including 101 projects for grate furnace power generation, 2 projects for fly ash treatment, 2 projects for independent kitchen waste treatment, 10 projects for waste treatment by cement kilns, 1 project for waste transfer, 2 projects for new energy, 10 projects for lithium battery recycling comprehensive utilisation, 2 projects for new building materials, and 1 project for port logistics.

4. BUSINESS REVIEW AND OUTLOOK

(II) BUSINESS REVIEW *(Continued)*

Municipal waste treatment

1. Grate Furnace Power Generation

During the Reporting Period, the Group endeavoured to enhance the operational efficiency of its projects by implementing professional and refined management and encouraging project companies to expand sources of waste and enhance the on-grid electricity, so as to ensure high-quality operation. The Group also sought to enhance its operational efficiency through the development of various business operations. During the Reporting Period, the Group's 14 waste power generation projects in Liangping, Chongqing City and Qingzhen, Guizhou Province have realised grid-connected power generation. As at the end of the Reporting Period, the Group had 17 projects involving the business of sales of steam; 32 projects involving the business of collaborative disposal of sludge and wine lees; and 28 projects involving the business of treatment of effluent such as external leachate. At the same time, the Group has been active in promoting price increase of waste disposal fees, and has completed the price adjustment for 6 projects, which has laid a foundation for the implementation of price increase of waste disposal fees in the future.

During the Reporting Period, for the grate furnace power generation business, the Group received a total of approximately 18.357 million tonnes of municipal waste, representing a year-on-year increase of 15%. Approximately 15.708 million tonnes of municipal waste was treated, representing a year-on-year increase of 15%. On-grid electricity was approximately 5,120 million kWh, representing a year-on-year increase of 15%. The average annual on-grid electricity was approximately 326 kWh. Steam sales amounted to approximately 377,000 tonnes, representing a year-on-year increase of approximately 320,000 tonnes. Approximately 488,000 green electricity certificates (the "**Green Electricity Certificate(s)**") were sold.

4. BUSINESS REVIEW AND OUTLOOK

(II) BUSINESS REVIEW *(Continued)*

Municipal waste treatment *(Continued)*

1. Grate Furnace Power Generation *(Continued)*

As at the end of the Reporting Period, details of the Group's grate furnace power generation projects are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date	Whether it is included in the national financial subsidy list
1	In operation	Jinzhai, Anhui Province	2×110,000 tonnes/year (2×300 tonnes/day)	January 2016	Phases I and II have been on list
2		Tongren, Guizhou Province	2×110,000 tonnes/year (2×300 tonnes/day)	July 2017	On list
3		Yanshan, Yunnan Province (phase 1)	110,000 tonnes/year (300 tonnes/day)	August 2017	On list
4		Huoqiu, Anhui Province	2×140,000 tonnes/year (2×400 tonnes/day)	January 2018	Phases I and II have been on list
5		Li County, Hunan Province	2×140,000 tonnes/year (2×400 tonnes/day)	April 2018	On list
6		Songming, Yunnan Province	290,000 tonnes/year (800 tonnes/day)	January 2019	On list
7		Shanggao, Jiangxi Province	140,000 tonnes/year (400 tonnes/day)	February 2019	On list
8		Yiyang, Jiangxi Province	2×110,000 tonnes/year (2×300 tonnes/day)	June 2019	On list
9		Shache, Xinjiang Region	2×110,000 tonnes/year (2×300 tonnes/day)	June 2019	On list
10		Sishui, Shandong Province	140,000 tonnes/year (400 tonnes/day)	June 2019	On list
11		Bole, Xinjiang Region	110,000 tonnes/year (300 tonnes/day)	July 2019	On list
12		Yang County, Shaanxi Province	110,000 tonnes/year (300 tonnes/day)	October 2019	On list
13		Baoshan, Yunnan Province	2×140,000 tonnes/year (2×400 tonnes/day)	January 2020	On list
14		Fuquan, Guizhou Province	2×110,000 tonnes/year (2×300 tonnes/day)	January 2020	Application in progress
15		Lujiang, Anhui Province	2×180,000 tonnes/year (2×500 tonnes/day)	January 2020	Phase 1 has been on list
16		Xianyang, Shaanxi Province	2×270,000 tonnes/year (2×750 tonnes/day)	July 2020	On list
17		Xishui, Guizhou Province (Phase 1)	140,000 tonnes/year (400 tonnes/day)	July 2020	On list

4. BUSINESS REVIEW AND OUTLOOK

(II) BUSINESS REVIEW *(Continued)*

Municipal waste treatment *(Continued)*

1. Grate Furnace Power Generation *(Continued)*

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date	Whether it is included in the national financial subsidy list
18	In operation	Shizhu, Chongqing City	110,000 tonnes/year (300 tonnes/day)	August 2020	On list
19		Huoshan, Anhui Province	140,000 tonnes/year (400 tonnes/day)	August 2020	On list
20		Tengchong, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	November 2020	On list
21		Ningguo, Anhui Province	140,000 tonnes/year (400 tonnes/day)	November 2020	Application in progress
22		Luxi, Yunnan Province	2×110,000 tonnes/year (2×300 tonnes/day)	January 2021	Application in progress
23		Mangshi, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	March 2021	Application in progress
24		Luoping, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	March 2021	Application in progress
25		Dexing, Jiangxi Province	140,000 tonnes/year (400 tonnes/day)	November 2020	Application in progress
26		Zongyang, Anhui Province (Phase 1)	140,000 tonnes/year (400 tonnes/day)	April 2021	Application in progress
27		Shahe, Hebei Province (Phase 1)	2×180,000 tonnes/year (2×500 tonnes/day)	April 2021	Application in progress
28		Shimen, Hunan Province	180,000 tonnes/year (500 tonnes/day)	May 2021	Application in progress
29		Jiuquan, Gansu Province	180,000 tonnes/year (500 tonnes/day)	June 2021	Application in progress
30		Manzhouli, Inner Mongolia Region	140,000 tonnes/year (400 tonnes/day)	June 2021	Application in progress
31		Hanshou, Hunan Province	140,000 tonnes/year (400 tonnes/day)	June 2021	Application in progress
32		Suiyang, Guizhou Province	140,000 tonnes/year (400 tonnes/day)	June 2021	Application in progress
33		Panshi, Jilin Province	140,000 tonnes/year (400 tonnes/day)	July 2021	Application in progress

4. BUSINESS REVIEW AND OUTLOOK

(II) BUSINESS REVIEW *(Continued)*

Municipal waste treatment *(Continued)*

1. Grate Furnace Power Generation *(Continued)*

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date	Whether it is included in the national financial subsidy list
34	In operation	Pingguo, Guangxi Region (Phase 1)	140,000 tonnes/year (400 tonnes/day)	July 2021	Application in progress
35		Tongchuan, Shaanxi Province	180,000 tonnes/year (500 tonnes/day)	August 2021	Application in progress
36		Zhenxiong, Yunnan Province (Phase 1)	180,000 tonnes/year (500 tonnes/day)	September 2021	Application in progress
37		Shuangfeng, Hunan Province	180,000 tonnes/year (500 tonnes/day)	October 2021	Application in progress
38		Hejin, Shanxi Province	180,000 tonnes/year (500 tonnes/day)	October 2021	Application in progress
39		Pingliang, Gansu Province	180,000 tonnes/year (500 tonnes/day)	November 2021	Application in progress
40		Binzhou, Shaanxi Province	110,000 tonnes/year (300 tonnes/day)	November 2021	Application in progress
41		Tongzi, Guizhou Province	180,000 tonnes/year (500 tonnes/day)	November 2021	Application in progress
42		Wuwei, Anhui Province	180,000 tonnes/year (500 tonnes/day)	December 2021	Application in progress
43		Fugou, Henan Province	220,000 tonnes/year (600 tonnes/day)	April 2022	Application in progress
44		Du'an, Guangxi Region	140,000 tonnes/year (400 tonnes/day)	June 2022	Application in progress
45		Luzhai, Guangxi Region	140,000 tonnes/year (400 tonnes/day)	June 2022	Application in progress
46		Suzhou, Anhui Province	180,000 tonnes/year (500 tonnes/day)	August 2022	Application in progress
47		Longkou, Shandong Province	220,000 tonnes/year (600 tonnes/day)	August 2022	Application in progress

4. BUSINESS REVIEW AND OUTLOOK

(II) BUSINESS REVIEW *(Continued)*

Municipal waste treatment *(Continued)*

1. Grate Furnace Power Generation *(Continued)*

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date	Whether it is included in the national financial subsidy list
48	In operation	Zhangjiakou, Hebei Province	180,000 tonnes/year (500 tonnes/day)	September 2022	Application in progress
49		Fengning, Hebei Province	110,000 tonnes/year (300 tonnes/day)	October 2022	Application in progress
50		He County, Anhui Province	220,000 tonnes/year (600 tonnes/day)	October 2022	Application in progress
51		Naiman Banner, Inner Mongolia Region	110,000 tonnes/year (300 tonnes/day)	November 2022	Application in progress
52		Weichang, Hebei Province	110,000 tonnes/year (300 tonnes/day)	February 2023	Application in progress
53		Shucheng, Anhui Province	140,000 tonnes/year (400 tonnes/day)	March 2023	Application in progress
54		Shulan, Jilin Province	140,000 tonnes/year (400 tonnes/day)	April 2023	Application in progress
55		Xichou, Yunnan Province	180,000 tonnes/year (500 tonnes/day)	June 2023	Application in progress
56		Taonan, Jilin Province	140,000 tonnes/year (400 tonnes/day)	June 2023	Application in progress
57		Meitan, Guizhou Province	140,000 tonnes/year (400 tonnes/day)	July 2023	/
58		Jinning, Yunnan Province	140,000 tonnes/year (400 tonnes/day)	July 2023	/
59		Danjiangkou, Hubei Province	110,000 tonnes/year (300 tonnes/day)	September 2023	/
60		Bac Ninh, Vietnam	110,000 tonnes/year (300 tonnes/day)	November 2023	/
61		Liangping, Chongqing City	140,000 tonnes/year (400 tonnes/day)	January 2024	/
62		Qingzhen, Guizhou Province	180,000 tonnes/year (500 tonnes/day)	January 2024	/
63		Pingguo, Guangxi Region (Phase 2)	140,000 tonnes/year (400 tonnes/day)	January 2024	/
64		Qiyang, Hunan Province	180,000 tonnes/year (500 tonnes/day)	January 2024	/
65		Dongzhi, Anhui Province	140,000 tonnes/year (400 tonnes/day)	February 2024	/
66		Tai'an, Liaoning Province	110,000 tonnes/year (300 tonnes/day)	July 2024	/

4. BUSINESS REVIEW AND OUTLOOK

(II) BUSINESS REVIEW *(Continued)*

Municipal waste treatment *(Continued)*

1. Grate Furnace Power Generation *(Continued)*

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date	Whether it is included in the national financial subsidy list
67	In operation	Lufeng, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	July 2024	/
68		Haidong, Qinghai Province	180,000 tonnes/year (500 tonnes/day)	August 2024	/
69		Gengma, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	August 2024	/
70		Wushan, Chongqing City	130,000 tonnes/year (350 tonnes/day)	September 2024	/
71		Jianshui, Yunnan Province	180,000 tonnes/year (500 tonnes/day)	September 2024	/
72		Zhuanglang, Gansu Province	140,000 tonnes/year (400 tonnes/day)	November 2024	/
73		Huayin, Shaanxi Province	140,000 tonnes/year (400 tonnes/day)	November 2024	/
74		Yongde, Yunnan Province	180,000 tonnes/year (500 tonnes/day)	November 2024	/
75	In operation (project acquired)	Luanzhou, Hebei Province	180,000 tonnes/year (500 tonnes/day)	January 2021	Application in progress
76		Guantao, Hebei Province	180,000 tonnes/year (500 tonnes/day)	January 2021	Application in progress
77		Guan County, Shandong Province	220,000 tonnes/year (600 tonnes/day)	March 2020	On list
78		Chiping, Shandong Province	220,000 tonnes/year (600 tonnes/day)	June 2018	On list
79		Jinxiang, Shandong Province	290,000 tonnes/year (800 tonnes/day)	October 2019	On list
80		Chenzhou, Hunan Province	450,000 tonnes/year (1,250 tonnes/day)	July 2015	Phases I and II have been on list
81		Baotou, Inner Mongolia Region	490,000 tonnes/year (1,350 tonnes/day)	December 2012	On list
82		Hohhot, Inner Mongolia Region	630,000 tonnes/year (1,750 tonnes/day)	November 2017	On list
83		Jilin, Jilin Province	540,000 tonnes/year (1,500 tonnes/day)	January 2009	On list
84		Bijie, Guizhou Province	290,000 tonnes/year (800 tonnes/day)	April 2021	Application in progress
85		Jingdezhen, Jiangxi Province	540,000 tonnes/year (1,500 tonnes/day)	November 2016	On list
86		Liaocheng, Shandong Province	360,000 tonnes/year (1,000 tonnes/day)	December 2012	On list
87		Gaotang, Shandong Province	220,000 tonnes/year (600 tonnes/day)	May 2020	On list
Sub-total:			**17,290,000 tonnes/year (48,100 tonnes/day)**		

4. BUSINESS REVIEW AND OUTLOOK

(II) BUSINESS REVIEW *(Continued)*

Municipal waste treatment *(Continued)*

1. Grate Furnace Power Generation *(Continued)*

No.	Status of Construction	Project Location	Treatment Capacity	Expected Completion Date
88	Under construction	Jingshan, Hubei Province	130,000 tonnes/year (350 tonnes/day)	April 2025
89		Yuanyang, Yunnan Province	110,000 tonnes/year (300 tonnes/day)	July 2025
90		Nandan, Guangxi Region	110,000 tonnes/year (300 tonnes/day)	February 2026
91		Yun County, Yunnan Province	180,000 tonnes/year (500 tonnes/day)	February 2026
Sub-total:			**530,000 tonnes/year (1,450 tonnes/day)**	
92	Under approval and planning	Susong, Anhui Province	140,000 tonnes/year (400 tonnes/day)	/
93		Hunyuan, Shanxi Province	180,000 tonnes/year (500 tonnes/day)	/
94		Daguan, Yunnan Province	140,000 tonnes/year (400 tonnes/day)	/
Sub-total:			**460,000 tonnes/year (1,300 tonnes/day)**	
95	Reserve project	Yan Shan, Yunnan Province (Phase 2)	110,000 tonnes/year (300 tonnes/day)	/
96		Zhenxiong, Yunnan Province (Phase 2)	180,000 tonnes/year (500 tonnes/day)	/
97		Xishui, Guizhou Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)	/
98		Zongyang, Anhui Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)	/
99		Shahe, Hebei Province (Phase 2)	2x180,000 tonnes/year (2x500 tonnes/day)	/
100		Taiyuan, Vietnam	180,000 tonnes/year (500 tonnes/day)	/
101		Xuan Son, Vietnam	2x180,000 tonnes/year (2x500 tonnes/day)	/
Sub-total:			**1,470,000 tonnes/year (4,100 tonnes/day)**	
Total:			**19,750,000 tonnes/year (54,950 tonnes/day)**	

Note: Annual treatment capacity of the project = Daily treatment capacity of the project multiplied by 360 days

As at the end of the Reporting Period, a total of 32 of the Group's grate furnace power generation projects were included in the list of national subsidised renewable energy power generation projects.

4. BUSINESS REVIEW AND OUTLOOK

(II) BUSINESS REVIEW *(Continued)*

Municipal waste treatment *(Continued)*

2. Kitchen Waste Treatment

During the Reporting Period, the Group has successfully commenced operation at six kitchen waste treatment projects in Shucheng, Anhui Province, Liangping, Chongqing Province and other locations. As at the end of the Reporting Period, a total of 20 of the Group's kitchen waste treatment projects were in operation, of which the projects in Wuhu, Anhui Province and Lingbi, Anhui Province are run by independently operated project companies, with a treatment capacity of approximately 461,000 tonnes/year (approximately 1,205 tonnes/day). During the Reporting Period, a total of approximately 176,000 tonnes of kitchen waste was received and treated, and approximately 2,748 tonnes of grease was sold.

As at the end of the Reporting Period, details of the Group's kitchen waste treatment projects are set out in the following table:

No.	Status of Construction	Project Location	Treatment Capacity
1	In operation	Suzhou, Anhui Province	70,000 tonnes/year (200 tonnes/day)
2		Wuhu, Anhui Province	70,000 tonnes/year (200 tonnes/day)
3		Lingbi, Anhui Province	40,000 tonnes/year (100 tonnes/day)
4		Liangping, Chongqing City	40,000 tonnes/year (100 tonnes/day)
5		Pingliang, Gansu Province	20,000 tonnes/year (50 tonnes/day)
6		Songming, Yunnan Province	20,000 tonnes/year (50 tonnes/day)
7		Qiyang, Hunan Province	20,000 tonnes/year (50 tonnes/day)
8		Pingguo, Guangxi Region	20,000 tonnes/year (50 tonnes/day)
9		Hejin, Shanxi Province	20,000 tonnes/year (45 tonnes/day)
10		Jinzhai, Anhui Province	20,000 tonnes/year (45 tonnes/day)
11		Shanggao, Jiangxi Province	20,000 tonnes/year (45 tonnes/day)
12		Shucheng, Anhui Province	20,000 tonnes/year (45 tonnes/day)
13		Weining, Guizhou Province	20,000 tonnes/year (45 tonnes/day)
14		Longkou, Shandong Province	10,000 tonnes/year (30 tonnes/day)
15		Fugou, Henan Province	10,000 tonnes/year (30 tonnes/day)
16		Dexing, Jiangxi Province	10,000 tonnes/year (30 tonnes/day)
17		Jinning, Yunnan Province	10,000 tonnes/year (30 tonnes/day)
18		Fengning, Hebei Province	7,000 tonnes/year (20 tonnes/day)
19		Weichang, Hebei Province	7,000 tonnes/year (20 tonnes/day)
20		Manzhouli, Inner Mongolia Region	7,000 tonnes/year (20 tonnes/day)
Total:			**461,000 tonnes/year (1,205 tonnes/day)**

4. BUSINESS REVIEW AND OUTLOOK

(II) BUSINESS REVIEW *(Continued)*

Municipal waste treatment *(Continued)*

3. Waste Treatment by Cement Kilns

As at the end of the Reporting Period, 10 projects of waste treatment by cement kilns segment were completed, with a treatment capacity of approximately 740,000 tonnes/year (approximately 2,200 tonnes/day). A total of approximately 285,000 tonnes of municipal waste was received, and a total of approximately 238,000 tonnes of municipal waste was treated.

As at the end of the Reporting Period, details of the Group's waste treatment by cement kilns projects are set out in the following table:

No.	Project Location	Treatment Capacity
1	Qingzhen, Guizhou Province	100,000 tonnes/year (300 tonnes/day)
2	Yangchun, Guangdong Province	70,000 tonnes/year (200 tonnes/day)
3	Qiyang, Hunan Province	100,000 tonnes/year (300 tonnes/day)
4	Fusui, Guangxi Region	70,000 tonnes/year (200 tonnes/day)
5	Nanjiang, Sichuan Province	70,000 tonnes/year (200 tonnes/day)
6	Lingyun, Guangxi Region	30,000 tonnes/year (100 tonnes/day)
7	Xing'an, Guangxi Region	100,000 tonnes/year (300 tonnes/day)
8	Yingjiang, Yunnan Province	70,000 tonnes/year (200 tonnes/day)
9	Linxia, Gansu Province	100,000 tonnes/year (300 tonnes/day)
10	Yuping, Guizhou Province	30,000 tonnes/year (100 tonnes/day)
Total:		**740,000 tonnes/year (2,200 tonnes/day)**

As at the end of the Reporting Period, the Group had a municipal waste treatment capacity of approximately 20.951 million tonnes/year (approximately 58,355 tonnes/day), including approximately 18.491 million tonnes/year (approximately 51,505 tonnes/day) completed and approximately 2.46 million tonnes/year (approximately 6,850 tonnes/day) under construction, under approval and planning and reserve.

New Energy Business

During the Reporting Period, the Group continued to monitor the development trends of new energy industry, adhered to the strategy of "formulating production plans based on sales volume", strengthened market construction of lithium iron phosphate cathode materials projects, accelerated the research and development and certification of new products, and steadily improved its production capacity utilisation rate. Meanwhile, the Group steadily advanced the construction of its anode materials projects and actively expanded the supply and sales markets. The Group continuously optimised the technologies and techniques of lithium battery recycling comprehensive utilisation projects and made optimal deployment. The Group secured a new project in Changshan, Zhejiang Province, with a total contracted treatment capacity of approximately 230,000 tonnes/year.

4. BUSINESS REVIEW AND OUTLOOK

(II) BUSINESS REVIEW *(Continued)*

New Energy Business *(Continued)*

As at the end of the Reporting Period, details of the Group's lithium battery recycling comprehensive utilisation projects are set out in the following table:

<table>
<tr><th>No.</th><th>Status of Construction</th><th>Project Location</th><th>Treatment Capacity</th><th>Completion Date</th></tr>
<tr><td>1</td><td>In operation</td><td>Wuhu, Anhui Province</td><td>15,000 tonnes/year</td><td>December 2024</td></tr>
<tr><td colspan="3">Sub-total:</td><td colspan="2">15,000 tonnes/year</td></tr>
<tr><th>No.</th><th>Status of Construction</th><th>Project Location</th><th>Treatment Capacity</th><th>Expected Completion Date</th></tr>
<tr><td>2</td><td rowspan="5">Under approval and planning</td><td>Huaibei, Anhui Province</td><td>15,000 tonnes/year</td><td>/</td></tr>
<tr><td>3</td><td>Shijiazhuang Hebei Province</td><td>30,000 tonnes/year</td><td>/</td></tr>
<tr><td>4</td><td>Dengfeng, Henan Province</td><td>15,000 tonnes/year</td><td>/</td></tr>
<tr><td>5</td><td>Tongchuan, Shaanxi Province (Phase 1)</td><td>15,000 tonnes/year</td><td>/</td></tr>
<tr><td>6</td><td>Jingmen, Hubei Province (Phase 1)</td><td>15,000 tonnes/year</td><td>/</td></tr>
<tr><td colspan="3">Sub-total:</td><td colspan="2">90,000 tonnes/year</td></tr>
<tr><td>7</td><td rowspan="5">Reserve project</td><td>Zaozhuang, Shandong Province</td><td>30,000 tonnes/year</td><td>/</td></tr>
<tr><td>8</td><td>Zhuzhou, Hunan Province</td><td>15,000 tonnes/year</td><td>/</td></tr>
<tr><td>9</td><td>Tongchuan, Shaanxi Province (Phase 2)</td><td>15,000 tonnes/year</td><td>/</td></tr>
<tr><td>10</td><td>Jingmen, Hubei Province (Phase 2)</td><td>35,000 tonnes/year</td><td>/</td></tr>
<tr><td>11</td><td>Changshan, Zhejiang Province</td><td>30,000 tonnes/year</td><td>/</td></tr>
<tr><td colspan="3">Sub-total:</td><td colspan="2">125,000 tonnes/year</td></tr>
<tr><td colspan="3">Total:</td><td colspan="2">230,000 tonnes/year</td></tr>
</table>

During the Reporting Period, the Group manufactured 35,000 tonnes of cathode materials under its new energy business and sent approximately 187,000 used waste packaging containers to its plant, with a revenue of RMB289.66 million.

4. BUSINESS REVIEW AND OUTLOOK

(II) BUSINESS REVIEW *(Continued)*

New Building Materials and Port Logistics

The Group's new building materials business has always been guided by market demand. The Group actively optimised process transformation, promoted the achievements of technical transformation, and elevated product quality. Meanwhile, the Group strengthened cost control, leveraged product competitive advantages, and strived to increase market share.

During the Reporting Period, the Group recorded new building materials product sales of approximately 8.14 million square metres, with an operating revenue of RMB102.06 million.

The Group actively expanded the functions of the port services to ensure core freight sources in its port logistics business. It actively expanded foreign trade cargo sources and optimised the customer structure. It promoted the creation of green ports, and strengthened scheduling and coordination to improve operational efficiency.

During the Reporting Period, the port logistics business achieved a throughput of approximately 30.26 million tonnes, with an operating revenue of RMB182.35 million.

(III) FUTURE PLAN AND OUTLOOK

In 2025, in the face of complex domestic and international environments, the Group, under the strong leadership of the Board, will deepen its management idea of "focusing on the principal business and improving quality and efficiency". The Group will fully leverage the national policies related to industry, environmental protection, and finance to tap into potential with solid confidence and promote the integration and healthy development of multiple industrial sectors, in a concerted effort to enhance the Company's core competitiveness, protect the core interests of the shareholders of the Company, and strive to build a "Leading in China, World-class" environmental corporate group.

Waste-to-Energy Business as the Principal Business: Empowerment through Management to Enhance Quality and Efficiency

The Group will focus on the core management advantages of the waste-to-energy business, its principal business. With the goals of improving operational quality and enhancing industry efficiency and the guidance of the "365 Club" and "500 Excellence Group", the Group will promote experience exchange, mutual assistance in specific areas and balanced regional development; improve various businesses, including steam and electricity sales, collaborative disposal and the Green Electricity Certificate trading and actively expand overseas market for energy-saving manufacturing equipment in order to enhance operational efficiency; and continue to strengthen receivables management and increase waste disposal fee to improve cash flow. In addition, by deeply researching on the national policies, the Group will actively explore the application of green electricity resources to extend industrial chain and accelerate industrial integration, thereby comprehensively enhancing the quality of its principal business.

4. BUSINESS REVIEW AND OUTLOOK

(III) FUTURE PLAN AND OUTLOOK *(Continued)*

New Energy Business: Internal Strengthening and Forging Ahead with Determination

The Group will focus on the product application and market expansion of new energy materials by increasing research and development innovation for advanced products and leveraging comparative advantages to expand its market share. For the lithium iron phosphate cathode materials projects, the Group will strengthen raw material procurement, emphasise product performance, leverage its advantages in energy storage station to achieve energy saving and consumption reduction, and actively explore cooperative models with battery manufacturers to enhance its brand core competitiveness. Regarding the anode materials projects, the Group will focus on strengthening engineering construction, optimising processes, and expanding markets, so as to steadily achieve production targets.

In terms of the lithium battery recycling and comprehensive utilisation business, the Group will optimise its process technology by continuously summarising the operation experience to strengthen its technical superiority. The Group will also reasonably control its strategic layout and actively expand recycling channels and marketing network.

Port Building Materials Business: Seeking Progress while Maintaining Stability under the Guidance of Industry Market-Oriented Philosophy

For the port logistics business, the Group will endeavour to boost its market share and ensure the steady and healthy development of business by integrating internal and external resources, actively broadening high-quality customer channels, and seeking to increase business volume and price for stable growth.

For the new building materials business, the Group will adhere to market-orientation and summarise the achievements of technological reformation to realise cost reduction and efficiency enhancement, thereby making new contributions to the industry.

5. MANAGEMENT DISCUSSION AND ANALYSIS

(I) FINANCIAL PROFITABILITY

Item	**2024 Amount (RMB'000)**	2023 Amount (RMB'000)	Changes between the Reporting Period and the corresponding period of the previous year (%)
Revenue	**6,270,737**	8,015,211	–21.76
Profit before taxation	**2,249,669**	2,872,104	–21.67
Share of profits of associates	**1,316,054**	1,662,468	–20.84
Net profit attributable to equity shareholders of the Company	**2,019,557**	2,463,706	–18.03
Net profit from principal businesses attributable to equity shareholders of the Company	**703,503**	801,238	–12.20

During the Reporting Period, the Group achieved revenue of RMB6,270.74 million, representing a year-on-year decrease of 21.76%, mainly due to the decrease in projects under construction by the Group. Profit before taxation amounted to RMB2,249.67 million, representing a year-on-year decrease of 21.67%, mainly due to the decrease in profit from principal businesses and share of profits of associates such as Conch Holdings. Share of profits of associates amounted to RMB1,316.05 million, representing a year-on-year decrease of 20.84%. Net profit attributable to equity shareholders of the Company amounted to RMB2,019.56 million, representing a year-on-year decrease of 18.03%, among which, net profit from principal businesses attributable to equity shareholders amounted to RMB703.50 million, representing a year-on-year decrease of 12.20%. Basic earnings per share amounted to RMB1.17.

5. MANAGEMENT DISCUSSION AND ANALYSIS

(I) FINANCIAL PROFITABILITY *(Continued)*

1. Revenue by business stream

Item	2024		2023		Change in	Change in
	Amount	**Percentage**	Amount	Percentage	amount	percentage (percentage
	(RMB'000)	**(%)**	(RMB'000)	(%)	(%)	point(s))
Waste incineration	**4,878,829**	**77.80**	6,155,877	76.80	–20.75	1.00
Energy-saving equipment	**817,832**	**13.04**	1,427,830	17.82	–42.72	–4.78
New building materials	**102,059**	**1.63**	118,151	1.47	–13.62	0.16
New energy business	**289,664**	**4.62**	104,693	1.31	176.68	3.31
Port logistics	**182,353**	**2.91**	208,660	2.60	–12.61	0.31
Total	**6,270,737**	**100.00**	8,015,211	100.00	–21.76	–

During the Reporting Period, as affected by the decrease in the Group's waste incineration projects under construction and orders of energy-saving equipment, revenue of the Group decreased. With a breakdown by business:

(i) The revenue from waste incineration solutions amounted to RMB4,878.83 million, representing a year-on-year decrease of 20.75%, which was mainly due to the reduction in projects under construction by the Group, resulting in a year-on-year decrease in revenue during the construction period.

(ii) The revenue from energy-saving equipment amounted to RMB817.83 million, representing a year-on-year decrease of 42.72%, which was mainly due to the decrease in orders of energy-saving equipment.

(iii) The revenue from new building materials amounted to RMB102.06 million, representing a year-on-year decrease of 13.62%, which was mainly due to the decrease in sales prices as a result of market influence.

(iv) The revenue from new energy business amounted to RMB289.66 million, representing a year-on-year increase of 176.68%, which was mainly due to the Group's active exploration of the market, leading to a rapid revenue growth.

(v) The revenue from port logistics amounted to RMB182.35 million, representing a year-on-year decrease of 12.61%, mainly due to the decrease in both sales volume and prices as a result of intensified market competition, which led to the decrease in revenue.

5. MANAGEMENT DISCUSSION AND ANALYSIS

(I) FINANCIAL PROFITABILITY *(Continued)*

1. Revenue by business stream *(Continued)*

Breakdown of revenue from waste incineration solutions

Revenue Breakdown	2024 Amount (RMB'000)	2024 Percentage (%)	2023 Amount (RMB'000)	2023 Percentage (%)	Change in amount (%)	Change in percentage (percentage point(s))
Construction revenue	975,143	19.99	2,692,677	43.74	–63.79	–23.75
Grate furnace power generation	975,143	19.99	2,692,677	43.74	–63.79	–23.75
Operation revenue	3,903,686	80.01	3,463,200	56.26	12.72	23.75
Grate furnace power generation	3,860,286	79.12	3,404,990	55.31	13.37	23.81
Waste treatment by cement kilns	43,400	0.89	58,210	0.95	–25.44	–0.06
Total	**4,878,829**	**100.00**	6,155,877	100.00	–20.75	–

During the Reporting Period, the revenue from waste incineration solutions segment during the construction period amounted to RMB975.14 million, representing a year-on-year decrease of 63.79%, which was mainly due to the decrease in the number of projects under construction. The operation revenue from waste incineration business stream amounted to RMB3,903.69 million, representing a year-on-year increase of 12.72%, which was mainly due to the commencement of operation of 14 new projects in Qingzhen, Guizhou Province, Liangping, Chongqing City, Qiyang, Hunan Province, Dongzhi, Anhui Province and other locations during the Reporting Period, leading to the growth in revenue.

5. MANAGEMENT DISCUSSION AND ANALYSIS

(I) FINANCIAL PROFITABILITY *(Continued)*

2. Revenue by geographical locations

Item	2024 Amount (RMB'000)	2024 Percentage (%)	2023 Amount (RMB'000)	2023 Percentage (%)	Change in amount (%)	Change in percentage (percentage point(s)) Percentage
Mainland China	**5,963,636**	**95.10**	7,176,942	89.54	–16.91	5.56
Asia-Pacific (except Mainland China)	**307,101**	**4.90**	838,269	10.46	–63.36	–5.56
Total	**6,270,737**	**100.00**	8,015,211	100.00	–21.76	–

During the Reporting Period, the Group's revenue derived from Mainland China market recorded a year-on-year decrease of 16.91%. The revenue derived from Asia (except Mainland China) market amounted to RMB307.10 million, representing a year-on-year decrease of 63.36%, which was mainly due to the decrease in the number of the Group's overseas orders for energy-saving equipment.

3. Gross profit and gross profit margin

Item	2024 Gross profit (RMB'000)	2024 Gross profit margin (%)	2023 Gross profit (RMB'000)	2023 Gross profit margin (%)	Change in amount (%)	Change in percentage (percentage point(s)) Percentage
Waste incineration solutions	**1,835,896**	**37.63**	1,765,389	28.68	3.99	8.95
Energy saving equipment	**214,067**	**26.17**	265,659	18.61	–19.42	7.56
New building materials	**–5,799**	**–5.68**	13,927	11.79	–141.64	–17.47
New energy business	**24,171**	**8.34**	7,215	6.89	235.01	1.45
Port logistics	**107,081**	**58.72**	126,523	60.64	–15.37	–1.92
Total	**2,175,416**	**34.69**	2,178,713	27.18	–0.15	7.51

5. MANAGEMENT DISCUSSION AND ANALYSIS

(I) FINANCIAL PROFITABILITY *(Continued)*

3. Gross profit and gross profit margin *(Continued)*

During the Reporting Period, the gross profit margin of the Group was 34.69%, representing a year-on-year increase of 7.51 percentage points. With a breakdown by business:

(i) The gross profit margin for waste incineration solutions was 37.63%, representing a year-on-year increase of 8.95 percentage points, and the gross profit margin was 47.38% during the operation period, representing a year-on-year increase of 2.12 percentage points. This was mainly due to the Group's implementation of various business operations and cost-reduction and efficiency-enhancement measures, which contributed to the overall increase in gross profit margin.

(ii) The gross profit margin for energy-saving equipment was 26.17%, representing a year-on-year increase of 7.56 percentage points, which was mainly due to the lower gross profit of overseas business orders of the Group in the same period last year.

(iii) The gross profit margin for new building materials was -5.68%, representing a year-on-year decrease of 17.47 percentage points, mainly due to the decline in sales price as a result of market impact, and write-down of inventories, leading to a lower gross profit margin.

(iv) The gross profit margin for new energy business was 8.34%, representing a year-on-year increase of 1.45 percentage points, mainly due to the proactive implementation of technological upgrades and efficiency-enhancing measures by the Group, which led to a decrease in unit costs and an improvement in gross profit margin.

(v) The gross profit margin for port logistics was 58.72%, representing a year-on-year decrease of 1.92 percentage points, mainly due to the decline in unit price as a result of the impact of market competition, leading to lower gross profit margin.

4. Other net income

During the Reporting Period, the Group's other net income amounted to RMB208.32 million, representing a year-on-year decrease of RMB206.34 million, or 49.76%, which was mainly because of the year-on-year decrease in the government grants received by the Group and the deposit interest.

5. Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB703.59 million, representing a year-on-year increase of RMB91.41 million, or 14.93%, which was mainly due to the increase in employee compensation resulting from the increase in operating companies.

6. Finance costs

During the Reporting Period, the Group's finance costs amounted to RMB707.78 million, representing a year-on-year decrease of RMB20.14 million, or 2.77%, which was mainly due to the decrease in finance costs as a result of the decrease in the interest rate of bank loans.

