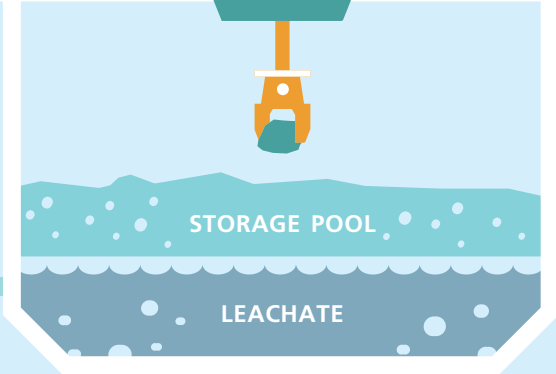
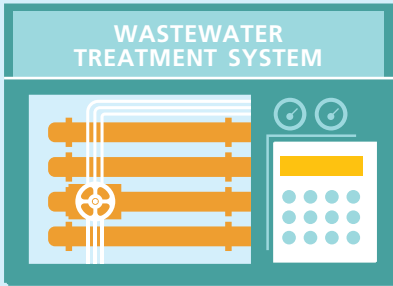
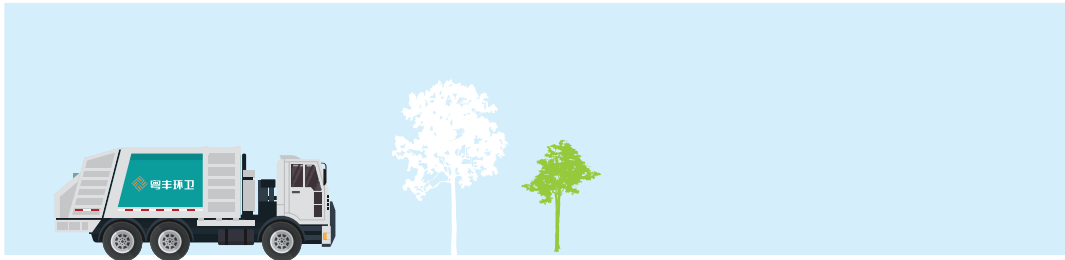
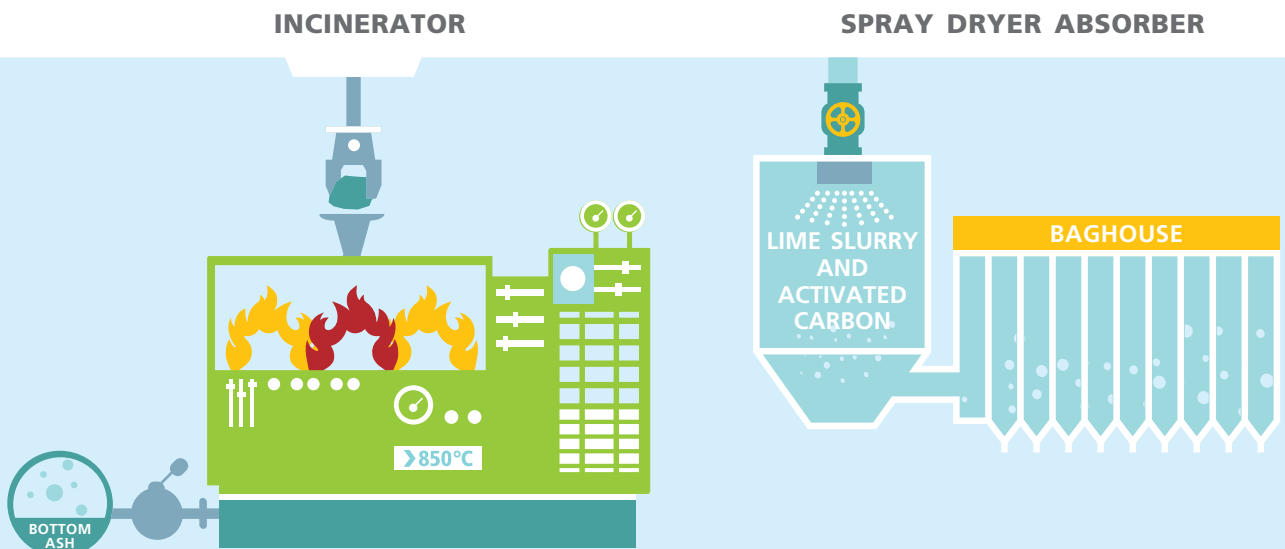
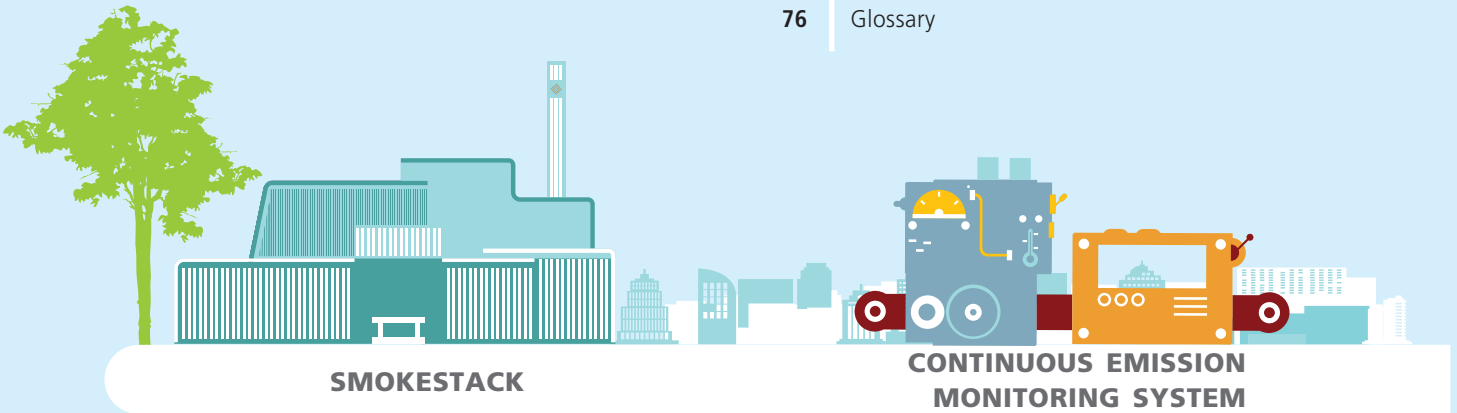


MSW PROCESSING AND WTE PROCESS



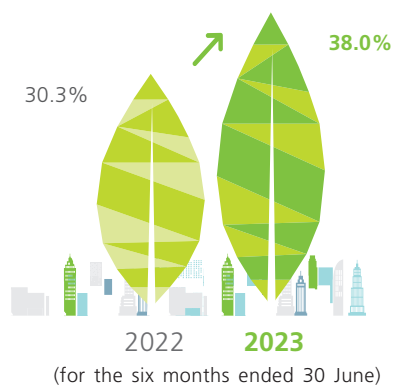
2	Financial Highlights	35	Interim Condensed Consolidated Statement of Profit or Loss
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FINANCIAL HIGHLIGHTS