5. MANAGEMENT DISCUSSION AND ANALYSIS

(II) FINANCIAL POSITION

As at 31 December 2024, the Group's total assets amounted to RMB82,326.18 million, representing an increase of RMB1,865.80 million as compared to the end of the previous year. The equity attributable to equity shareholders of the Company amounted to RMB47,713.10 million, representing an increase of RMB1,397.58 million as compared to the end of the previous year. Gearing ratio of the Group (total liabilities/total assets) was 40.27%, representing a decrease of 0.38 percentage point as compared to the end of the previous year. The balance sheet items of the Group are as follows:

Item	**As at 31 December 2024 (RMB'000)**	As at 31 December 2023 (RMB'000)	Change between the end of the Reporting Period and the end of the previous year (%)
Property, plant and equipment	**7,960,761**	6,932,522	14.83
Non-current assets	**74,510,651**	72,338,065	3.00
Non-current liabilities	**26,898,138**	26,259,976	2.43
Current assets	**7,815,532**	8,122,314	–3.78
Current liabilities	**6,251,413**	6,447,685	–3.04
Net current assets	**1,564,119**	1,674,629	–6.60
Equity attributable to equity shareholders of the Company	**47,713,102**	46,315,519	3.02
Total assets	**82,326,183**	80,460,379	2.32
Total liabilities	**33,149,551**	32,707,661	1.35

1. Non-current assets and non-current liabilities

As at 31 December 2024, non-current assets of the Group amounted to RMB74,510.65 million, representing an increase of 3.00% as compared to the end of the previous year, which was mainly due to the increase in investment by the Group in property, plant and equipment and intangible assets; non-current liabilities amounted to RMB26,898.14 million, representing an increase of 2.43% as compared to the end of the previous year, which was mainly due to the increase in long-term bank loans of the Group.

2. Current assets and current liabilities

As at 31 December 2024, current assets of the Group amounted to RMB7,815.53 million, current liabilities amounted to RMB6,251.41 million, and net current assets amounted to RMB1,564.12 million, representing a decrease of 6.60% as compared to the end of the previous year, which was mainly due to the combined effect of the Group's repayment of current liabilities with current assets and transfer of long-term borrowings to the current liabilities due within one year.

5. MANAGEMENT DISCUSSION AND ANALYSIS

(II) FINANCIAL POSITION *(Continued)*

3. Equity attributable to equity shareholders of the Company

As at 31 December 2024, the equity attributable to equity shareholders of the Company amounted to RMB47,713.10 million, representing an increase of 3.02% as compared to the end of the previous year, which was mainly due to the ongoing profit achieved by the Group.

(III) LIQUIDITY AND CAPITAL SOURCES

During the Reporting Period, the Group fully took advantage of the capital size, strengthened the capital planning and management and optimised its financing structure. The Group lowered its cost of capital by means of replacing high-interest rate loans, and arranged the scale of project loans more reasonably and prudently to fully satisfy the Group's capital needs. As at 31 December 2024, the Group's cash and cash equivalents amounted to RMB2,269.72 million, which were mainly denominated in RMB, Hong Kong dollars and US dollars.

Bank loans

Item	As at 31 December 2024 (RMB'000)	As at 31 December 2023 (RMB'000)
Due within one year	**1,798,378**	1,267,507
Due after one year but within two years	**2,092,128**	3,187,224
Due after two years but within five years	**7,112,740**	5,864,041
Due after five years	**14,511,816**	14,002,426
Total	**25,515,062**	24,321,198

As at 31 December 2024, the balance of bank loans of the Group amounted to RMB25,515.06 million, representing an increase of RMB1,193.86 million as compared to the end of the previous year, which was mainly due to the increase in bank loans raised by the Group during the Reporting Period. As at 31 December 2024, the Group's bank loans were denominated in RMB and US dollars, and most of the loan interests were subject to variable interest rates.

5. MANAGEMENT DISCUSSION AND ANALYSIS

(III) LIQUIDITY AND CAPITAL SOURCES *(Continued)*

Cash flows

Item	2024 (RMB'000)	2023 (RMB'000)
Net cash generated from operating activities	**2,024,497**	1,985,758
Net cash used in investing activities	**–2,427,030**	–4,574,381
Net cash (used in)/generated from financing activities	**–423,238**	1,378,171
Net decrease in cash and cash equivalents	**–825,771**	–1,210,452
Effect of foreign exchange rate changes	**968**	–56,661
Cash and cash equivalents at the beginning of the period	**3,094,524**	4,361,637
Cash and cash equivalents at the end of the period	**2,269,721**	3,094,524

Net cash generated from operating activities

During the Reporting Period, net cash generated from operating activities of the Group amounted to RMB2,024.50 million, representing a year-on-year increase of RMB38.74 million, which was mainly due to the increase in the number of waste-to-energy projects in operation of the Group.

Net cash used in investing activities

During the Reporting Period, net cash used in investing activities of the Group amounted to RMB2,427.03 million, representing a year-on-year decrease of RMB2,147.35 million, which was mainly due to the decrease in the Group's investment expenditures during the Reporting Period.

Net cash used in financing activities

During the Reporting Period, net cash used in financing activities of the Group amounted to RMB423.24 million, representing a year-on-year increase of RMB1,801.41 million, which was mainly due to the decrease in the proceeds from loans and borrowings and unsecured MTN during this period compared with 2023.

(IV) COMMITMENTS

As at 31 December 2024, the Group had capital commitments not provided for in the consolidated financial statements were as follows:

Item	As at 31 December 2024 (RMB'000)	As at 31 December 2023 (RMB'000)
Contracted for	**592,343**	3,154,819
Authorized but not contracted for	**459,283**	901,347
Total	**1,051,626**	4,056,166

5. MANAGEMENT DISCUSSION AND ANALYSIS

(V) FOREIGN EXCHANGE RISK

The functional currency of majority of the Group's subsidiaries with operation in PRC is RMB. Foreign exchange risks faced by the Group were mainly derived from account receivables and account payables arising from sales and procurement which were mainly denominated in 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.

During the Reporting Period, the Group did not use any financial instruments to hedge against any foreign exchange risks.

(VI) CONTINGENT LIABILITIES

As at 31 December 2024, the Group did not have any material contingent liabilities.

(VII) PLEDGE OF ASSETS

As at 31 December 2024, right-of-use assets of the Group with carrying amount of RMB625.33 million were pledged as collaterals for certain bank loans.

Save as disclosed above, the Group did not have any pledge of assets as at 31 December 2024.

(VIII) MATERIAL INVESTMENTS, ACQUISITIONS OR DISPOSALS

During the Reporting Period, the Group had no material investments, acquisitions or disposals, and had no definite plan for any material investment, acquisition or disposal of capital assets.

(IX) ISSUE OF 2025 GREEN MEDIUM-TERM NOTES

On 13 January 2025, the Company publicly issued the first tranche of 2025 green medium-term notes (Bond Connect) in inter-bank of the PRC, with an aggregate principal amount of RMB1.3 billion at a coupon rate of 1.93% for a term of five years, without any guarantee. The coupon rate was the most preferential rate of the Green Panda Bonds domestically in history. The proceeds from the issuance of the first tranche of 2025 green medium-term notes will be primarily used for the repayment of interest-bearing debts and the expenditures of the projects' construction and operation of the Group. The Company, as the issuer, has received "AAA" rating from China Lianhe Credit Rating Co., Ltd.* (聯合資信評估股份有限公司), a credit rating agency.

Details of the issue of the first tranche of 2025 green medium-term notes are published on the website of National Association of Financial Market Institutional Investors (www.nafmii.org.cn) and the website of Shanghai Clearing House (www.shclearing.com.cn).

5. MANAGEMENT DISCUSSION AND ANALYSIS

(X) HUMAN RESOURCES

The Group attached great importance to the construction and development of human resources, explored and continuously optimised its corporate management system, strived to create an atmosphere of talent development concept of "respecting labour, knowledge, talents and creation", was dedicated to providing employees with competitive remuneration packages, safe and comfortable working environment and comprehensive welfare. Moreover, the Group actively established a multi-level, systematic, and professional training system, conducted various professional business training from time to time, and encouraged employees to participate in training and exchange activities conducted by social and industrial organisations to enhance the comprehensive quality and professional skills of employees and stimulate their motivation and creativity for work. At the same time, the Group also actively built a fair and balanced platform full of opportunities for the strategic development of diversified talents. Through various channels such as internal cultivation, school-enterprise exchanges, and social recruitment, the Group continuously enriched and improved the talent team, smoothed the cultivation and promotion channels, and optimised the human resources structure, therefore leveraging high-level human resources management to boost the high-quality development of the Group.

As at 31 December 2024, the Group had 6,607 (as at 31 December 2023: 6,225) employees. The remuneration of employees is based on qualifications, experience, work performance and market conditions. As required by the PRC regulations on social insurance, the Group participated in the social insurance schemes operated by local government authorities which include pension insurance, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance. During the Reporting Period, the total remuneration of employees (including the remuneration of the Directors) was approximately RMB855.3 million (2023: RMB702.5 million).

6. CORPORATE GOVERNANCE REPORT

The Board is hereby pleased to present the corporate governance report of the Group for the year.

(I) CORPORATE GOVERNANCE CODE

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 CG Code set out in Appendix C1 to the Listing Rules of the Stock Exchange as the corporate governance code of the Company. The Board confirmed that during the Reporting Period, the Company has complied with the principles and all applicable code provisions stated in Part 2 of the CG Code to regulate its operation and the Company has further refined the corporate governance structure and enhanced its corporate governance under the guidance of the regulatory documents including the Listing Rules and the Articles of Association.

The Company will regularly review and improve its corporate governance practices in order to be continuously in compliance with the CG Code.

(II) CORPORATE CULTURE AND STRATEGY

The Group is a large-scale "environmental protection + new energy" corporate group that provides energy-saving and environmental protection solutions. The Group recognises the importance of a healthy corporate culture in achieving the Group's future growth objectives. Under the guidance of the Board, the Group will cultivate a corporate culture based on core principles and ensure that the Group's vision, values and business strategies are aligned with the corporate culture.

The Group will advocate all staff to continuously improve their professional skills, to integrate personal development with corporate development, and to strengthen the sense of responsibility and mission of our staff so as to provide continuous momentum for the Group's development.

(III) MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the transactions of securities of the Company by the Directors and the relevant employees (who likely possess the inside information of the Company) ("**Securities Dealing Code**") on terms no less exacting than the required standard set out in the Model Code contained in Appendix C3 to the Listing Rules. Having made specific enquiries by the Company, all the Directors confirmed that they have complied with the Model Code and the Securities Dealing Code during the Reporting Period.

The Company has also issued an inside dealing warning ("**Inside Dealing Warning**") for securities transactions of the Group by employees.

During the Reporting Period, the Company was not aware of any incident of non-compliance with the Model Code, the Securities Dealing Code and the Inside Dealing Warning by the relevant employees.

6. CORPORATE GOVERNANCE REPORT

(IV) THE BOARD

The composition of the Board during the Reporting Period and as of the date of this report is as follows:

Name of Directors	Position	Date of Appointment/ Election as Director
Executive Directors		
Mr. Guo Jingbin (Note 1)	Executive Director and Chairman of the Board	24 June 2013
Mr. Ji Qinying	Executive Director, Vice-Chairman of the Board and Chief Executive Officer	18 July 2013
Mr. Wang Xuesen	Executive Director and Executive Deputy General Manager	2 April 2024
Mr. He Guangyuan (Note 2)	Executive Director and Deputy General Manager	2 April 2024
Mr. Wan Changbao (Note 3)	Executive Director and Deputy General Manager	2 April 2024
Non-executive Director		
Mr. Lyu Wenbin	Non-executive Director	27 March 2025
Independent Non-executive Directors		
Mr. Chan Chi On (alias Derek Chan)	Independent Non-executive Director	3 December 2013
Mr. Chan Kai Wing	Independent Non-executive Director	3 December 2013
Ms. Cheng Yanlei	Independent Non-executive Director	25 June 2024

Former Directors		Date of Resignation as Director
Mr. Li Jian	Executive Director and Deputy General Manager	11 March 2024
Mr. Shu Mao (Note 4)	Executive Director and Deputy General Manager	2 April 2024
Mr. Li Daming	Executive Director	2 April 2024
Mr. Peng Suping	Independent Non-executive Director	7 January 2025
Mr. Liu Yan	Non-executive Director	27 March 2025

Notes:

1. Mr. Guo Jingbin was re-designated as an executive Director from a non-executive Director on 2 April 2024.

2. Mr. He Guangyuan was appointed as the deputy general manager of the Company on 1 July 2024.

3. Mr. Wan Changbao was appointed as the deputy general manager of the Company on 11 March 2024.

4. Mr. Shu Mao resigned as an executive Director and the executive deputy general manager of the Company but was retained as the deputy general manager of the Company on 2 April 2024.

6. CORPORATE GOVERNANCE REPORT

(IV) THE BOARD *(Continued)*

Detailed biographies of the current Directors are set out in the section headed "Biographies of Directors and Senior Management" of this report.

There is no financial, business, family or other material/relevant relationship among all members of the Board.

Mr. He Guangyuan, on 22 March 2024, Mr. Wang Xuesen and Mr. Wan Changbao, on 2 April 2024, Ms. Cheng Yanlei, on 25 June 2024, and Mr. Lyu Wenbin, on 27 March 2025, obtained the legal opinions referred to in Rule 3.09D of the Listing Rules, and became aware of all the requirements of the Listing Rules applicable to them as directors of listed issuers, as well as the possible consequences of making a false statement or providing false information to the Stock Exchange. They all confirmed that they understood their obligations as directors of listed issuers.

Independence of Independent Non-executive Directors

During the Reporting Period, the Board had complied with the requirements under Rules 3.10 and 3.10A of the Listing Rules, having at least three independent non-executive Directors (representing at least one-third of the Board) with at least one of whom possessing appropriate professional qualifications, or accounting and related financial management expertise. The Company has received written annual confirmations from all the independent non-executive Directors on their independence pursuant to the factors set out in Rule 3.13 of the Listing Rules and the Company agrees with their independence and considers all independent non-executive Directors are independent. The three independent non-executive Directors have duly performed their duties, protected Shareholders' interests independently and objectively, and provided checks and balances in the decision-making of the Board in accordance with relevant laws and regulations.

Board Meetings, Board Committee Meetings and Annual General Meeting

According to Code Provision C.5.1 of the CG Code, the board of directors of any listed company should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the Reporting Period, the Board had held seven Board meetings (approximately two for each quarter), of which two were regular meetings to approve the final results for the year ended 31 December 2023 and the interim results for the six months ended 30 June 2024 respectively. The Board was of the view that each Director was given sufficient space to supervise the matters of the Company at the meetings held during the Reporting Period. In 2025, the Company will continue to comply with Code Provision C.5.1 of the CG Code in holding one regular board meeting for each quarter to discuss or approve matters in relation to, among other things, operating strategies, external expansion, financial planning.

6. CORPORATE GOVERNANCE REPORT

(IV) THE BOARD *(Continued)*

Board Meetings, Board Committee Meetings and Annual General Meeting *(Continued)*

During the Reporting Period, the attendance records of each Director at the meetings of the Board, the Audit Committee, the Remuneration and Nomination Committee, the Strategy, Sustainability and Risk Management Committee and the annual general meeting are set forth as below:

Name of Director	Number of attendance/Number of meetings during term of office				
	Board meeting	Audit Committee	Remuneration And Nomination Committee	Strategy, Sustainability and Risk Management Committee	Annual General Meeting
Mr. Guo Jingbin (Note 1)	7/7	N/A	N/A	1/1	1/1
Mr. Ji Qinying	7/7	N/A	N/A	1/1	1/1
Mr. Wang Xuesen (Note 2)	4/4	N/A	N/A	N/A	1/1
Mr. He Guangyuan (Note 2)	4/4	N/A	N/A	N/A	1/1
Mr. Wan Changbao (Note 2)	4/4	N/A	N/A	N/A	1/1
Mr. Chan Chi On (alias Derek Chan)	6/7	2/2	4/5	1/1	1/1
Mr. Chan Kai Wing	7/7	2/2	5/5	N/A	1/1
Ms. Cheng Yanlei (Note 3)	3/3	1/1	1/1	N/A	0/0
Mr. Li Jian (Note 4)	1/1	N/A	N/A	N/A	0/0
Mr. Shu Mao (Note 5)	3/3	N/A	N/A	N/A	0/0
Mr. Li Daming (Note 5)	3/3	N/A	N/A	N/A	0/0
Mr. Peng Suping (Note 6)	7/7	2/2	5/5	N/A	1/1
Mr. Liu Yan (Note 7)	7/7	N/A	5/5	1/1	1/1

Notes:

1. Mr. Guo Jingbin was re-designated as an executive Director from a non-executive Director on 2 April 2024.

2. Mr. Wang Xuesen, Mr. He Guangyuan and Mr. Wan Changbao were appointed as executive Directors on 2 April 2024.

3. Ms. Cheng Yanlei was elected as an independent non-executive Director on 25 June 2024 and was appointed as a member of each of the Audit Committee and the Remuneration and the Nomination Committee.

4. Mr. Li Jian resigned as an executive Director on 11 March 2024.

5. Mr. Shu Mao and Mr. Li Daming resigned as executive Directors on 2 April 2024.

6. Mr. Peng Suping resigned as an independent non-executive Director and a member of each of the Audit Committee and the Remuneration and the Nomination Committee on 7 January 2025.

7. Mr. Liu Yan resigned as a non-executive Director and a member of each of the Remuneration and the Nomination Committee and the Strategy, Sustainability and Risk Management Committee on 27 March 2025.

During the Reporting Period, the chairman of the Board also held meeting with the independent non-executive Directors without the presence of other Directors.

6. CORPORATE GOVERNANCE REPORT

(V) FUNCTIONS AND OPERATION OF THE BOARD AND MANAGEMENT

The Board is responsible for the leadership, supervision and management of the Company. Its primary role is to provide guidance to the Company's strategies and effectively supervise the management staff. Each Director shall perform his duties objectively and prudently in the interest of the Company and shall be accountable to Shareholders.

The Board reserves its right to make decisions on all major matters of the Company, including to approve and supervise all policies, overall strategies and budgets, internal control and risk management systems, major transactions (in particular those which may involve conflict of interest), financial information, appointment of Directors and other significant financial and operational matters.

The Management is responsible for the daily management of the business operation of the Company, the implementation of strategies, plans and business targets of the Company, and the formulation of business plans and budgets.

All Directors, including non-executive Directors and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and expertise to the Board for its efficient and effective functioning.

All Directors have full and timely access to all relevant information as well as the advice and services form the company secretaries, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Generally, each Director may seek independent professional advice in appropriate circumstances at the Company's expenses, upon making request to the Board.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

6. CORPORATE GOVERNANCE REPORT

(VI) CONTINUOUS TRAINING AND DEVELOPMENT OF DIRECTORS

The Company continuously updates Directors on the latest developments of the Listing Rules and other applicable regulatory requirements and provides training to develop and refresh the Directors' knowledge and skills. The company secretaries of the Company attended the "75th Governance Professionals ECPD Seminars" organised by The Hong Kong Chartered Governance Institute in Qingdao from 15 to 17 May 2024, and circulated relevant information to the Directors. In addition, the Company regularly circulates briefings of the industry to update the Directors on the latest industry development.

A summary of training received by the Directors during the Reporting Period according to the records provided by the Directors is as follows:

Name of Director	Attending courses/ seminars/ conferences	Reading books/ journals/articles
Mr. Guo Jingbin	✓	✓
Mr. Ji Qinying	✓	✓
Mr. Wang Xuesen	✓	✓
Mr. He Guangyuan	✓	✓
Mr. Wan Changbao	✓	✓
Mr. Chan Chi On (alias Derek Chan)	✓	✓
Mr. Chan Kai Wing	✓	✓
Ms. Cheng Yanlei	✓	✓
Mr. Li Jian	✓	✓
Mr. Shu Mao	✓	✓
Mr. Li Daming	✓	✓
Mr. Peng Suping	✓	✓
Mr. Liu Yan	✓	✓

During the Reporting Period, all the Directors were in compliance with Code Provision C.1.4 of the CG Code and were consistently provided with the latest information regarding legal and regulatory developments as well as business and market environment for their performance of duties.

(VII) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Under Code Provision C.2.1 of the CG Code, the duties and responsibilities of the chairman to manage the Board should be clearly separated from those of the chief executive officer to manage the business of the Company and should not be performed by the same individual.

6. CORPORATE GOVERNANCE REPORT

(VII) CHAIRMAN AND CHIEF EXECUTIVE OFFICER *(Continued)*

The chairman of the Board and the chief executive officer (i.e. general manager) of the Company are served by Mr. Guo Jingbin and Mr. Ji Qinying respectively so as to ensure a clear division of the duties between them. The chairman of the Board is mainly responsible for formulating the overall strategic development of the Group, leading the Board and ensuring the effective operation of the Board when performing his duties as the chairman of the Board. The chief executive officer (i.e. general manager) of the Company is mainly responsible for the daily operation and management of the Company and the implementation of the Board's decisions, strategies, plans and business targets of the Company.

(VIII) APPOINTMENT AND RE-ELECTION OF DIRECTORS

The procedures of appointment, re-election and removal of Directors are stipulated in the Articles of Association.

As at the date of this report, the Company has entered into service contracts with all executive Directors and appointment letters with all non-executive Director and independent non-executive Directors respectively, all for a term of not more than three years. Such appointment may be terminated by not less than three months' written notice from either party.

Pursuant to Article 105(A) and Article 105(B) of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement at least once every three years. Retiring Directors are eligible to offer themselves for re-election. The Directors to retire shall be those who have been longest in office since their last re-election or appointment but as between Directors who became or were last re-elected as Directors on the same day, those to retire shall (unless otherwise agreed among themselves) be determined by lot. Pursuant to Article 109 of the Articles of Association, any Director appointed by the Board either to fill a casual vacancy or as an additional Director shall hold office only until the first annual general meeting of the Company following his appointment and shall then be eligible for re-election at the meeting but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

Hence, after discussion among the Directors, Mr. Ji Qinying, Mr. Wang Xuesen and Mr. Wan Changbao will retire by rotation at the 2025 AGM pursuant to Article 105(A) and Article 105(B) of the Articles of Association.

In addition, Mr. Lyu Wenbin (who was appointed as a non-executive Director by the Board on 27 March 2025) will serve until the 2025 AGM in accordance with Article 109 of the Articles of Association and will offer himself for re-election.

Pursuant to the Articles of Association and the Company's board diversity policy and director nomination policy, all the above-mentioned retiring Directors, being eligible for nomination and re-election, will offer themselves for re-election thereat.

6. CORPORATE GOVERNANCE REPORT

(IX) COMMITTEES OF THE BOARD

As at the date of this report, the Board has established three committees, namely the Audit Committee, the Remuneration and Nomination Committee and the Strategy, Sustainability and Risk Management Committee, and formulated the relevant terms of references for overseeing particular aspects of affairs of the Company. Each committee of the Board is established with defined written terms of reference. The terms of reference of each committee of the Board is posted on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the Company's website (www.conchventure.com), and are available to Shareholders.

1. Audit Committee

(1) Members

As at the date of this report, the Audit Committee comprised three independent non-executive Directors, whose positions are as follows:

Name	Position
Mr. Chan Chi On (alias Derek Chan) (Independent non-executive Director)	Chairman
Mr. Chan Kai Wing (Independent non-executive Director)	Member
Ms. Cheng Yanlei (Independent non-executive Director)	Member (appointed on 25 June 2024)
Mr. Peng Suping (Independent non-executive Director)	Member (resigned on 7 January 2025)

None of the members of the Audit Committee is a former partner of the current external auditors of the Company.

The Terms of Reference of the Audit Committee of the Board of the Company clearly defines the duties and rules of the committee. In accordance with the Terms of Reference of the Audit Committee of the Board, the chairman of the committee shall be acted by an independent non-executive Director.

(2) Summary of Functions and Work

The Terms of Reference of the Audit Committee of the Board of the Company stipulates that the primary duties of the Audit Committee are to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information, provide advice in respect of financial reporting and oversee and review the internal control system of the Company, and consider any significant or unusual matters and report to the Board for consideration.

6. CORPORATE GOVERNANCE REPORT

(IX) COMMITTEES OF THE BOARD *(Continued)*

1. Audit Committee *(Continued)*

(2) Summary of Functions and Work *(Continued)*

The work done by the Audit Committee during the Reporting Period was set forth below:

a. reviewed the audited consolidated annual results for the year ended 31 December 2023 and the interim results for the six months ended 30 June 2024 of the Group, together with the announcements and reports related to the results, and other matters or issues raised by the external auditor;

b. reviewed the audited results as submitted by the external auditor;

c. reviewed the independence of the external auditor and considered the appointment of an external auditor for the annual audit services;

d. reviewed the effectiveness of the internal control system and internal audit function of the Group, including all material controls, in particular financial, operational and compliance controls; and

e. reviewed and approved the continuing connected transactions of the Group.

2. Remuneration and Nomination Committee

(1) Members

As at the date of this report, the Remuneration and Nomination Committee comprised one non-executive Director and three independent non-executive Directors, of which their positions are as follows:

Name	Position
Mr. Chan Kai Wing (Independent non-executive Director)	Chairman
Mr. Lyu Wenbin (non-executive Director)	Member (appointed on 27 March 2025)
Mr. Chan Chi On (alias Derek Chan) (Independent non-executive Director)	Member
Ms. Cheng Yanlei (Independent non-executive Director)	Member (appointed on 25 June 2024)
Mr. Peng Suping (Independent non-executive Director)	Member (resigned on 7 January 2025)
Mr. Liu Yan (non-executive Director)	Member (resigned on 27 March 2025)

The Terms of Reference of the Remuneration and Nomination Committee of the Board of the Company clearly defines the duties and rules of the committee. In accordance with the Terms of Reference of the Remuneration and Nomination Committee of the Board, the chairman of the committee shall be acted by an independent non-executive Director.

6. CORPORATE GOVERNANCE REPORT

(IX) COMMITTEES OF THE BOARD *(Continued)*

2. Remuneration and Nomination Committee *(Continued)*

(2) Summary of Functions and Work

The primary functions of the Remuneration and Nomination Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all directors and senior management of the Group; make recommendations to the Board on the remuneration package for each of the executive Directors and senior management; review performance-based remuneration and ensure none of the Directors participate in deciding their own remuneration; review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually; make recommendations to the Board on any proposed changes to the Board to complement the Company's corporate strategy; identify and select individuals suitably qualified as potential Board members or make recommendations to the Board on the selection of individuals nominated for directorships; assess the independence of independent non-executive Directors; and 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.

During the Reporting Period, the work done by the Remuneration and Nomination Committee was set forth below:

a. reviewed the remuneration policies and structure of the Directors and senior management of the Company, assessed the performance of executive Directors and approved the terms of executive Directors' service contracts;

b. reviewed and evaluated the independence of the independent non-executive Directors;

c. reviewed the structure, size and composition of the Board (including the skills, knowledge and experience);

d. discussed the composition of the Board from the aspect of diversity, and implemented the measurable objectives for Board diversity;

e. reviewed and approved the resolutions on the re-election and appointment of Directors; and

f. discussed and made recommendations to the Board on the remuneration and appointment letters of the new Directors.

6. CORPORATE GOVERNANCE REPORT

(IX) COMMITTEES OF THE BOARD *(Continued)*

2. Remuneration and Nomination Committee *(Continued)*

(3) Director Nomination Policy

The Company has adopted a Director nomination policy which sets out the selection criteria and process and the Board succession planning in relation to nomination and appointment of Directors. When the Company is assessing and selecting candidates of Directors, the Remuneration and Nomination Committee and the Board will consider the integrity, qualifications (including professional qualifications, skills, knowledge and experience related to the business and strategy of the Company) of the candidates and the diversity element as described in the Board diversity policy. For appointment of independent non-executive Directors, the Company will consider the independence of the candidates in accordance with the Listing Rules and the commitment of sufficient time in order to discharge the duties as a member of the Board and the Board committees.

For appointment of Directors, the Remuneration and Nomination Committee should make recommendations to the Board to appoint suitable candidates for directorship. For a person nominated by Shareholders for election as a Director at the general meeting of the Company, the Remuneration and Nomination Committee and/or the Board should assess such candidate based on the above selection criteria to determine the eligibility of such candidate to be appointed as a Director, and thus make recommendations to the Shareholders on the proposal of election of Director at the general meeting.

For re-election of Director at the general meeting, the Remuneration and Nomination Committee and/or the Board should review the overall contribution and services made by the retiring Director to the Company, their level of engagement and performance in the Board, and whether they still meet the above standards, so as to make recommendations to the Shareholders on the proposed re-election of Director at the general meeting.

During the Reporting Period, the Remuneration and Nomination Committee has nominated Directors (including re-election and new appointment) to the Board according to the Director nomination procedures and selection and recommendation criteria in the Director nomination policy of the Company.

6. CORPORATE GOVERNANCE REPORT

(IX) COMMITTEES OF THE BOARD *(Continued)*

2. Remuneration and Nomination Committee *(Continued)*

(4) Board Diversity Policy

The Group has adopted a Board diversity policy since 3 December 2013, and made amendments to such policy on 13 December 2018.

As the Group recognises and embraces the benefits of having a diverse Board in enhancing the quality of the Company's performance, the Board adopted a Board diversity policy, whereby setting forth principles adopted to realise Board diversity. In determining the composition of the Board, the Group takes into consideration the skills, industry experience, background, race, expertise, culture, independence, age and gender of the members of the Board, in order to establish and maintain a diverse Board. The Company strives to maintain diversified opinions in every aspect in the Board, especially the opinions that are consistent with the strategy and objectives of the Company, and conducts regular assessment on the Board diversity and progress in achieving the objective of diversity.

The Company has formulated the following measurable objectives for the Board diversity policy:

a. at least 80% of Board members have college education background;

b. at least 60% of Board members have acquired accounting or other professional qualifications;

c. at least 80% of Board members have relevant working experience in China; and

d. at least one-third of Board members are independent non-executive Directors.

The Board has confirmed that the Board had achieved the above objectives during the Reporting Period. The Remuneration and Nomination Committee will regularly review the relevant policies and the measurable objectives to ensure the diversity of the Board.

The Company considers that the composition of the current Board is consistent with the diversity principles under the Board diversity policy, taking into account the skills, regions, genders, and other qualities of the existing Directors. The composition of the Board could accommodate the operation and development needs of the Company. To cope with the future development, the Company will consider the aforesaid objectives when considering changes to the composition and the portfolio of the Board. The appointment of all Board members is dependent on merit, and the diversity is also taken into consideration.

During the Reporting Period, after considering the recommendations of the Remuneration and Nomination Committee, the Board has nominated a female director (Ms. Cheng Yanlei) to enhance the Board diversity. Ms. Cheng Yanlei was elected as an independent non-executive Director by the Shareholders at the 2024 AGM.

6. CORPORATE GOVERNANCE REPORT

(IX) COMMITTEES OF THE BOARD *(Continued)*

2. Remuneration and Nomination Committee *(Continued)*

(5) Gender Diversity of Employees

The Group has been well aware of the benefits of employee gender diversity in enhancing the performance of the Company. The Group will strive to realise the gender diversity of employees by combining the characteristics of the industry and considering the own advantages of employees, and will regularly evaluate the status of employee gender diversity and the progress in realising the diversity goal. As at 31 December 2024, the proportion of females to males in the Group employees (including senior management) was approximately 20%: 80%. As the Group is engaged in the environmental industry, the relevance of gender diversity in this scope of business may be lower, therefore it is considered that the current gender ratio of the Group's employees is appropriate for the Group. With the human resource management policies put in place, the Group aims to avoid any form of harassment and discrimination in the workplace on the basis of age, gender, race, nationality, religion, marital status or disability. All employees are given equal opportunities for employment, training and career development without discrimination. The above measures will help ensure that all employees are treated equally and fairly.

3. Strategy, Sustainability and Risk Management Committee

(1) Members

As at the date of this report, the Strategy, Sustainability and Risk Management Committee comprised two executive Directors, one non-executive Director and one independent non-executive Director, and their positions are as follows:

Name	Position
Mr. Guo Jingbin (Executive Director)	Chairman
Mr. Ji Qinying (Executive Director)	Member
Mr. LYU Wenbin (Non-executive Director)	Member (appointed on 27 March 2025)
Mr. Chan Chi On (alias Derek Chan) (Independent non-executive Director)	Member
Mr. Liu Yan (Non-executive Director)	Member (resigned on 27 March 2025)

The Terms of Reference of the Strategy, Sustainability and Risk Management Committee of the Board of the Company clearly defines the duties and rules of the committee.

(2) Summary of Functions and Work

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 sustainable development, monitoring and reviewing the implementation of strategic development plans and policies related to sustainable development, overseeing and reviewing the risk management system, and assisting the Board in fulfilling its management and supervision responsibilities related to the sustainable development of the Group.

6. CORPORATE GOVERNANCE REPORT

(IX) COMMITTEES OF THE BOARD *(Continued)*

3. Strategy, Sustainability and Risk Management Committee *(Continued)*

(2) Summary of Functions and Work *(Continued)*

During the Reporting Period, the work done by the Strategy, Sustainability and Risk Management Committee was set forth below:

a. reviewed the Group's 2023 Environmental, Social and Governance Report; and

b. reviewed the effectiveness of the Group's risk management system.

(X) CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in Code Provision A.2.1 of the CG Code.

During the Reporting Period, the Board has formulated, reviewed and monitored the corporate governance policies and practices of the Company, the training and continuous professional development of the Directors and senior management, the policies and practices of the Company on compliance with legal and regulatory requirements, the compliance by the Directors and employees with the code of the Group's securities dealing conduct, and the compliance of the Company with the CG Code and the disclosures in this corporate governance report.

(XI) BOARD INDEPENDENCE

On 1 December 2022, the Company established the Board independence evaluation mechanism, which clearly sets out the processes and procedures to ensure that the Board has a strong element of independence, thereby enabling the Board to effectively exercise its independent judgement and better safeguard the interests of Shareholders.

The objective of the evaluation is to continue to improve and develop the processes and procedures of the Board and its committees through the Board independence evaluation mechanism, to further improve the efficiency of the Board, to maximise the advantages and identify areas to be improved. It provides a powerful and valuable feedback mechanism. The evaluation process also sets out the actions required to be taken by the Company to maintain and improve the performance of the Board, such as the individual training and development needs of each Director.

In compliance with the Board independence evaluation mechanism, the Board will conduct an annual review of its independence. The Board independence evaluation report will be submitted to the Board, the results will be collectively discussed by the Board and it will lead to an action plan for improvement.

During the Reporting Period, all Directors have individually completed the independence evaluation in the form of questionnaires. The Board reviewed the implementation and effectiveness of the Board independence evaluation mechanism, and the results were consistent with the requirements.

6. CORPORATE GOVERNANCE REPORT

(XII) AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about its reporting responsibilities on the consolidated financial statements for the year ended 31 December 2024 of the Group is set out in the section headed "Independent Auditor's Report" on pages 91 to 98.

The fee paid/payable to KPMG, the auditor, by the Company for the year ended 31 December 2024 is set out below:

Services	**Fee paid/payable** (RMB'000)
Audit services — audit fee for 2024	2,528
Non-audit services	67
Total	2,595

(XIII) DIRECTORS' RESPONSIBILITY FOR PREPARING THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for each financial year. The financial statements have truly and fairly reflected the financial position of the Group and the Company and the results of operation and cash flows of the Group in the year. During the preparation of the financial statements for the year ended 31 December 2024, the Board had adopted suitable accounting policies and ensured consistent application of such accounting policies, made prudent, fair and reasonable judgements and estimates, and prepared the accounts on a going concern basis. The Directors believe after making reasonable inquiries that the Group has sufficient fund to meet the constant operations in the foreseeable future, therefore the ongoing basis is suitable for the preparation of the financial statements.

(XIV) RISK MANAGEMENT AND INTERNAL CONTROLS

The Board confirms its full responsibility for and assessment of the risk management and internal control systems of the Group, and is responsible for regularly reviewing the effectiveness of such systems, so as to protect the investments of the shareholders of the Company and the assets of the Group. The Board acknowledges that the risk management and internal control systems are designed to manage the risks associated with the achievement of business objectives, not to eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance that there will be no material misstatement or loss. During the Reporting Period, the Board had complied with the code provisions regarding risk management and internal control systems as set out in the CG Code.

6. CORPORATE GOVERNANCE REPORT

(XIV) RISK MANAGEMENT AND INTERNAL CONTROLS *(Continued)*

The Company has formulated the Comprehensive Risk Management Measures, the Internal Risk Control Management Measures and the Internal Risk Control Defect Management Measures to provide a policy basis for fully managing the risks related to the Company's business and operations, so that the Company can identify and properly manage all major risks it faces. The Company also clearly defines the roles and responsibilities of the board of directors and the management in risk management and internal control systems. Besides, it also builds risk awareness of all staff, strengthens measures for risk response and internal supervision, which shall be realised by the three-level management structure consisting of the management, professional departments, and subsidiaries of the Company, and thereby to build a risk management and internal control system that promotes collaboration between the Company and its subsidiaries. The risk management system defines the overall objectives and basic principles of risk management, the division of responsibilities and reporting channels of risk management, the risk management methodology, and the main tasks and daily business matters of risk management. The risk management methodology referred to in the system includes risk identification, risk assessment, risk response, risk monitoring and reporting and other basic procedures. The Company organises risk management every year, continuously monitors major risks and risk changes in the operation and management of all responsible departments, supervises and evaluates whether all departments and subsidiaries can carry out risk management in accordance with relevant regulations and their work performance, and puts forward suggestions for improvement on the effectiveness of risk management efforts. Serious internal control deficiencies in the systems can be reported directly to the Strategy, Sustainability and Risk Management Committee, the Audit Committee and the Board, and reasonable measures will be taken and improvements will be made in a timely manner.

During the Reporting Period, the Company formulated the 2024 Implementation Measures for Risk Management and Internal Control and carried out relevant work. According to the relevant risk management systems, the Company, adhering to the overall operating targets, focused on monitoring five categories of risks, namely strategic, market, operational, financial and legal risks, with taking into account of the Company's internal and external environments and management conditions. In addition, the Company carries out comprehensive risk management for each project company from five aspects of internal environment, risk assessment, control activities, information and communication, and internal supervision involving eighteen categories of internal control matters, highlighting the internal risk control on organizational structure, fund management, human resources, legal compliance, investment and acquisition, engineering projects, safety and environmental protection, asset management, approvals and warrants, sales and receipts, purchasing and payment, financial reporting, complaints and reports, and other major businesses. By underscoring the evaluation of important positions, key matters and key links, the Company timely identified internal control deficiencies in the implementation process of specific businesses in each unit to effectively prevent risks and take remedial measures. The Company conducted self-assessments on risk management and internal control in July and December 2024, and assessed risks and defects of internal control found in self-assessment from seven aspects such as strategy and operation, health and safety, environment, finance, reputation, employees and compliance. According to the self-assessment results, the Company and its subsidiaries had no significant internal control deficiencies in financial reporting and non-financial reporting, no significant incidents related to safety, environment, compliance or litigation, no reported incidents of improper financial reporting, internal control or other misconduct by employees. The risk management and internal control systems of the Company and its subsidiaries were proved to be effective and adequate during the Reporting Period.

6. CORPORATE GOVERNANCE REPORT

(XIV) RISK MANAGEMENT AND INTERNAL CONTROLS *(Continued)*

The Company has established an internal audit function. The Board will continue to supervise the risk management and internal control systems of the Company on an ongoing basis, and review the effectiveness of the risk management and internal control systems of the Company and its subsidiaries annually. The Board had through the Strategy, Sustainability and Risk Management Committee and the Audit Committee, examined the effectiveness of the risk management and internal control systems of the Company, including controls of all important aspects especially financial control, operation control and compliance control, and has received the confirmation from the Management in respect of the effectiveness of the risk management and internal control systems of the Company, and considered that such systems were effective and adequate.

The Company has formulated the Measures for the Management of Information Disclosure, which stipulated relevant requirements on the processing and disclosure procedures of corporate information (including inside information) such as confidentiality measures for inside information and management of insiders, and will update the statistics of insiders from time to time and provide explanation to them on relevant rules in a timely manner, so as to monitor and handle the inside information effectively.

(XV) COMPANY SECRETARY

Mr. Chen Xingqiang was re-designated as the company secretary from the joint company secretary of the Company on 10 October 2024. Mr. Lee Leong Yin resigned as the joint company secretary of the Company on 10 October 2024.

Pursuant to Rule 8.17 of the Listing Rules, the Company shall appoint a company secretary who satisfies the requirements of Rule 3.28 of the Listing Rules. Rule 3.28 of the Listing Rules provides that the Company shall appoint as its company secretary an individual who, in the opinion of the Stock Exchange, is capable of discharging the functions of company secretary by virtue of his/her academic or professional qualifications or relevant experience.

On 23 September 2024, the Company received a confirmation from the Stock Exchange confirming that Mr. Chen Xingqiang, with the assistance of Mr. Lee Leong Yin, has attained the relevant experience and is capable of discharging the functions of company secretary under Rule 3.28 of the Listing Rules during the waiver period, such that no further waiver from strict compliance with the requirements of Rule 3.28 and Rule 8.17 of the Listing Rules is required. Accordingly, Mr. Lee Leong Yin, the other joint company secretary of the Company, resigned as the joint company secretary of the Company.

For the year ended 31 December 2024, Mr. Chen Xingqiang had taken no less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules.

The biographical details of Mr. Chen Xingqiang is set out in the section headed "Biographies of Directors and Senior Management" of this report.

6. CORPORATE GOVERNANCE REPORT

(XVI) SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting

The following procedures for Shareholders to convene an extraordinary general meeting of the Company are prepared by the Company in accordance with Article 64 of the Articles of Association.

1. One or more Shareholders ("**Requisitionist(s)**") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company entitling them to vote at general meetings shall have the right, by written notice, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition.

2. Such requisition shall be made in writing to the Board or the company secretary at the following:

   Address: No. 1011 Jiuhua South Road, Wuhu City, Anhui Province, the People's Republic of China

   Email: chenxq@conchventure.com

   Attention: The Board of Directors/Company Secretary

3. The extraordinary general meeting shall be held within two months after the deposit of such requisition.

4. If the Board fails to proceed to convene such meeting within twenty-one (21) days upon such deposit, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of convening such meeting by the Board shall be reimbursed to the Requisitionist(s) by the Company.

6. CORPORATE GOVERNANCE REPORT

(XVI) SHAREHOLDERS' RIGHTS *(Continued)*

Procedures for raising enquiries

1. Shareholders should direct their questions about their shareholdings, share transfer and registration, and payment of dividend to the Company's branch share registrar in Hong Kong, details of which are as follows:

   Computershare Hong Kong Investor Services Limited

Address:	Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Email:	hkinfo@computershare.com.hk
Tel:	(852) 2862 8555
Fax:	(852) 2865 0990/2529 6087

2. Shareholders may at any time make any enquiry to the Company at the following designated contacts, correspondence address, email address and enquiry hotline of the Company:

Address:	No. 1011 Jiuhua South Road, Wuhu City, Anhui Province, the People's Republic of China
Email:	chenxq@conchventure.com
Tel:	(86) 553-8396329
Fax:	(86) 553-8399065
Attention:	The Board of Directors/Company Secretary

3. Shareholders are encouraged to make enquires via the online enquiry form available on the Company's website at www.conchventure.com.

4. Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company in due course.

6. CORPORATE GOVERNANCE REPORT

(XVI) SHAREHOLDERS' RIGHTS *(Continued)*

Procedures and contact details for putting forward proposals at Shareholders' meetings

1. To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal ("**Proposal**") with his/her/its detailed contact information at the Company's principal place of business in Hong Kong at Suite 4018, 40/F, Jardine House, 1 Connaught Place, Central, Hong Kong.

2. The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and effective, the Board will include the Proposal in the agenda for the general meeting.

3. The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

   (1) Notice of not less than 21 clear days in writing if the Proposal requires to be passed as an ordinary resolution or a special resolution at an annual general meeting of the Company;

   (2) Notice of not less than 21 clear days in writing if the Proposal requires to be passed as a special resolution at an extraordinary general meeting of the Company;

   (3) Notice of not less than 14 clear days in writing if the Proposal requires to be passed as an ordinary resolution at an extraordinary general meeting of the Company.

At the 2024 AGM held by the Company on 25 June 2024, all resolutions were approved by the Shareholders by way of poll. The resolutions in relation to the payment of final dividends, re-election of retiring Directors, and re-appointment of auditors were approved at the 2024 AGM.

(XVII) CONSTITUTIONAL DOCUMENTS

During the Reporting Period, there were no amendments to the Articles of Association. The latest version of the Articles of Association is available on the websites of the Company (www.conchventure.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

6. CORPORATE GOVERNANCE REPORT

(XVIII) COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company recognises the transparency and timely disclosure of corporate information, which enables Shareholders and investors to make investment decisions in their best interests. The Company believes that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company has established the following communication channels with Shareholders:

(i) corporate communications published on the websites of the Stock Exchange and the Company, such as the annual reports, interim reports and circulars are available for inspection;

(ii) regular announcements are published on the websites of the Stock Exchange and the Company;

(iii) corporate information is available on the website of the Company; and

(iv) the annual general meetings and extraordinary general meetings provide a forum for Shareholders to participate in discussions, offer their views and exchange ideas with the Directors and senior management of the Company.

The Company is committed to maintaining an ongoing dialogue with Shareholders, particularly through the annual general meetings and other general meetings. The chairman of the Board, all other Board members (including the independent non-executive Directors), and the chairmen of all Board committees (or their representatives), will make time to attend and interact with Shareholders at the annual general meetings.

The Company maintains a website at www.conchventure.com as a communication platform with Shareholders and investors, where the financial information and other relevant information of the Company are available for public access. Shareholders and investors may send written enquiries or requests to the Company through the following channels:

Addresses:	**Office and Correspondence Address in China:**
	No. 1011 Jiuhua South Road, Yijiang District, Wuhu City, Anhui Province, China
	Principal Place of Business in Hong Kong:
	Suite 4018, 40/F, Jardine House, 1 Connaught Place, Central, Hong Kong
Tel:	(86) 553-8396329
Fax:	(86) 553-8399065
Email:	hlcy@conchventure.com

6. CORPORATE GOVERNANCE REPORT

(XVIII) COMMUNICATION WITH SHAREHOLDERS AND INVESTORS *(Continued)*

In order to be valid, Shareholders shall deposit and send the duly signed original written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification. Information of Shareholders may be disclosed as required by law.

During the Reporting Period, the Board has reviewed the implementation and effectiveness of the policy for communicating with Shareholders, including the measures taken at general meetings, the handling of inquires received (if any) and various existing communication channels and engagement channels available. After discussion, the Board considered the policy adopted for communicating with Shareholders was effectively implemented during the Reporting Period.

7. REPORT OF THE DIRECTORS

The Directors hereby present the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2024.

(I) PRINCIPAL BUSINESS

The Company is an investment holding company engaged in the provision of solutions on energy-saving and environmental protection. Details of the activities of the subsidiaries of the Company are set out in notes 4 and 15 to the financial statements, respectively.

The annual business review and the discussion of future business development of the Group, as well as the analysis of the performance of the Group during the year based on the key financial performance indicators are set out in the section headed "Business Review and Outlook" on pages 10 to 22 of the report and the section headed "Management Discussion and Analysis" on pages 23 to 32 of the report respectively. These information forms part of the Report of the Directors.

(II) BUSINESS MODELS AND STRATEGIES

The Group's principal activities consist of waste treatment, new energy business, new building materials, and port logistics. It focuses on building an "environmental protection + recycling" dual-driven industrial model and promotes the coordinated development of multiple business segments. As for the environmental protection industry, the Group has implemented 116 projects nationwide and overseas. In terms of the new energy industry, the Group has established two production bases in Anhui Province and Sichuan Province and set a new energy materials research institute in Shanghai, which integrate research and development, production, and sales of new energy battery positive and negative electrode materials as well as power storage. With respect to the recycling industry, it serves as the future development mainstay of the Group, with 9 projects deployed nationwide and steadily increasing. Regarding port construction materials, it is an important part of the Group's industrial synergy, and the port logistics locates at the Jiangdu Haichang sea-to-river transshipment port in Yangzhou City, Jiangsu Province, which has distinct location advantages. The Group also established two production bases for new building materials in Wuhu and Bozhou, Anhui, respectively.

To consolidate its position as a leading integrated supplier of environmental protection solutions, the Group has implemented the following strategies, including: (i) regarding grate furnace power generation projects, the Group will explore the operational potential and continue to implement benchmarking management to optimise operational indicators and enhance the efficiency of various business operations, as well as by deeply researching on the national policies, actively explore the application of green electricity resources to extend industrial chain and accelerate industrial integration; (ii) concerning the new energy business, the Group will enhance the market expansion in power batteries and energy storage batteries, stabilise the production capacity utilisation to enhance market share, strengthen product research and development and certification to leverage comparative advantages and improve product competitiveness, and optimise energy conservation and consumption reduction to support cost efficiency initiatives; (iii) regarding the recycling business of lithium battery resources, the Group will summarise operational experience, enhance the research and development and optimisation of processes, strengthen technological advantage, and expand recycling channels and marketing networks to enhance market cooperation stickiness; (iv) in the area of new building materials business, the Group will adhere to the customer-oriented philosophy, improve product quality and services, increase market share, and strengthen core competitiveness; and (v) regarding the port logistics business, the Group will expand the base of high-quality customers and improve market share to maintain the healthy and stable development of the business.

7. REPORT OF THE DIRECTORS

(III) RELATIONS WITH THE SUBSTANTIAL STAKEHOLDERS

The Group always places the relationships with employees, customers and suppliers at the forefront. The Group has strengthened its ties with employees, improved the professional working ability of employees, provided customers with products and services of high quality and strengthened the cooperation with each superior supplier, so as to achieve sustainable corporate development.

The Group attaches great importance to human resources management and development, and strengthens its talent team through internal training, social recruitment and the introduction of professional talents to establish a talent pool for corporate development. The Group provides professional business training to employees in various positions to arouse the enthusiasm of the employees for continuous learning. At the same time, the Group strives to build competitive promotion paths and a diversified talent development platform to improve the professional ability of employees at all positions.

In terms of customer relationship, while maintaining the relationship with its existing customers, the Group has actively expanded markets and customer service scopes. The Group conducts regular after-sales visits to customers and adjusts marketing strategy timely accordingly, striving to improve the quality of products and services.

As for relationships with suppliers, the Group's main service providers include engineering construction entities, external consultants providing professional services and other business partners providing value-added services for the Group. The Group places a high value on building common values with suppliers, promotes business benefits with product benefits, ultimately achieving win-win cooperation among all parties.

(IV) RESULTS

The results of the Group during the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 100 of this report.

(V) RESERVES AND DIVIDEND

Details of other changes in reserves are set out in note 29 to the financial statements and the consolidated statement of changes in equity on pages 104 to 105.

On 13 December 2018, the Board adopted a dividend policy which sets out the principles and guidelines of the Group. The Company intends to declare and pay the dividend to its Shareholders on an annual basis. The declaration, payment and amount of dividends shall be determined at the absolute sole discretion of the Board subject to the Company's financial results, cash flow position, business condition and strategy, future operation and income, capital need and expenditure plan, interest of the Shareholders, any restriction on dividend payment and any other factors deemed relevant by the Board. The dividend amount paid in each financial year shall represent approximately 20% of the net profit available for distribution attributable to the Group. The Board may recommend and/or declare interim dividend, annual special dividend and any net profit distribution deemed fit by the Board for or during the financial year.

7. REPORT OF THE DIRECTORS

(V) RESERVES AND DIVIDEND *(Continued)*

On 4 September 2024, the Board of the Company has approved the declaration and payment of a special dividend of HK$0.10 per ordinary share of the Company to the shareholders of the Company, amounting to a total dividend payment of approximately HK$179.20 million. The special dividend has been paid on 8 November 2024.

As at 31 December 2024, the Company's reserves available for distribution to its Shareholders amounted to approximately RMB703.9 million (31 December 2023: RMB103.0 million). The Board recommended the distribution of final dividend of HKD0.30 per share for the year ended 31 December 2024 (2023: HKD0.20 per share) to the Shareholders.

Subject to the approval of Shareholders at the 2025 AGM to be held on 25 June 2025, the above proposed final dividend will be paid to the Shareholders whose names appear on the register of members of the Company at the close of business on 11 July 2025. The proposed final dividend is expected to be paid on 25 July 2025.

(VI) ANNUAL GENERAL MEETING

The 2025 AGM will be held on Wednesday, 25 June 2025. A notice and a circular in relation to the 2025 AGM will be published on the websites of the Stock Exchange and the Company in due course.

(VII) CLOSURE OF REGISTER OF MEMBERS

For determining the qualification of Shareholders to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Wednesday, 18 June 2025 to Wednesday, 25 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify as Shareholders to attend and vote at the meeting, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 17 June 2025. Shareholders whose names appear on the register of members of the Company on Wednesday, 25 June 2025 shall be entitled to attend and vote at the meeting.

For determining the entitlement to the final dividend, the register of members of the Company will be closed from Monday, 7 July 2025 to Friday, 11 July 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 4 July 2025. Shareholders whose names appear on the register of members of the Company on Friday, 11 July 2025 shall be entitled to the final dividend.

(VIII) PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2024, the property, plant and equipment of the Group amounted to approximately RMB7,960.76 million. Details of the changes in property, plant and equipment of the Group during the Reporting Period are set out in note 12 to the financial statements.

7. REPORT OF THE DIRECTORS

(IX) SUBSIDIARIES AND ASSOCIATED COMPANIES

Details of the major subsidiaries and associated companies of the Company are set out in notes 15 and 17 to the financial statements.

(X) SHARE CAPITAL

During the Reporting Period, the Company allocated internal resources of the Group to repurchase a total of 17,904,500 shares of the Company on the Stock Exchange. For further details, please refer to the paragraph headed "Purchase, Sale or Redemption of the Company's Listed Securities" in this section.

Details of the Company's capital structure are set out in note 29(c) to the financial statements. As at 31 December 2024, the Company had a total of 1,792,041,059 Shares in issue.

(XI) DISCLOSURE OF INTERESTS

1. Substantial Shareholders' Interests or Short Positions

As at 31 December 2024, 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**	**Approximate percentage of shareholdings (%)** (Note 1)
SA Conch	Interest of controlled corporation	196,663,500 (L) (Note 2)	10.97
Anhui CV Group	Beneficial owner	13,863,000 (L)	0.77
	Interest of controlled corporation	182,800,500 (L) (Note 3)	10.20
	Sub-total	**196,663,500 (L)**	**10.97**
Conch Venture	Interest of controlled corporation	186,105,000 (L) (Note 4)	10.39
Conch Venture Wuhu	Interest of controlled corporation	186,105,000 (L) (Note 4)	10.39
Conch Holdings	Beneficial owner	96,594,500 (L)	5.39
	Interest of controlled corporation	89,510,500 (L) (Note 5)	5.00
	Sub-total	**186,105,000 (L)**	**10.39** (Note 6)

7. REPORT OF THE DIRECTORS

(XI) DISCLOSURE OF INTERESTS *(Continued)*

1. Substantial Shareholders' Interests or Short Positions *(Continued)*

Notes:

1. Approximate percentage of shareholdings is calculated based on 1,792,041,059 shares in issue of the Company in total as at 31 December 2024.

2. Among the aforesaid shares, 13,863,000 shares are directly owned by Anhui CV Group, and the remaining 166,065,000, 9,099,000 and 7,636,500 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 directly or indirectly wholly-owned by Anhui CV Group. Anhui CV Group is deemed to be interested in the shares in which CV Holdings (Zhuhai), CV Medical, CVI are interested by virtue of the SFO. As 82.93% of Anhui CV Group's registered capital is held by SA Conch, SA Conch is deemed to be interested in the shares in which Anhui CV Group is interested by virtue of the SFO.

3. Among these shares, 166,065,000, 9,099,000 and 7,636,500 Shares are owned respectively by CV Holdings (Zhuhai), CV Medical and CVI. Anhui CV Group is deemed to be interested in the shares in which CV Holdings (Zhuhai), CV Medical, CVI are interested by virtue of the SFO.

4. Among the aforesaid shares, 96,594,500 Shares are directly owned by Conch Holdings, and the remaining 79,219,500 and 10,291,000 Shares are directly owned respectively by: (i) Conch Cement, and (ii) Conch International Holdings (HK) Limited ("**Conch International**"). Conch Venture indirectly owns the entire registered capital of Conch Venture Wuhu via several wholly-owned subsidiaries, while Conch Venture Wuhu owns 49% of the registered capital of Conch Holdings; Conch Holdings owns approximately 36.4% of Conch Cement's issued shares, while Conch International is the wholly-owned subsidiary of Conch Cement. Pursuant to the SFO, Conch Holdings is deemed to be interested in the shares in which Conch Cement and Conch International are interested; Conch Venture Wuhu is deemed to be interested in the shares in which Conch Holdings is interested; Conch Venture is deemed to be interested in the shares in which the aforesaid companies are interested.

5. Among the aforesaid shares, 79,219,500 and 10,291,000 Shares are owned respectively by Conch Cement and Conch International. Conch Holdings is deemed to be interested in shares in which Conch Cement and Conch International are interested by virtue of the SFO.

6. The number of Shares beneficially owned by Conch Holdings shown in the table above is based on recent confirmation received from Conch Holdings. According to the disclosure of interests notice dated 5 March 2024 submitted by Conch Holdings through the online disclosure of interests system, the number of shares of the Company beneficially held by Conch Holdings is 91,795,500 shares, and together with the number of shares of the Company held by Conch Cement and Conch International, is 181,306,000 shares, representing approximately 10.12% of the issued share capital of the Company (based on the total of 1,792,041,059 issued shares of the Company as at 31 December 2024).

7. The letter "L" refers to long position in the Shares.

Pursuant to Section 336 of the SFO, the substantial Shareholders are required to file disclosure of interests' forms when certain conditions are fulfilled. When a shareholding in the Company of a substantial Shareholder changes, it is not necessary for the substantial Shareholder to notify the Company and/or the Stock Exchange unless certain conditions are fulfilled, therefore a substantial Shareholder's latest shareholding in the Company may be different from the shareholding filed with the Stock Exchange.

Save as disclosed above, as at 31 December 2024, the Directors were not aware of any other persons, other than the Directors and chief executive of the Company, who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register of substantial Shareholders required to be kept under section 336 of the SFO.

7. REPORT OF THE DIRECTORS

(XI) DISCLOSURE OF INTERESTS *(Continued)*

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

As at 31 December 2024, 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 are taken, or are deemed to have, under such provisions of the SFO), or recorded in the register required to be kept by the Company under section 352 of the SFO, or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix C3 to the Listing Rules were set out below:

The Company

Name of Directors	**Nature of interests**	**Number of Shares**	**Approximate percentage of shareholdings (%)** (Note 1)
Mr. Ji Qinying	Interest of spouse (Note 2)	35,033,752 (L)	1.95
Mr. Wang Xuesen	Beneficial owner	2,197,918 (L)	0.12
Mr. Wan Changbao	Beneficial owner	180,000 (L)	0.01

Notes:

1. The approximate percentage of shareholdings is calculated based on the total of 1,792,041,059 issued shares of the Company as at 31 December 2024.

2. These Shares are owned by Ms. Yan Zi. Mr. Ji Qinying is deemed to be interested in the Shares held by his spouse, Ms. Yan Zi, by virtue of the SFO.

3. The letter "L" refers to long position in the shares.

7. REPORT OF THE DIRECTORS

(XI) DISCLOSURE OF INTERESTS *(Continued)*

3. Interests and Short Positions of Senior Management

As at 31 December 2024, interests of the senior management of the Company were as follows:

Name of senior management	Nature of interests	Number of Shares	Approximate percentage of shareholdings (%) (Note 1)
Mr. Shu Mao	Beneficial owner	146,500 (L)	0.01
Mr. Wang Junxian	Beneficial owner	228,000 (L)	0.01
Mr. Chen Xingqiang	Beneficial owner	4,000 (L)	0.00
Mr. Zhang Bangzhi	Beneficial owner	195,000 (L)	0.01
Mr. Chen Yuanzhi	Beneficial owner	291,510 (L)	0.02

1. The approximate percentage of shareholdings is calculated based on the total of 1,792,041,059 issued shares of the Company as at 31 December 2024.

2. The letter "L" refers to long position in the shares.

Save as disclosed above, as at 31 December 2024, none of the Directors and chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions they are taken, or are deemed to have, under such provisions of the SFO), or recorded in the register required to be kept by the Company under section 352 of the SFO, or otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

(XII) MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the sales to the largest customer of the Group and the sales to the five largest customers of the Group in aggregate accounted for 5.11% and 16.98% of the total sales of the Group respectively.

During the Reporting Period, the procurement from the largest supplier of the Group and the procurement from the five largest suppliers of the Group in aggregate accounted for 9.56% and 28.49% of the total procurement of the Group respectively.

To the best knowledge of the Directors, none of the Directors and their close associates or Shareholders who held more than 5% of the Company's issued share capital (excluding treasury shares, if any) as at 31 December 2024 has any interest in any of the five largest customers and suppliers mentioned above.

7. REPORT OF THE DIRECTORS

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

During the Reporting Period, the Company repurchased a total of 17,904,500 shares of the Company at an aggregate consideration of HK$97,025,815 (excluding expenses) which was funded by internal resources of the Group on the Stock Exchange.

Particulars of the shares repurchased and cancelled during the Reporting Period are as follows:

Month in which shares were repurchased during the Reporting Period	Date of cancellation	Number of shares repurchased (shares)	Highest price paid per share (HK$)	Lowest price paid per share (HK$)	Total consideration paid (HK$)
March	4 June 2024	8,054,000	5.85	5.30	44,348,625
April	4 June 2024	9,850,500	5.63	5.20	52,677,190
Total		17,904,500			97,025,815

The Directors considered the above share repurchases were made with a view to safeguard Shareholders' interest.

In addition, a total of 3,039,500 shares of the Company repurchased by the Company on the Stock Exchange in October 2023 were cancelled on 4 June 2024.

Save as disclosed above, during the Reporting Period, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company's listed securities (including the sale of treasury shares (as defined in the Listing Rules)).

As at the end of the Reporting Period, the Company does not hold any treasury shares (including any treasury shares held or deposited with CCASS (as defined in the Listing Rules)).

(XIV) MINIMUM PUBLIC FLOAT

Based on the information that is publicly available to the Company and to the knowledge of the Directors, the Directors confirmed that during the Reporting Period and up to the date of this report, the Company has maintained the level of public float as required by the Listing Rules.

7. REPORT OF THE DIRECTORS

(XV) EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2024, the Group had approximately 6,607 employees. The following table shows a breakdown of the employees by function and educational background as at 31 December 2024.

Function	**Number of individuals in 2024**	Number of individuals in 2023
Production and Operation	**5,121**	4,530
Management	**734**	701
Finance and Administration	**230**	298
Others	**522**	696
Total	**6,607**	6,225

Educational background	**Number of individuals in 2024**	Number of individuals in 2023
Master's degree	**83**	80
Bachelor's degree	**1,690**	1,476
Associate degree	**2,465**	2,230
Below associate degree	**2,369**	2,439
Total	**6,607**	6,225

The remuneration of employees of the Group is based on qualifications, experience, work performance and market conditions. As required by the PRC regulations on social insurance, the Group participated in the social insurance schemes operated by local government authorities which include pension insurance, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance. For the year ended 31 December 2024, the total remuneration of employees of the Group (including the remuneration of the Directors) was approximately RMB855.3 million (2023: RMB702.5 million).

7. REPORT OF THE DIRECTORS

(XVI) DIRECTORS (FOR THIS FINANCIAL YEAR AND UP TO THE DATE OF THIS REPORT)

Name	Position	Date of Appointment/ Election as Director
Executive Directors		
Mr. Guo Jingbin (Note 1)	Executive Director and Chairman of the Board	24 June 2013
Mr. Ji Qinying	Executive Director, Vice-Chairman of the Board and Chief Executive Officer	18 July 2013
Mr. Wang Xuesen	Executive Director and Executive Deputy General Manager	2 April 2024
Mr. He Guangyuan (Note 2)	Executive Director and Deputy General Manager	2 April 2024
Mr. Wan Changbao (Note 3)	Executive Director and Deputy General Manager	2 April 2024
Non-executive Director		
Mr. Lyu Wenbin	Non-executive Director	27 March 2025
Independent Non-executive Directors		
Mr. Chan Chi On (alias Derek Chan)	Independent Non-executive Director	3 December 2013
Mr. Chan Kai Wing	Independent Non-executive Director	3 December 2013
Ms. Cheng Yanlei	Independent Non-executive Director	25 June 2024

Former Directors		Date of Resignation as Director
Mr. Li Jian	Executive Director and Deputy General Manager	11 March 2024
Mr. Shu Mao (Note 4)	Executive Director and Deputy General Manager	2 April 2024
Mr. Li Daming	Executive Director	2 April 2024
Mr. Peng Suping	Independent Non-executive Director	7 January 2025
Mr. Liu Yan	Non-executive Director	27 March 2025

Notes:

1. Mr. Guo Jingbin was re-designated as an executive Director from a non-executive Director on 2 April 2024.
2. Mr. He Guangyuan was appointed as the deputy general manager of the Company on 1 July 2024.
3. Mr. Wan Changbao was appointed as the deputy general manager of the Company on 11 March 2024.
4. Mr. Shu Mao resigned as an executive Director and the executive deputy general manager of the Company but was retained as the deputy general manager of the Company on 2 April 2024.

7. REPORT OF THE DIRECTORS

(XVI) DIRECTORS (FOR THIS FINANCIAL YEAR AND UP TO THE DATE OF THIS REPORT) *(Continued)*

As at the date of this report, the Company had entered into services contracts with all executive Directors and had signed appointment letters with all the non-executive Directors and independent non-executive Directors for a term of not exceeding three years. Such appointment may be terminated by either party by written notice of not less than three months.

Pursuant to Article 105(A) and Article 105(B) of the Articles of Association, Mr. Ji Qinying, Mr. Wang Xuesen and Mr. Wan Changbao shall retire from office at the 2025 AGM. All the retired Directors are eligible and will offer themselves for re-election. In addition, Mr. Lyu Wenbin (who was appointed as a non-executive Director by the Board on 27 March 2025) will serve until the 2025 AGM in accordance with Article 109 of the Articles of Association and will offer himself for re-election.

The Company has received annual confirmation of independence from each of the existing independent non-executive Directors in accordance with the independence related to the factors mentioned in Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent in accordance with the Listing Rules and believes that they are able to provide independent advice on the business strategy, operating results and management of the Company, therefore protecting the interest of the Company and its Shareholders.

(XVII) DIRECTORS' OR CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in this report, during or at the end of the Reporting Period, none of the Directors or his/her connected entities have any material interests, directly or indirectly, in any transaction, arrangement or contract that was significant to the business of the Group entered into by the Company, its holding company or any of its subsidiaries or fellow subsidiaries.

None of the Directors proposed to be re-elected at the forthcoming annual general meeting had entered into a service contract with the Company or any of its subsidiaries which was not determinable within one year without payment of compensation (other than statutory compensation).

Save as disclosed in the section headed "Connected Transactions" below, during the Reporting Period, (i) no significant contracts were entered into between the Group and the controlling Shareholder or its subsidiaries, and (ii) there were no significant contracts for the provision of services by the controlling Shareholder or its subsidiaries to the Group.

(XVIII) DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the date of this report, to the best of the knowledge of the Directors, none of the Directors or their respective close associates had any interests in any business that competes or may compete (directly or indirectly) with the business of the Group.

7. REPORT OF THE DIRECTORS

(XIX) REMUNERATIONS OF DIRECTORS AND SENIOR MANAGEMENT AND FIVE HIGHEST PAID INDIVIDUALS

The remunerations of the Directors are determined by the Board based on the recommendations made by the Remuneration and Nomination Committee with reference to the salaries paid by comparable companies, the time commitment and responsibilities of the Director and the performance of the Group. The Directors and senior management may receive compensation in the forms of salaries, benefits in kind and/or discretionary bonuses linked to the performance of the Group. The Company will also reimburse them for the reasonable and necessary expenses incurred from providing services to the Company or performing their duties in relation to operation. The Company regularly reviews and determines the remuneration packages of the Directors and senior management.

Details of the remunerations of the Directors and the five highest paid individuals of the Company during the Reporting Period are set out in notes 9 and 10 to the Financial Statements.

During the Reporting Period, individual remuneration of the senior management of the Company was within the following band:

Band (RMB)	Number of individuals
0–1,000,000	0
1,000,001–2,200,000	5

(XX) THE BOARD AND BOARD COMMITTEES

As at 31 December 2024 and the date of this report, the Board was composed of nine Directors. The biographies of the Directors are set out in the section headed "Biographies of Directors and Senior Management" of this report.

The Board has three committees, namely the Audit Committee, the Remuneration and Nomination Committee and the Strategy, Sustainable Development and Risk Management Committee. Details of the committees are set out in the section headed "Corporate Governance Report".

7. REPORT OF THE DIRECTORS

(XXI) CHANGES IN DIRECTORS AND SENIOR MANAGEMENT

During the Reporting Period and as of the date of this report, details of changes in the Directors and senior management of the Company were as follows:

1. Mr. Li Jian resigned as an executive Director and the deputy general manager of the Company on 11 March 2024.

2. Mr. Han Jiwu was appointed as the deputy general manager of the Company on 11 March 2024 and resigned as the deputy general manager of the Company with effect from 2 April 2024;

3. Mr. Wang Junxian was appointed as the deputy general manager of the Company on 11 March 2024;

4. Mr. Chen Yuanzhi was appointed as assistant to the general manager of the Company on 11 March 2024;

5. Mr. Guo Jingbin was re-designated as an executive Director from a non-executive Director on 2 April 2024;

6. Mr. Wang Xuesen was appointed as an executive Director and the executive deputy general manager of the Company on 2 April 2024;

7. Mr. He Guangyuan was appointed as an executive Director and the deputy general manager of the Company on 2 April 2024 and 1 July 2024, respectively;

8. Mr. Wan Changbao was appointed as the deputy general manager of the Company and an executive Director on 11 March 2024 and 2 April 2024, respectively;

9. Mr. Shu Mao resigned as an executive Director and the executive deputy general manager of the Company but was retained as the deputy general manager of the Company with effect from 2 April 2024;

10. Mr. Li Daming resigned as an executive Director with effect from 2 April 2024;

11. Ms. Cheng Yanlei was elected as an independent non-executive Director, and appointed as a member of each of the Audit Committee and the Remuneration and Nomination Committee on 25 June 2024;

12. Mr. Peng Suping resigned as an independent non-executive Director, a member of each of the Audit Committee and the Remuneration and Nomination Committee with effect from 7 January 2025;

13. Mr. Liu Yan resigned as an non-executive Director, a member of each of the Remuneration and Nomination Committee and the Strategy, Sustainability and Risk Management Committee with effect from 27 March 2025; and

14. Mr. Lyu Wenbin was appointed as a non-executive Director, a member of the Remuneration and Nomination Committee and a member of the Strategy, Sustainability and Risk Management Committee on 27 March 2025.