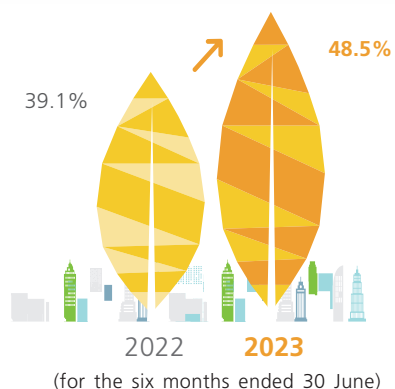
Gross profit margin

↑ **7.7** p.p



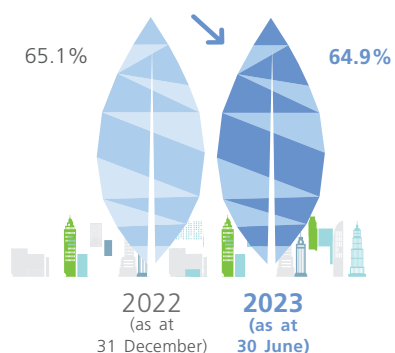
EBITDA margin

↑ **9.4** p.p



Gearing ratio

↓ **0.2** p.p



CONSOLIDATED STATEMENT OF PROFIT OR LOSS HIGHLIGHTS

For the six months ended 30 June

	2023	2022	Change
Revenue (HK\$'000)	2,981,021	4,111,537	(27.5%)
Included: Revenue from power sales and waste treatment (HK\$'000)	1,736,490	1,768,406	(1.8%)
Gross profit (HK\$'000)	1,133,203	1,247,329	(9.1%)
EBITDA (HK\$'000)*	1,446,680	1,608,867	(10.1%)
Profit for the period (HK\$'000)	640,686	783,053	(18.2%)
Profit attributable to equity holders of the Company (HK\$'000)	610,271	774,002	(21.2%)
Basic earnings per Share (HK cents)	25.1	31.9	(21.3%)
Interim dividend per Share (HK cents)	4.9	6.2	(21.0%)

* Non-HKFRS measures

CONSOLIDATED BALANCE SHEET HIGHLIGHTS

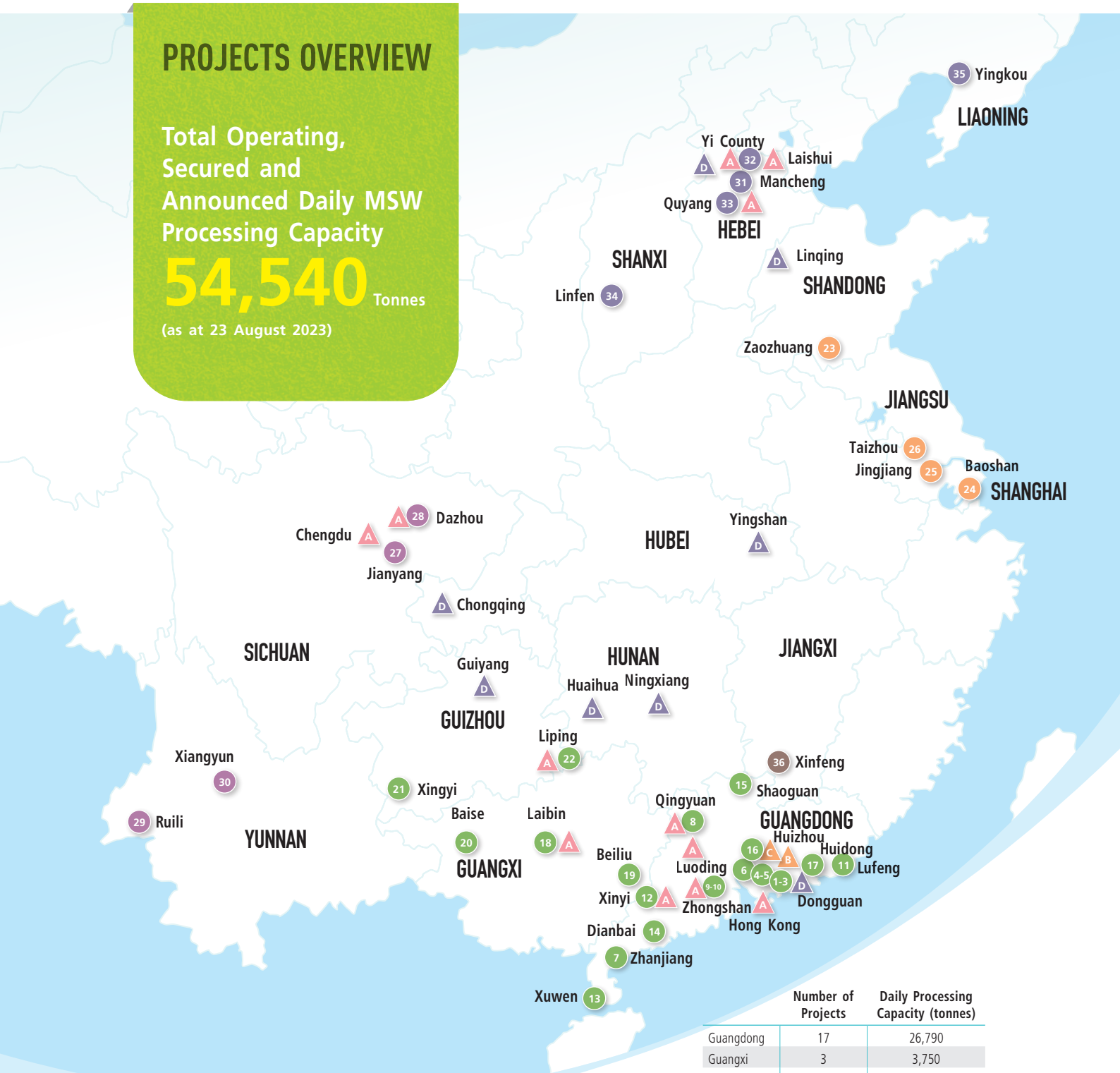
	As at 30 June 2023	As at 31 December 2022	Change
Total assets (HK\$'000)	26,557,512	25,820,181	+2.9%
Total liabilities (HK\$'000)	17,242,465	16,816,275	+2.5%
Included: Total bank borrowings (HK\$'000)	13,745,457	13,582,329	+1.2%
Equity attributable to equity holders of the Company (HK\$'000)	8,971,440	8,703,034	+3.1%
Total liabilities / total assets (gearing ratio)	64.9%	65.1%	(0.2p.p)

PROJECTS OVERVIEW





Total Operating,
Secured and
Announced Daily MSW
Processing Capacity

54,540 Tonnes

(as at 23 August 2023)