7. REPORT OF THE DIRECTORS

(XXII) MANAGEMENT CONTRACT

Save for the service contracts of the Directors and senior management of the Company, during the Reporting Period, the Company had not entered into any contract with any individual, company or corporation for management or administration of the whole or any substantial part of any business of the Company.

(XXIII) CONNECTED TRANSACTIONS

1. Connected Persons

Kawasaki HI holds 49% equity interests in CK Engineering, CK Equipment and CK Shanghai, all being indirect non-wholly-owned subsidiaries of the Company. As Kawasaki HI holds more than 30% equity interests in CK Engineering, CK Equipment and CK Shanghai, it is a connected person of the Company under Chapter 14A of the Listing Rules.

CKEM is an entity jointly controlled by Kawasaki HI (which is, as mentioned above, a substantial Shareholder of the non-wholly-owned subsidiaries of the Company) and Conch Cement, with each of them holding 50% equity interests. As CKEM is an associate of Kawasaki HI and more than 30% of its equity is held by Kawasaki HI, it is a connected person of the Company under Chapter 14A of the Listing Rules.

The respective establishment dates and principal businesses of Kawasaki HI and CKEM are as follows:

Name of Connected Person	Establishment Date	Principal Business
Kawasaki HI	9 October 1896	Manufacture of a wide range of technological products, including industrial plants, environmental protection facilities, industrial equipment, construction machinery and steel structures
CKEM	21 May 1997	Design, purchase, manufacture, sales, and provision of maintenance and aftersales service of cement equipment

Anhui CV Group (together with certain of its wholly-owned subsidiaries) holds over 10% of the issued share capital of the Company. Accordingly, Anhui CV Group became a substantial shareholder of the Company, and a connected person of the Company under Chapter 14A of the Listing Rules. Other members of Anhui CV Group (being the subsidiaries of Anhui CV Group, including Conch IID Shanghai) are associates of Anhui CV Group, thus became the connected persons of the Company under Chapter 14A.13(1) of the Listing Rules.

7. REPORT OF THE DIRECTORS

(XXIII) CONNECTED TRANSACTIONS *(Continued)*

1. Connected Persons *(Continued)*

The establishment date and principal business of Anhui CV Group are as follows:

Name of Connected Person	Establishment Date	Principal Business
Anhui CV Group	5 November 2002	Engaged in industries such as trade logistics, high-end equipment manufacturing, financial investment, medical and hotel

Conch Holdings (together with Conch Cement and its subsidiaries, of which Conch Cement is 36.40% owned by Conch Holdings) holds over 10% of the issued share capital of the Company. Accordingly, Conch Holdings became a substantial shareholder of the Company, and a connected person of the Company under Chapter 14A of the Listing Rules. Other members of Conch Holdings (being the 30% controlled companies (as defined in the Listing Rules) held by Conch Holdings and their subsidiaries, including Conch Cement and its subsidiaries, Conch Environment and its subsidiaries, Conch New Materials and its subsidiaries, Conch Design Institute and Conch Investment and its subsidiaries) are associates of Conch Holdings, thus became the connected persons of the Company under Chapter 14A.13 of the Listing Rules.

Name of Connected Person	Establishment Date	Principal Business
Conch Holdings	7 November 1996	Primarily engaged in asset management, investment, financing, property rights trading, import and export trade, construction materials, chemical products (excluding dangerous goods), electronic instruments and meters, and the production and sale of general machinery and equipment
Conch Cement	1 September 1997	Primarily engaged in the production and sale of cement, commercial clinker, aggregates and concrete
Conch Environment	27 September 2021	Primarily engaged in the provision of industrial solid waste disposal services
Conch New Materials	16 October 1996	Primarily engaged in the production, sales and research and development of medium and high-grade plastic profiles, panels, doors and windows, as well as the sale of new catalytic materials and auxiliaries

7. REPORT OF THE DIRECTORS

(XXIII) CONNECTED TRANSACTIONS *(Continued)*

1. Connected Persons *(Continued)*

Name of Connected Person	Establishment Date	Principal Business
Conch Design Institute	10 August 1998	Primarily engaged in design services for the building materials industry and cement technology development, with Class A qualification in the relevant industry
Conch Investment	8 November 2017	Primarily engaged in the research and development of new materials technology, manufacturing and sales of specialised chemical products (excluding hazardous chemicals), manufacturing of eco-environmental materials and investment activities

2. Continuing Connected Transactions

(1) Transactions with Kawasaki HI

On 18 December 2023, the Group (through CK Engineering, CK Equipment and CK Shanghai, collectively, the "**CK Subsidiaries**") entered into the Kawasaki Master Agreement for the period from 2024 to 2026 (the "**2024–2026 Kawasaki Master Agreement**") with Kawasaki HI, whereby the CK Subsidiaries and Kawasaki HI agreed to (i) provide to the other party certain design services and technical assistance; and (ii) supply to the other party equipment, parts and products related to, among other things, residual heat power generation and waste incineration solutions. The total amount under such contracts under the 2024–2026 Kawasaki Master Agreement for the year ended 31 December 2024 shall not exceed RMB69.50 million.

According to the 2024–2026 Kawasaki Master Agreement, the price of the goods and/or services concerned will be determined by the parties (on arm's length basis and in good faith) with reference to the then prevailing market prices of identical and/or similar goods or services which may be supplied to or sourced from other independent third parties. The price shall be no less favourable than the prices of identical and/or similar goods or services available to or from other independent third parties. For further details, please refer to the announcement of the Company dated 18 December 2023 under the heading "CONTINUING CONNECTED TRANSACTIONS: THE 2024–2026 MASTER AGREEMENTS".

During the Reporting Period, the amount of the above transactions under the 2024–2026 Kawasaki Master Agreement was RMB32.45 million, which did not exceed the annual cap of RMB69.50 million for this year.

7. REPORT OF THE DIRECTORS

(XXIII) CONNECTED TRANSACTIONS *(Continued)*

2. Continuing Connected Transactions *(Continued)*

(2) Transactions with CKEM

On 18 December 2023, the Group (through the CK Subsidiaries) entered into the CKEM Master Agreement for the period from 2024 to 2026 (the "**2024–2026 CKEM Master Agreement**") with CKEM, whereby the CK Subsidiaries (for themselves and on behalf of other subsidiaries of the Company) have agreed to supply fragmentary material and processing services to CKEM, while CKEM has agreed to supply certain equipment and products to the CK Subsidiaries and other subsidiaries of the Company. The total amount under such contracts under the 2024–2026 CKEM Master Agreement for the year ended 31 December 2024 shall not exceed RMB70.0 million.

According to the 2024–2026 CKEM Master Agreement, the price of the goods and/or services concerned will be determined by the parties (on arm's length basis and in good faith) with reference to the then prevailing market prices of identical and/or similar goods or services which may be supplied to or sourced from other independent third parties. The price shall be no less favourable than the prices of identical and/or similar goods or services available to or from other independent third parties. For further details, please refer to the announcement of the Company dated 18 December 2023 under the heading "CONTINUING CONNECTED TRANSACTIONS: THE 2024–2026 MASTER AGREEMENTS".

During the Reporting Period, the actual amount of the above transaction under the 2024–2026 CKEM Master Agreement was RMB4.6 million, which did not exceed the annual cap of RMB70.0 million for this year.

(3) Transactions with Anhui CV Group

On 4 January 2023, the Group entered into the continuing connected transaction agreements ("**the Master Procurement Agreement, the Master Port Services Agreement, the Master Construction Services Agreement and the Master Tenancy Agreement**") with Anhui CV Group, whereby the Group agreed to supply and arrange port services such as berths, loading and unloading services to Anhui CV Group, while Anhui CV Group agreed to supply (i) the relevant materials and equipment involved in the operation and production of the Group, the office supplies required by the Group, and the hospitality supplies required for the Group's business activities; (ii) civil engineering, equipment installation and related construction services; and (iii) office rental services to the Group.

Pursuant to the Master Procurement Agreement, the Master Port Services Agreement, the Master Construction Services Agreement and the Master Tenancy Agreement, the total amount of each contract under the Master Procurement Agreement, the Master Port Services Agreement and the Master Construction Services Agreement for the year ended 31 December 2024 shall not exceed RMB85.0 million, RMB28.0 million and RMB50.0 million, respectively, and the amount of right-of-use assets as agreed under the Master Tenancy Agreement that was recognised for the current period shall not exceed RMB2.0 million.

7. REPORT OF THE DIRECTORS

(XXIII) CONNECTED TRANSACTIONS *(Continued)*

2. Continuing Connected Transactions *(Continued)*

(3) Transactions with Anhui CV Group *(Continued)*

According to the Master Procurement Agreement, the Master Port Services Agreement, the Master Construction Services Agreement and the Master Tenancy Agreement, the price of the goods and/or services concerned will be determined by the parties (on arm's length basis and in good faith) with reference to the then prevailing market prices of identical and/or similar goods or services which may be supplied to or sourced from other independent third parties. The price shall be no less favourable than the prices of identical and/or similar goods or services available to or from other independent third parties. For details, please refer to the announcement of the Company dated 4 January 2023, in relation to "CONTINUING CONNECTED TRANSACTIONS: (1) MASTER PROCUREMENT AGREEMENT; (2) MASTER PORT SERVICES AGREEMENT; (3) MASTER CONSTRUCTION SERVICES AGREEMENT; AND (4) MASTER TENANCY AGREEMENT".

During the Reporting Period, the actual amount of the transactions under the Master Procurement Agreement, the Master Port Services Agreement and the Master Construction Services Agreement was RMB17.45 million, RMB5.90 million and RMB30.65 million, respectively, and no additional right-of-use assets were recognised under the Master Tenancy Agreement entered into between the Group and connected persons during the Reporting Period. The above transactions did not exceed their respective annual caps of RMB85.0 million, RMB28.0 million, RMB50.0 million and RMB2.0 million for this year.

(4) Transactions with associates of Conch Holdings

On 27 June 2024, the Company (for itself and on behalf of its subsidiaries) and associates of Conch Holdings (i.e. Conch Cement, Conch Environment, Conch New Material, Conch Design Institute and Conch Investment) entered into continuing connected transaction agreements, including (i) five separate framework sales agreements ("**Framework Sales Agreements**"); (ii) three separate framework procurement agreements ("**Framework Procurement Agreements**"); (iii) three separate framework technical and other services agreements ("**Framework Technical and Other Services Agreements**"); and (iv) two separate framework supply of services agreements ("**Framework Supply of Services Agreements**").

7. REPORT OF THE DIRECTORS

(XXIII) CONNECTED TRANSACTIONS *(Continued)*

2. Continuing Connected Transactions *(Continued)*

(4) Transactions with associates of Conch Holdings *(Continued)*

(i) The Framework Sales Agreements

Five separate Framework Sales Agreements were entered into between the Company (for itself and on behalf of its subsidiaries) (as suppliers) and (i) Conch Cement (for itself and on behalf of its subsidiaries, other than Conch Environment Group and its subsidiaries); (ii) Conch Environment (for itself and on behalf of its subsidiaries); (iii) Conch New Material (for itself and on behalf of its subsidiaries); (iv) Conch Design Institute; and (v) Conch Investment (for itself and on behalf of its subsidiaries) respectively (as purchasers) in relation to the goods to be sold by the Group to the respective purchasers ("**Sales Goods**"), including (i) waste heat power generation equipment, boilers, vertical mills, electricity and steam, and other equipment and spare parts etc. involved in daily production and operation of the purchasers; (ii) equipment, spare parts, diesel oil and tons of barrels etc. involved in daily production and operation of the purchasers; (iii) storage tanks and accessories, and other equipment and spare parts etc. involved in daily production and operation of the purchasers; (iv) complete set of cement kiln equipment, waste heat power generation equipment and other equipment and spare parts etc. involved in daily production and operation of the purchasers.

According to the Framework Sales Agreements, total annual caps under respective agreements with Conch Cement, Conch Environment, Conch New Material, Conch Design Institute and Conch Investment would not exceed RMB320.0 million, RMB17.0 million, RMB8.0 million, RMB43.0 million and RMB12.0 million for the year ended 31 December 2024.

In respect of the Sales Goods to be sold by the Group to the respective connected person purchasers under the Framework Sales Agreements, the sale prices of the Sales Goods are determined through arm's length negotiations with reference to the fees charged by the Group (as supplier) to at least one Independent Third Party for goods of similar nature to ensure that the terms offered by the connected persons to the Group are no less favourable to the Group than those offered by the Independent Third Parties. For details, please refer to the announcement of the Company dated 27 June 2024, in relation to "CONTINUING CONNECTED TRANSACTIONS: (1) FRAMEWORK SALES AGREEMENTS; (2) FRAMEWORK PROCUREMENT AGREEMENTS; (3) FRAMEWORK TECHNICAL AND OTHER SERVICES AGREEMENTS; AND (4) FRAMEWORK SUPPLY OF SERVICES AGREEMENTS".

During the Reporting Period, the actual total sale prices received or receivable by the Group from Conch Cement and its subsidiaries (other than Conch Environment and its subsidiaries), Conch Environment and its subsidiaries, Conch New Material and its subsidiaries, Conch Design Institute, Conch Investment and its subsidiaries for the sales of the Sales Goods was RMB227.23 million, RMB12.88 million, RMB2.54 million, RMB27.30 million, RMB6.02 million, respectively, which did not exceed their respective annual caps of RMB320.0 million, RMB17.0 million, RMB8.0 million, RMB43.0 million and RMB12.0 million for this year.

7. REPORT OF THE DIRECTORS

(XXIII) CONNECTED TRANSACTIONS *(Continued)*

2. Continuing Connected Transactions *(Continued)*

(4) Transactions with associates of Conch Holdings *(Continued)*

(ii) The Framework Procurement Agreements

Three separate Framework Procurement Agreements were entered into between the Company (for itself and on behalf of its subsidiaries) (as purchasers) and (i) Conch Cement (for itself and on behalf of its subsidiaries, other than Conch Environment Group and its subsidiaries); (ii) Conch New Material (for itself and on behalf of its subsidiaries); and (iii) Conch Design Institute (as suppliers) respectively in relation to the goods to be procured by the Group from the respective suppliers ("**Procured Goods**"), including (i) cement, labour safety equipment, heat power, network software equipment, and other equipment and spare parts etc. involved in daily production and operation of the Group; (ii) plastic, metal products and other related materials and goods etc. involved in daily production and operation of the Group; and (iii) relevant equipment and spare parts etc. involved in daily production and operation of the Group.

According to the Framework Procurement Agreements, total annual caps under respective agreements with Conch Cement, Conch New Material and Conch Design Institute would not exceed RMB65.0 million, RMB1.5 million and RMB15.0 million for the year ended 31 December 2024.

With respect to the Procured Goods to be procured by the Group from the respective connected-person suppliers under the Framework Procurement Agreements, the purchase prices of the Procured Goods offered to the Group are determined through arm's length negotiations and taking into account the comparable market prices. The Group shall obtain quotations from at least two Independent Third Parties for the same and/or similar goods and the price to be finally agreed with the respective connected person suppliers shall be no less favourable to the Group than the prices stated in such quotation. For details, please refer to the announcement of the Company dated 27 June 2024, in relation to "CONTINUING CONNECTED TRANSACTIONS: (1) FRAMEWORK SALES AGREEMENTS; (2) FRAMEWORK PROCUREMENT AGREEMENTS; (3) FRAMEWORK TECHNICAL AND OTHER SERVICES AGREEMENTS; AND (4) FRAMEWORK SUPPLY OF SERVICES AGREEMENTS".

During the Reporting Period, the actual total purchase amount paid or payable by the Group for goods purchased from Conch Cement and its subsidiaries (excluding Conch Environment and its subsidiaries), Conch New Materials and its subsidiaries, and Conch Design Institute were RMB23.96 million, nil, and RMB10.02 million, respectively, which did not exceed their respective annual caps of RMB65.0 million, RMB1.5 million, and RMB15.0 million for this year.

7. REPORT OF THE DIRECTORS

(XXIII) CONNECTED TRANSACTIONS *(Continued)*

2. Continuing Connected Transactions *(Continued)*

(4) Transactions with associates of Conch Holdings *(Continued)*

(iii) The Framework Technical and Other Services Agreements

Three separate Framework Technical and Other Services Agreements between the Company (for itself and on behalf of its subsidiaries) (as receiving parties) and (i) Conch Cement (for itself and on behalf of its subsidiaries, other than Conch Environment and its subsidies); (ii) Conch Environment (for itself and on behalf of its subsidiaries); and (iii) Conch Design Institute (as service providers) in relation to the receipt of the technical services by the Group from the respective service providers ("**Technical Services**"), including (i) collaborative disposal service, material management system and other technical services etc.; (ii) solid and hazardous waste and fly ash disposal services and other technical services etc.; and (iii) design and construction services, and other technical services etc..

Pursuant to the Framework Technical and Other Services Agreement, the total annual cap amount of each agreement with Conch Cement, Conch Environment and Conch Design Institute for the year ending 31 December 2024 will not exceed RMB15.3 million, RMB30.0 million and RMB30.0 million, respectively.

In respect of the Technical Services to be provided by the respective connected-person service providers under the Framework Technical and Other Services Agreement, the service fees payable by the Group under the individual technical and other services agreements are determined through arm's length negotiations and taking into account comparable market prices. The Group shall obtain quotations from at least two Independent Third Parties for the same and/or similar services and the price to be finally agreed with the respective connected-person service providers shall not be higher than the prices offered to the Group as stated in such quotation. For details, please refer to the announcement of the Company dated 27 June 2024, in relation to "CONTINUING CONNECTED TRANSACTIONS: (1) FRAMEWORK SALES AGREEMENTS; (2) FRAMEWORK PROCUREMENT AGREEMENTS; (3) FRAMEWORK TECHNICAL AND OTHER SERVICES AGREEMENTS; AND (4) FRAMEWORK SUPPLY OF SERVICES AGREEMENTS".

During the Reporting Period, the actual total service fees paid or payable by the Group for Technical Services provided from Conch Cement and its subsidiaries (excluding Conch Environment and its subsidiaries), Conch Environment and its subsidiaries, and Conch Design Institute were RMB14.57 million, RMB25.22 million, and RMB6.50 million, respectively, which did not exceed their respective annual caps of RMB15.3 million, RMB30.0 million, and RMB30.0 million for this year.

7. REPORT OF THE DIRECTORS

(XXIII) CONNECTED TRANSACTIONS *(Continued)*

2. Continuing Connected Transactions *(Continued)*

(4) Transactions with associates of Conch Holdings *(Continued)*

(iv) Framework Supply of Services Agreements

Two separate Framework Supply of Services Agreements between the Company (for itself and on behalf of its subsidiaries) (as service providers) and (i) Conch Cement (for itself and on behalf of its subsidiaries, other than Conch Environment and its subsidies); and (ii) Conch Environment (for itself and on behalf of its subsidiaries) (as receiving parties) in relation to the provision of the services by the Group to the respective receiving parties ("**Supply Services**"), including (i) cargo loading and unloading, software debugging and installation services involved in production and operation of the receiving parties etc.; and (ii) solid and hazardous waste disposal services and installation services involved in production and operation of the receiving parties etc..

Pursuant to the Framework Supply of Services Agreements, the total annual cap amount of each agreement with Conch Cement, Conch Environment and Conch Design Institute for the year ending 31 December 2024 will not exceed RMB190 million and RMB35.0 million, respectively.

In respect of the Supply Services to be provided by the Group to the respective connected-person receiving parties under the Framework Supply of Services Agreements, the service fees receivable by the Group under the individual services agreements are determined through arm's length negotiations with reference to the fees charged by the Group (as service provider) to at least one Independent Third Party for services of similar nature to ensure that the terms offered by the connected persons to the Group are no less favourable to the Group than those offered by the Independent Third Parties. For details, please refer to the announcement of the Company dated 27 June 2024, in relation to "CONTINUING CONNECTED TRANSACTIONS: (1) FRAMEWORK SALES AGREEMENTS; (2) FRAMEWORK PROCUREMENT AGREEMENTS; (3) FRAMEWORK TECHNICAL AND OTHER SERVICES AGREEMENTS; AND (4) FRAMEWORK SUPPLY OF SERVICES AGREEMENTS".

During the Reporting Period, the actual total service fees received or receivable by the Group for the provision of the Supply Services to Conch Cement and its subsidiaries (excluding Conch Environment and its subsidiaries), Conch Environment and its subsidiaries were RMB92.95 million and RMB12.80 million, respectively, which did not exceed their respective annual caps of RMB190 million and RMB35.0 million for this year.

7. REPORT OF THE DIRECTORS

(XXIII) CONNECTED TRANSACTIONS *(Continued)*

2. Continuing Connected Transactions *(Continued)*

(4) Transactions with associates of Conch Holdings *(Continued)*

On 9 January 2025, for the purpose of replacing the expired continuing connected transaction agreements and meeting the demands of the Group for the goods to be procured from Conch Investment and its subsidiaries, the Company (for itself and on behalf of its subsidiaries) entered into (1) two separate 2025 Framework Sales Agreements with Conch Cement (for itself and on behalf of its subsidiaries, excluding Conch Environment and its subsidiaries) and Conch New Materials (for itself and on behalf of its subsidiaries); (2) three separate 2025 Framework Procurement Agreements with Conch Cement (for itself and on behalf of its subsidiaries, excluding Conch Environment and its subsidiaries); Conch New Materials (for itself and on behalf of its subsidiaries) and Conch Investment (for itself and on behalf of its subsidiaries); (3) the 2025 Framework Technical and Other Services Agreement with Conch Cement (for itself and on behalf of its subsidiaries, excluding Conch Environment and its subsidiaries); and (4) the 2025 Framework Supply of Services Agreement with Conch Cement (for itself and on behalf of its subsidiaries, excluding Conch Environment and its subsidiaries) (the "**2025 CCT Agreements**"). For details of the 2025 CCT Agreements, please refer to the announcement of the Company dated 9 January 2025, in relation to "CONTINUING CONNECTED TRANSACTIONS: (1) 2025 FRAMEWORK SALES AGREEMENTS; (2) 2025 FRAMEWORK PROCUREMENT AGREEMENTS; (3) 2025 FRAMEWORK TECHNICAL AND OTHER SERVICES AGREEMENT; AND (4) 2025 FRAMEWORK SUPPLY OF SERVICES AGREEMENT".

3. Continuing Connected Transactions Exempted from Reporting, Announcement and Independent Shareholders' Approval Requirements

(1) Kawasaki RH Licensing Agreement

On 8 February 2007, CK Engineering and Kawasaki Partner entered into a technical licensing agreement (as supplemented by supplementary agreements dated on 27 September 2010, 25 September 2008 and 7 August 2013) (collectively, the "**Kawasaki RH Licensing Agreement**"), whereby Kawasaki Partner granted CK Engineering an exclusive license to use technology knowhow in respect of residual heat power generation systems and the use of technical information such as drawings and technical data calculation software in China. The initial licensing fee was RMB22.0 million, of which RMB6.0 million was paid to Kawasaki Partner before the track record period. To reduce the labour cost incurred by Kawasaki Partner in relation to the technical personnel arrangements between the parties in 2010, they agreed to reduce the licensing fee to RMB13.2 million. Having taking into account the RMB6.0 million paid, and the then outstanding licensing fee was RMB7.2 million. In another project carried out by Kawasaki Partner and CK Engineering together, RMB3.6 million was payable by Kawasaki Partner to CK Engineering in 2010. Therefore, the parties agreed that RMB3.6 million payable by Kawasaki Partner to CK Engineering was settled through the reduction of the outstanding consideration under the Kawasaki RH Licensing Agreement from RMB7.2 million to RMB3.6 million.

7. REPORT OF THE DIRECTORS

(XXIII) CONNECTED TRANSACTIONS *(Continued)*

3. Continuing Connected Transactions Exempted from Reporting, Announcement and Independent Shareholders' Approval Requirements *(Continued)*

(1) Kawasaki RH Licensing Agreement *(Continued)*

Subsequently, a licensing fee of RMB1.2 million was paid by CK Engineering to Kawasaki Partner during each of the three years ended 31 December 2012. Since then, there was no outstanding licensing fee in respect of the Kawasaki RH Licensing Agreement. The license is valid until 15 October 2026.

Since all licensing fees in respect of the Kawasaki RH Licensing Agreement were fully paid by CK Engineering to Kawasaki HI (a connected person) by 31 December 2012, no licensing fees are payable on or after 1 January 2013 until the expiry of such agreement. The transaction contemplated under the agreement is a continuing connected transaction and is exempted from the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

(2) Kawasaki VM Licensing Agreement

On 7 April 2008, CK Equipment and Kawasaki Partner entered into a technical licensing agreement (the "**Kawasaki VM Licensing Agreement**"), whereby Kawasaki Partner granted CK Equipment an exclusive license to use technology knowhow in respect of vertical mills and the use of technical information such as drawings and technical data calculation software in China. Such license is exempt from licensing fee and is valid until 21 September 2027.

Since no licensing fees are payable by CK Equipment to Kawasaki HI (a connected person) in respect of the license during the term of the Kawasaki VM Licensing Agreement, such continuing connected transaction is exempt from the reporting, announcement and independent Shareholders' approval requirements under the Listing Rules.

For the disclosure of connected persons, please refer to the note 32 to the financial statements for details.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has engaged its independent external auditor, KPMG, to perform the engagement in accordance with the Hong Kong Standard on Assurance Engagement No. 3000 (Revised) "Assurance Engagement Other than the Review or Reviews of Historical Financial Information" and with reference to the Practice Note No. 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants, that was, to perform the assurance engagement regarding the continuing connected transactions of the Group for the year ended 31 December 2024, and KPMG has issued a letter to the Board to confirm that, no matters regarding the continuing connected transactions: (1) were not approved by the Board; (2) for transactions involving the provision of goods or services by the Group, were not carried out, in all major aspects, in accordance with the pricing policy of the Group as set out in the agreement related to such transactions; (3) were not entered into, in all major aspects, in accordance with the agreement related to such transactions; and (4) involved an amount exceeding the annual caps.

7. REPORT OF THE DIRECTORS

(XXIII) CONNECTED TRANSACTIONS *(Continued)*

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the above-mentioned continuing connected transactions and the report from KPMG, and confirmed that the transactions carried out by the Group have been entered into:

a. in the ordinary and usual course of business of the Group;

b. on normal commercial terms or better terms; and

c. according to the agreements governing the relevant transactions, on terms that are fair and reasonable, and in the interests of the Shareholders as a whole.

The Company confirmed that it has followed its pricing policies when determining the prices and terms of the continuing connected transactions conducted during the year.

(XXIV) RELATED PARTY TRANSACTIONS

Save as disclosed in the section headed "Connected Transactions" of this report and note 32 to the financial statements, no related party transactions were conducted by the Group during the Reporting Period.

With respect to the major related party transactions set out in note 32 to the financial statements, save for the transactions with Conch Cement, Conch Environment, Conch Design Institute, Conch Holdings, Conch New Material, and Conch Investment, these related party transactions constituted continuing connected transactions within the meaning of Chapter 14A of the Listing Rules. For the year ended 31 December 2024, the Company has met the disclosure requirements of Chapter 14A of the Listing Rules.

(XXV) SHARE SCHEME

The share option scheme adopted by the Company on 3 December 2013 has expired on 2 December 2023. During the Reporting Period, the Company has not adopted any share scheme under Chapter 17 of the Listing Rules.

(XXVI) EQUITY-LINKED AGREEMENTS

No equity-linked agreements were entered into or existed during the Reporting Period and at the end of the Reporting Period.

(XXVII) TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

(XXVIII) PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the applicable laws of the Cayman Islands (the place of incorporation of the Company) which would oblige the Company to offer new Shares on a pro-rata basis to the current Shareholders.

7. REPORT OF THE DIRECTORS

(XXIX) AUDITOR

In 2024, the Company appointed KPMG as its international auditor for the year ended 31 December 2024. The consolidated financial statements of the Group for the year ended 31 December 2024 have been audited by KPMG. The Company has not changed its auditor in the past three years.

The term of office of KPMG will expire at the 2025 AGM and KPMG will retire and offer itself for re-appointment thereat. A resolution for the re-appointment of KPMG as the auditor of the Company is proposed at the 2025 AGM.

The Board and the Audit Committee had mutual consent on the re-appointment of the external auditor of the Company.

(XXX) ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Reporting Period was the Company or any of its subsidiaries or holding companies a party to any arrangements to enable the Directors to obtain benefits by means of the acquisition of Shares in or debentures of, the Company or any other body corporate and neither the Directors nor any of their spouses or children under the age of eighteen years had or exercised any rights to subscribe for equity or debt securities of the Company or any other body corporate.

(XXXI) MAJOR RISKS AND UNCERTAINTIES

The principal activities of the Group include provision of an all-round solution on energy conservation and environmental protection, manufacturing of new energy positive and negative electrode materials, lithium battery recycling and comprehensive utilisation, new building materials and port logistics business, which face a variety of major risks and uncertainties, including: (1) the macroeconomic downward pressure continues to increase; the national subsidy policies fade out; the waste treatment projects outside China have a long investment cycle and are subject to changes in politics, economy and law in the countries where it invests in, and thus may not be able to commence operation on time; (2) the Group's operating results are considerably affected by the business performance of the associated companies of which the Group only has minority interests, and the operation of the associated companies is beyond the control of the Group; (3) the manufacturing business of new energy positive and negative electrode materials will be affected by fluctuations in raw material prices, resulting in significant fluctuations in the product prices; (4) the waste treatment business and lithium battery recycling and comprehensive utilisation projects of the Group relied on the proprietary technologies jointly designed and developed by the Group and Kawasaki HI, so the Group has to maintain good relationship with Kawasaki HI; (5) the operational quality or effectiveness problem of the Group's waste treatment business may result in fluctuations in turnover and a relatively small scale of a single waste disposal system may result in an increase in management and operation costs; and (6) the business operation of the Group outside China is subject to currency exchange rate fluctuations, etc.

(XXXII) SIGNIFICANT LEGAL LITIGATION

During the Reporting Period, the Company was not involved in any significant litigation or arbitration and so far as the Directors are aware, no litigation or claim of material importance is pending or threatened against the Company.

7. REPORT OF THE DIRECTORS

(XXXIII) COMPLIANCE WITH LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements. The risk of non-compliance with such requirements may result in the termination of the operation license. The Group has assigned systems and human resources to ensure continued compliance with rules and regulations and maintain good working relations with regulatory authorities through effective communication.

During the Reporting Period under review, to the best knowledge of the Group, the Group has: (1) for environmental protection, complied with the Environmental Protection Law of the People's Republic of China (《中華人民共和國環境保護法》), the Law of the People's Republic of China on the Prevention and Control of Water Pollution (《中華人民共和國水污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution (《中華人民共和國大氣污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste (《中華人民共和國固體廢物污染環境防治法》), the Law of the People's Republic of China on the Prevention and Control of Soil Pollution (《中華人民共和國土壤污染防治法》), the Law of the People's Republic of China on the Prevention and Control of Environmental Noise Pollution (《中華人民共和國環境噪聲污染防治法》) and the Law of the People's Republic of China on the Protection of the Marine Environment (《中華人民共和國海洋環境保護法》); (2) for cement production, complied with the Product Quality Law of the People's Republic of China (《中華人民共和國產品質量法》), the Regulation of the People's Republic of China on the Administration of Production License for Industrial Products (《中華人民共和國工業產品生產許可證管理條例》), the Catalog of Products Subject to the Administration of the System of Production License for Industrial Products (《實行生產許可證制度管理的產品目錄》) and the Measures for the Administration of Bulk Cement (《散裝水泥管理辦法》); (3) for port operation, complied with the Port Law of the People's Republic of China (《中華人民共和國港口法》) and the Regulations on the Administration of Port Operation (《港口經營管理規定》); (4) for the manufacturing of special equipment, complied with the Regulations on the Safety Supervision of Special Equipment (《特種設備安全監察條例》) and the Supervision and Administration Measures for the Manufacturing of Boilers and Compressed Containers (《鍋爐壓力容器製造監督管理辦法》); (5) for import and export goods, complied with the Customs Law of the People's Republic of China (《中華人民共和國海關法》), the Provisions of the Customs of the People's Republic of China for the Administration of the Registration of Declaration Entities (《中華人民共和國海關對報關單位註冊登記管理規定》), the Law of the People's Republic of China on the Imported and Exported Commodities Inspection (《中華人民共和國進出口商品檢驗法》) and its implementation rules; (6) for contracting foreign projects, complied with the Foreign Trade Law of the People's Republic of China (《中華人民共和國對外貿易法》), the Administrative Regulation on Foreign Contracting Projects (《對外承包工程管理條例》), and the Administrative Measures on the Qualification for Foreign Contracting Projects (《對外承包工程資格管理辦法》); and (7) for labour and production safety, complied with the Production Safety Law of the People's Republic of China (《中華人民共和國安全生產法》), the Fire Control Law of the People's Republic of China (《中華人民共和國消防法》), the Law of the People's Republic of China on the Prevention and Control of Occupational Diseases (《中華人民共和國職業病防治法》), the Labor Contract Law of the People's Republic of China (《中華人民共和國勞動合同法》), the Electricity Law of the People's Republic of China (《中華人民共和國電力法》) and other relevant rules and regulations.

7. REPORT OF THE DIRECTORS

(XXXIV) ENVIRONMENT POLICIES AND PERFORMANCES

The Group has realised the importance of environmental protection, and has taken stringent environmental measures to ensure that the Group complies with existing environmental laws and regulations. For details of the environmental policies and performance of the Group, please refer to the Environmental, Social and Governance Report for the year ended 31 December 2024 to be published by the Group separately on the website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the Company's website (www.conchventure.com) in accordance with the Listing Rules.

(XXXV) DONATION

During the Reporting Period, the Group did not make any charitable and any other kind of donations (2023: nil).

(XXXVI) PERMITTED INDEMNITY PROVISIONS

Pursuant to the Articles of Association, the Directors (including other persons) can be indemnified when any actions, costs, expenses, damages, compensation, and expenditure are caused or suffered by actions, approval or omission made by their respective jobs or trusts or assumed duties, except that by their own deceit or fraud (if any). The Company maintained the Directors' liability insurance throughout the Reporting Period to provide proper insurance cover in case of certain legal actions against the Directors.

(XXXVII) PROFESSIONAL ADVICE ON TAXATION

Shareholders who are in doubt about the tax implications of purchasing, holding, disposing of, dealing in the shares of the Company, or the exercise of any rights in relation to the shares of the Company, are advised to consult an expert.

(XXXVIII) SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 34 to the financial statements, no significant subsequent events occurred in the Group after the end of Reporting Period and up to the date of this report.

By order of the Board
Guo Jingbin
Chairman of the Board

Wuhu, China
26 March 2025

8. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

(I) DIRECTORS

1. Executive Directors

Mr. Guo Jingbin (郭景彬), aged 67, was appointed as a Director with effect from 24 June 2013. He had served as an executive Director since 1 July 2014, re-designated as a non-executive Director on 27 September 2021 and re-designated as an executive Director on 2 April 2024. He is currently the chairman of the Board and was appointed as the chairman of the Strategy, Sustainability and Risk Management Committee on 29 March 2021. He is primarily responsible for overall strategic development of the Group. Mr. Guo graduated from Shanghai Construction Materials College and joined the predecessor of Conch Group in 1980. In July 1998, Mr. Guo received a Master of Business Administration degree from the Post-graduate College of the Social Science Institute of China (中國社會科學院). Mr. Guo held various mid to senior managerial positions including head of automatic measurement department, head of personnel department and deputy plant manager of the former Ningguo Cement Plant and the secretary to the board of directors of and deputy general manager of Conch Cement. He has over 40 years' experience in the building materials industry and rich experience in capital markets, particularly specialising in corporate strategic planning, marketing planning and general administrative management. He has been a director and chairman of the board of directors of Anhui CV Group from February 2011 and May 2013 respectively until the end of April 2015. Mr. Guo has been an executive director of Conch Cement from October 1997 to 19 June 2014 and a non-executive director of Conch Cement from 20 June 2014 to 2 June 2016. Mr. Guo has been a director of Conch Holdings since January 1997. Mr. Guo currently also serves as directors of certain subsidiaries of the Company. He was an independent non-executive director of China Logistics Property Holdings Co., Ltd (a company previously listed on the Main Board of the Stock Exchange but delisted in July 2022, previous stock code: 01589) from 14 June 2016 to 1 March 2022, an independent non-executive director of China Tian Yuan Healthcare Group Limited (previously known as City e-Solutions Limited) (a company whose shares are listed on the Main Board of the Stock Exchange, stock code: 00557) from 19 August 2016 to 15 July 2022. He has been appointed as an executive director on 2 March 2020 and an executive director and the chairman of the board of directors of Conch Environment from 17 September 2021 to 9 October 2022.

8. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Ji Qinying (紀勤應), aged 68, was appointed as a Director with effect from 18 July 2013. He is currently an executive director, the Vice-Chairman of the Board, and the chief executive officer of the Company and is primarily responsible for day-to-day management of the Group's business operations. He was appointed as a member of the Strategy, Sustainability and Risk Management Committee from 29 March 2021. Mr. Ji joined the predecessor of Conch Group after he graduated from Shanghai Construction Materials College in 1980. He held various leading positions including deputy plant operating director of the Ningguo Cement Plant, general manager and executive director of Conch Cement, and general manager and chairman of Conch New Materials. Mr. Ji served as a director of Anhui CV Group from November 2002 to February 2016. He also served as the general manager of Anhui CV Group from May 2013 to April 2015 and the chairman of Anhui CV Group from May 2015 to February 2016. Mr. Ji has been re-designated as a non-executive director of Conch Environment from 17 September 2021 to 9 October 2022. Mr. Ji has over 40 years' experience in the building materials industry, particularly specializing in project investment, construction management, market development, production, general operation and industrial management.

Mr. Wang Xuesen (汪學森), aged 60, joined the Group in 2006, was appointed as an executive Director on 2 April 2024, and is currently the executive deputy general manager of the Company. He currently serves as a director of Yangzhou Haichang Port Industrial Co., Ltd.* (揚州海昌港務實業有限責任公司). He graduated from Anhui Finance and Trade College (安徽財貿學院) in May 1988, majoring in statistical science. He also obtained a Master of Business Administration from Shanghai Shipping College (上海海運學院), the PRC in September 2003.

Mr. He Guangyuan (何廣元), aged 51, was appointed as an executive Director on 2 April 2024, and is currently the deputy general manager of the Company, primarily responsible for the production and operation and daily management of the lithium battery resource recycling industry and the port logistics business of the Company. Mr. He has over 30 years' experience in the building materials industry. Mr. He joined the predecessor of Conch Group in September 1993. Since February 2011, Mr. He has served as various managerial positions in Conch Cement and its subsidiaries, including the general manager and party secretary of several subsidiaries. He served as the head of the management committee in the Hunan Region of Conch Cement from May 2017 to October 2021. Mr. He has also served as the executive president/president of Conch Cement in various regions, including the Central Region, Hunan Region, Greater Bay Area and the Guangdong Region, from October 2021 to June 2024. Mr. He graduated from the Renmin University of China, the PRC in business administration in July 2010. He was awarded the "Outstanding Entrepreneur of the National Building Materials Industry" (全國建材行業優秀企業家) in 2018.

8. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Wan Changbao (萬長寶), aged 44, was appointed as an executive Director on 2 April 2024, and is currently the deputy general manager of the Company, primarily responsible for the production and operation and engineering management of the new energy and new building materials businesses of the Company. He has over 20 years' experience in cement production management, technological innovation and environmental protection. He has held various positions in Conch Cement from July 2007 to March 2015, including the deputy director of the production department of Ningguo Cement Plant, the assistant to the director of Ningguo Cement Plant and the deputy general manager of China Cement Plant. He served as the deputy director of Guangxi Region of Conch Cement from March 2015 to September 2015. Subsequently, he successively served as the executive deputy director and director of the Chuanyu Region of Conch Cement and the general manager of Chongqing Conch Cement Co., Ltd* (重慶海螺水泥有限責任公司) from September 2015 to May 2019. He served as the executive director of Conch Environment from April 2022 to October 2022. He served as the executive deputy general manager of Anhui CV from October 2022 to March 2024. Mr. Wan graduated from Luoyang Institute of Science and Technology, the PRC in silicate technology in June 2000, and obtained a correspondence college diploma in inorganic nonmetallic materials engineering technology (無機非金屬材料工程技術專業函授文憑) from Wuhan University of Technology, the PRC in July 2013.

2. Non-executive Director

Mr. Lyu Wenbin (呂文斌), aged 58, was appointed as a non-executive Director, a member of the Remuneration and Nomination Committee and a member of the Strategy, Sustainability and Risk Management Committee on 27 March 2025. Mr. Lyu has extensive experience in corporate management. Mr. Lyu has been appointed as a non-executive director of Conch Environment since 24 March 2025. Mr. Lyu has been an employee representative supervisor of Tianshan Material Co., Ltd.* (天山材料股份有限公司) (formerly known as Xinjiang Tianshan Cement Co., Ltd.* (新疆天山水泥股份有限公司), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 000877)) since March 2023. He has been the president of Hunan South Cement Group Company Limited* (湖南南方水泥集團有限公司) ("Hunan South Cement") since January 2015, the secretary of the Party Committee of Hunan South Cement since December 2019 and the chairman of Hunan South Cement since December 2021.

8. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Lyu was the chairman and president of Sinoma Cement Co., Ltd.* (中材水泥有限責任公司) from December 2021 to December 2022 and the chairman of Jiangxi South Cement Company Limited* (江西南方水泥有限公司) from June 2020 to December 2021. He served successively as the general manager of the materials department, the vice president, the executive vice president and a member as well as a standing member of the Party Committee of South Cement Company Limited* (南方水泥有限公司) from May 2009 to January 2022. Mr. Lyu also served as the deputy manager of the corporate management department and the general manager of the operations management department of China United Cement Corporation* (中國聯合水泥集團有限公司) respectively from June 2002 to September 2009, and also the deputy general manager of Beijing China United Guantong Economic and Trade Co., Ltd.* (北京中聯貫通經貿有限公司) from January 2000 to June 2002. He served as an employee and the deputy director of the computing center of Beijing New Building Material Factory* (北京新型建築材料總廠) from July 1987 to March 1993, and worked at the computing center of China New Building Materials Corporation* (中國新型建築材料公司) from January 1993 to January 2000.

Mr. Lyu received a bachelor's degree in computer science and technology from Beijing Institute of Technology* (北京理工大學) in July 2002 and a master's degree in business administration from Beijing Institute of Technology* in June 2008. He is a senior engineer.

3. Independent non-executive Directors

Mr. Chan Chi On (alias Derek Chan) (陳志安), aged 61, was appointed as an independent non-executive Director with effect from 3 December 2013. He is also the chairman of the Audit Committee and a member of the Remuneration and Nomination Committee and has been appointed as a member of the Strategy, Sustainability and Risk Management Committee with effect from 29 March 2021. Mr. Chan is currently engaging in corporate finance and securities businesses and serving as the chairman of Halcyon Capital Limited and Halcyon Securities Limited respectively. Mr. Chan graduated from the University of Hong Kong with a bachelor's degree in Social Sciences (majoring in Economics) and from the Hong Kong University of Science & Technology with a master's degree in Business Administration. Mr. Chan worked for the Stock Exchange for seven years, and subsequently served as an executive director in Haitong International Securities Group Limited (previously known as Taifook Securities Group Limited) and head of its corporate finance division for 16 years and was responsible for businesses in listing of enterprises, financing and mergers and acquisition. Mr. Chan is currently an independent non-executive director of Yuexiu REIT Asset Management Ltd. (manager of Yuexiu Real Estate Investment Trust which is listed on the Main Board of the Stock Exchange, stock code: 00405) and Longfor Group Holdings Limited (formerly known as Longfor Properties Co. Ltd.) (a company listed on the Main Board of the Stock Exchange, stock code: 00960). He has been appointed as an independent non-executive director of Embry Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 01388) since 25 May 2023. Mr. Chan has more than 30 years of experience in financial services industry.

8. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chan Kai Wing (陳繼榮), aged 64, was appointed as an independent non-executive Director with effect from 3 December 2013. He is also a member of the Audit Committee and the chairman of the Remuneration and Nomination Committee. Mr. Chan is currently the managing director of Mandarin Capital Enterprise Limited, a company that Mr. Chan founded in 2004, and is specialised in providing financial advisory services to companies in the area of accounting services, merger and acquisition, corporate restructuring, and other corporate finance matters. Mr. Chan obtained a bachelor's degree in economics from Macquarie University in Sydney, Australia in April 1986 and is a fellow member of CPA Australia. From 1988 to 1991, Mr. Chan worked in the audit department of Ernst & Young in Hong Kong. Mr. Chan is currently an independent non-executive director of Nanfang Communication Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 01617). He had served as an independent non-executive director of China Assurance Finance Group Limited ("**China Assurance**") (a company formerly listed on the Growth Enterprise Market of the Stock Exchange, stock code: 08090) from 1 December 2011 to 12 March 2021, the date on which it was delisted. Since then, Mr. Chan was re-designated as a director of China Assurance. He was an independent non-executive director of Sino Golf Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 00361) from 24 August 2015 to 9 November 2018, and an independent non-executive director of China Carbon Neutral Development Group Limited (formerly known as Bisu Technology Group International Limited) (a company listed on the Main Board of the Stock Exchange, stock code: 01372) from 20 July 2015 to 28 February 2019. He has served as an independent non-executive director of Raise Tech Holding Limited (揚科集團有限公司, a company listed on the Main Board of the Stock Exchange, stock code: 01460) since 31 August 2022.

8. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Ms. Cheng Yanlei (程雁雷), aged 62, elected as an independent non-executive director on 25 June 2024. She also serves as a member of each of the Audit Committee, and the Remuneration and Nomination Committee. Ms. Cheng has extensive experience in the teaching and research work of the legal profession. Ms. Cheng graduated from the Law Department of Anhui University, the PRC in 1985, promoted to a professor in 2000, became a doctoral candidate at the Law School of Wuhan University, the PRC in September 2013, and obtained a doctorate degree in law from Wuhan University, the PRC in June 2020. Ms. Cheng has successively served as the deputy director of the academic affairs office and deputy director of the human resources office of Anhui University, the PRC, director of the Institute of Higher Education of Anhui Province and Anhui University, and dean of the Law School of Anhui University, the PRC. She served as a member of the standing committee of the party committee and vice president of Anhui University, the PRC from May 2016 to March 2023. She is currently a professor and doctoral supervisor at the Law School of Anhui University, the PRC, and also the vice president of the Anhui Law Society, director of the Anhui Rule of Law and Social Security Research Centre and a member of the Steering Committee for Professional Teaching of Law in Colleges and Universities under the Ministry of Education. Ms. Cheng was an independent director of Haung Shan Novel Co., Ltd.* (黃山永新股份公司, a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002014)) from September 2010 to January 2016; an independent director of Offcn Education Technology Co., Ltd.* (中公教育科技股份有限公司 (previously known as Wuhu Yaxia Automotive Corporation* (蕪湖亞夏汽車股份有限公司) and Yaxia Automobile Corporation* (亞夏汽車股份有限公司)), a company whose shares are listed on the Shenzhen Stock Exchange (stock code: 002607)) from December 2012 to May 2015; and has been an independent director of Anhui Yingjia Distillery Co., Ltd.* (安徽迎駕貢酒股份有限公司, a company whose shares are listed on the Shanghai Stock Exchange (stock code: 603198)) since September 2023.

8. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

(II) SENIOR MANAGEMENT

1. Senior management

Mr. Shu Mao (疏茂), aged 39, resigned as an executive Director and the executive deputy general manager of the Company, but was retained as the deputy general manager of the Company on 2 April 2024. He was appointed as the joint company secretary on 3 December 2013 and has served as the sole company secretary of the Company from 13 April 2017 to 27 September 2021. He was appointed as a non-executive Director from September 2021 to October 2022. He was re-designated from a non-executive Director to an executive Director and appointed as the executive deputy general manager of the Company on 10 October 2022. He graduated from Anhui Polytechnic University (安徽工程大學) in 2008, majoring in business administration. He pursued a Ph.D. degree program in Environmental Science and Engineering of Jiangnan University (江南大學) from September 2022.

Mr. Shu joined Conch Group in February 2008 and has served as the assistant to manager of the Board of Directors' Office of Conch Group and the assistant manager of the office of general manager of Anhui CV Group. Mr. Shu has also served as the head of the general management department of the Company since August 2013 and the deputy general manager of the Company from December 2020 to September 2021. Mr. Shu is currently also a director of certain subsidiaries of the Company. On 25 February 2021, Mr. Shu has been appointed as a director of Conch Environment. Mr. Shu was re-designated as an executive director, general manager and a company secretary of Conch Environment from 17 September 2021 to 9 October 2022.

Mr. Wang Junxian (汪俊賢), aged 52, was appointed as a deputy general manager of the Company on 11 March 2024. From March 1999 to April 2014, Mr. Wang served as various managerial positions in different departments of Conch Cement and its group subsidiaries. He joined the Company in 2014 and has served as the deputy director of the Strategic Planning Department and the head of the operational management department of the Company since April 2014 and January 2016, respectively. He has served as an assistant to the general manager and a deputy general manager of the Company since March 2018 and December 2020, respectively, and has been serving as the deputy general manager of CV Green Energy since January 2023. Mr. Wang graduated from Anhui Agricultural University in July 1998, majoring in mechatronics.

Mr. Chen Xingqing (陳興強), aged 43, appointed as the joint company secretary of the Company on 11 October 2021 and re-designated as the company secretary on 10 October 2024. Mr. Chen serves as the chief financial officer of the Company. Mr. Chen joined Conch Cement in July 2005 and joined the Company in 2013. He served as the deputy director of the Finance Department of the Company from August 2013 to April 2018, and the director of the Finance Department and the chief financial officer of the Company from April 2018 to December 2020. He is responsible for daily financial work such as budget management and financial reports of the Company, as well as dealing with listing compliance matters of the Group. With more than 19 years' working experience in finance, Mr. Chen has accumulated rich position experience and management skills.

8. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Chen graduated from Xi'an Technological University (西安工業大學) in 2005, majoring in accounting. In 2020, Mr. Chen obtained the intermediate accounting professional qualification issued by Ministry of Human Resources and Social Security and Ministry of Finance in the People's Republic of China.

Mr. Zhang Bangzhi (章邦志), aged 52, was appointed as assistant to the general manager of the Company on 1 December 2022. Mr. Zhang has more than 20 years' experience in safety, environmental protection and project development. Mr. Zhang has served as the deputy director of the Strategic Planning Department. He held various leading positions including the director of Wuhu Conch Venture Environmental Technology Co., Ltd.* (蕪湖海創環保科技有限責任公司), an assistant to the general manager of Leqing Conch Cement Co., Ltd.* (樂清海螺水泥有限責任公司), an assistant to the director of Development Department of Conch Cement, an assistant to the director of the Development Department of Conch Group, etc. From 17 September 2021 to 30 November 2022, Mr. Zhang was an assistant to the general manager of Conch Environment. Mr. Zhang graduated from Anhui Vocational and Technical College in July 1993, majoring in silicate engineering, and graduated from Wuhan University of Technology in December 1998, majoring in silicate engineering.

Mr. Chen Yuanzhi (陳遠志), aged 56, was appointed as an assistant to the general manager of the Company on 11 March 2024. From September 2010 to December 2015, Mr. Chen held various management positions in the engineering technology department of Conch Cement and its group subsidiaries. He joined the Group in 2016 and has served as the deputy general manager, executive deputy general manager, general manager, and chairman of several subsidiaries of the Group since May 2016, concurrently holding various managerial positions. He has been serving as an assistant to the general manager of CV Green Energy since January 2023. Mr. Chen graduated from Shandong Institute of Building Materials in July 1989, majoring in engineering surveying.

2. Company secretary

Mr. Chen Xingqing (陳興強), please refer to biography of senior management above.

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report to the shareholders of
China Conch Venture Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Conch Venture Holdings Limited ("the Company") and its subsidiaries ("the Group") set out on pages 99 to 220, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT (Continued)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for construction revenue in service concession arrangements

Refer to notes 4 and 20 and the accounting policies set out in notes 2(v) and 2(n) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
The Group has entered into service concession arrangements with local governments of different locations in Mainland China in respect of its waste incineration projects on a Build — Operate — Transfer ("BOT") basis. Under the service concession arrangements, the Group constructs waste incineration plants (construction services) and operates these plants (operation services) for concession periods ranging from 16 to 45 years. The Group is paid for its services over the operation period of these arrangements. Although no cash is received during the construction phase of BOT projects, the Group recognises construction service revenue when project construction commences pursuant to the requirements of the prevailing accounting standards. The construction service revenue is measured based on the Group's estimation of the fair value of construction services and the progress of construction work completed during the year for each project.	Our audit procedures to assess the accounting for construction revenue in service concession arrangements included the following： • evaluating the Group's process for applying the requirements of the prevailing accounting standards and inspecting the associated contracts for projects which commenced construction in the current year to assess whether these fell within the scope of the prevailing accounting standards; • assessing the impact of any changes to the terms of arrangements entered into in previous years which could affect the accounting for BOT projects in the current year; • assessing the design, implementation and operating effectiveness of key internal controls relating to management contract reviews, review of mark — up margins for construction services, progress review of projects under construction and reviewing updates and changes to total budgeted contract costs;

INDEPENDENT AUDITOR'S REPORT (Continued)

KEY AUDIT MATTERS *(Continued)*

Accounting for construction revenue in service concession arrangements *(Continued)*

Refer to notes 4 and 20 and the accounting policies set out in notes 2(v) and 2(n) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
Where construction services are not completed at the end of a reporting period, construction service revenue is recognised over time by applying a mark — up margin to the construction costs incurred to date as a percentage of total estimated budgeted costs of the entire construction project. The total budgeted costs are estimated based principally on management's assessment of market conditions, the cost of raw materials and equipment and other operating costs. Accounting for BOT arrangements pursuant to the requirements of the prevailing accounting standards can be complex in their implementation which requires the exercise of significant management judgement, particularly in respect of the determination of total budgeted construction costs for each project, determining the stage of completion of each project at the reporting date and assessing the fair value of construction services of each BOT project. We identified accounting for construction revenue in service concession arrangements as a key audit matter because the application of the requirements of the prevailing accounting standards can be complex and involves the exercise of significant management judgement which could give rise to errors in the recognition of construction revenue or could be subject to manipulation to meet targets and expectations.	• comparing the total estimated construction costs of BOT projects under construction for the year, with management's budgets and supplier contracts, and assessing whether there is any indication of management bias in the total contract costs estimation by performing a retrospective review of the historical accuracy of contract costs for similar contracts; • obtaining the project status reports certified by independent surveyors and inspecting underlying documents, on a sample basis, for actual costs incurred during the construction phase of contracts; and • re-calculating the construction service revenue, based on the percentage of completion of all incomplete construction contracts at the end of the reporting period and the fair value of the construction services.

INDEPENDENT AUDITOR'S REPORT (Continued)

KEY AUDIT MATTERS *(Continued)*

Assessing expected credit loss allowance of trade receivables

Refer to note 21 and the accounting policy set out in note 2(k)(i) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
At 31 December 2024, the Group's total gross carrying amount of trade receivables was RMB2,725 million, and the total loss allowance for expected credit losses ("ECLs") of these assets was RMB135 million. Management measured the loss allowance at an amount equal to lifetime ECLs, using a provision matrix based on past due status and the Group's historical loss experience, adjusted for current market conditions and forward — looking factors, in accordance with IFRS 9, *Financial Instruments*. We identified the assessment for the loss allowance of trade receivables as a key audit matter because the estimation of ECLs is inherently subjective and requires the exercise of significant management judgement.	Our audit procedures to assess the ECLs of trade receivables included the following： • obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls relating to credit control, debt collection, estimate of expected credit losses and recording related loss allowances in the financial statements; • assessing the appropriateness of the ECL model adopted by management with reference to the requirements of the prevailing accounting standards; • assessing the reasonableness of management's assumptions in estimating loss rates by assessing the basis of the segmentation of the trade receivables based on credit risk characteristics and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward — looking information;

INDEPENDENT AUDITOR'S REPORT (Continued)

KEY AUDIT MATTERS *(Continued)*

Assessing expected credit loss allowance of trade receivables *(Continued)*

Refer to note 21 and the accounting policy set out in note 2(k)(i) to the consolidated financial statements.

The Key Audit Matter	How the matter was addressed in our audit
	• evaluating the data relevance and reliability by assessing whether the items were appropriately categorised in the trade receivables past due report by comparison with sales invoices, credit terms as agreed with customers and other relevant underlying documentation, on a sample basis, and testing the completeness and accuracy of the historical default data; and • re-calculating the Group's loss allowance with reference to the past due report and expected loss rates.

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

INDEPENDENT AUDITOR'S REPORT (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also：

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (Continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Wong, Chi Yeung.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

26 March 2025

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the year ended 31 December 2024
(Expressed in Renminbi Yuan)

	Note	2024 RMB'000	2023 RMB'000
Revenue	4	**6,270,737**	8,015,211
Cost of sales		**(4,095,321)**	(5,836,498)
Gross profit		**2,175,416**	2,178,713
Other net income	5	**208,319**	414,661
Distribution costs		**(26,939)**	(22,329)
Administrative expenses		**(703,593)**	(612,182)
Impairment loss on trade receivables and contract assets	6(c)	**(11,812)**	(21,315)
Profit from operations		**1,641,391**	1,937,548
Finance costs	6(a)	**(707,776)**	(727,912)
Share of profits of associates	17	**1,316,054**	1,662,468
Profit before taxation	6	**2,249,669**	2,872,104
Income tax	7(a)	**(130,568)**	(189,387)
Profit for the year		**2,119,101**	2,682,717
Attributable to:			
— equity shareholders of the Company		**2,019,557**	2,463,706
— non-controlling interests		**99,544**	219,011
Profit for the year		**2,119,101**	2,682,717
Earnings per share	11		
— Basic and diluted (RMB)		**1.17**	1.36

The notes on pages 108 to 220 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2024
(Expressed in Renminbi Yuan)

	Note	2024 RMB'000	2023 RMB'000
Profit for the year		**2,119,101**	2,682,717
Other comprehensive income for the year (after tax and reclassification adjustments)	8		
Items that will not be reclassified to profit or loss:			
Share of other comprehensive income of associates, net of tax		**14,183**	(137,341)
Items that may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates, net of tax		**(53,244)**	(19,654)
Exchange differences on translation of financial statements of overseas subsidiaries		**968**	(157,053)
		(38,093)	(314,048)
Total comprehensive income for the year		**2,081,008**	2,368,669
Attributable to:			
— equity shareholders of the Company		**1,981,464**	2,149,658
— non-controlling interests		**99,544**	219,011
Total comprehensive income for the year		**2,081,008**	2,368,669

The notes on pages 108 to 220 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2024
(Expressed in Renminbi Yuan)

	Note	2024 RMB'000	2023 RMB'000
Non-current assets			
Property, plant and equipment	12	**7,960,761**	6,932,522
Right-of-use assets	13	**1,827,123**	1,852,748
Intangible assets	14	**20,298,783**	19,664,622
Goodwill	16	**187,104**	187,104
Interests in associates	17	**38,584,490**	37,687,806
Contract assets	20	**3,844,358**	4,155,728
Non-current portion of trade and other receivables	21	**1,540,209**	1,648,235
Financial assets measured at fair value through profit and loss ("FVPL")	18	**165,000**	106,000
Equity securities measured at fair value through other comprehensive income ("FVOCI")	18	**10,320**	10,320
Deferred tax assets	25(b)	**92,503**	92,980
		74,510,651	72,338,065
Current assets			
Financial assets measured at fair value through profit and loss	18	**11,879**	173,013
Inventories	19	**273,341**	323,807
Contract assets	20	**1,058,405**	836,489
Trade and other receivables	21	**3,601,660**	3,200,934
Income tax recoverable	25(a)	**39,436**	–
Restricted bank deposits	22	**61,090**	113,547
Bank deposits with original maturity over three months	22	**500,000**	380,000
Cash and cash equivalents	22	**2,269,721**	3,094,524
		7,815,532	8,122,314

The notes on pages 108 to 220 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

at 31 December 2024
(Expressed in Renminbi Yuan)

	Note	2024 RMB'000	2023 RMB'000
Current liabilities			
Bank loans	23	**1,798,378**	1,267,507
Trade and other payables	24	**4,243,357**	4,957,416
Contract liabilities		**45,922**	71,340
Lease liabilities	27	**11,308**	11,732
Income tax payables	25(a)	**152,448**	139,690
		6,251,413	6,447,685
Net current assets		**1,564,119**	1,674,629
Total assets less current liabilities		**76,074,770**	74,012,694
Non-current liabilities			
Bank loans	23	**23,716,684**	23,053,691
Unsecured medium-term notes ("MTN")	26	**2,700,000**	2,700,000
Lease liabilities	27	**19,464**	26,187
Deferred income	28	**215,548**	220,652
Deferred tax liabilities	25(b)	**246,442**	259,446
		26,898,138	26,259,976
Net assets		**49,176,632**	47,752,718

The notes on pages 108 to 220 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

at 31 December 2024
(Expressed in Renminbi Yuan)

	Note	**2024** **RMB'000**	2023 RMB'000
Capital and reserves	29		
Share capital		**14,222**	14,412
Reserves		**47,698,880**	46,301,107
Equity attributable to equity shareholders of the Company		**47,713,102**	46,315,519
Non-controlling interests		**1,463,530**	1,437,199
Total equity		**49,176,632**	47,752,718

Approved and authorised for issue by the board of directors on 26 March 2025.

Guo Jingbin
Director

Ji Qinying
Director

The notes on pages 108 to 220 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2024
(Expressed in Renminbi Yuan)

		Attributable to equity shareholders of the Company									
	Note	Share capital RMB'000 (Note 29(c))	Share premium RMB'000 (Note 29(d)(i))	Treasury shares RMB'000 Note 29(c))	Capital reserve RMB'000 (Note 29(d)(ii))	PRC statutory reserves RMB'000 (Note 29(d)(iii))	Exchange reserve RMB'000 (Note 29(d)(iv))	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2023		14,412	16,164	–	1,687,304	984,358	(87,364)	42,247,139	44,862,013	2,310,391	47,172,404
Profit for the year		–	–	–	–	–	–	2,463,706	2,463,706	219,011	2,682,717
Other comprehensive income	8	–	–	–	(156,995)	–	(157,053)	–	(314,048)	–	(314,048)
Total comprehensive income		–	–	–	(156,995)	–	(157,053)	2,463,706	2,149,658	219,011	2,368,669
Capital contribution by non-controlling interests		–	–	–	–	–	–	–	–	168,650	168,650
Acquisition of subsidiaries with non-controlling interests		–	–	–	–	–	–	–	–	30,452	30,452
Acquisition of non-controlling interests	15 & 29(d)(ii)	–	–	–	(7,891)	–	–	–	(7,891)	(1,171,053)	(1,178,944)
Repurchase of ordinary shares	29(c)	–	–	(17,225)	–	–	–	–	(17,225)	–	(17,225)
Appropriation to reserves	29(d)(iii)	–	–	–	–	135,763	–	(135,763)	–	–	–
Redemption of convertible bonds		–	–	–	(767)	–	–	–	(767)	–	(767)
Profit distribution to non-controlling interests		–	–	–	–	–	–	–	–	(120,252)	(120,252)
Dividends approved in respect of the previous year	29(b)(i)	–	–	–	–	–	–	(670,269)	(670,269)	–	(670,269)
Balance at 31 December 2023		14,412	16,164	(17,225)	1,521,651	1,120,121	(244,417)	43,904,813	46,315,519	1,437,199	47,752,718

The notes on pages 108 to 220 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Continued)

for the year ended 31 December 2024
(Expressed in Renminbi Yuan)

		Attributable to equity shareholders of the Company									
	Note	Share capital RMB'000 (Note 29(c))	Share premium RMB'000 (Note 29(d)(i))	Treasury shares RMB'000 Note 29(c))	Capital reserve RMB'000 (Note 29(d)(ii))	PRC statutory reserves RMB'000 (Note 29(d)(iii))	Exchange reserve RMB'000 (Note 29(d)(iv))	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2024		**14,412**	**16,164**	**(17,225)**	**1,521,651**	**1,120,121**	**(244,417)**	**43,904,813**	**46,315,519**	**1,437,199**	**47,752,718**
Profit for the year		–	–	–	–	–	–	2,019,557	2,019,557	99,544	2,119,101
Other comprehensive income	8	–	–	–	(39,061)	–	968	–	(38,093)	–	(38,093)
Total comprehensive income		–	–	–	(39,061)	–	968	2,019,557	1,981,464	99,544	2,081,008
Capital contribution by non-controlling interests		–	–	–	–	–	–	–	–	2,977	2,977
Deregistration of one subsidiary with non-controlling interests		–	–	–	–	–	–	–	–	(5,000)	(5,000)
Acquisition of non-controlling interests	15	–	–	–	–	–	–	–	–	(6,550)	(6,550)
Repurchase of ordinary shares	29(c)	–	–	(88,382)	–	–	–	–	(88,382)	–	(88,382)
Cancellation of ordinary shares	29(c)	(190)	(16,164)	105,607	–	–	–	(89,253)	–	–	–
Appropriation to reserves	29(d)(iii)	–	–	–	–	58,495	–	(58,495)	–	–	–
Profit distribution to non-controlling interests		–	–	–	–	–	–	–	–	(64,640)	(64,640)
Dividends approved in respect of the previous year	29(b)(i)	–	–	–	–	–	–	(331,528)	(331,528)	–	(331,528)
Special dividend declared and paid during the year	29(b)(ii)	–	–	–	–	–	–	(163,971)	(163,971)	–	(163,971)
Balance at 31 December 2024		**14,222**	**–**	**–**	**1,482,590**	**1,178,616**	**(243,449)**	**45,281,123**	**47,713,102**	**1,463,530**	**49,176,632**

The notes on pages 108 to 220 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2024
(Expressed in Renminbi Yuan)

	Note	**2024 RMB'000**	2023 RMB'000
Operating activities:			
Cash generated from operations	22(b)	**2,194,270**	2,299,058
Income tax paid	25(a)	**(169,773)**	(313,300)
Net cash generated from operating activities		**2,024,497**	1,985,758
Investing activities:			
Payment for purchase of property, plant and equipment, construction in progress and intangible assets		**(2,796,512)**	(5,279,156)
Proceeds from disposal of property, plant and equipment and right-of-use assets		**1,251**	3,029
Acquisition of subsidiaries, net of cash acquired		**–**	(482,263)
Consideration paid for acquisition of subsidiaries in prior years		**(84,773)**	(97,751)
Payment for purchase of right-of-use assets		**(29,853)**	(71,617)
Payment for investments in associates		**(9,293)**	(25,180)
Payment for purchase of financial assets measured at FVPL		**(990,000)**	(910,000)
Proceeds from redemption of financial assets measured at FVPL		**1,140,000**	1,080,000
Proceeds from maturity of bank deposits over three months		**290,000**	410,000
Payment for bank deposits with maturity over three months		**(410,000)**	(80,000)
Dividends received from associates		**395,023**	748,910
Interest received		**62,627**	108,147
Others		**4,500**	21,500
Net cash used in investing activities		**(2,427,030)**	(4,574,381)

The notes on pages 108 to 220 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT (Continued)

for the year ended 31 December 2024
(Expressed in Renminbi Yuan)

	Note	**2024** **RMB'000**	2023 RMB'000
Financing activities:			
Proceeds from loans and borrowings	22(c)	**5,812,039**	9,601,763
Repayment of loans and borrowings	22(c)	**(4,666,320)**	(4,275,842)
Proceeds from the unsecured MTN	26	**–**	2,700,000
Acquisition of non-controlling interests		**(6,550)**	(1,178,944)
Profit distribution to non-controlling interests		**(66,892)**	(107,773)
Dividends paid to equity shareholders of the Company	29(b)	**(495,499)**	(670,269)
Interest paid	22(c)	**(876,444)**	(686,098)
Capital contribution from non-controlling interests		**2,977**	168,650
Payment for repurchase of shares		**(88,382)**	(17,225)
Payment for redemption of convertible bonds		**–**	(4,064,907)
Dividends paid to the then-shareholders of the acquired subsidiaries		**(19,005)**	(79,899)
Capital element of lease rentals paid	22(c)	**(12,428)**	(10,044)
Interest element of lease rentals paid	22(c)	**(1,734)**	(1,241)
Others		**(5,000)**	–
Net cash (used in)/generated from financing activities		**(423,238)**	1,378,171
Net decrease in cash and cash equivalents		**(825,771)**	(1,210,452)
Effect of foreign exchange rate changes		**968**	(56,661)
Cash and cash equivalents at the beginning of the year		**3,094,524**	4,361,637
Cash and cash equivalents at the end of the year		**2,269,721**	3,094,524

The notes on pages 108 to 220 form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION

China Conch Venture 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 19 December 2013 (the "Listing").

The Company and its subsidiaries (together the "Group") are principally engaged in waste incineration solutions, port logistics services, sale of new building materials and new energy business in the People's Republic of China (the "PRC") and certain overseas markets.

2 MATERIAL ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRS Accounting Standards"), which collective term includes all applicable individual IFRS Accounting Standards, International Accounting Standards ("IAS") and Interpretations issued by the International Accounting Standards Board ("IASB") and the requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRS Accounting Standards that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation and presentation

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except for below certain financial instruments as disclosed in note 30(e), which are measured at their fair value as explained in the accounting policies set out below:

— equity investments (see note 2(g)(ii));

— structured deposits products measured at FVPL (see note 2(g)(i));

— bills receivable measured at FVOCI — recycling (see note 2(g)(i)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(b) Basis of preparation and presentation *(Continued)*

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS Accounting Standards that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

(c) Changes in accounting policies

The IASB has issued the following new and amended IFRS Accounting Standards that are first effective for the current accounting period of the Group:

- Amendments to IAS 1, *Presentation of financial statements — Classification of liabilities as current or non-current* ("2020 amendments") and amendments to IAS 1, *Presentation of financial statements — Non-current liabilities with covenants* ("2022 amendments");

- Amendments to IFRS 16, *Lease — Lease liability in a sale and leaseback*;

- Amendments to IAS 7, *Statement of cash flows* and IFRS 7, *Financial instruments: Disclosure — Supplier finance arrangements*;

The above developments have had no material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Intra-Group balances, transactions and cash flows and any unrealised income and expenses (except for foreign currency transaction gains or losses) arising from intra-Group transactions, are eliminated. Unrealised losses resulting from intra-Group transactions are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(q) or 2(r) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)) or, when appropriate, the cost on initial recognition of an investment in an associate (see note 2(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(k)(ii)).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(e) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(k)(ii)). At each reporting date, the Group assesses whether there is any objective evidence that the investment is impaired. Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with any other long-term interests that in substance form part of the Group's net investment in the associate after applying the ECL model to such other long-term interests where applicable (see note 2(k)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associate is eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)).