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

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

PROJECTS OVERVIEW

WTE PROJECTS

		Location	Daily MSW processing capacity	Installed power generation capacity	Waste treatment fee	Status	
Guangdong	1	Eco-Tech I WTE plant	Dongguan	1,800 tonnes	36MW	RMB110/tonne	In operation
	2	Eco-Tech II WTE plant	Dongguan	1,500 tonnes	50MW	RMB110/tonne	In operation
	3	Kewei WTE plant	Dongguan	1,800 tonnes	30MW	RMB110/tonne	In operation
	4	China Scivest I WTE plant	Dongguan	1,800 tonnes	42MW	RMB110/tonne	In operation
	5	China Scivest II WTE plant	Dongguan	1,200 tonnes	36MW	RMB110/tonne	In operation
	6	Machong WTE plant	Dongguan	2,250 tonnes	80MW	RMB110/tonne	In operation
	7	Zhanjiang WTE plant	Zhanjiang	1,500 tonnes	30MW	RMB81.8/tonne	In operation
	8	Qingyuan WTE plant	Qingyuan	Phase 1: 1,500 tonnes Phase 2: 1,000 tonnes	50MW	RMB88/tonne	In operation
	9	Zhongshan I WTE plant	Zhongshan	1,040 tonnes	24MW	RMB93.61/tonne	In operation
	10	Zhongshan II WTE plant	Zhongshan	2,250 tonnes	70MW	RMB93.61/tonne	In operation
	11	Lufeng WTE plant	Lufeng	Phase 1: 1,200 tonnes Phase 2: 400 tonnes	Phase 1: 30MW Phase 2: 12MW	RMB91.5/tonne	Phase 1: In operation Phase 2: Planning
	12	Xinyi WTE plant	Xinyi	1,000 tonnes	24MW	RMB79/tonne	In operation
	13	Xuwen WTE plant	Xuwen	Phase 1: 500 tonnes Phase 2: 250 tonnes	Phase 1: 12MW Phase 2: 6MW	RMB80.5/tonne	In operation
	14	Dianbai WTE plant	Maoming	Phase 1: 1,500 tonnes Phase 2: 750 tonnes	Phase 1: 25MW Phase 2: 25MW	RMB89.5/tonne	Phase 1: In operation Phase 2: Planning
	15	Shaoguan WTE plant	Shaoguan	Phase 1: 700 tonnes Phase 2: 350 tonnes	24MW	RMB88.88/tonne	Phase 1: In operation Phase 2: Planning
	16	Huizhou WTE plant	Huizhou	1,000 tonnes	30MW	RMB110/tonne	Under construction
	17	Huidong WTE plant	Huidong	1,500 tonnes	36MW	RMB76.51/tonne	Planning
Guangxi	18	Laibin WTE plant	Laibin	Phase 1: 1,000 tonnes Phase 2: 500 tonnes	Phase 1: 24MW Phase 2: Planning	RMB95/tonne	Phase 1: In operation Phase 2: Planning
	19	Beiliu WTE plant	Beiliu	Phase 1: 700 tonnes Phase 2: 350 tonnes	24MW	RMB83/tonne (Calculated on weighted average basis)	In operation
	20	Baise WTE plant	Baise	Phase 1: 700 tonnes Phase 2: 500 tonnes	Phase 1: 15MW Phase 2: 10MW	RMB97.9/tonne	Planning
Guizhou	21	Xingyi WTE plant	Xingyi	Phase 1: 700 tonnes Phase 2: 500 tonnes	Phase 1: 12MW Phase 2: 12MW	RMB80/tonne	In operation
	22	Qiandongnan Prefecture South Area WTE plant	Liping	Phase 1: 700 tonnes Phase 2: 350 tonnes	15MW	RMB66.8/tonne	Phase 1: In operation Phase 2: Planning
Shandong	23	Zaozhuang WTE plant	Zaozhuang	Phase 1: 1,000 tonnes Phase 2: 800 tonnes	Phase 1: 15MW Phase 2: 15MW	RMB49/tonne (Under negotiation)	In operation
Shanghai	24	Baoshan WTE plant	Shanghai	3,800 tonnes	126MW	Under negotiation	In operation
Jiangsu	25	Jingjiang WTE plant	Jingjiang	Phase 1: 800 tonnes Phase 2: 400 tonnes	Phase 1: 15MW Phase 2: 7.5MW	RMB67.8/tonne	Phase 1: In operation Phase 2: Planning
	26	Taizhou WTE plant	Taizhou	850 tonnes	18MW	RMB79.9/tonne	In operation

PROJECTS OVERVIEW

		Location	Daily MSW processing capacity	Installed power generation capacity	Waste treatment fee	Status	
Sichuan	27	Jiayang WTE plant	Jiayang	Phase 1: 1,500 tonnes Phase 2: 1,500 tonnes	Phase 1: 18MW Phase 2: 18MW	RMB93.1/tonne	Phase 1: In operation Phase 2: Planning
	28	Dazhou WTE plant	Dazhou	Phase 1: 1,200 tonnes Phase 2: 800 tonnes	Phase 1: 25MW Phase 2: 18MW	RMB95.6/tonne	Phase 1: In operation Phase 2: Planning
Yunnan	29	Ruili WTE plant	Ruili	Phase 1: 600 tonnes Phase 2: 400 tonnes	Phase 1: 15MW Phase 2: Planning	RMB75/tonne	Phase 1: In operation Phase 2: Planning
	30	Xiangyun WTE plant	Xiangyun	Phase 1: 500 tonnes Phase 2: 500 tonnes	18MW	RMB56.8/tonne	Phase 1: In operation Phase 2: Planning
Hebei	31	Mancheng WTE plant	Mancheng	Phase 1: 500 tonnes Phase 2: 500 tonnes	24MW	RMB76.8/tonne	In operation
	32	Yi County WTE plant	Yi County	800 tonnes	18MW	RMB106.68/tonne	In operation
	33	Quyong WTE plant	Quyong	Phase 1: 700 tonnes Phase 2: 350 tonnes	Planning	RMB89.5/tonne	Planning
Shanxi	34	Linfen WTE plant	Linfen	Phase 1: 800 tonnes Phase 2: 400 tonnes	Phase 1: 15MW Phase 2: 15MW	RMB94.6/tonne	Phase 1: In operation Phase 2: Planning
Liaoning	35	Yingkou WTE plant	Yingkou	Phase 1: 1,500 tonnes Phase 2: 750 tonnes	Phase 1: 30MW Phase 2: 15MW	RMB66/tonne	Phase 1: In operation Phase 2: Planning
Jiangxi	36	Xinfeng WTE plant	Xinfeng	Phase 1: 400 tonnes Phase 2: 400 tonnes	15MW	RMB85/tonne	In operation



PROJECTS OVERVIEW

MAJOR PROJECTS OF ENVIRONMENTAL HYGIENE AND RELATED SERVICES

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

MAJOR PROJECTS OF SMART CAR PARKING SOLUTIONS

Dongguan City Nancheng District Intelligent Parking Management Project	Dongguan, Guangdong	20 years
Ningxiang Smart Parking Service Operation Project	Changsha, Hunan	20 years
Hongjiang District Smart Parking Project	Huaihua, Hunan	15 years
Huaihua City Zhijiang County Smart Parking Management Project	Huaihua, Hunan	20 years
Linqing City Smart Public Parking Lots Construction Project	Liaocheng, Shandong	15 years



CORPORATE MILESTONES

Q1

2023



- Entered into the waste processing service agreement with Dazhou SIIC pursuant to which the Group will (i) transport approximately 200,000 tonnes of waste from the landfill to Dazhou WTE plant; (ii) dispose the solidified fly ash generated by Dazhou WTE plant to the landfill; and (iii) detect and repair impermeable membranes at the landfill for three years
- Yi County WTE plant commenced trial operation

Q2

2023



- Secured Urban-Rural Environmental Sanitation and MSW Compression, Transfer and Processing Project (城鄉環衛和生活垃圾壓縮轉運及處理項目) in Quyang County, Hebei Province, with a service period of 25 years and a contract value of RMB3,256 million, which was the Group's first environmental sanitation project with contract value exceeding RMB3,000 million

Q3

2023

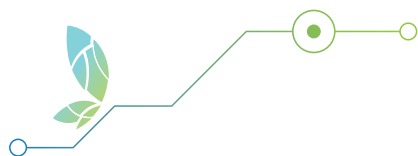


- Canvest — Paul Y. Joint Venture, which was led by the Company, was awarded the Hong Kong North Lantau Transfer Station and Outlying Islands Transfer Facilities Second Follow-on Contract with the awarded sum amounted to HK\$2,818 million for a period of 10 years
- Yingkou WTE project received the registration approval from VCS that the estimated annual emission reductions of carbon dioxide equivalent reached 245,000 tonnes



CHAIRLADY'S STATEMENT





The successful award of large-scale contracts both in mainland China and Hong Kong reflects the international recognition gained by our operational capabilities in waste treatment and transfer. Our "Incineration +" business strategy has effectively facilitated the synergistic development of the WTE industry chain in both upstream and downstream segments, supporting the Group's expansion and penetration in its environmental sanitation business and enabling the provision of high-quality smart city management services.

TO ALL HONORABLE SHAREHOLDERS,

On behalf of Canvest Environmental Protection Group Company Limited, I report the interim results of the Group for the six months ended 30 June 2023 (the "Period").

In the first half of 2023, we operated in a challenging macroeconomic environment. Externally, the United States and European central banks continued their tightening cycles under the mounting inflationary pressures, resulting in increasing interest rates and currency exchange rate fluctuations. Internally, the economic inflection point remains uncertain due to factors such as the persistent rise in unemployment rates and a decline in consumer sentiment following the aftermath of the pandemic.

However, during the Period, the government further enhanced the legal and regulatory framework for solid waste classification to optimize waste sorting, promote Zero-Waste Cities, and improve the living environment. At the same time, enterprises are encouraged to progressively construct a management platform for solid waste classification by leveraging the advancements in next-generation information technology, so as to achieve "unified management through one network" for waste classification. Furthermore, significant efforts were made for the standardization, intelligent transformation and upgrade of environmental sanitation equipment, fostering the industry's transition towards technology-driven and intelligent operations. These efforts help WTE companies to gain access to the solid waste industry chain for synergistic processing among projects, realize full coverage of innocuous waste treatment and address inadequacies, providing new development opportunities for the solid waste industry.



CHAIRLADY'S STATEMENT

FINANCIAL PERFORMANCE

In the first half of 2023, the Group's revenue decreased by 27.5% year-on-year to HK\$2,981.0 million, and the decrease in total revenue was mainly due to a 53.8% year-on-year decrease in the Group's construction revenue generated from project construction to HK\$997.2 million as most of the Group's WTE projects have been put into operation. Net profit for the period of the Group decreased by 18.2% year-on-year to HK\$640.7 million, mainly due to a significant increase in interest rates and around 8% depreciation of RMB during the Period. However, if excluding the impact of the increase of 13.4% in the interest expenses and the impact of exchange during the Period, net profit for the period of the Group decreased by 1.6%. During the Period, the decline in the Group's profit was less than the decline in revenue, indicating that higher-margin revenue from WTE operation and the revenue from environmental hygiene services have partially compensated for the decrease in construction revenue. At the same time, the gross profit margin and the EBITDA margin of the Group increased from 30.3% to 38.0% and from 39.1% to 48.5% respectively, which reflected the enhancement in the quality of profit.

After taking into consideration of the Group's development plan and investment returns to our Shareholders, the Board has resolved to declare an interim dividend of HK4.9 cents per Share for the six months ended 30 June 2023 (corresponding period in 2022: HK6.2 cents).

BUSINESS REVIEW

In the first half of 2023, the Group's overall operation remained stable and saw enhancement amid various challenges, and it showed that the WTE business of the Group has moved from the construction phase to a new phase of high quality operation. As most of the projects of the Group has begun operation, the operating cash flow has turned positive and recorded an inflow of HK\$384.9 million. On the other hand, the Group increased the efforts in expanding the upstream and downstream segments of the industrial chain, as well as proactively utilized the "Incineration +" industrial chain to develop businesses such as environmental hygiene, landfill remediation and synergistic supply of stream, for the aim of revenue stream diversification.

As at 30 June 2023, the Group had secured 36 WTE projects with a total daily MSW processing capacity of 54,540 tonnes. The Group has a total of 32 projects in operation with a total daily MSW processing capacity of 42,690 tonnes, which Yi County WTE plant has been put into trial operation during the Period with an increase of 800 tonnes in daily processing capacity. During the Period, the Group innocuously treated 8,082,573 tonnes of waste, which increased by 18.3% year-on-year; generated 3,079,463,000 kWh of green energy, which increased by 19.4% year-on-year; saved 736,000 tonnes of standard coal, which increased by 11.9% year-on-year; offset 4,040,000 tonnes of carbon dioxide equivalent emissions⁽¹⁾, which increased by 16.0% year-on-year. On the other hand, in August 2023, Yingkou WTE project received the registration approval from VCS that the estimated annual emission reductions of carbon dioxide equivalent reached 245,000 tonnes.

Note:

- (1) The Group has adopted the methodology as stated in Clean Development Mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) to calculate and offset greenhouse gas emissions from operating projects. The greenhouse gas emission calculation methodologies account for the carbon dioxide equivalent emitted from fossil fuels used for electricity generation and emissions from the combustion of MSW, and methane released from the wastewater treatment process. The calculation methodology for GHG emissions offset has been revised to prevent over-estimation of the avoidance of landfill gas emissions in baseline scenario of the half-yearly model, thereby improving comparability with the figures in our sustainability reports.

CHAIRLADY'S STATEMENT

With the majority of the Group's WTE projects in operation, the Group has increased its investments in developing the upstream and downstream businesses on the WTE industry chain. As at the date of this interim report, the Group's integrated environmental sanitation business achieved breakthroughs in contract volume and market coverage, signaling that the environmental hygiene business has entered into the development stage. During the Period, the Group successfully secured multiple environmental sanitation projects, including the Urban-Rural Environmental Sanitation and MSW Compression, Transfer and Processing Project (城鄉環衛和生活垃圾壓縮轉運及處理項目) in Quyang County, Hebei Province, with a service period of 25 years and a contract value of RMB3,256 million, which was the Group's first environmental sanitation project exceeding RMB3,000 million. Furthermore, in July 2023, the Group achieved a market breakthrough by being awarded the contract for the Hong Kong Waste Transfer Station for the first time, laying a solid foundation for the development of our environmental protection industrial chain in Hong Kong. The awarded sum for this project was HK\$2,818 million, with a duration of 10 years. The successful award of large-scale contracts both in mainland China and Hong Kong reflects the international recognition gained by our operational capabilities in waste treatment and transfer. Our "Incineration +" business strategy has effectively facilitated the synergistic development of the WTE industry chain in both upstream and downstream segments, supporting the Group's expansion and penetration in its environmental sanitation business and enabling the provision of high-quality smart city management services.