In the Company's statement of financial position, investments in associates are stated at cost less impairment losses (see note 2(k)(ii)).

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(f) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(k)(ii)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are set out below:

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value, plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(g) Other investments in debt and equity securities

(i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

— amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(v)(v)).

— fair value through other comprehensive income (FVOCI) — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

— fair value at profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

(ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(v)(vi).

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(k)(ii)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(x)).

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write-off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

Plant and buildings	17–30 years
Machinery and equipment	2–15 years
Office and other equipment	5 years
Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress represents property, plant and equipment under construction, which is stated at cost less accumulated impairment losses (see note 2(k)(ii)).

Capitalisation of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(i) Intangible assets (other than goodwill)

The Group recognises an operating right arising from a service concession arrangement when it has a right to charge for use of the concession infrastructure. An operating right received as consideration for providing construction services in a service concession arrangement is measured at fair value on initial recognition with reference to the fair value of the services provided. Subsequent to initial recognition, the operating right is measured at cost, which includes capitalised borrowing costs (see note 2(x)), less accumulated amortisation and impairment losses (see note 2(k)(ii)).

Customer relationships acquired by the Group upon acquisition of subsidiary are measured at fair value upon initial recognition, Subsequent to initial recognition, customer relationships are measured at cost less accumulated amortization and accumulated impairment losses (see note 2(k)(ii)).

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(k)(ii)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

Software	2–10 years
Waste incineration project operating rights	16–45 years
Customer relationship	10 years

Both the period and method of amortisation are reviewed annually.

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are primarily leased apartment for employees. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The following items of right-of-use asset are subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(k)(ii)).

— right-of-use assets arising from leasehold properties where the Group is not the registered owner of the property interest;

— prepaid costs of land use rights paid to the PRC government authorities or third parties.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(j) Leased assets *(Continued)*

As a lessee *(Continued)*

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

— financial assets measured at amortised cost (including cash and cash equivalents, bank deposits and trade receivables and other receivables); and

— contract assets (see note 2(m))

Other financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and contract assets *(Continued)*

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

— fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;

— variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

— 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

— lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables and contract assets that do not contain a significant financing component are always measured at an amount equal to lifetime ECLs.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and contract assets *(Continued)*

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

— failure to make payments of principal or interest on their contractually due dates ;

— an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

— an actual or expected significant deterioration in the operating results of the debtor; and

— existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets *(Continued)*

(i) Credit losses from financial instruments and contract assets *(Continued)*

Basis of calculation of interest income

Interest income recognised in accordance with note 2(v)(v) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

— Significant financial difficulties of the debtor;

— A breach of contract, such as a default or past due event;

— It becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;

— Significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

— The disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

— property, plant and equipment;

— right-of-use assets;

— intangible assets;

— goodwill; and

— investments in subsidiaries and associates in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

— *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

— *Recognition of impairment losses*

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(k) Credit losses and impairment of assets *(Continued)*

(ii) Impairment of other non-current assets *(Continued)*

— *Reversals of impairment losses*

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(k)(i) and 2(k)(ii)).

(l) Inventories and other contract costs

(i) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(l) Inventories and other contract costs *(Continued)*

(ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 2(l)(i)), property, plant and equipment (see note 2(h)) or intangible assets (see note 2(i)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of:

(i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less;

(ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 2(v).

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(m) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(v)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(k)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(o)).

A contract liability is recognised when the customer pays non-refundable consideration before the Group recognises the related revenue (see note 2(v)). A contract liability would also be recognised if the Group has an unconditional right to receive non-refundable consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(o)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(v)(v)).

(n) Service concession assets

The Group recognises a asset arising from a service concession arrangement when it has an unconditional contractual right to receive cash or other financial asset from or at the direction of the grantor for the construction services provided. During the construction phase, the Group recognises a contract asset and accounts for the significant financing component in the arrangement in accordance with the accounting policy set out in notes 2(m) and 2(v). Once the construction is complete, the amounts due from the grantor are accounted for in accordance with IFRS 9 *Financial Instruments* as receivables. Such financial assets are measured at fair value on initial recognition. Subsequent to initial recognition, the financial assets are measured at amortised cost using the effective interest method.

The contractual right to receive cash from the grantor for the services and the right to charge users for the public services should be regarded as two separate assets. Therefore, in service concession arrangement, the Group's contract assets are divided during the construction phase into two components — a financial asset component based on the guaranteed amount when the Group has the contractual right to receive cash from the grantor and an intangible asset (see note 2(i)) for the remainder. When the construction services are completed, the two components of the contract assets would be classified and measured as a financial asset and an intangible asset accordingly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(o) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(m)).

Except for certain bills receivable measured at FVOCI — recycling (see note 2(g)(i)), receivables are subsequently stated at amortised cost, using the effective interest method and including an allowance for credit losses(see note 2(k)(i)).

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(k)(i).

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Subsequent to initial recognition, trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(r) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 2(x)).

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(s) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Obligations for contributions to defined contribution retirement plans are expensed as the related service is provided.

(ii) Defined contribution retirement plans

Contributions to PRC local retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred.

(t) Income tax

Income tax expense comprises current tax and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

Current tax comprises the estimated tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects any uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

— temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences;

— temporary differences related to investment in subsidiaries, associates and joint venture to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(t) Income tax *(Continued)*

— taxable temporary differences arising on the initial recognition of goodwill; and

— those related to the income taxes arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development.

The Group recognised deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if certain criteria are met.

(u) Provision and contingent liabilities

Generally provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessment of the time value of money and the risks specific to the liability.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of possible outcomes against their associated probabilities.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on the incremental costs of fulfilling the obligation under that contract and an allocation of other costs directly related to fulfilling that contract. Before a provision is established, the Group recognizes any impairment loss on the assets associated with that contract (see note 2(k)).

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(u) Provision and contingent liabilities *(Continued)*

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

(v) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of IFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(v) Revenue and other income *(Continued)*

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of goods

Revenue is recognised when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

(ii) Revenue from construction contracts

A contract with a customer is classified by the Group as a construction contract when the contract relates to work on construction projects under the control of the customer and therefore the Group's construction activities create or enhance an asset under the customer's control.

When the outcome of a construction contract can be reasonably measured, revenue from the contract is recognised progressively over time using the percentage of completion method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs to provide a faithful depiction of the transfer of those services.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making these estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

When the outcome of the contract cannot be reasonably measured, revenue is recognised only to the extent of contract costs incurred that are expected to be recovered.

(iii) Revenue from service concession arrangement

Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognising revenue from construction contracts. Revenue from operation services is recognised at a single point in time when control over the services is transferred to customers. When the Group provides more than one service in a service concession arrangement the consideration received is allocated by reference to the relative fair values of the services delivered when the amounts are separately identifiable.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(v) Revenue and other income *(Continued)*

(iv) Revenue from services

The Group provides logistics services and processing services to customers, and generally charges a fixed price per volume of services during the contract period. The Group recognises services revenue for which it has a right to invoice in the period during which the related volume of services is performed.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(k)(i)).

(vi) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(vii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Where the grant relates to an asset, the grant received is credited to a deferred income account and is released to the profit and loss over the expected useful life of the relevant asset by equal annual instalments.

(w) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(w) Translation of foreign currencies *(Continued)*

The results of foreign operations are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of transactions. Statement of financial position items, including goodwill, are translated into Renminbi at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

Exchange differences arising on a monetary item that forms part of an entity's net investment in a foreign operation are recognised in profit or loss in the separate financial statements of the relevant entity or the individual financial statements of the foreign operation. In the consolidated financial statements that include the foreign operation and the relevant entity, such exchange differences are recognised in other comprehensive income.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(y) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(y) Related parties *(Continued)*

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

(i) Service concession arrangements

The Group entered into Build-Operate-Transfer ("BOT") arrangements in respect of its waste incineration projects.

The Group concluded that all the BOT arrangements are service concession arrangements under International Financial Reporting Interpretations Committee 12 because the local governments control and regulate the services that the Group must provide with the infrastructure at a pre-determined service charge. In respect of BOT arrangements upon expiry of concession right agreement, the infrastructure for BOT arrangements is used in the service concession arrangements for its entire or substantial useful life.

(b) Source of estimation uncertainty

Note 30(e) contains information about the assumptions and their risk factors relating to the fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Construction contracts

As explained in accounting policy note 2(v)(ii), revenue recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached contract assets will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at each of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(ii) Loss allowance of trade receivables

Management measures loss allowance for trade receivables at an amount equal to lifetime ECLs. Management estimates ECLs on these financial assets by using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and assesses both the current and forecast general economic conditions at the reporting date. Management reassesses the loss allowance of trade receivables at the end of reporting period.

3 ACCOUNTING JUDGEMENT AND ESTIMATES *(Continued)*

(b) Source of estimation uncertainty *(Continued)*

(iii) Impairment of goodwill

As explained in the accounting policy set out in note 2(f), goodwill is allocated to a cash-generating unit or to a group of cash-generating units that are expected to benefit from the synergies of the combination for the purpose of impairment assessment, which requires significant judgement. The Group determined that the Group of cash-generating units to which goodwill was allocated reflected the lowest level at which goodwill was monitored for internal reporting and was not larger than an operating segment in accordance with IAS 36, *Impairment of Assets*.

The Group determines whether goodwill is impaired at least on an annual basis. This involves an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

(iv) Impairment of other non-current assets (other than goodwill)

In considering the impairment losses that may be required for certain of the Group's assets which include property, plant and equipment, right-of-use assets, intangible assets, and investments in its subsidiaries and associates, recoverable amount of the assets need to be determined. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for these assets may not be readily available. In determining the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to items such as level of estimated sales volume, selling price and the amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of items such as sales volume, selling price and the amount of operating costs.

4 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are construction and operation of waste-to-energy projects, port logistics services, the manufacturing and sales of new building materials and new energy business, and investments.

Disaggregation of revenue

	2024 RMB'000	2023 RMB'000
Disaggregated by major products or service lines:		
Waste incineration solutions		
— Construction services	**975,143**	2,692,677
— Operation services	**3,689,254**	3,239,085
Energy saving equipment	**817,832**	1,427,830
Subtotal	**5,482,229**	7,359,592
Port logistics services	**182,353**	208,660
Sale of new building materials	**102,059**	118,151
New energy business	**289,664**	104,693
Total revenue from contracts with customers	**6,056,305**	7,791,096
Finance income from service concession arrangements	**214,432**	224,115
Total revenue	**6,270,737**	8,015,211

The Group had transactions with certain PRC local government authorities which in aggregate exceeded 10% of the Group's revenue. Revenue from waste incineration solutions under BOT arrangement and derived from these local government authorities in the PRC for the year ended 31 December 2024 amounted to RMB2,317,185,000 (2023: RMB3,810,860,000). Details of concentration of credit risk arising from these customers are set out in note 30(a).

4 REVENUE AND SEGMENT REPORTING

(a) Revenue *(Continued)*

Disaggregation of revenue *(Continued)*

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is as follows:

	2024	2023
	RMB'000	RMB'000
Timing of revenue recognition		
— Over time	**5,192,613**	6,255,792
— Point in time	**863,692**	1,535,304
	6,056,305	7,791,096

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following five reportable segments.

(i) Waste-to-energy projects: this segment includes waste incineration solutions, manufacturing and sales of residual heat power generation, vertical mill and related after-sales services.

(ii) Port logistics services: this segment mainly engages in cargo handling, trans-shipment and warehousing services.

(iii) New building materials: this segment mainly engages in alternative wall building materials, such as the cellulose fiber cement sheets, autoclaved boards and wood wool cement boards.

(iv) New energy: this segment mainly engages in lithium iron phosphate cathode and anode materials, and recycling business.

(v) Investments: this segment comprises investments in Anhui Conch Holdings Co., Ltd. ("Conch Holdings"). Details of the principal activities of Conch Holdings are set out in note 17.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(i) For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all current assets and non-current assets. Segment liabilities include trade and other payables, income tax payable and bank loans managed directly for the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The measure used by the Group's senior executive management to assess segment results is the profit before taxation. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2024 and 2023 is set out below:

	Year ended 31 December 2024							
	Waste-to-energy projects RMB'000	Port logistics services RMB'000	New building materials RMB'000	New energy RMB'000	Investments RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
Revenue from external customers	5,696,661	182,353	102,059	289,664	–	–	–	6,270,737
Inter-segment revenue	–	–	1,847	–	–	–	(1,847)	–
Reportable segment revenue	5,696,661	182,353	103,906	289,664	–	–	(1,847)	6,270,737
Reportable segment profit/(loss)	971,930	85,858	(29,669)	(27,133)	1,316,054	(67,371)	–	2,249,669
Interest income	25,719	165	910	1,160	–	13,471	–	41,425
Interest expenses	599,411	–	–	9,225	–	99,140	–	707,776
Depreciation and amortisation	995,574	36,540	17,159	31,424	–	6,600	–	1,087,297
Provision for loss allowance								
— trade receivables and contract assets	10,401	–	–	1,411	–	–	–	11,812
Write-down of inventories	–	–	7,051	–	–	–	–	7,051
Reportable segment assets	35,694,994	394,711	949,719	3,283,809	38,584,490	5,735,938	(2,317,478)	82,326,183
Reportable segment liabilities	24,211,955	26,272	1,573,257	2,303,820	–	7,351,725	(2,317,478)	33,149,551

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(i) *(Continued)*

	Year ended 31 December 2023							
	Waste-to-energy projects RMB'000	Port logistics services RMB'000	New building materials RMB'000	New energy RMB'000	Investments RMB'000	Unallocated RMB'000	Elimination RMB'000	Total RMB'000
Revenue from external customers	7,583,707	208,660	118,151	104,693	–	–	–	8,015,211
Inter-segment revenue	–	–	1,424	5,047	–	–	(6,471)	–
Reportable segment revenue	7,583,707	208,660	119,575	109,740	–	–	(6,471)	8,015,211
Reportable segment profit/(loss)	1,183,614	110,116	(17,579)	17,897	1,662,468	(82,988)	(1,424)	2,872,104
Interest income	34,711	292	481	92	–	55,714	–	91,290
Interest expenses	584,620	–	–	–	–	143,292	–	727,912
Depreciation and amortisation	856,461	34,099	15,710	10,914	–	8,850	–	926,034
Provision for loss allowance								
— trade receivables and contract assets	21,315	–	–	–	–	–	–	21,315
Reportable segment assets	36,188,689	396,009	1,256,865	2,834,201	37,687,806	5,327,128	(3,230,319)	80,460,379
Reportable segment liabilities	26,025,513	31,881	1,840,651	1,836,855	–	6,203,080	(3,230,319)	32,707,661

(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	2024 RMB'000	2023 RMB'000
Revenue		
Reportable segment revenue	**6,272,584**	8,021,682
Elimination of inter-segment revenue	**(1,847)**	(6,471)
Consolidated revenue (note 4(a))	**6,270,737**	8,015,211

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(ii) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities *(Continued)*

	2024	2023
	RMB'000	RMB'000
Profit before taxation		
Reportable segment profit	**2,249,669**	2,873,528
Elimination of inter-segment profit	**–**	(1,424)
Consolidated profit before taxation	**2,249,669**	2,872,104

	2024	2023
	RMB'000	RMB'000
Assets		
Reportable segment assets	**84,643,661**	83,690,698
Elimination of inter-segment receivables	**(2,317,478)**	(3,230,319)
Consolidated total assets	**82,326,183**	80,460,379

	2024	2023
	RMB'000	RMB'000
Liabilities		
Reportable segment liabilities	**35,467,029**	35,937,980
Elimination of inter-segment payables	**(2,317,478)**	(3,230,319)
Consolidated total liabilities	**33,149,551**	32,707,661

4 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, right-of-use assets, intangible assets, goodwill, interests in associates, non-current portion of contract assets and trade and other receivables ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. The geographical location of the specified non-current assets is based on the physical location of the assets, in the case of right-of-use assets, property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets, goodwill and non-current portion of contract assets and trade and other receivables, and the location of operations, in the case of interests in associates.

Revenue from external customers

	2024 **RMB'000**	2023 RMB'000
Mainland China	**5,963,636**	7,176,942
Asia-Pacific (except Mainland China)	**307,101**	838,269
	6,270,737	8,015,211

Specified non-current assets

	2024 **RMB'000**	2023 RMB'000
Mainland China	**73,843,983**	71,736,988
Asia-Pacific (except Mainland China)	**398,845**	391,777
	74,242,828	72,128,765

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5 OTHER NET INCOME

	2024 RMB'000	2023 RMB'000
Interest income on bank deposits and cash at bank	**41,425**	91,290
Government grants (i)	**90,046**	253,252
Value-added tax refund (ii)	**24,950**	32,935
Net exchange gain	**433**	1,909
Net realised and unrealised gain on financial assets measured at FVPL	**52,262**	17,517
Others	**(797)**	17,758
	208,319	414,661

(i) Government grants mainly represented subsidies received from the local government authorities for encouraging the Group's development in the waste-to-energy segment, new building materials segment and new energy segment in the respective PRC cities.

(ii) Value-added tax refund was received during the year ended 31 December 2024 in relation to certain waste-to-energy projects of the Group in the PRC. There are no unfulfilled conditions and other contingencies attached to the receipts of such tax refund. There is no assurance that the Group will continue to receive such tax refund in the future.

6 PROFIT BEFORE TAXATION

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

(a) Finance costs:

	2024 RMB'000	2023 RMB'000
Interest on bank loans	**792,604**	687,685
Interest on lease liabilities	**1,734**	1,241
Interest on unsecured MTN	**81,844**	55,600
Interest on convertible bonds	**–**	83,403
Total interest expense on financial liabilities not at fair value through profit or loss	**876,182**	827,929
Less: interest expense capitalised into construction in progress and intangible assets*	**(168,406)**	(100,017)
	707,776	727,912

* The borrowing costs was capitalised at rates of 2.00%–3.30% per annum for 2024 (2023: 2.00%–3.70%).

6 PROFIT BEFORE TAXATION *(Continued)*

(b) Staff costs:

	2024	2023
	RMB'000	RMB'000
Salaries, wages and other benefits	**771,687**	629,047
Contributions to defined contribution plans (i)	**83,569**	73,493
	855,256	702,540

(i) Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

During the financial year ended 31 December 2024, no contribution was forfeited (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) under the defined contribution retirement scheme which may be used by the Group to reduce the existing level of contributions. Accordingly, no forfeited contribution was utilised in the course of the year ended 31 December 2024, and as at 31 December 2024, there was no forfeited contribution available to reduce the Group's existing level of contributions to the defined contribution retirement scheme.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6 PROFIT BEFORE TAXATION *(Continued)*

(c) Other items:

	2024 RMB'000	2023 RMB'000
Cost of inventories #	**794,486**	1,363,873
Cost of services provided #	**3,293,784**	4,472,625
Depreciation of owned property, plant and equipment #	**303,206**	266,687
Depreciation of right-of-use assets #	**39,510**	40,443
Amortisation of intangible assets #	**744,581**	618,904
Research and development costs	**46,463**	57,859
Loss allowance for trade receivables and contract assets	**11,812**	21,315
Impairment losses on property, plant and equipment	**2,042**	1,939
Write-down of inventories	**7,051**	–
Short-term lease payments not included in the measurement of lease liabilities	**5,041**	4,574
Auditors' remuneration	**2,528**	2,340

Cost of inventories and cost of services include RMB1,497,836,000 (2023: RMB1,256,329,000) relating to staff costs, depreciation of owned property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets, which amount is also included in the respective total amounts disclosed separately above or in note 6(b) for each of these types of expenses.

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(a) Current taxation in the consolidated statement of profit and loss represents:

	2024 RMB'000	2023 RMB'000
Current tax — Hong Kong Profits Tax		
Provision for the year	**–**	–
Current tax — PRC income tax		
Provision for the year	**119,290**	224,199
Over provision in respect of prior years	**(31,195)**	(14,949)
	88,095	209,250
Deferred tax:		
Origination and reversal of temporary differences	**42,473**	(19,863)
	130,568	189,387

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(Continued)

(a) Current taxation in the consolidated statement of profit and loss represents:

(Continued)

(i) 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.

(ii) The provision for Hong Kong Profits Tax for 2024 is calculated at the first HK$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax was calculated at the same basis in 2023. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

(iii) The PRC income tax law and its relevant regulations also impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, on dividend distributions made out of the PRC from earnings accumulated from 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax.

Under the Arrangement between the Mainland of China and Hong Kong Special Administrative Region for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on Income, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of the equity interest in a PRC-resident enterprise is entitled to a reduced withholding tax rate of 5% on dividends received.

Since the Group can control the quantum and timing of distribution of profits of the Group's PRC subsidiaries, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

As at 31 December 2024, none of deferred tax liabilities (2023: RMB15,000,000) have been recognised in respect of the withholding tax payable on the retained profits of the Group's PRC subsidiaries which the directors expect to distribute outside the Mainland China in the foreseeable future.

(iv) 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.

Pursuant to the PRC income tax law, all of the Company's PRC subsidiaries are liable to PRC income tax at a rate of 25% except for certain entities entitled to a preferential income tax rate of 15% as they are certified as "High and New Technology Enterprise" ("HNTE"). According to Notice No. 24 issued by the State Administration of Taxation on 19 June 2017, if an entity is certified as an HNTE, it is entitled to a preferential income tax rate of 15% during the certified period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(Continued)

(a) Current taxation in the consolidated statement of profit and loss represents:

(Continued)

(v) Pursuant to Notice No.23 issued by the State Administration of Taxation on 23 April 2020 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.

(vi) Pursuant to the PRC Enterprise Income Tax Law Implementing Regulations issued by State Council of the PRC, certain subsidiaries engaged in waste incineration solutions are eligible for a preferential tax treatment of income tax exemption for the first three years starting from which revenue is generated and 50% income tax reduction for the next three years.

(vii) In 2021, the Organisation for Economic Co-operation and Development published the Global Anti-Base Erosion Model Rules ("Pillar Two model rules") for a new global minimum tax reform applicable to large multinational enterprises. There is only one jurisdiction in which the Group operates has implemented Pillar Two income tax legislation based on this framework, and its Pillar Two income tax law became effective on 1 January 2024. The Group has assessed its potential exposure based on the information available regarding the financial performance of the Group in the current year, and concluded there is no material financial impact of Pillar Two income taxes. However, several jurisdictions in which the Group operates, including Hong Kong and Mainland China, have not yet enacted Pillar Two legislation.

(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:

	2024 RMB'000	2023 RMB'000
Profit before taxation	**2,249,669**	2,872,104
Notional tax on profit before taxation, calculated at the rates applicable to profit in the tax jurisdictions concerned	**634,156**	780,297
PRC tax concessions	**(304,032)**	(243,707)
Share of profits of associates	**(328,919)**	(415,617)
Tax effect of unused tax losses not recognised	**126,806**	68,363
Tax effect of tax losses utilised from previous years	**(6,248)**	–
PRC dividend withholding tax	**40,000**	15,000
Over provision in respect of prior years	**(31,195)**	(14,949)
	130,568	189,387

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

8 OTHER COMPREHENSIVE INCOME

Tax effects relating to each component of other comprehensive income

	2024			2023		
	Before-tax amount RMB'000	**Tax benefit RMB'000**	**Net-of-tax amount RMB'000**	Before-tax amount RMB'000	Tax benefit RMB'000	Net-of-tax amount RMB'000
Items that will not be reclassified to profit or loss:						
Share of other comprehensive income of associates (i)	**14,183**	**–**	**14,183**	(137,341)	–	(137,341)
Items that may be reclassified subsequently to profit or loss:						
Share of other comprehensive income of associates	**(53,244)**	**–**	**(53,244)**	(19,654)	–	(19,654)
Exchange differences on translation of financial statements of overseas subsidiaries	**968**	**–**	**968**	(157,053)	–	(157,053)
Other comprehensive income	**(38,093)**	**–**	**(38,093)**	(314,048)	–	(314,048)

(i) Share of other comprehensive income of associates that will not be reclassified to profit or loss represented the share of net movement in the fair value reserve of equity investments of the associate measured at FVOCI (non-recycling).

9 DIRECTORS' REMUNERATION

Directors' remuneration disclosed are as follows:

Year ended 31 December 2024

	Directors' fees RMB'000	Salaries allowance and benefits in kind RMB'000	Discretionary bonuses RMB'000	Contributions to retirement scheme RMB'000	Total RMB'000
Executive Directors:					
Mr. Guo Jingbin (i)	–	613	1,791	–	2,404
Mr. Ji Qinying	–	592	1,791	–	2,383
Mr. Wang Xuesen (ii)	–	407	1,518	45	1,970
Mr. He Guangyuan (iii)	–	267	565	25	857
Mr. Wan Changbao (iv)	–	399	1,427	53	1,879
Mr. Shu Mao (vii)	–	198	476	26	700
Mr. Li Jian (v)	–	141	248	–	389
Mr. Li Daming (vi)	–	195	536	13	744
Non-executive Director:					
Mr. Liu Yan	–	–	–	–	–
Independent non-executive Directors:					
Mr. Chan Chi On	167	–	–	–	167
Mr. Chan Kai Wing	167	–	–	–	167
Dr. Peng Suping (ix)	167	–	–	–	167
Ms. Cheng Yanlei (viii)	83	–	–	–	83
	584	2,812	8,352	162	11,910

9 DIRECTORS' REMUNERATION *(Continued)*

Year ended 31 December 2023

	Directors' fees RMB'000	Salaries allowance and benefits in kind RMB'000	Discretionary bonuses RMB'000	Contributions to retirement scheme RMB'000	Total RMB'000
Executive Directors:					
Mr. Ji Qinying	–	601	1,972	–	2,573
Mr. Li Jian	–	563	1,609	–	2,172
Mr. Li Daming	–	598	1,700	39	2,337
Mr. Shu Mao	–	639	1,609	70	2,318
Non-executive Directors:					
Mr. Guo Jingbin	–	622	1,972	–	2,594
Mr. Yu Kaijun	–	–	–	–	–
Mr. Liu Yan	–	–	–	–	–
Independent non-executive Directors:					
Mr. Chan Chi On	158	–	–	–	158
Mr. Chan Kai Wing	158	–	–	–	158
Mr. Lau Chi Wah	79	–	–	–	79
Dr. Peng Suping	79	–	–	–	79
	474	3,023	8,862	109	12,468

(i) Mr. Guo Jinbin has been re-designated from a non-executive director to an executive director from 2 April 2024.

(ii) Mr. Wang Xuesen has been appointed as an executive director from 2 April 2024.

(iii) Mr. He Guangyuan has been appointed as an executive director from 2 April 2024.

(iv) Mr. Wan Changbao has been appointed as an executive director from 2 April 2024.

(v) Mr. Li Jian resigned as an executive director from 11 March 2024.

(vi) Mr. Li Daming resigned as an executive director from 2 April 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

9 DIRECTORS' REMUNERATION *(Continued)*

(vii) Mr. Shu Mao resigned as an executive director from 2 April 2024.

(viii) Ms. Cheng Yanlei has been appointed as an independent non-executive director from 25 June 2024.

(ix) Dr. Peng Suping resigned as an independent non-executive director from 7 January 2025.

No directors of the Company waived or agreed to waive any remuneration during the year.

During the year, there were no amounts paid or payable by the Group to the directors or any of the five highest paid individuals set out in note 10 below as an inducement to join or upon joining the Group or as compensation for loss of office.

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, three (2023: five) are directors whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other two (2023: Nil) individuals are as follows:

	2024 **RMB'000**	2023 RMB'000
Salaries allowance and benefits in kind	**1,182**	–
Discretionary bonuses	**3,036**	–
Contributions to retirement scheme	**119**	–
	4,337	–

The emoluments of the two (2023: Nil) individuals with the highest emoluments are within the following bands:

	2024 **Number of individuals**	2023 Number of individuals
HK$2,000,001–HK$2,500,000	**2**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB2,019,557,000 (2023: RMB2,463,706,000) and the weighted average of 1,728,552,000 ordinary shares (2023: 1,812,395,000 ordinary shares) in issue during the year, as adjusted to reflect the effect of shares repurchased and the weighted average number of shares held by Conch Holdings through reciprocal shareholding.

(b) Diluted earnings per share

Diluted earnings per share for the year ended 31 December 2024 and 2023 is the same as the basic earnings per share as there were no potentially dilutive ordinary shares issued.

12 PROPERTY, PLANT AND EQUIPMENT

	Plant and buildings RMB'000	Machinery and equipment RMB'000	Office and other equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2023	1,574,440	1,424,873	101,716	92,255	1,750,792	4,944,076
Acquisition of subsidiaries	412,471	353,886	833	1,272	17,596	786,058
Additions	14,074	58,829	24,562	12,861	2,227,917	2,338,243
Transfer from construction in progress	212,383	213,103	2,555	148	(428,189)	–
Disposals	(132)	(3,701)	(109)	(864)	–	(4,806)
At 31 December 2023 and 1 January 2024	2,213,236	2,046,990	129,557	105,672	3,568,116	8,063,571
Additions	4,379	29,538	15,741	7,189	1,681,548	1,738,395
Transfer to intangible assets	–	–	–	–	(403,650)	(403,650)
Transfer from construction in progress	704,944	200,870	1,647	185	(907,646)	–
Disposals	–	(1,802)	(130)	(1,824)	–	(3,756)
At 31 December 2024	2,922,559	2,275,596	146,815	111,222	3,938,368	9,394,560

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

12 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Plant and buildings RMB'000	Machinery and equipment RMB'000	Office and other equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation and impairment:						
At 1 January 2023	(364,238)	(415,380)	(39,425)	(41,959)	(5,246)	(866,248)
Charge for the year	(80,350)	(153,651)	(17,105)	(15,581)	–	(266,687)
Written back on disposals	85	2,845	106	789	–	3,825
Impairment loss	–	–	–	–	(1,939)	(1,939)
At 31 December 2023 and 1 January 2024	(444,503)	(566,186)	(56,424)	(56,751)	(7,185)	(1,131,049)
Charge for the year	(97,975)	(170,103)	(20,272)	(14,856)	–	(303,206)
Written back on disposals	–	776	130	1,592	–	2,498
Impairment loss	–	–	–	–	(2,042)	(2,042)
At 31 December 2024	(542,478)	(735,513)	(76,566)	(70,015)	(9,227)	(1,433,799)
Net book value:						
At 31 December 2023	1,768,733	1,480,804	73,133	48,921	3,560,931	6,932,522
At 31 December 2024	2,380,081	1,540,083	70,249	41,207	3,929,141	7,960,761

As at 31 December 2024, none of the Group's property, plant and equipment (31 December 2023: none) was pledged as collaterals for bank loans.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13 RIGHT-OF-USE ASSETS

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period is as follows:

	Note	**2024** **RMB'000**	2023 RMB'000
Properties leased for own use, carried at depreciated cost	(i)	**26,539**	33,711
Leasehold land for own use, carried at depreciated cost	(ii)	**1,800,584**	1,819,037
		1,827,123	1,852,748

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2024 **RMB'000**	2023 RMB'000
Depreciation charge of right-of-use assets by class of underlying asset:		
Properties leased for own use, carried at depreciated cost	**12,453**	12,096
Leasehold land for own use, carried at depreciated cost	**27,057**	28,347
	39,510	40,443
Interest on lease liabilities	**1,734**	1,241
Expense relating to short-term leases	**5,041**	4,574

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 22 and 27.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

13 RIGHT-OF-USE ASSETS *(Continued)*

(i) Properties leased for own use

The Group has obtained the right to use properties as its office buildings through tenancy agreements. The leases typically run for an initial period of 2 to 3 years.

Some leases include an option to renew the lease for an additional period after the end of the contract term. Where practicable, the Group seeks to include such extension options exercisable by the Group to provide operational flexibility. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. If the Group is not reasonably certain to exercise the extension options, the future lease payments during the extension periods are not included in the measurement of lease liabilities.

(ii) Leasehold land for own use

	Leasehold land for own use RMB'000
Cost:	
At 1 January 2023	1,817,465
Acquisition of subsidiaries	46,815
Additions	105,296
Disposals	(2,199)
At 31 December 2023 and 1 January 2024	1,967,377
Additions	35,963
Disposals	(1,535)
At 31 December 2024	2,001,805

13 RIGHT-OF-USE ASSETS *(Continued)*

(ii) Leasehold land for own use *(Continued)*

	Leasehold land for own use RMB'000
Accumulated depreciation:	
At 1 January 2023	(99,758)
Charge for the year	(48,674)
Written back on disposals	92
At 31 December 2023 and 1 January 2024	(148,340)
Charge for the year	(53,035)
Written back on disposals	154
At 31 December 2024	(201,221)
Net book value:	
At 31 December 2023	1,819,037
At 31 December 2024	1,800,584

The Group has obtained land use rights in the PRC with lease period of 25-50 years when granted.

As at 31 December 2024, leasehold land for own use with carrying amount of RMB625,329,000 (2023: RMB566,253,000) were pledged as collaterals for certain bank loans (see note 23).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14 INTANGIBLE ASSETS

	Software RMB'000	Waste incineration project operating rights RMB'000	Customer relationship RMB'000	Total RMB'000
Cost:				
At 1 January 2023	9,351	17,496,080	–	17,505,431
Acquisition of subsidiaries	23,946	184,204	15,670	223,820
Additions	1,192	3,369,604	–	3,370,796
At 31 December 2023 and 1 January 2024	34,489	21,049,888	15,670	21,100,047
Additions	865	974,227	–	975,092
Transfer from construction in progress	–	403,650	–	403,650
At 31 December 2024	35,354	22,427,765	15,670	22,478,789

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

14 INTANGIBLE ASSETS *(Continued)*

	Software RMB'000	Waste incineration project operating rights RMB'000	Customer relationship RMB'000	Total RMB'000
Accumulated amortisation:				
At 1 January 2023	(5,433)	(811,088)	–	(816,521)
Charge for the year	(1,924)	(616,196)	(784)	(618,904)
At 31 December 2023 and 1 January 2024	(7,357)	(1,427,284)	(784)	(1,435,425)
Charge for the year	(4,725)	(738,289)	(1,567)	(744,581)
At 31 December 2024	(12,082)	(2,165,573)	(2,351)	(2,180,006)
Net book value:				
At 31 December 2023	27,132	19,622,604	14,886	19,664,622
At 31 December 2024	23,272	20,262,192	13,319	20,298,783

The cost of waste incineration project operating rights represented the fair value of operating rights acquired. The operating rights were deemed to be definite life intangible assets as the operation periods of the related BOT arrangements vary from 16 years to 45 years. They are expected to generate long-term net cash inflow to the Group.