As a leading enterprise in the environmental protection industry in China, the Group is committed to fulfilling its social responsibilities, and has taken the initiative to undertake the social responsibility of environmental protection education to deepen the public's understanding of the process of waste incineration. During the Period, the Education, Science and Research Base (科普學研基地) of the Zhongshan Project was awarded the national "AAA Tourist Attraction", demonstrating that our efforts in environmental protection education have gained wide professional and social recognition.

The Group is wholeheartedly committed to pursuing sustainable development, and our determination and achievements have been highly recognised by the market and professional circles. During the Period, the Group was again voted the "Most Honored Companies — Utilities & Alternative Energy" in the 2023 "All-Asia Executive Team" by *Institutional Investor*, an international authoritative financial magazine, and won the "Eco Challenger (Services Sector) — Bronze Award" at the "BOCHK Corporate Low-Carbon Environmental Leadership Awards 2022". The Group was also bestowed with the "2023 ESG Model Enterprise Award" and the "2023 Green and Sustainable Development Contribution Award" at the "2023 International Green-Zero Carbon Festival cum 2023 ESG Leader Summit".

OUTLOOK

In the current world where profound changes unseen in a century are accelerating, the government continues unwaveringly to prioritize its ecological commitments, and pursue green and low-carbon development. These efforts aim to establish a sound, green, low-carbon circular economic development system, while promoting comprehensive green transformation in economic and social development. In addition, the government has made significant strategic deployments to promote harmonious coexistence between humans and nature. In the next five years, there will be a noticeable improvement in the urban and rural living environment; by 2035, eco-friendly ways of work and life will be broadly established, and carbon emissions will be steadily lower after reaching a peak, leading to the predominant goal accomplishment of building a Beautiful China. With the national commitment to building a Beautiful China, the environmental industry supports the development of green and low-carbon industries, and therefore it is believed that the industry will embrace the opportunities come with transformation.

CHAIRLADY'S STATEMENT

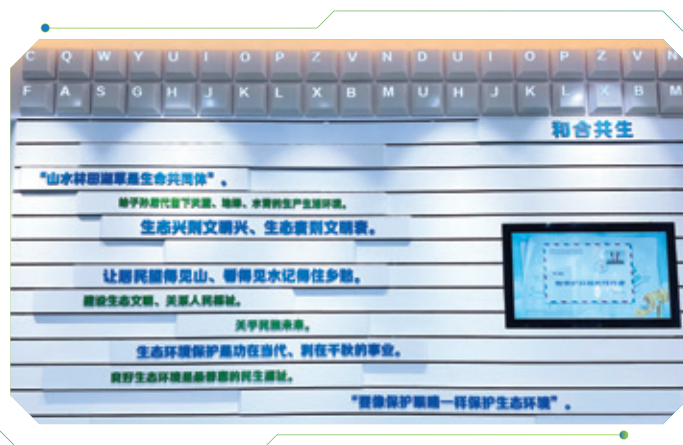


Currently, waste incineration has become the primary method for MSW treatment, and achieving “zero landfill” for domestic waste is a growing trend. The waste incineration industry has entered a stage of steady development. The Group will further develop its WTE business, continue with the “Incineration +” business strategy, and actively deploy in “integrated management for solid waste” (固廢一體化). These efforts will facilitate the synergistic development of the WTE industry chain in both upstream and downstream segments, supporting the Group’s expansion and deepening in its environmental sanitation business. At the same time, as a major WTE enterprise in China, the Group will actively respond to the national initiative to promote the development of the Guangdong-Hong Kong-Macao Greater Bay Area. Rooted in Guangdong and located in the core area of the Guangdong-Hong Kong-Macao Greater Bay Area, the Group will expand its regional business footprint in the future, and pursue the synergistic development in the Guangdong-Hong Kong-Macao Greater Bay Area market, with a focus on efficient and high-quality green management so as to provide reliable, leading, and innovative solid waste management services. Looking forward, the Group will leverage on its own resource advantages to establish an integrated solid waste industry chain and achieve project synergy. By aligning the environmental sanitation business with the technological and smart transformation and upgrade, we will further strategically develop the smart city management business. Such move will facilitate the development transformation and upgrade of the Group, while exploring new avenues for profit growth.

On behalf of the Board, I hereby express our sincere gratitude to our Shareholders, business partners and stakeholders for their continued and unfailing support, as well as working with us to achieve our mission “to protect the blue sky and clean water, and build a beautiful home”. By carrying on with the trust and support from all parties into the future, Canvest remains committed to its philosophy to “unite as one, work meticulously, and strive for excellence”, and will capitalize on the opportunities arising from the thriving green industry in the domestic market to achieve sustainable growth.

Lee Wing Yee Loretta
Chairlady

Hong Kong, 23 August 2023



MANAGEMENT DISCUSSION AND ANALYSIS



MANAGEMENT DISCUSSION AND ANALYSIS

OUR COMPANY CULTURE

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

The Company aims to protect the ecological environment and promote sustainable development of human society as the foundation and pursuit of our business.

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

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

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

Strategy

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

MANAGEMENT DISCUSSION AND ANALYSIS

In the first half of 2023, amid the complex and volatile international environment, the global economy was affected by the continuous interest rate hikes by the central banks of the United States and Europe, the rapid escalation of interest rates and the fluctuation of currency exchange rates. Meanwhile, China's economy was affected by the decline in the spending desirability of consumers and other factors during the post-pandemic period.

China's economy is facing challenges due to multiple uncertainties, but at the same time, China's economic and social development has entered a high-quality development stage of green and low-carbon development, and the construction of ecological civilization was still in a critical period of overlapping pressure and burden. In January 2023, the National Development and Reform Commission of the PRC issued the "Notice on Accelerating the Implementation Plan to Address the Shortcomings and Weaknesses of Domestic Waste Incineration Treatment Facilities in County-level Areas" (《關於加快補齊縣級地區生活垃圾焚燒處理設施短板弱項的實施方案的通知》), mentioning that most of the county-level areas will basically realise the full coverage of municipal solid waste incineration processing capacity by 2025. China's WTE business has entered a established track, and enterprises are actively responding to changes in the industry.

Looking forward, Canvest will further develop its WTE business and continue to promote strategic expansion by developing environmental hygiene and related services with potential growth along the upstream and downstream, in order to further reinforce the integration of the industrial chain of WTE and integrated environmental sanitation business and thus achieving the "Incineration +" business model gradually. At the same time, the Group will also seize the opportunities arising from the national intelligent transformations and upgrades and the promotion of the industry transition towards technology-driven and intelligent operations, to actively explore businesses related to solid waste industry chain. Facing the challenges ahead, the Group will actively explore green technology projects and continue to expand other integrated smart city management services to enhance the overall competitiveness of the Group.

OVERALL PERFORMANCE

For the six months ended 30 June 2023, the Group's revenue was HK\$2,981.0 million (corresponding period in 2022: HK\$4,111.5 million). Revenue from power sales and waste treatment was HK\$1,736.5 million (corresponding period in 2022: HK\$1,768.4 million). Gross profit margin was 38.0% (corresponding period in 2022: 30.3%). The operating profit was HK\$945.9 million (corresponding period in 2022: HK\$1,083.9 million). EBITDA margin was 48.5% (corresponding period in 2022: 39.1%). Profit attributable to equity holders of the Company was HK\$610.3 million (corresponding period in 2022: HK\$774.0 million). Basic earnings per Share was HK25.1 cents (corresponding period in 2022: HK31.9 cents).

During the period under review, the Group's implementation of innocuous treatment of waste volume amounted to 8,082,573 tonnes, representing an increase of 18.3% as compared with 6,829,404 tonnes in the corresponding period in 2022. The Group generated 3,079,463,000 kWh from green energy, representing an increase of 19.4% as compared with 2,579,150,000 kWh in the corresponding period in 2022, sold 52,432 tonnes of steam, representing an increase of 279.0% as compared with 13,834 tonnes in the corresponding period in 2022, saved 736,000 tonnes of standard coal and offset 4,040,000 tonnes of carbon dioxide equivalent emissions⁽¹⁾.

I. Waste-to-energy Business

Projects and Processing Capacity

As at 30 June 2023 and the date of this interim report, the Group has 36 operating, secured and announced projects in our portfolio with daily MSW processing capacity of 54,540 tonnes. The operating daily MSW processing capacity of 32 projects, which included Yi County WTE plant commenced trial operation during the period under review, reached 42,690 tonnes.

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

The following table sets forth the breakdown of the daily MSW processing capacity by regions as at the date of this interim report:

	Number of projects	Daily MSW processing capacity (tonnes)
Southern China Region	22	32,790
Western China Region	4	7,000
Eastern China Region	4	7,650
Northern China and Northeast China Regions	5	6,300
Central China Region	1	800
Total	36	54,540

Note:

- (1) The Group has adopted the methodology as stated in Clean Development Mechanism of the United Nations Framework Convention on Climate Change (UNFCCC) to calculate and offset greenhouse gas emissions from operating projects. The greenhouse gas emission calculation methodologies account for the carbon dioxide equivalent emitted from fossil fuels used for electricity generation and emissions from the combustion of MSW, and methane released from the wastewater treatment process. The calculation methodology for GHG emissions offset has been revised to prevent over-estimation of the avoidance of landfill gas emissions in baseline scenario of the half-yearly model, thereby improving comparability with the figures in our sustainability reports.

MANAGEMENT DISCUSSION AND ANALYSIS

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

		Six months ended 30 June	
		2023	2022
Southern China Region	Guangdong Province		
	Processed MSW (<i>tonnes</i>)	4,662,140	4,311,435
	Power generated (<i>MWh</i>)	1,815,276	1,718,945
	Power sold (<i>MWh</i>)	1,588,756	1,488,939
	Guangxi Zhuang Autonomous Region		
	Processed MSW (<i>tonnes</i>)	372,644	429,581
	Power generated (<i>MWh</i>)	146,346	157,431
	Power sold (<i>MWh</i>)	130,329	138,177
	Guizhou Province		
Processed MSW (<i>tonnes</i>)	333,858	324,193	
Power generated (<i>MWh</i>)	125,329	116,577	
Power sold (<i>MWh</i>)	107,474	98,766	
Western China Region	Processed MSW (<i>tonnes</i>)	747,402	519,678
	Power generated (<i>MWh</i>)	278,444	181,880
	Power sold (<i>MWh</i>)	236,279	155,860
Eastern China Region	Processed MSW (<i>tonnes</i>)	1,049,851	518,685
	Power generated (<i>MWh</i>)	442,201	171,428
	Power sold (<i>MWh</i>)	366,534	149,609
Northern China and Northeast China Regions	Processed MSW (<i>tonnes</i>)	721,086	573,179
	Power generated (<i>MWh</i>)	208,965	172,987
	Power sold (<i>MWh</i>)	176,460	147,377
Central China Region	Processed MSW (<i>tonnes</i>)	195,592	152,653
	Power generated (<i>MWh</i>)	62,902	59,902
	Power sold (<i>MWh</i>)	54,889	52,787
Total	Processed MSW (<i>tonnes</i>)	8,082,573	6,829,404
	Power generated (<i>MWh</i>)	3,079,463	2,579,150
	Power sold (<i>MWh</i>)	2,660,721	2,231,515

Note: The difference between the power generated and the power sold is attributable to various factors, including but not limited to internal power usage and transmission losses.

Southern China Region

During the period under review, 15 WTE plants located in Guangdong Province continued to provide contributions. Huizhou WTE plant is currently under construction, while Huidong WTE project is currently in the planning stage.

4 WTE plants located in Guizhou Province and Guangxi Zhuang Autonomous Region continued to provide contributions during the period under review, while Baise WTE project is currently in the planning stage.

Western China Region

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

Eastern China Region

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

With the change of the economic factors, the Group's entire equity interest in Shen County WTE project was disposed of in February 2023.

Northern China and Northeast China Regions

1 WTE plant located in Hebei Province, 1 WTE plant located in Liaoning Province and 1 WTE plant located in Shanxi Province continued to provide contributions during the period under review. Yi County WTE plant commenced trial operation in late March 2023, while Quyang WTE project is currently in the planning stage.

Central China Region

1 WTE plant located in Jiangxi Province continued to provide contributions during the period under review. With the change of the economic factors, the Group's entire equity interest in Changning WTE project was disposed of in February 2023.

II. Environmental Hygiene and Related Services

The Group, through Yuezhan and Sichuan Jiajieyuan, operated 27 integrated environmental sanitation projects located at Sichuan Province, Guangxi Zhuang Autonomous Region, Hebei Province and Guangdong Province. In Hong Kong, the Group, through Johnson, a leading environmental hygiene service provider, provided a wide range of environmental services in Hong Kong. These projects continued to provide contributions to the Group during the period under review.

The Group was contracted 5 landfill restoration projects located at Guizhou Province and Guangdong Province. On 3 March 2023, Canvest Yuezhan Solid entered into the waste processing service agreement with Dazhou SIIC, pursuant to which Canvest Yuezhan Solid will transport approximately 200,000 tonnes of waste from the landfill to Dazhou WTE plant, dispose the solidified fly ash generated from Dazhou WTE plant to the landfill and detect and repair impermeable membranes at the landfill for three years. Operations management agreement of Dazhou WTE plant and waste processing service agreement of Dazhou SIIC constitute continuing connected transaction and is categorized as de minimis transaction under Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

During the period under review, the Group successfully secured multiple environmental sanitation projects, including the Urban-Rural Environmental Sanitation and MSW Compression, Transfer and Processing Project (城鄉環衛和生活垃圾壓縮轉運及處理項目) in Quyang County, Hebei Province, with a service period of 25 years and a contract value of RMB3,256 million, which was the Group's first environmental sanitation project with contract value to exceed RMB3,000 million.

On 28 July 2023, Canvest — Paul Y. Joint Venture, which was led by the Company, was awarded the Hong Kong North Lantau Transfer Station (“NLTS”) and Outlying Islands Transfer Facilities (“OITF”) Second Follow-on Contract with the awarded sum amounted to HK\$2,818 million for a period of 10 years. The NLTS is located on Sham Shui Kok Drive, Siu Ho Wan, on North Lantau, Hong Kong while the OITF comprises a network of seven small-scale waste transfer facilities located at Mui Wo, Cheung Chau, Peng Chau, Hei Ling Chau, Yung Shue Wan, Sok Kwu Wan and Ma Wan. Please refer to the announcement of the Company dated 31 July 2023 for further details.