As at 31 December 2024, there were certain waste incineration projects that had not commenced operation. The amount of these waste incineration project operating rights was RMB426,101,000 (2023: RMB3,392,858,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES

The following list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

		Proportion of ownership interest			
Name of companies (i)	Registered and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
China Conch Venture Holdings International Limited ("Conch Venture BVI") (中國海創控股國際有限公司)	USD10,000	100%	100%	–	Investment holding
China Conch Venture Holdings (HK) Limited ("Conch Venture HK") (中國海創控股(香港)有限公司)	HKD250,000,000	100%	–	100%	Investment holding
Anhui Conch Venture New Energy-saving Building Material Co., Ltd. ("Conch Venture Green") (安徽海創新型節能建築材料有限責任公司)	RMB200,000,000	100%	–	100%	Manufacturing and investment holding
Bozhou Conch Venture New Energy-saving Building Material Co., Ltd. ("Bozhou Conch Venture Green") (亳州海創新型節能建築材料有限責任公司)	RMB125,000,000	100%	–	100%	Manufacturing and sales of new energy-saving building materials
Wuhu Conch Venture Enterprise Limited. ("Conch Venture Wuhu") (蕪湖海創實業有限責任公司)	RMB100,000,000	100%	–	100%	Design and construction of energy preservation and environmental protection projects and investment holding
Wuhu Haihuan Industrial Co., Ltd ("Wuhu Haihuan") (蕪湖海環實業有限公司)	RMB100,000,000	100%	–	100%	Construction engineering design and construction

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Anhui Conch Kawasaki Engineering Co., Ltd. ("CK Engineering") (安徽海螺川崎工程有限公司)	RMB100,000,000	51%	–	51%	Design, sales, installation of energy preservation and environmental protection equipment and after sales service
Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd. ("CK Equipment") (安徽海螺川崎節能設備製造有限公司)	RMB100,000,000	51%	–	51%	Design, sales installation of energy preservation and environmental protection equipment and after sales service
Anhui Haichuang Lvneng Environmental Protection Co., Ltd. ("CV Green Energy") (安徽海創綠能環保有限公司)	RMB1,663,600,000	100%	–	100%	Investment holding
Jinzhai Conch Venture Environment Engineering Co., Ltd. ("Jinzhai Environment") (金寨海創環境工程有限責任公司)	RMB100,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Guangdong Yangchun Conch Venture Environment Engineering Co., Ltd. (iii) ("Yangchun Environment") (廣東陽春海創環境工程有限責任公司)	RMB32,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service
Qiyang Conch Venture Environment Engineering Co., Ltd. (iii) ("Qiyang Environment") (祁陽海創環境工程有限責任公司)	RMB63,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

		Proportion of ownership interest			
Name of companies (i)	**Registered and paid up capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activities**
Shimen Conch Venture Environment Engineering Co., Ltd. (iii) ("Shimen Environment") (石門海創環境工程有限責任公司)	RMB32,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Nanjiang Conch Venture Environment Engineering Co., Ltd. (iii) ("Nanjiang Environment") (南江海創環境工程有限責任公司)	RMB35,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service
Shuangfeng Conch Venture Environment Engineering Co., Ltd. (iii) ("Shuangfeng Environment") (雙峰海創環境工程有限責任公司)	RMB32,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Fusui Conch Venture Environment Engineering Co., Ltd. (iii) ("Fusui Environment") (扶綏海創環境工程有限責任公司)	RMB32,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service
Xishui Conch Venture Environment Engineering Co., Ltd. (iii) ("Xishui Environment") (習水海創環境工程有限責任公司)	RMB31,000,000	70%	–	70%	Garbage disposal and sludge residue operation management technical service
Yuping Conch Venture Environment Engineering Co., Ltd. (iii) ("Yuping Environment") (玉屏海創環境科技有限責任公司)	RMB23,000,000	70%	–	70%	Garbage disposal and sludge residue operation management technical service
Yanshan Conch Venture Environment Engineering Co., Ltd. (iii) ("Yanshan Environment") (硯山海創環境工程有限責任公司)	RMB30,000,000	100%	–	100%	Waste disposal for energy and sludge treatment

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

		Proportion of ownership interest			
Name of companies (i)	Registered and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Guiyang Conch Venture Environment Engineering Co., Ltd. (iii) ("Guiyang Environment") (貴陽海創環境工程有限責任公司)	RMB33,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service
Linxia Conch Venture Environment Engineering Co., Ltd. (iii) ("Linxia Environment") (臨夏海創環境工程有限責任公司)	RMB35,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service
Ningguo Conch Venture Environment Engineering Co., Ltd. (iii) ("Ningguo Environment") (寧國海創環境工程有限責任公司)	RMB40,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Shanghai Conch Kawasaki Engineering Co., Ltd. ("CK Shanghai") (上海海螺川崎節能環保工程有限公司)	RMB100,000,000	51%	–	100%	Design, sales, installation of energy preservation and environmental protection equipment and after sales service
Huoqiu Conch Venture Environment Engineering Co., Ltd. (iii) ("Huoqiu Environment") (霍邱海創環境工程有限責任公司)	RMB60,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Lixian Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Lixian Environmental Protection") (澧縣海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Tongzi Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Tongzi Environmental Protection") (桐梓海創環保科技有限責任公司)	RMB60,000,000	70%	–	70%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

		Proportion of ownership interest			
Name of companies (i)	Registered and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Pingguo Conch Venture Environmental Protection Technology Co., Ltd. (iii) (Pingguo Environmental Protection") (平果海創環保科技有限責任公司)	RMB89,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Binzhou Conch Venture Environmental Protection Energy Co., Ltd. ("Binzhou Environmental Protection") (彬州海創環保能源有限責任公司)	RMB72,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Xing'an Conch Venture Environment Technology Co., Ltd. (iii) ("Xing'an Environment") (興安海創環境科技有限責任公司)	RMB20,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service
Kunming Conch Venture Environment Engineering Co., Ltd. (iii) ("Kunming Environment") (昆明海創環境工程有限責任公司)	RMB111,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Yiyang Conch Venture Environment Energy Co., Ltd. (iii) ("Yiyang Energy") (弋陽海創環境能源有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Yingjiang Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Yingjiang Environmental Protection") (盈江海創環保科技有限責任公司)	RMB30,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service
Zhengxiong Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Zhengxiong Environmental Protection") (鎮雄海創環保科技有限責任公司)	RMB80,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Chengde Conch Venture Energy Technology Co., Ltd. (iii) ("Chengde Energy Technology") (承德海創能源科技有限責任公司)	RMB70,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Haihuan industry (Shanghai) Co., Ltd. ("Haihuan Industry") (海環實業(上海)有限公司)	RMB200,000,000	100%	–	100%	Design and construction of energy preservation and environmental protection projects and investment holding
Hejin Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Hejin Environmental Protection") (河津海創環保能源有限責任公司)	RMB80,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Pingliang Conch Venture Energy Technology Co., Ltd. (iii) ("Pingliang Energy Technology") (平涼海創能源科技有限責任公司)	RMB85,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Suiyang Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Suiyang Environmental Protection") (綏陽海創環保科技有限責任公司)	RMB97,000,000	70%	–	70%	Waste disposal for energy and sludge treatment service
Shucheng Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Shucheng Environmental Protection") (舒城海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Xishui Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Xishui Environmental Protection") (習水海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Sishui Conch Venture Environment Engineering Co., Ltd. (iii) ("Sishui Environment") (泗水海螺創業環境工程有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Fuquan Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Fuquan Environmental Protection") (福泉海創環保科技有限責任公司)	RMB88,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Tongchuan Conch Venture Environmental Protection Technology Co., Ltd. ("Tongchuan Environmental Protection") (銅川海創環境能源有限責任公司)	RMB80,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Xianyang Conch Venture Environment Energy Co., Ltd. (iii) ("Xianyang Energy") (咸陽海創環境能源有限責任公司)	RMB270,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Baoshan Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Baoshan Environmental Protection") (保山海創環保科技有限責任公司)	RMB80,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Manzhouli Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Manzhouli Environmental Protection") (滿洲里海創環保科技有限責任公司)	RMB80,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Yangzhou Haichang Port Industrial Co., Ltd. ("Haichang Port") (揚州海昌港務實業有限責任公司)	RMB260,500,000	100%	–	100%	Cargo handling

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Lingyun Conch Venture Environment Engineering Co., Ltd. (iii) ("Lingyun Environment") (淩雲海創環境工程有限責任公司)	RMB25,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service
Baoshan Conch Venture Environment Engineering Co., Ltd. (iii) ("Baoshan Environment") (保山海創環境工程有限責任公司)	RMB10,000,000	100%	–	100%	Garbage disposal and sludge residue operation management technical service
Bole Conch Venture Environment Engineering Co., Ltd. (iii) ("Bole Environment") (博樂市海創環境工程有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Tongren Conch Venture Environment Engineering Co., Ltd. (iii) ("Tongren Environment") (銅仁海創環境工程有限責任公司)	RMB80,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Shache Conch Venture Environment Engineering Co., Ltd. (iii) ("Shache Environment") (莎車海創環境工程有限責任公司)	RMB100,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Shizhu Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Shizhu Environmental Protection") (石柱縣海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Huoshan Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Huoshan Environmental Protection") (霍山海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

		Proportion of ownership interest			
Name of companies (i)	Registered and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Yangxian Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Yangxian Environmental Protection") (洋縣海創環保科技有限責任公司)	RMB60,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Shanggao Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Shanggao Environmental Protection") (上高海創環保科技有限公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Bac Ninh Vietnam-Conch Venture New Energy Co., Ltd. ("Conch Venture EU") (北寧EU-海創新能源有限責任公司)	USD8,134,883	95%	–	95%	Waste disposal for energy and sludge treatment
Tengchong Conch Venture Energy Technology Co., Ltd. (iii) ("Techong Energy Technology") (騰沖海創能源科技有限責任公司)	RMB60,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Jiuquan Conch Venture Environmental Protection Energy Co., Ltd. (iii) ("Jiuquan Environmental Protection") (酒泉海創環保能源有限責任公司)	RMB85,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Dehong Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Dehong Environmental Protection") (德宏海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Lujiang Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Lujiang Environmental Protection") (廬江海創環保科技有限責任公司)	RMB90,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

		Proportion of ownership interest			
Name of companies (i)	**Registered and paid up capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activities**
Wuwei Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Wuwei Environmental Protection") (無為海創環保科技有限責任公司)	RMB60,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Shanghai Chuang'an Jiaxian Industrial Development Co., Ltd. ("Shanghai Chuang'an Jiaxian") (上海創安嘉賢實業發展有限公司)	RMB50,000,000	65%	–	100%	Headquarter property construction and development of ancillary facilities
Shanghai Chuangjin Jiafu Industrial Development Co., Ltd. ("Shanghai Chuangjin Jiafu") (上海創錦嘉富實業發展有限公司)	RMB120,000,000	65%	–	100%	Headquarter property construction and development of ancillary facilities
Shanghai Chuangyue Real Estate Co., Ltd. ("Shanghai Chuangyue") (上海創玥置業有限公司)	RMB150,000,000	65%	–	100%	Headquarter property construction and development of ancillary facilities
Shanghai Chuangle Real Estate Co., Ltd. ("Shanghai Chuangle") (上海創玏置業有限公司)	RMB150,000,000	65%	–	100%	Headquarter property construction and development of ancillary facilities
Chengde Yixun Conch Venture Environmental Protection Technology Co., Ltd (iii) ("Chengde Yixun Environmental Protection") (承德伊遜海創環保科技有限責任公司)	RMB47,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Kunming Conch Venture Environmental Protection Technology Co., Ltd(iii) ("Kunming Environmental Protection") (昆明海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Haihuan Fuhua Environmental Engineering (Shanghai) Co., Ltd. ("Haihuan Fuhua Environmental") (海環富華環境工程(上海)有限公司)	RMB10,000,000	65%	–	100%	Headquarter property construction and development of ancillary facilities
Naiman Banner Conch Venture Technology Development Co., Ltd. (iii) ("Naiman Banner Environmental Technology") (奈曼旗海創科技發展有限責任公司)	RMB81,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Conch venture environmental protection technology (Shanghai) Co., Ltd. ("Shanghai Environmental Protection") (海螺創業環保科技(上海)有限公司)	RMB100,000,000	65%	–	65%	Construction engineering design and construction
Shanghai Chuangxu Industrial Co., Ltd. ("Shanghai Chuangxu") (上海創旭實業有限公司)	RMB150,000,000	65%	–	100%	Headquarter property construction and development of ancillary facilities
Shanghai Chuangheng Industrial Co., Ltd. ("Shanghai Chuangheng") (上海創衡實業有限公司)	RMB150,000,000	65%	–	100%	Headquarter property construction and development of ancillary facilities
Anhui Conch Venture Energy Materials Co., Ltd. ("Anhui Conch Venture Green") (安徽海創新能源材料有限公司)	Register capital: RMB1,000,000,000 Paid up capital: RMB600,000,000	100%	–	100%	Lithium iron phosphate cathode and anode materials production
Sichuan Conch Venture Shangwei New Energy Technology Co., Ltd. ("Shangwei New Energy") (四川海創尚緯新能源科技有限公司)	RMB500,000,000	51%	–	51%	Lithium iron phosphate cathode and anode materials, and lithium battery recycling

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Wuhu Conch Venture Environmental Technology Co., Ltd. (iii) ("Wuhu Environmental Technology") (蕪湖海創環境科技有限責任公司)	RMB68,000,000	100%	–	100%	kitchen waste collection, harmless disposal
MAANSHAN Conch Venture Environmental Technology Co., Ltd.(iii) ("MAANSHAN Environmental Technology") (馬鞍山海創環境科技有限責任公司)	RMB107,700,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Zhoukou Conch Venture Environmental Energy Co., Ltd. (iii) ("Zhoukou Environmental Energy") (周口海創環境能源有限責任公司)	RMB70,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Du'an Conch Venture Environmental Technology Co., Ltd. (iii) ("Du'an Environmental Technology") (都安海創環境科技有限責任公司)	RMB70,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Suzhou Conch Venture Environmental Energy Co., Ltd. (iii) ("Suzhou Environmental Energy") (宿州海創環境能源有限責任公司)	RMB80,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Liuzhou Conch Entrepreneurship Environmental Technology Co., Ltd (iii) ("Liuzhou Environmental Technology") (柳州海螺創業環境科技有限責任公司)	RMB75,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Yantai Conch Venture Jungle Environmental Protection Energy Co., Ltd (iii) ("Yantai Environmental Protection Energy") (煙台海創叢林環保能源有限責任公司)	Register capital: RMB150,000,000 Paid up capital: RMB138,000,000	60%	–	60%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Hanshou Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Hanshou Environmental Protection") (漢壽海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Luxi Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Luxi Environmental Protection") (瀘西海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Panshi Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Panshi Environmental Protection") (磐石海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Zhangjiakou Conch Venture Environmental Energy Co., Ltd. (iii) ("Zhangjiakou Energy") (張家口海創環境能源有限責任公司)	RMB80,000,000	100%	–	100%	Waste disposal for energy and sludge treatment
Luoping Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Luoping Environmental Protection") (羅平海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Dexing Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Dexing Environmental Protection") (德興海創環保科技有限責任公司)	RMB50,000,000	90%	–	90%	Waste disposal for energy and sludge treatment service
Zongyang Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Zongyang Environmental Protection") (樅陽海創環保科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

		Proportion of ownership interest			
Name of companies (i)	Registered and paid up capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Shahe Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Shahe Environmental Protection") (沙河海創環保科技有限責任公司)	RMB120,000,000	66%	–	66%	Waste disposal for energy and sludge treatment service
Guiyang Conch Venture Environmental Energy Co., Ltd ("Guiyang Environmental Energy") (iii) (貴陽海創環境能源有限責任公司)	RMB167,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Taonan Conch Venture Environmental Protection Energy Co., Ltd (iii) ("Taonan Energy") (洮南海創環保能源有限責任公司)	RMB55,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Xichou Conch Venture Energy technology Co., Ltd (iii) ("Xichou Environment") (西疇海創新能源科技有限責任公司)	RMB90,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Shulan Conch Venture Environmental Energy Co., Ltd (iii) ("Shulan Environment") (舒蘭海創環境能源有限責任公司)	RMB52,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Haihuan Ecological Technology (Shanghai) Co., Ltd. ("Haihuan Ecological") (海環生態科技(上海)有限責任公司)	Register capital: RMB20,000,000 Paid up capital: RMB12,000,000	60%	–	60%	Resource recycling service technical consultation
Wushan Conch Venture Environmental Protection Technology Co., Ltd. (iii) ("Wushan Environmental Protection") (巫山縣海創環保科技有限責任公司)	RMB52,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

		Proportion of ownership interest			
Name of companies (i)	**Registered and paid up capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activities**
Taian Conch Venture Energy Technology Co., Ltd. (iii) ("Taian Energy Technology") (台安海創能源科技有限責任公司)	RMB60,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Haidong Conch Venture Environment Technology Co., Ltd. (iii) ("Haidong Environmental Technology") (海東海創環境科技有限責任公司)	RMB100,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Huayin Conch Venture Environment Technology Co., Ltd. (iii) ("Huayin Environmental Technology") (華陰海創環境科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Meitan Conch Venture Environment Energy Co., Ltd. (iii) ("Meitan Environmental Energy") (湄潭海創環境能源有限責任公司)	Register capital: RMB90,000,000 Paid up capital: RMB81,000,000	90%	–	90%	Waste disposal for energy and sludge treatment service
Chongqing Conch Venture Energy Technology Co., Ltd. (iii) ("Chongqing Energy Technology") (重慶市海創能源科技有限責任公司)	RMB68,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Danjiangkou Conch Venture Lvneng Environmental Energy Technology Co., Ltd (iii) ("Danjiangkou Environmental Energy Technology") (丹江口海創綠能環境能源科技有限責任公司)	RMB43,000,000	90%	–	90%	Waste disposal for energy and sludge treatment service
Dongzhi Conch Venture Environment Technology Co., Ltd. (iii) ("Dongzhi Environmental Technology") (東至海創環境科技有限公司)	RMB64,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

		Proportion of ownership interest			
Name of companies (i)	**Registered and paid up capital**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activities**
Zhuanglang Conch Venture Lvneng Environmental Energy Technology Co., Ltd. (iii) ("Zhuanglang Environmental Energy Technology") (莊浪海創綠能環境能源科技有限責任公司)	RMB70,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Jianshui Conch Venture Environmental Energy Technology Co., Ltd. (iii) ("Jianshui Environmental Energy Technology") (建水海創環境能源科技有限責任公司)	RMB113,400,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Gengma Conch Venture Environmental Energy Technology Co., Ltd. (iii) ("Gengma Environmental Energy Technology") (耿馬海創環境能源科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Guantaoxian Zhenghao Environmental Protection Technology Co., Ltd. (iii) ("Guantao Zhenghao") (館陶縣正好環保科技有限公司)	RMB110,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Chipingxian Guohuan Renewable Energy Co., Ltd. (iii) ("Chiping Guohuan") (茌平縣國環再生能源有限公司)	RMB100,000,000	95%	–	95%	Waste disposal for energy and sludge treatment service
Guanxian Guohuan Waste Treatment Co., Ltd. (iii) ("Guanxian Guohuan") (冠縣國環垃圾處理有限公司)	RMB139,800,000	90%	–	90%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Luanzhou Yaxin Environmental Protection Energy Co., Ltd. (iii) ("Luanzhou Yaxin") (灤州雅新環保能源有限公司)	RMB80,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Jinxiang Shengyun Environmental Protection Electricity Co., Ltd. (iii) ("Jinxiang Shengyun") (金鄉盛運環保電力有限公司)	Register capital: RMB104,248,800 Paid up capital: RMB93,823,920	90%	–	90%	Waste disposal for energy and sludge treatment service
Hunan Huiming Environmental Protection Technology Co., Ltd. (iii) ("Hunan Huiming") (湖南惠明環保科技有限公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Inner Mongolia Pratt Transportation Energy Co., Ltd. (iii) ("Inner Mongolia Pratt") (內蒙古普拉特交通能源有限公司)	RMB160,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Hohhot Jiangsheng New Energy Co., Ltd. (iii) ("Hohhot Jisheng") (呼和浩特嘉盛新能源有限公司)	Register capital: RMB286,290,000 Paid up capital: 189,433,543	70%	–	70%	Waste disposal for energy and sludge treatment service
Jilin Shuangjia Environmental Protection Energy Utilisation Co., Ltd. (iii) ("Jilin Shuangjia") (吉林市雙嘉環保能源利用有限公司)	RMB150,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Guizhou Jinning New Energy Co., Ltd. (iii) ("Guizhou Jinning") (貴州錦寧新能源有限公司)	Register capital: RMB117,768,000 Paid up capital: RMB107,768,000	90%	–	90%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Jiangxi Jingsheng Environmental Protection Co., Ltd. (iii) ("Jiangxi Jingsheng") (江西景聖環保有限公司)	RMB101,250,000	70%	–	70%	Waste disposal for energy and sludge treatment service
Yongde Conch Venture Energy technology Co., Ltd. (iii) ("Yongde Energy Technology") (永德海創新能源科技有限責任公司)	RMB60,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Lufeng Conch Venture Environmental Energy Technology Co., Ltd. (iii) ("Lufeng Environmental Energy Technology") (祿豐海創環境能源科技有限責任公司)	Register capital: RMB60,000,000 Paid up capital: RMB57,500,000	95%	–	95%	Waste disposal for energy and sludge treatment service
Youxi Conch Venture Environmental Energy Technology Co., Ltd. (iii) ("Youxi Environmental Energy Technology") (尤溪海創環境能源科技有限責任公司)	Register capital: RMB75,000,000 Paid up capital: RMB5,000,000	80%	–	80%	Waste disposal for energy and sludge treatment service
Yunxian Conch Venture Environmental Energy Technology Co., Ltd. (iii) ("Yunxian Environmental Energy Technology") (雲縣海創環境能源科技有限責任公司)	RMB50,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Nandan Conch Venture Environment Technology Co., Ltd. (iii) ("Nandan Environmental Technology") (南丹海創環境科技有限責任公司)	Register capital: RMB50,000,000 Paid up capital: RMB4,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Hunyuan Conch Venture Environment Energy Co., Ltd. (iii) ("Hunyuan Environmental Energy") (渾源海創環境能源有限責任公司)	Register capital: RMB68,190,000 Paid up capital: –	99%	–	99%	Waste disposal for energy and sludge treatment service
Lingbi Conch Venture Environmental Technology Co., Ltd. (iii) ("Lingbi Environmental Technology") (靈璧海創環境科技有限責任公司)	RMB30,000,000	100%	–	100%	Kitchen waste collection, harmless disposal
Anhui Conch Venture Recycling Technology Co., Ltd. ("Conch Recycling") (安徽海創循環科技有限公司)	Register capital: RMB200,000,000 Paid up capital: RMB150,000,000	100%	–	100%	Lithium battery material recycling and sales
Guanxian Guohuan Solid Waste Treatment Co., Ltd. ("Guanxian Solid waste") (冠縣國環固廢處置有限公司)	Register capital: RMB30,000,000 Paid up capital: RMB29,000,000	100%	–	100%	Solid waste treatment
Gaotangxian Guohuan Renewable Energy Co., Ltd. (iii) ("Gaotang Guohuan") (高唐縣國環再生資源有限公司)	RMB100,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Liaocheng Kangda Waste Treatment Co., Ltd. (iii) ("Liaocheng Guohuan") (聊城康達垃圾處理有限公司)	RMB123,000,000	95%	–	95%	Waste disposal for energy and sludge treatment service
Dongexian Huanke Renewable Energy Co., Ltd. ("Donge Huanke") (東阿縣環科再生資源有限公司)	RMB10,000,000	100%	–	100%	Waste disposal collection and treatment service
Taicang Liri Packaging Container Co., Ltd. ("Taicang Liri") (太倉立日包裝容器有限公司)	RMB60,000,000	89%	–	89%	Packaging container production and sales

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Haishijia (Shanghai) Industrial Co., Ltd. ("Haishijia") (海世佳(上海)實業有限公司)	RMB1,000,000	100%	–	100%	Estate management
Daguan Conch Venture Environmental Energy Co., Ltd. ("Daguan Environmental Energy") (大關海創環境能源科技有限責任公司)	Register capital: RMB84,000,000 Paid up capital: RMB2,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service
Jingmen Conch Venture Recycling Technology Co., Ltd. ("Jingmen Recycling") (荊門海循科技有限責任公司)	Register capital: RMB30,000,000 Paid up capital: RMB500,000	100%	–	100%	Lithium battery material recycling and sales
Yuanyang Conch Venture Environmental Energy Co., Ltd. ("Yuanyang Environmental Energy") (元陽海創環境能源科技有限責任公司)	RMB30,000,000	100%	–	100%	Waste disposal for energy and sludge treatment service

(i) Except for the Company, Conch Venture BVI, Conch Venture HK, and Conch Venture EU, the English translation of the companies' names is for reference only. The official names of the companies established in the PRC are in Chinese.

(ii) Except for Conch Venture BVI which is incorporated in British Virgin Islands, Conch Venture HK which is incorporated in Hong Kong and Conch Venture EU, which is incorporated in Vietnam, the above entities are incorporated as limited liability companies and operated in the PRC.

(iii) The subsidiaries of the Group entered into service concession arrangements with the local government authorities in the PRC (the "grantors"). Pursuant to the service concession arrangements, the Group has to design, construct, operate and maintain waste incineration plants in the PRC for periods ranging from 20 to 30 years. The Group has the obligation to maintain the waste incineration plants in good condition. The grantors guarantee the Group will receive minimum annual payments in connection with the arrangements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

The service concession arrangements do not contain renewal options. The standard rights of the grantors to terminate the agreements include failure of the Group to construct or operate the waste incineration plants and in the event of a material breach of the terms of the agreements. The standard rights of the Group to terminate the agreements include failure to receive payments for solid waste treatment service from the grantors and in the event of a material breach of the terms of the agreements.

Revenue relates to the construction services provided in constructing the waste incineration projects is recognised as "Service concession assets" and "Waste incineration project operating rights" in the consolidated financial statements according to accounting policies as set out in notes 2(n) and 2(i).

The following table lists out the information relating to CK Engineering and CK Equipment as of 31 December 2024 and 2023, the subsidiaries of the Group which have material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

CK Engineering

	2024 **RMB'000**	2023 RMB'000
NCI percentage	**49%**	49%
Current assets	**2,138,713**	2,632,913
Non-current assets	**116,394**	113,158
Current liabilities	**(1,257,793)**	(1,733,481)
Non-current liabilities	**–**	(4,920)
Net assets	**997,314**	1,007,670
Carrying amount of NCI	**488,684**	493,758
Revenue	**694,432**	1,738,848
Profit for the year	**78,116**	132,498
Total comprehensive income	**78,116**	132,498
Profit allocated to NCI	**38,277**	64,924
Dividend paid to NCI	**43,441**	53,650
Cash flows (used in)/generated from operating activities	**(6,657)**	45,770
Cash flows generated from investing activities	**9,438**	12,634
Cash flows used in financing activities	**(93,491)**	(114,326)

15 INTERESTS IN SUBSIDIARIES *(Continued)*

CK Equipment

	2024 **RMB'000**	2023 RMB'000
NCI percentage	**49%**	49%
Current assets	**746,126**	878,459
Non-current assets	**267,514**	283,870
Current liabilities	**(465,331)**	(597,309)
Non-current liabilities	**–**	(867)
Net assets	**548,309**	564,153
Carrying amount of NCI	**268,671**	276,435
Revenue	**362,150**	546,909
Profit for the year	**23,671**	53,467
Total comprehensive income	**23,671**	53,467
Profit allocated to NCI	**11,599**	26,199
Dividend paid to NCI	**17,976**	23,451
Cash flows (used in)/generated from operating activities	**(78,353)**	56,701
Cash flows used in investing activities	**(1,660)**	(5,734)
Cash flows used in financing activities	**(567)**	(12,842)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

16 GOODWILL

	RMB'000
Cost and net carrying amount:	
At 1 January 2023	134,927
Additions through acquisitions	52,177
At 31 December 2023, 1 January 2024 and 31 December 2024	187,104

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the Group's cash-generation units ("CGU") identified according to the place of operations and operating segment. Accordingly, goodwill is allocated to the Group's waste-to-energy projects operating segment.

The recoverable amounts of the CGUs are determined based on the value-in-use ("VIU") calculation. These calculations use cash flow projections based on financial budgets approved by management covering a five-year forecast period. Cash flows beyond the five-year period are extrapolated with zero growth rate. The key assumptions for the VIU calculations are as follows, which are based on either the past experience or external sources of information:

	2024 RMB'000	2023 RMB'000
Growth rate of revenue for forecast period	**1%–14%**	1%–16%
Pre-tax discount rate	**7%–8%**	8%–9%

As at 31 December 2024, the recoverable amount of the CGUs of waste-to-energy projects business was RMB5,668,963,000, which was higher than its carrying amount by RMB873,954,000. The Group considers that reasonably possible change in the key assumptions above would not cause the CGUs' carrying amount at 31 December 2024 to exceed its recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 INTERESTS IN ASSOCIATES

	2024 **RMB'000**	2023 RMB'000
Share of net assets	**38,584,490**	37,687,806

The particulars of the material associate are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest Group's effective interest	Principal activities
Conch Holdings (安徽海螺集團有限責任公司)	Incorporated as limited liability company	The PRC	RMB800,000,000	49.0%	Investment holding

The particulars of Conch Holdings' investment holdings as at 31 December 2024 are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Ownership interest held by Conch Holdings	Principal activities
Anhui Conch Cement Co., Ltd. ("Conch Cement") (安徽海螺水泥股份有限公司)	Incorporated as joint stock limited company	The PRC	5,299,302,579 ordinary shares of RMB1 each	36.40%	Manufacture and sale of cement related products
Conch (Anhui) Energy-saving and Environmental Protection New Materials Co. Ltd. ("Conch New Materials") (海螺(安徽)節能環保新材料股份有限公司)	Incorporated as joint stock limited company	The PRC	441,000,000 ordinary shares of RMB1 each	45.69%	Manufacture of new chemical and building materials
Anhui Conch Building Materials Design and Research Institute Co., Ltd. ("Conch Design Institute") (安徽海螺建材設計研究院有限責任公司)	Incorporated as limited liability company	The PRC	RMB150,000,000	100%	Design and contract cement/light steel construction
Yingde Conch International Hotel Co., Ltd. (英德海螺國際大酒店有限公司)	Incorporated as limited liability company	The PRC	RMB63,800,000	100%	Hotel service

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 INTERESTS IN ASSOCIATES *(Continued)*

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Ownership interest held by Conch Holdings	Principal activities
Wuhu Conch International Hotel Co., Ltd. (蕪湖海螺國際大酒店有限公司)	Incorporated as limited liability company	The PRC	RMB268,500,000	100%	Hotel service
Anhui Conch Investment Co., Ltd. ("Conch Investment") (安徽海螺科創材料有限責任公司)	Incorporated as limited liability company	The PRC	RMB1,000,000,000	100%	Investment holding
Wuhu Conch Trading Co., Ltd. (蕪湖海螺貿易有限公司)	Incorporated as limited liability company	The PRC	RMB500,000,000	100%	Trading
Anhui International Trade Group Holding Co.,Ltd. (安徽國貿集團控股有限公司)	Incorporated as limited liability company	The PRC	RMB661,111,111	55%	Investment holding and trading
Santan (Anhui) science and Technology Research Institute Co., Ltd. (三碳(安徽)科技研究院有限公司)	Incorporated as limited liability company	The PRC	RMB100,000,000	100%	Technology Research Institute
Anhui Conch Capital Management Co., Ltd (安徽海螺資本管理有限公司)	Incorporated as limited liability company	The PRC	RMB2,000,000,000/ RMB500,000,000	100%	Asset-management services
Anhui Conch Private Fund Management Co., Ltd (安徽海螺私募基金管理有限公司)	Incorporated as limited liability company	The PRC	RMB50,000,000/ RMB20,000,000	100%	Asset-management services

The Group's 49% interest in Conch Holdings, which is an unlisted corporated entity is accounted for in the consolidated financial statements under the equity method. Anhui Conch Cement Co., Ltd. ("Conch Cement") is a component of Conch Holdings and contributed substantially all of the Group's share of profit of Conch Holdings for the year ended 31 December 2024. Conch Cement is a public company listed on The Stock Exchange of Hong Kong Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

17 INTERESTS IN ASSOCIATES *(Continued)*

Summarised financial information of Conch Cement, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	2024 **RMB'000**	2023 RMB'000
Gross amounts of Conch Cement		
Current assets	**93,762,034**	101,483,540
Non-current assets	**160,873,210**	144,872,820
Current liabilities	**(28,892,092)**	(29,774,316)
Non-current liabilities	**(25,406,350)**	(18,619,112)
Equity	**200,336,802**	197,962,932
— Equity contributed to equity shareholders of the associate	**187,905,327**	185,337,581
— Equity contributed to NCI of the associate	**12,431,475**	12,625,351
Revenue	**91,029,615**	141,157,207
Profit after tax for the year	**8,026,558**	11,014,022
Other comprehensive income	**(135,277)**	(920,152)
Total comprehensive income	**7,891,281**	10,098,870
Reconciled to the Group's interest in Conch Holdings		
Gross amounts of net assets of Conch Cement	**187,905,327**	185,337,581
Gross amounts of net assets of Conch Holdings at effective interest rate of 36.4% in Conch Cement	**68,397,539**	67,462,879
Group's share of net assets of Conch Holdings at effective interest rate of 49%	**38,435,535**	37,520,784
Effect of reciprocal shareholding	**(26,531)**	–
Carrying amount in the consolidated financial statements	**38,409,004**	37,520,784

During the year ended 31 December 2024, the Group has received dividends from Conch Holdings of RMB393,910,000 (2023: RMB748,768,000).

Aggregate information of associates that are not individually material:

	2024 **RMB'000**	2023 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**175,486**	167,022
Aggregate amounts of the Group's share of those associates		
Profit after tax for the year	**4,782**	11,335
Total comprehensive income	**4,782**	11,335
Dividend received	**1,113**	142

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

18 FINANCIAL ASSETS MEASURED AT FAIR VALUE

(a) Financial assets measured at fair value through profit or loss:

	2024 **RMB'000**	2023 RMB'000
Non-current assets		
Unlisted equity securities at FVPL	**165,000**	106,000
Current assets		
Investment in structured deposits products	**–**	150,000
Listed equity securities at FVPL	**11,879**	23,013
	176,879	279,013

(b) Financial assets measured at fair value through other comprehensive income:

	2024 **RMB'000**	2023 RMB'000
Non-current assets		
Equity instrument investment	**10,320**	10,320

19 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	2024 **RMB'000**	2023 RMB'000
Raw materials	**123,438**	106,074
Work in progress	**33,352**	99,687
Finished goods	**116,551**	118,046
	273,341	323,807

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2024 **RMB'000**	2023 RMB'000
Carrying amount of inventories sold	**794,486**	1,363,873
Write-down of inventories	**7,051**	–
	801,537	1,363,873

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

20 CONTRACT ASSETS

	2024 RMB'000	2023 RMB'000
Non-current assets		
Service concession assets (i)	**3,848,832**	4,155,728
Less: Impairment	**(4,474)**	–
	3,844,358	4,155,728
Current assets		
Service concession assets (i)	**47,913**	48,661
Unbilled government on-grid tariff subsidy (ii)	**854,032**	604,451
Other contract assets (iii)	**156,794**	184,625
Less: Impairment	**(334)**	(1,248)
	1,058,405	836,489
	4,902,763	4,992,217
Contract assets arising from performance under construction contracts in connection with service concession arrangements, which are included in "Intangible assets"	**426,101**	3,392,858

(i) The service concession assets bear interest at rates ranging from 6.01% to 9.41% (31 December 2023: 6.01% to 9.41%) per annum as at 31 December 2024 and relate to certain BOT arrangements of the Group. The amounts are not yet due for payment and will be settled during the operating periods of the arrangements. Included in "Service concession assets" are amounts of RMB70,869,000 (31 December 2023: RMB RMB63,184,000) relating to BOT arrangements which are in construction phase.

(ii) The balance represented the government on-grid tariff subsidy for certain projects which will be billed and settled upon the successful completion of government administrative procedures pursuant to notices jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration.

(iii) The Group agrees to a retention amount for 10% of the contract value for certain of its energy saving equipment sales contracts. This amount is included in contract assets until the end of the retention period. The balances are classified as current as they are expected to be recovered within the Group's normal operating cycle.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21 TRADE AND OTHER RECEIVABLES

	2024 RMB'000	2023 RMB'000
Trade receivables	**2,724,988**	2,366,301
Less: loss allowance	**(135,101)**	(126,849)
	2,589,887	2,239,452
Bills receivable, carried at amortised cost	**64,994**	29,722
Bills receivable, measured at FVOCI	**15,979**	1,461
Deposits and prepayments	**67,922**	66,990
Other receivables	**578,483**	569,827
Interest receivables	**10,480**	27,286
Amounts due from third parties	**3,327,745**	2,934,738
Amounts due from related parties (note 32(c))	**273,915**	266,196
Current portion of trade and other receivables	**3,601,660**	3,200,934
Non-current portion of trade and other receivables	**1,540,209**	1,648,235
Total current and non-current trade and other receivables	**5,141,869**	4,849,169

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

As at 31 December 2024, none of the trade receivables (31 December 2023: none) was pledged as collateral for Group's bank loans.

21 TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Ageing analysis

As of the end of reporting period, the ageing analysis of trade receivables, based on the past due aging and net of loss allowance, is as follows:

	2024 **RMB'000**	2023 RMB'000
Current	**1,545,226**	1,423,701
Less than 1 year	**595,722**	559,829
1 to 2 years	**331,602**	150,534
Over 2 years past due	**117,337**	105,388
	2,589,887	2,239,452

The amounts due from related parties are all aged within 1 year.

Details of the Group's credit policy and credit risk arising from trade receivable are set out in note 30(a).

(b) Endorsed bills receivable

As at 31 December 2024, the Group endorsed undue bills receivable of RMB171,942,000 (2023: RMB182,701,000) to its suppliers to settle trade payables of the same amount and derecognised these bills receivable and payables to suppliers in their entirety as the Group's management considered that the risks and rewards of ownership of these undue bills have been substantially transferred. The Group's continuous involvement in these derecognised undue bills receivable is limited to when the issuance banks of these undue bills are unable to settle the amounts to the holders of these bills. As at 31 December 2024, the maximum exposure to loss from its continuous involvement represents the amount of bills receivable of RMB171,942,000 (2023: RMB182,701,000) which the Group endorsed to its suppliers. These undue bills receivable were due within 6 months.

As at 31 December 2024, the Group endorsed undue bills receivable of RMB59,028,000 (2023: RMB25,520,000) to its suppliers to settle the trade payables and did not derecognise these bills receivable and payables to suppliers as the Group's management believed that the credit risks and ownership had not substantially transferred. All these undue bills receivable were due within 6 months.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

21 TRADE AND OTHER RECEIVABLES *(Continued)*

(c) Bills receivable measured at FVOCI

Due to the requirement of cash management, the Group endorsed part of the bills receivable to the suppliers. The business model of bills receivable management is for the purpose of both collecting contractual cash flow and sale. Therefore, the Group classified bills receivable of RMB15,979,000 (2023: RMB1,461,000) as bills receivable carried at fair value and whose changes are included in other comprehensive income.

22 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2024	2023
	RMB'000	RMB'000
Cash at bank and on hand	**2,830,811**	3,588,071
Less: Restricted bank deposits (Note)	**(61,090)**	(113,547)
Bank deposits with original maturity over three months	**(500,000)**	(380,000)
Cash and cash equivalents in the consolidated statement of financial position and the consolidated cash flow statement	**2,269,721**	3,094,524

Note: As at 31 December 2024, restricted bank deposits of RMB61,090,000 (2023: RMB113,547,000) mainly represent pledged deposits and deposits for issuing bank acceptance bills payable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22 CASH AND CASH EQUIVALENTS *(Continued)*

(b) Reconciliation of profit before taxation to cash generated from operations:

	2024 **RMB'000**	2023 RMB'000
Profit before taxation	**2,249,669**	2,872,104
Adjustments for:		
Depreciation of owned property, plant and equipment	**303,206**	266,687
Depreciation of right-of-use assets	**39,510**	40,443
Amortisation of intangible assets	**744,581**	618,904
Amortisation of deferred income	**(5,104)**	(4,676)
Loss allowance for trade receivables and contract assets	**11,812**	21,315
Net loss on disposal of right-of-use assets and property, plant and equipment	**6**	59
Impairment losses on property, plant and equipment	**2,042**	1,939
Write-down of inventories	**7,051**	–
Net realised and unrealised gain on financial assets measured at FVPL	**(52,262)**	(17,517)
Negative goodwill on business combination	**–**	(291)
Finance costs	**707,776**	727,912
Interest income	**(41,425)**	(91,290)
Share of profits of associates	**(1,325,973)**	(1,672,049)
Operating profit before changes in working capital	**2,640,889**	2,763,540
Decrease in inventories	**43,415**	125,634
Decrease/(increase) in restricted bank deposits	**52,457**	(2,699)
Increase in trade and other receivables	**(706,603)**	(521,446)
Decrease in contract assets	**85,893**	339,911
Increase/(decrease) in trade and other payables	**103,637**	(548,318)
Increase in deferred income	**–**	127,500
(Decrease)/increase in contract liabilities	**(25,418)**	14,936
Cash generated from operations	**2,194,270**	2,299,058

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22 CASH AND CASH EQUIVALENTS *(Continued)*

(c) Reconciliation of liabilities arising from financing activities:

	Bank loans RMB'000 (Note 23)	Unsecured MTN RMB'000 (Note 26)	Interest payable RMB'000	Convertible bonds RMB'000	Lease liabilities RMB'000 (Note 27)	Other payables and accruals RMB'000	Total RMB'000
At 1 January 2023	18,186,435	–	23,002	3,880,344	28,078	435,816	22,553,675
Changes from financing cash flows:							
Proceeds from loans and borrowings	9,601,763	–	–	–	–	–	9,601,763
Repayment of loans and borrowings	(3,475,000)	–	–	–	–	(800,842)	(4,275,842)
Payment for redemption of convertible bonds	–	–	–	(4,064,907)	–	–	(4,064,907)
Proceeds from the unsecured medium-term notes	–	2,700,000	–	–	–	–	2,700,000
Capital element of lease rentals paid	–	–	–	–	(10,044)	–	(10,044)
Interest element of lease rentals paid	–	–	–	–	(1,241)	–	(1,241)
Interest paid	–	–	(686,098)	–	–	–	(686,098)
Total changes from financing cash flows	6,126,763	2,700,000	(686,098)	(4,064,907)	(11,285)	(800,842)	3,263,631
Exchange adjustments:	–	–	–	100,393	–	–	100,393
Other changes:							
Acquisition of subsidiaries	8,000	–	2,295	–	14,507	436,110	460,912
Interest expenses	–	–	643,268	83,403	1,241	–	727,912
Capitalised borrowing costs	–	–	100,017	–	–	–	100,017
Increase in lease liabilities by entering into new leases during the year	–	–	–	–	5,378	–	5,378
Equity component of payment for redemption of convertible bonds	–	–	–	767	–	–	767
Total other changes	8,000	–	745,580	84,170	21,126	436,110	1,294,986

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22 CASH AND CASH EQUIVALENTS *(Continued)*

(c) Reconciliation of liabilities arising from financing activities: *(Continued)*

	Bank loans RMB'000 (Note 23)	Unsecured MTN RMB'000 (Note 26)	Interest payable RMB'000	Convertible bonds RMB'000	Lease liabilities RMB'000 (Note 27)	Other payables and accruals RMB'000	Total RMB'000
At 31 December 2023 and 1 January 2024	24,321,198	2,700,000	82,484	–	37,919	71,084	27,212,685
Changes from financing cash flows:							
Proceeds from loans and borrowings	5,812,039	–	–	–	–	–	5,812,039
Repayment of loans and borrowings	(4,618,175)	–	–	–	–	(48,145)	(4,666,320)
Capital element of lease rentals paid	–	–	–	–	(12,428)	–	(12,428)
Interest element of lease rentals paid	–	–	–	–	(1,734)	–	(1,734)
Interest paid	–	–	(876,444)	–	–	–	(876,444)
Total changes from financing cash flows	1,193,864	–	(876,444)	–	(14,162)	(48,145)	255,113
Exchange adjustments:	–	–	–	–	–	–	–
Other changes:							
Interest expenses	–	–	706,042	–	1,734	–	707,776
Capitalised borrowing costs	–	–	168,406	–	–	–	168,406
Increase in lease liabilities by entering into new leases during the year	–	–	–	–	5,281	–	5,281
Total other changes	–	–	874,448	–	7,015	–	881,463
At 31 December 2024	25,515,062	2,700,000	80,488	–	30,772	22,939	28,349,261

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

22 CASH AND CASH EQUIVALENTS *(Continued)*

(d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	2024	2023
	RMB'000	RMB'000
Within operating cash flows	**5,041**	4,574
Within financing cash flows	**14,162**	11,285
	19,203	15,859

These amounts relate to the following:

	2024	2023
	RMB'000	RMB'000
Lease rentals paid	**19,203**	15,859

23 BANK LOANS

	2024	2023
	RMB'000	RMB'000
Current	**1,798,378**	1,267,507
Non-current	**23,716,684**	23,053,691
Total	**25,515,062**	24,321,198

(i) As at 31 December 2024, bank loans of RMB25,312,299,000 were denominated in RMB (2023: RMB24,097,794,000), and bank loans of RMB202,763,000 (2023: RMB223,404,000) were denominated in USD.

As at 31 December 2024, the bank loans were repayable as follows:

	2024	2023
	RMB'000	RMB'000
Within one year	**1,798,378**	1,267,507
After one year but within two years	**2,092,128**	3,187,224
After two years but within five years	**7,112,740**	5,864,041
After five years	**14,511,816**	14,002,426
Total	**25,515,062**	24,321,198

(ii) As at 31 December 2024, the bank loans were guaranteed and secured as follows:

	2024	2023
	RMB'000	RMB'000
Secured	**2,829,889**	2,347,037
Unsecured	**22,685,173**	21,974,161
Total	**25,515,062**	24,321,198

As at 31 December 2024, bank loans of the Group amounting to RMB2,829,889,000 (31 December 2023: RMB2,347,037,000) were secured by the leasehold land owned by certain subsidiaries of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

24 TRADE AND OTHER PAYABLES

	2024 **RMB'000**	2023 RMB'000
Trade payables	**2,656,932**	3,119,255
Bills payable	**191,979**	319,739
	2,848,911	3,438,994
Other payables and accruals	**1,229,406**	1,299,289
Amounts due to third parties	**4,078,317**	4,738,283
Dividends payable to the then-shareholders of the acquired subsidiaries	**8,464**	28,518
Dividends payable to non-controlling interests	**17,979**	23,451
Amounts due to related parties (note 32(c))	**138,597**	167,164
Trade and other payables	**4,243,357**	4,957,416

An ageing analysis of trade and bills payables of the Group, based on the invoice date, is as follows:

	2024 **RMB'000**	2023 RMB'000
Within 1 year	**2,763,528**	3,353,067
1 year to 2 years	**61,207**	44,937
2 years to 3 years	**22,255**	34,618
Over 3 years but within 5 years	**1,921**	6,372
	2,848,911	3,438,994

The amounts due to related parties are all aged within 1 year, and are unsecured, non-interest bearing and repayable on demand.

25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Income tax payable in the consolidated statement of financial position represent:

	2024 **RMB'000**	2023 RMB'000
Balance at beginning of the year	**139,690**	188,240
Provision for current income tax for the year (note 7(a))	**88,095**	209,250
Transfer from deferred tax liabilities (note 25(b))	**55,000**	55,500
Payments during the year	**(169,773)**	(313,300)
Balance at the end of the year	**113,012**	139,690
Representing:		
— Income tax recoverable	**(39,436)**	–
— Income tax payable	**152,448**	139,690
Balance at the end of the year	**113,012**	139,690

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(b) Deferred tax assets and liabilities recognised:

(i) Movement of each component of deferred tax assets and liabilities:

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the years are as follows:

	Unrealised profit upon elimination RMB'000	Loss allowance on trade receivables and provision for inventory RMB'000	Deferred income RMB'000	Lease liabilities RMB'000	Right-of-use assets RMB'000	Undistributed profits of subsidiaries RMB'000	Fair value adjustment in relation to business combination RMB'000	Fair value adjustment in relation to financial assets measured at FVPL RMB'000	Total RMB'000
Deferred tax assets arising from:									
At 1 January 2023	24,186	16,783	21,435	6,488	(6,488)	(55,500)	(184,605)	–	(177,701)
(Charged)/credited to profit or loss	(1,892)	3,193	26,861	(1,074)	1,959	(15,000)	11,691	(5,875)	19,863
Transfer to current taxation (Note 25(a))	–	–	–	–	–	55,500	–	–	55,500
Acquisition of subsidiaries	–	1,529	–	3,700	(3,700)	–	(65,657)	–	(64,128)
At 31 December 2023 and 1 January 2024	22,294	21,505	48,296	9,114	(8,229)	(15,000)	(238,571)	(5,875)	(166,466)
(Charged)/credited to profit or loss	(1,942)	1,689	(321)	(3,228)	3,325	(40,000)	12,754	(14,750)	(42,473)
Transfer to current taxation (Note 25(a))	–	–	–	–	–	55,000	–	–	55,000
At 31 December 2024	20,352	23,194	47,975	5,886	(4,904)	–	(225,817)	(20,625)	(153,939)

25 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*

(b) Deferred tax assets and liabilities recognised: *(Continued)*

(ii) Reconciliation to the consolidated statement of financial position:

	2024 **RMB'000**	2023 RMB'000
Net deferred tax assets recognised on the consolidated statement of financial position	**92,503**	92,980
Net deferred tax liabilities recognised on the consolidated statement of financial position	**(246,442)**	(259,446)
	(153,939)	(166,466)

(c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 2(t), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB303,615,000 (2023: RMB198,240,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The tax losses will expire within five years under current PRC tax legislation.

(d) Deferred tax liabilities not recognised:

The Group has not recognised deferred tax liabilities as at 31 December 2024 in respect of undistributed earnings of RMB45,210,267,000 of PRC subsidiaries (2023: RMB44,389,465,000) because the Group has no plans to distribute them outside the PRC in the foreseeable future.

26 UNSECURED MEDIUM-TERM NOTES ("MTN")

The Company received the approval of registration from National Association of Financial Market Institutional Investors (Zhong shi xie zhu [2023] GN1) for issuing unsecured MTN in the aggregate amount of not more than RMB4 billion with a validity period of two years from 18 January 2023, the completion of registration date.

On 20 March 2023, the Company publicly issued the first tranche of MTN in inter-bank of the PRC, with an aggregate principal amount of RMB1.2 billion at an interest rate of 2.99% per annum for a term of three years. On 6 June 2023, the Company publicly issued the second tranche of MTN in inter-bank of the PRC, with an aggregate principal amount of RMB1.5 billion at an interest rate of 3.10% per annum for a term of three years.

27 LEASE LIABILITIES

As at 31 December 2024, the lease liabilities were repayable as follows:

	2024 **RMB'000**	2023 RMB'000
Within 1 year	**11,308**	11,732
After 1 year but within 2 years	**2,761**	9,179
After 2 years but within 5 years	**2,139**	1,704
After 5 years	**14,564**	15,304
	19,464	26,187
	30,772	37,919

28 DEFERRED INCOME

Deferred income represents government grants received to subsidise the construction of property, plant and equipment for the Group and is accounted for in accordance with the accounting policy set out in note 2(v)(vii).

29 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Note	Share capital RMB'000 Note 29(c)	Share premium RMB'000 Note 29(d)(i)	Treasury shares RMB'000	Retained profits RMB'000	Total equity RMB'000
Balance at 1 January 2023		14,412	16,164	–	–	30,576
Profit for the year		–	–	–	774,288	774,288
Repurchase of ordinary shares		–	–	(17,225)	–	(17,225)
Dividends approved in respect of the previous year		–	–	–	(670,269)	(670,269)
Balance at 31 December 2023 and 1 January 2024		**14,412**	**16,164**	**(17,225)**	**104,019**	**117,370**
Profit for the year		**–**	**–**	**–**	**1,184,652**	**1,184,652**
Repurchase of ordinary shares		**–**	**–**	**(88,382)**	**–**	**(88,382)**
Cancellation of ordinary shares		**(190)**	**(16,164)**	**105,607**	**(89,253)**	**–**
Dividends approved in respect of the previous year		**–**	**–**	**–**	**(331,528)**	**(331,528)**
Special dividend declared and paid during the year		**–**	**–**	**–**	**(163,971)**	**(163,971)**
Balance at 31 December 2024		**14,222**	**–**	**–**	**703,919**	**718,141**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

29 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and among which of RMB331,528,000 were paid during the year.

	2024 **RMB'000**	2023 RMB'000
Final dividend in respect of the previous financial year, approved during the year, of HKD0.20 per ordinary share (2023: HKD0.40 per ordinary share)	**331,528**	670,269
	331,528	670,269

(ii) Special dividend declared and paid during the year

On 4 September 2024, the board approved the declaration and payment of a special dividend of HKD0.10 per ordinary share of the Company to the shareholders of the Company, amounting to a total dividend payment of approximately HKD179.2 million (equivalent to RMB163,971,000). The special dividend was fully paid on 30 November 2024.

(iii) Dividends payable to equity shareholders of the Company attributable to the year

	2024 **RMB'000**	2023 RMB'000
Final dividend proposed after the end of the reporting period of HKD0.30 per ordinary share (2023: HKD0.20 per ordinary share)	**497,829**	328,042

Pursuant to a resolution passed at the Directors' meeting on 26 March 2025, a final dividend of HKD0.30 (2023: HKD0.20) per ordinary share totalling HKD537,612,000, equivalent to approximately RMB497,829,000 (2023: HKD361,989,000, equivalent to approximately RMB328,042,000), was proposed for shareholders' approval. The dividend has not been provided for in the consolidated financial statements for the year ended 31 December 2024.

29 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Share capital and treasury shares

Authorised and issued share capital

	No. of shares ('000)	Amount HKD'000
Authorised:		
Ordinary shares of HKD0.01 each at 31 December 2024 and 2023	15,000,000	150,000

	2024			2023		
		Amount			Amount	
	No. of shares ('000)	HKD'000	Equivalent to RMB'000	No. of shares ('000)	HKD'000	Equivalent to RMB'000
Issued share capital:						
At 1 January	**1,812,985**	**18,130**	**14,412**	1,812,985	18,130	14,412
Shares repurchased and cancelled	**(20,944)**	**(209)**	**(190)**	–	–	–
At 31 December	**1,792,041**	**17,921**	**14,222**	1,812,985	18,130	14,412

During the year ended 31 December 2024, the Company repurchased its own shares through open market as follows:

Month/year	Number of shares repurchased	Highest price paid per share HKD	Lowest price paid per share HKD	Total consideration paid HKD
March 2024	8,054,000	5.85	5.30	44,349,000
April 2024	9,850,500	5.63	5.20	52,677,000
Total	17,904,500			97,026,000

During the year ended 31 December 2024, the Company repurchased and cancelled an aggregate of 17,904,500 of its own shares through the Stock Exchange, at a total consideration of HKD97,026,000, equivalent to approximately RMB88,382,000.

The Company also cancelled the outstanding 3,039,500 shares, which were repurchased in 2023 during this year.

29 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserves

(i) Share premium

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.

(ii) Capital reserve

Capital reserve mainly comprises the share of non-distributable reserves of an associate at the respective dates;

(iii) PRC statutory reserves

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC. Appropriations to the reserves were approved by the respective boards of directors' meeting.

For the entity concerned, PRC statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(iv) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of overseas subsidiaries with functional currency other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2(w).

29 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserves *(Continued)*

(v) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of gearing ratio. The Group defines gearing ratio as total liabilities divided by total assets.

The Group's strategy was to maintain the gearing ratio at a reasonable level. The Group's gearing ratio at 31 December 2024 and 2023 was as follow:

	31 December 2024 RMB'000	31 December 2023 RMB'000
Total liabilities	**33,149,551**	32,707,661
Total assets	**82,326,183**	80,460,379
Gearing ratio	**40.27%**	40.65%

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables and contract assets. The Group's restricted bank deposits, bank deposits with original maturity over three months ,cash and cash equivalents and bills receivable are held with creditworthy banks and financial institutions located in the Mainland of the PRC and Hong Kong which the Group considers to represent low credit risk. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Credit risk in respect of other receivables is limited since the balance mainly includes deposits, value-added-tax recoverable, and amounts due from related parties. The Group has assessed that during the year, other receivables have not had a significant increase in credit risk since initial recognition. Thus, a 12-month expected credit loss approach that results from possible default event within 12 months of each reporting date is adopted by management. The Group do not expect any losses from non-performance by the counterparties of other receivables and no loss allowance provision for other receivables was recognised.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2024, 4% (2023: 3%) and 12% (2023: 11%) of the total trade and other receivables and contract assets were due from the Group's largest customer and the five largest customers respectively. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statements of financial position.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Debtors with balances that are more than 30 days past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

The Group does not provide any other guarantees to third parties which would expose the Group to credit risk.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables:

	2024		
	Expected loss rate %	**Gross carrying amount RMB'000**	**Loss allowance RMB'000**
Current (not past due)	**2.0%**	**1,576,618**	**(31,392)**
Less than 1 year past due	**5.8%**	**632,581**	**(36,859)**
1 to 2 years past due	**8.9%**	**364,097**	**(32,495)**
Over 2 years past due	**22.6%**	**151,692**	**(34,355)**
		2,724,988	**(135,101)**

	2023		
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	1.1%	1,439,406	(15,705)
Less than 1 year past due	5.0%	589,010	(29,181)
1 to 2 years past due	13.3%	173,564	(23,030)
Over 2 years past due	35.9%	164,321	(58,933)
		2,366,301	(126,849)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Expected loss rates are based on actual loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the group's view of economic conditions over the expected lives of the receivables.

Movement in the loss allowance account in respect of trade receivables during the year is as follows:

	2024 **RMB'000**	2023 RMB'000
At the beginning of the year	**126,849**	101,098
Provision for loss allowance	**8,252**	20,067
Acquisition of subsidiaries	**–**	5,684
At the end of the year	**135,101**	126,849

The Group measures loss allowances for contract assets that do not contain a significant financing component at an amount equal to lifetime ECLs and measures loss allowance for contract assets that contain a significant financing component at an amount equal to 12-month ECLs and continuously monitored their credit risk. It is calculated using the Probability of Default(PD)/Loss Given Default(LGD) method. The probability of default is estimated based on comparable entities with public credit information. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forward-looking information. As at 31 December 2024, the probability of default applied ranging from 0.08% to 0.30% and the loss given default was estimated to be 40.00%.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(a) Credit risk *(Continued)*

Movements in the loss allowance account in respect of contract assets during the year is as follows:

	2024	2023
	RMB'000	RMB'000
At the beginning of the year	**1,248**	–
Provision for loss allowance	**3,560**	1,248
At the end of the year	**4,808**	1,248

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants and its relationship with finance providers, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk *(Continued)*

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and can be required to pay:

	At 31 December 2024					
	Contractual undiscounted cash outflow					
	Within one year or on demand RMB'000	**More than one year but less than two years RMB'000**	**More than two years but less than five years RMB'000**	**More than five years RMB'000**	**Total RMB'000**	**Carrying amount RMB'000**
Bank loans	**2,447,878**	**2,756,557**	**8,725,381**	**16,425,854**	**30,355,670**	**25,515,062**
Trade and other payables	**4,243,357**	**–**	**–**	**–**	**4,243,357**	**4,243,357**
Unsecured MTN	**82,380**	**2,725,752**	**–**	**–**	**2,808,132**	**2,700,000**
Lease liabilities	**11,794**	**3,004**	**2,529**	**18,749**	**36,076**	**30,772**
	6,785,409	**5,485,313**	**8,727,910**	**16,444,603**	**37,443,235**	**32,489,191**

	At 31 December 2023					
	Contractual undiscounted cash outflow					
	Within one year or on demand RMB'000	More than one year but less than two years RMB'000	More than two years but less than five years RMB'000	More than five years RMB'000	Total RMB'000	Carrying amount RMB'000
Bank loans	2,006,484	3,877,997	7,353,752	16,065,697	29,303,930	24,321,198
Trade and other payables	4,957,416	–	–	–	4,957,416	4,957,416
Unsecured MTN	140,281	82,380	2,725,752	–	2,948,413	2,700,000
Lease liabilities	12,236	9,985	2,022	19,701	43,944	37,919
	7,116,417	3,970,362	10,081,526	16,085,398	37,253,703	32,016,533

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk

(i) Interest rate profile

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank loans. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out below.

The Group's cash at bank and interest-bearing borrowings, and their interest rates as at 31 December 2024 and 2023 are set out as follows:

	2024		2023	
	Interest rate %	**RMB'000**	Interest rate %	RMB'000
Fixed rate:				
Bank deposits with original maturity within three months	**–**	**–**	4.60%	9,062
Bank deposits with original maturity over three months	**1.90%–3.15%**	**500,000**	3.10%–3.70%	380,000
Bank loans	**2.65%–3.90%**	**(566,350)**	3.00%–3.55%	(901,410)
Unsecured MTN	**2.99%–3.10%**	**(2,700,000)**	2.99%–3.10%	(2,700,000)
Lease liabilities	**3.60%–4.65%**	**(30,772)**	4.30%–4.65%	(37,919)
		(2,797,122)		(3,250,267)
Variable rate:				
Cash at bank and on hand	**0.10%**	**2,269,721**	0.20%	3,085,462
Restricted bank deposits	**0.10%–3.50%**	**61,090**	0.20%–3.50%	113,547
Bank loans	**1.40%–3.60%**	**(24,948,712)**	2.00%–3.70%	(23,419,788)
		(22,617,901)		(20,220,779)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk *(Continued)*

(ii) Sensitivity analysis

At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB192,392,000 (2023: decreased/increased the Group's profit after tax and retained profits by approximately RMB178,928,000).

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expenses or income of such changes in interest rates. The analysis is performed on the same basis for 2023.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currency giving rise to this risk is primarily United States dollars ("USD"), Hong Kong dollars ("HKD"), and Japanese Yen("JPY"). The Group manages this risk as follows:

(i) Recognised assets and liabilities

In respect of trade receivables and payables denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk *(Continued)*

(ii) Exposure to currency risk

The following table details the Group's exposure at the end of each of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

	At 31 December 2024			
	USD RMB'000	**HKD RMB'000**	**JPY RMB'000**	**Total RMB'000**
Bank loans	**(202,763)**	**–**	**–**	**(202,763)**
Trade and other payables	**(2,733)**	**–**	**(3,013)**	**(5,746)**
Trade and other receivables	**26,862**	**791**	**–**	**27,653**
Cash and cash equivalents	**15,051**	**11,393**	**–**	**26,444**
Net exposure arising from recognised assets and liabilities	**(163,583)**	**12,184**	**(3,013)**	**(154,412)**

	At 31 December 2023			
	USD RMB'000	HKD RMB'000	JPY RMB'000	Total RMB'000
Bank loans	(223,404)	–	–	(223,404)
Trade and other payables	(16,072)	–	(3,013)	(19,085)
Trade and other receivables	9,179	791	–	9,970
Cash and cash equivalents	14,694	29,977	–	44,671
Net exposure arising from recognised assets and liabilities	(215,603)	30,768	(3,013)	(187,848)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk *(Continued)*

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax and retained profits and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure as at 31 December 2024 and 2023 have changed at those dates, assuming all other risk variables remained constant.

	2024		2023	
	Increase in foreign exchange rate	**Decrease/ (increase) in profit after tax and retained earnings RMB'000**	Increase in foreign exchange rate	Decrease/ (increase) in profit after tax and retained earnings RMB'000
USD	**1%**	**(1,312)**	1%	(1,723)
HKD	**1%**	**120**	1%	306
JYP	**1%**	**(23)**	1%	(23)
		(1,215)		(1,440)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translating into RMB at the exchange rate ruling at the end of the reporting period for presentation purpose.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting periods. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2023.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement

(i) Financial assets and liabilities measured at fair value

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

	Fair value at 31 December 2024	Fair value measurements as at 31 December 2024 categorised into		
		Level 1	Level 2	Level 3
	RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurement				
Financial assets measured at FVPL				
— Listed equity securities	**11,879**	**11,879**	**–**	**–**
— Unlisted equity securities	**165,000**	**–**	**165,000**	**–**
measured at FVOCI				
— Equity instrument investment	**10,320**	**–**	**–**	**10,320**
— Bill receivable	**15,979**	**–**	**15,979**	**–**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value *(Continued)*

Fair value hierarchy (Continued)

	Fair value at 31 December 2023 RMB'000	Fair value measurements as at 31 December 2023 categorised into		
		Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000
Recurring fair value measurement				
Financial assets measured at FVPL				
— Investment in structured deposits	150,000	–	150,000	–
— Listed equity securities	23,013	23,013	–	–
— Unlisted equity securities	106,000	–	–	106,000
measured at FVOCI				
— Equity instrument investment	10,320	–	–	10,320
— Bill receivable	1,461	–	1,461	–

During the years ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2. For the transfer of unlisted equity securities at FVPL from Level 3 to Level 2 during the year ended 31 December 2024, please refer to below information. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

Valuation techniques and inputs used in Level 2 fair value measurements

For Level 2 unlisted equity securities that are measured at FVPL as at 31 December 2024, fair values are obtained by reference to recent transaction prices. It was transferred from Level 3 to Level 2 during the year ended 31 December 2024, as there were no observable markets inputs as at 31 December 2023.

For bills receivable that are measured at FVOCI, the fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the end of the reporting period.

30 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(e) Fair value measurement *(Continued)*

(i) Financial assets and liabilities measured at fair value *(Continued)*

Fair value hierarchy (Continued)

Valuation techniques and inputs used in Level 2 fair value measurements (Continued)

For the investment in structured deposits issued by banks that are measured at FVPL as at 31 December 2023, the fair value is determined using the forecast future cashflow discounted by risk-adjusted discount rate. The valuation requires the directors to make estimates about the expected future cash flows. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, and the related changes in fair values, which are recorded in profit and loss, are reasonable, and that they were the most appropriate values as at the reporting period end.

Information about Level 3 fair value measurements

The fair value of certain unlisted equity securities measured at FVPL and FVOCI are determined using valuation multiples adjusted for changing trend of average market multiples of comparable companies and discount for lack of liquidity.

Any gain or loss arising from the remeasurement of the Group's equity investments in unlisted entities held for strategic purposes are recognised in the fair value reserve (non-recycling) in other comprehensive income. Upon disposal of equity securities, the amount accumulated in other comprehensive income is transferred directly to retained earnings.

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

All other financial assets and liabilities carried at amortised cost are not materially different from their fair values as at 31 December 2024 and 2023.

31 COMMITMENTS

At 31 December 2024, the Group had capital commitments not provided for in the consolidated financial statements were as follows:

	2024	2023
	RMB'000	RMB'000
Contracted for	**592,343**	3,154,819
Authorised but not contracted for	**459,283**	901,347
	1,051,626	4,056,166

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32 MATERIAL RELATED PARTY TRANSACTIONS

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

Name of party (i)	Relationship
Kawasaki Heavy Industry Ltd. ("Kawasaki HI") 川崎重工業株式會社	Investor of CK Engineering and CK Equipment
Conch Holdings and its subsidiaries and associates ("Conch Holdings") 安徽海螺集團有限責任公司及其附屬公司和聯營公司	Shareholder of the Group and associate of the Group
Anhui Conch Venture Group Co., Ltd. ("CV Group") 安徽海創集團股份有限公司	Shareholder of the Group
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

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

(ii) On 5 March 2024, the number of shares held by Conch Holdings amounted to 181,306,000, representing approximately 10.00% of the issued share capital in the Company. Accordingly, with effect from 5 March 2024, Conch Holdings became a substantial shareholder of the Company and hence a connected person of the Company under Chapter 14A of the Listing Rules.

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's executive directors as disclosed in note 9 is as follows:

	2024 **RMB'000**	2023 RMB'000
Short-term employee benefits	**17,100**	12,158
Post-employment benefits	**361**	109
	17,461	12,267

32 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Significant related party transactions

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

	2024 RMB'000	2023 RMB'000
Sales of goods to:		
Conch Holdings	**275,976**	1,106,394
Kawasaki HI	**28,453**	16,286
CKEM	**560**	622
	304,989	1,123,302

	2024 RMB'000	2023 RMB'000
Service rendered to:		
Conch Holdings	**105,750**	143,805
CV Group	**5,896**	10,705
	111,646	154,510

	2024 RMB'000	2023 RMB'000
Purchase of goods from:		
Conch Holdings	**34,054**	70,436
Kawasaki HI	**3,322**	4,708
CKEM	**4,035**	58,572
CV Group	**17,453**	48,470
	58,864	182,186

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

32 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Significant related party transactions *(Continued)*

	2024 RMB'000	2023 RMB'000
Services received from:		
Conch Holdings	**47,080**	57,059
Kawasaki HI	**675**	1,230
CV Group	**30,650**	33,503
	78,405	91,792

	2024 RMB'000	2023 RMB'000
Rental paid to:		
CV Group	**11,335**	11,235

32 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balances with related parties

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

	2024 RMB'000	2023 RMB'000
Amounts due from		
Conch Holdings	**273,621**	263,919
CKEM	**–**	90
Kawasaki HI	**–**	1,949
CV Group	**294**	238
	273,915	266,196

	2024 RMB'000	2023 RMB'000
Amounts due to		
Conch Holdings	**107,802**	123,587
Kawasaki HI	**–**	2,143
CKEM	**12,385**	13,509
CV Group	**18,410**	27,925
	138,597	167,164

(d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of Kawasaki HI, CKEM, CV Group and Conch Holdings above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "Connected transactions" of the Report of the Directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

33 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	2024 RMB'000	2023 RMB'000 (Note)
Non-current asset			
Interests in subsidiaries	15	**678,880**	678,880
Current assets			
Cash and cash equivalents		**29,979**	55,328
Financial assets measured at FVPL		**9,268**	19,650
Trade and other receivables		**3,604,043**	2,807,868
Total current assets		**3,643,290**	2,882,846
Current liabilities			
Bank loans		**160,000**	–
Trade and other payables		**744,029**	744,356
Total current liabilities		**904,029**	744,356
Net current assets		**2,739,261**	2,138,490
Total assets less current liabilities		**3,418,141**	2,817,370
Non-current liability			
Unsecured MTN		**2,700,000**	2,700,000
Net assets		**718,141**	117,370
Capital and reserves	29(a)		
Share capital		**14,222**	14,412
Reserves		**703,919**	102,958
Total equity		**718,141**	117,370

Note： Certain comparative figures have been adjusted to conform to current year's presentation.

34 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(i) Subsequent to the end of reporting period, the directors proposed a final dividend for the year ended 31 December 2024. Further details are disclosed in Note 29(b).

(ii) On 13 January 2025, the Company publicly issued the first tranche of 2025 green medium-term notes (Bond Connect) (綠色中期票據(債券通)) (the "First Tranche of 2025 Green Medium-term Notes") in the PRC, with an aggregate principal amount of RMB1.3 billion for a term of five years at a coupon rate of 1.93% without any guarantee.

35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2024

Up to the date of issue of these financial statements, the IASB has issued a few of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to IAS 21, The effects of changes in foreign exchange rates — Lack of exchangeablility	1 January 2025
Amendments to IFRS 9, Financial instruments and IFRS 7, Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements to IFRSs — Volume 11	1 January 2026
IFRS 18, Presentation and disclosure in financial statements	1 January 2027
IFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has concluded that the adoption of them is unlikely to have a significant impact on its consolidation financial statements.