During the period under review, Zhongzhou Environmental, which is principally engaged in the treatment of bottom ash created from the incineration of waste in the PRC, continued to provide contributions to the Group. Dongguan Xindongyue processed 76,807 tonnes of solidified fly ash and continued to provide contributions to the Group.

During the period under review, certain subsidiaries of the Group are required to provide performance bonds to the local governments as stated in the environmental hygiene services contracts. Performance bonds were issued by a financial institution, which is held by an associate of Mr. CT Lai, an executive director, and is a connected person of the Group. Total amount of these two performance bonds was RMB4.2 million and the tenor is within three years from the date of the issuance. Total fee paid by the Group for issuing these performance bonds amounted to RMB20,000. These transactions constitute connected transactions and are categorized as de minimis transaction under Listing Rules.

III. Management and Operation of Smart Car Parking Business

Leveraging on our market leading position in the WTE and environmental hygiene and services industry, the Group continued to develop its integrated smart city management services, such as smart car parking solutions.

During the period under review, the Group provided smart car parking solutions for over 48,000 parking spaces, covering Guangdong Province, Hebei Province, Chongqing Municipality, Hubei Province, Shandong Province and Hunan Province.

The rapid expansion of environmental hygiene and smart car parking businesses demonstrate our implementation to “Incineration +” strategy.

ANALYSIS OF FINANCIAL RESULTS

Revenue

In the first half of 2023, the Group's revenue decreased by 27.5% to HK\$2,981.0 million as compared with the corresponding period last year, and the decrease in total revenue was mainly due to a 53.8% decrease in the Group's construction revenue to HK\$997.2 million as compared with the corresponding period last year. It is attributable to most of the Group's WTE projects have been put into operation and the WTE industry has entered a mature stage with fewer new projects. Yet, the revenue from power sales, waste treatment fees and environmental hygiene and other services income was increased as compared with the corresponding period last year. Excluding the impact of currency exchange during the Period, the revenue of the Group was only decreased by approximately 21.7%.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the breakdown of revenue for the six months ended 30 June 2023 and 2022:

	Six months ended 30 June			
	2023		2022	
	HK\$'000	%	HK\$'000	%
Revenue from power sales	1,219,438	40.9%	1,211,562	29.5%
Revenue from waste treatment fees	517,052	17.3%	556,844	13.5%
Revenue from project construction services	997,198	33.5%	2,157,761	52.5%
Finance income from service concession arrangements	96,181	3.2%	86,329	2.1%
Environmental hygiene and other services income	151,152	5.1%	99,041	2.4%
Total	2,981,021	100.0%	4,111,537	100.0%

The following table sets forth the breakdown of the Group's revenue by region for the six months ended 30 June 2023 and 2022:

	Six months ended 30 June			
	2023		2022	
	HK\$'000	%	HK\$'000	%
Southern China Region	1,508,802	50.6%	2,505,710	60.9%
Central China Region	56,654	1.9%	57,822	1.4%
Western China Region	108,649	3.6%	377,755	9.2%
Northern China and Northeast China Regions	797,328	26.8%	760,107	18.5%
Eastern China Region	509,588	17.1%	410,143	10.0%
Total	2,981,021	100.0%	4,111,537	100.0%

Cost of Sales

Cost of sales primarily consists of maintenance cost, depreciation and amortisation, employee and related benefit expenses, environmental protection expenses and construction cost.

During the period under review, the cost of sales decreased by 35.5% from HK\$2,864.2 million in 2022 to HK\$1,847.8 million in 2023. The decrease was mainly attributable to the decrease in construction cost for project construction services.

Gross Profit and Gross Profit Margin

During the period under review, gross profit of the Group amounted to HK\$1,133.2 million, representing a decrease of 9.1% as compared to HK\$1,247.3 million in 2022. The decrease in gross profit was mainly attributable to the decrease in the project construction services. Excluding the impact of currency exchange during the Period, the gross profit of the Group was only decreased by approximately 1.9%.

MANAGEMENT DISCUSSION AND ANALYSIS

The following table sets forth the breakdown of the Group's gross profit by nature for the six months ended 30 June 2023 and 2022:

	Six months ended 30 June			
	2023		2022	
	HK\$'000	%	HK\$'000	%
Power sales and waste treatment operations	811,181	71.6%	812,252	65.1%
Project construction services	166,200	14.6%	321,189	25.8%
Finance income from service concession arrangements	96,181	8.5%	86,329	6.9%
Environmental hygiene and other services	59,641	5.3%	27,559	2.2%
Total	1,133,203	100.0%	1,247,329	100.0%

Gross profit margin of the Group increased from 30.3% in the corresponding period in 2022 to 38.0% in the current period of 2023. The increase was mainly due to the decrease in portion of construction revenue which has lower gross profit margin and better gross profit margin from the environmental hygiene and other services segment.

The following table sets forth the Group's gross profit margin by nature for the six months ended 30 June 2023 and 2022:

	Six months ended 30 June	
	2023	2022
	Gross profit margin	Gross profit margin
Power sales and waste treatment operations	46.7%	45.9%
Project construction services	16.7%	14.9%
Finance income from service concession arrangements	100.0%	100.0%
Environmental hygiene and other services	39.5%	27.8%
Gross profit margin of the Group	38.0%	30.3%

General and Administrative Expenses

General and administrative expenses mainly comprise of employee and related benefit expenses for administrative personnel, promotion, entertainment and travelling expenses, depreciation and amortisation, research and development expenses, office expenses and others.

General and administrative expenses increased by 5.6% from HK\$264.1 million in the corresponding period in 2022 to HK\$278.8 million in the current period of 2023. It was mainly due to additional WTE projects under operation and increase in research and development expenses for innovation and digitalization.

Other Income

Other income mainly consisted of VAT refund, amortization of deferred government grants and others. Other income decreased by 0.6% from HK\$104.0 million in the corresponding period in 2022 to HK\$103.4 million in the current period of 2023.

Other Losses, Net

During the period under review, the Group recorded other net losses of HK\$11.9 million as compared to other net losses of HK\$3.4 million in the corresponding period in 2022. It was mainly due to a greater foreign exchange loss from the significant depreciation of RMB against USD was recognised in the current period of 2023.

Interest Expense, Net

Net interest expense mainly consisted of interest expenses on borrowings from banks and net of interest income. Net interest expenses increased by 13.9% from HK\$272.9 million in the corresponding period in 2022 to HK\$310.9 million in the current period of 2023. The increase in interest expenses was due to the increase in HIBOR, which led to the increase in interest rate of offshore borrowings.

Share of Net Profits of Associates and Joint Ventures

During the period under review, share of net profits of associates and joint ventures decreased by 30.3% from HK\$106.4 million in 2022 to HK\$74.2 million in 2023. It was mainly due to decrease in profit sharing from Machong WTE plant.

Income Tax Expense

Income tax expense decreased by 49.0% from HK\$134.4 million in the corresponding period in 2022 to HK\$68.5 million in the current period of 2023. It was mainly attributable to the decrease in deferred income tax as a result of the decrease in revenue from project construction services.

Profit Attributable to the Equity Holders of the Company

Profit attributable to the equity holders of the Company decreased by 21.2% from HK\$774.0 million in the corresponding period in 2022 to HK\$610.3 million in the current period of 2023. Excluding the impact of the increase in interest expenses and the impact of exchange during the Period, net profit for the period of the Group was only slightly decreased by approximately 1.6%.

Capital Structure

The shares of the Company were listed on the Hong Kong Stock Exchange on 29 December 2014. The capital structure of the Company is comprised of ordinary shares.

Liquidity, Financial and Capital Resources

Financial resources

During the period under review, the Group generated HK\$884.0 million in cash from operating projects (corresponding period in 2022: HK\$901.9 million). Net cash prepaid and used for the construction of various WTE plants under BOT arrangements amounted to HK\$499.1 million (corresponding period in 2022: HK\$1,696.4 million). As a result, the total net cash generated from operating activities amounted to HK\$384.9 million during the period under review (corresponding period in 2022: net cash used in operating activities of HK\$794.5 million).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group generated cash flow through operating activities and loan facilities from banks. As at 30 June 2023, the total cash and cash equivalents of the Group were HK\$1,816.4 million (31 December 2022: HK\$1,809.9 million). The Group pursues a prudent approach to balance the risk level and costs of capital. The Group has adequate financial resources to meet the future funding requirements for project development.

The Group noticed the funding pressures associated with the increase in balance and the aging of renewable national subsidies receivables, and will regularly communicated with the relevant government authorities and closely monitor the turnover of such receivables. Up to the date of this interim report, the Group received certain renewable national subsidies.

Borrowings

The Group sensibly diversifies its funding sources to optimise its debt portfolio and lower the financing cost. As at 30 June 2023, the Group's bank borrowings were HK\$13,745.5 million (31 December 2022: HK\$13,582.3 million). Such bank borrowings were secured by the pledge of certain assets and corporate guarantees. The bank borrowings were denominated in Renminbi and Hong Kong dollars (31 December 2022: same) and all of them were at floating interest rates (31 December 2022: same).

On 5 August 2021, the Company (as borrower) entered into a facility agreement (the "Facility Agreement I") with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$150.0 million for a term of 36 months from the date of drawdown has been granted to the Company. As at 30 June 2023 and as at the date of this interim report, the proceeds of HK\$150.0 million have been utilized. Pursuant to the Facility Agreement I, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 5 August 2021 for further details.

On 20 April 2022, the Company (as borrower) entered into a facility agreement (the "Facility Agreement II") with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$250.0 million for a term of 15 months (which may be further extended for another 15 months) from the date of drawdown has been granted to the Company. The Company exercised the right to extend the loan for another 15 months in June 2023. As at 30 June 2023 and as at the date of this interim report, the proceeds of HK\$250.0 million have been utilized. Pursuant to the Facility Agreement II, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 20 April 2022 for further details.

On 25 April 2022, the Company (as borrower) entered into a facility agreement (the "Facility Agreement III") with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$150.0 million for a term of 18 months from the date of drawdown has been granted to the Company. As at 30 June 2023 and as at the date of this interim report, the proceeds of HK\$150.0 million have been utilized. Pursuant to the Facility Agreement III, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 25 April 2022 for further details.

MANAGEMENT DISCUSSION AND ANALYSIS

On 30 August 2022, the Company (as borrower) entered into a facility agreement (the “Facility Agreement IV”) with certain financial institutions pursuant to which a term loan facility in the aggregate amount of HK\$2,891.0 million (with incremental facilities of up to a further HK\$200.0 million) for a term of 36 months from the date of first utilisation has been granted to the Company. As at 30 June 2023 and as at the date of this interim report, this facility of HK\$2,891.0 million has been utilized. Pursuant to the Facility Agreement IV, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 30 August 2022 for further details.

On 16 September 2022, the Company (as borrower) entered into a facility agreement (the “Facility Agreement V”) with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$300.0 million for a term of 36 months from the date of first utilisation has been granted to the Company. As at 30 June 2023 and as at the date of this interim report, this facility of HK\$300.0 million has been utilized. Pursuant to the Facility Agreement V, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 16 September 2022 for further details.

Net asset of the Group was HK\$9,315.0 million (31 December 2022: HK\$9,003.9 million). The increase in net asset was mainly attributable to the profit generated during the period under review.

The following table sets forth the analysis of the Group’s borrowings as at 30 June 2023 and 31 December 2022:

	As at 30 June 2023 HK\$'000	As at 31 December 2022 HK\$'000
Portion of term loans due to repayment after one year — secured	12,130,683	11,838,520
Portion of term loans due for repayment within one year or on demand		
— secured	1,160,107	1,444,642
— unsecured	134,667	149,167
Revolving loans due for repayment within one year — unsecured	320,000	150,000
Total bank borrowings	13,745,457	13,582,329

The gearing ratio is the ratio of total liabilities divided by total assets. As at 30 June 2023, the gearing ratio was 64.9% (31 December 2022: 65.1%).

As at 30 June 2023, the Group had banking facilities in the amount of HK\$16,516.7 million, of which HK\$2,715.5 million remained unutilized. The banking facilities were denominated in Renminbi and Hong Kong dollars and were at floating interest rates.

MANAGEMENT DISCUSSION AND ANALYSIS

Cost of Borrowings

For the six months ended 30 June 2023, the total cost of borrowings of the Group was HK\$331.1 million (corresponding period in 2022: HK\$288.6 million), representing an increase of HK\$42.5 million. The increase was due to the increase in HIBOR, which led to the increase in interest rate and interest expenses of offshore borrowings. Effective interest rate ranged from 2.35% to 7.03% for the six months ended 30 June 2023 (corresponding period in 2022: 2.19% to 5.19%).

Foreign Exchange Risk

The major operating subsidiaries of the Group operate in the PRC with transactions mainly settled in Renminbi, being the functional currency of such subsidiaries. Moreover, bank deposits of the Group were denominated in Hong Kong dollars, Renminbi and US dollars while bank loans were denominated in Hong Kong dollars and Renminbi. For subsidiaries with Hong Kong dollar as its functional currency, foreign exchange risks mainly arise from the outstanding balances due from/to group companies denominated in RMB. The Group does not have any financial instrument for the purpose of hedging. The Group manages foreign currency risks by closely monitoring the proportion of its non-Renminbi borrowings and deposits and performing regular reviews of the Group's net foreign exchange exposure.

Commitments

As at 30 June 2023, the Group's capital commitments in relation to construction cost for BOT concession rights and property, plant and equipment, which were authorised but not contracted for, amounted to HK\$1,343.9 million (31 December 2022: HK\$1,470.6 million) and HK\$70.0 million (31 December 2022: HK\$498.0 million), respectively. Its capital commitments contracted for but not yet provided for in the consolidated financial statement in relation to construction cost for BOT concession rights and property, plant and equipment amounted to HK\$556.2 million (31 December 2022: HK\$1,765.9 million) and HK\$346.1 million (31 December 2022: HK\$147.5 million), respectively, and in relation to the capital injection to associates and joint ventures amounted to HK\$65.1 million (31 December 2022: HK\$201.2 million).

Pledging of shares by Controlling Shareholders

As at 30 June 2023, the Controlling Shareholders have not pledged all or part of its interests in the shares of the Company to secure the Company's debts or to secure guarantees or other support of its obligations.

Significant Investments, Material Acquisition and Disposal of Subsidiaries, Plan for Significant Investment or Acquisition of Material Capital Assets in the Future

Saved as disclosed in this interim report, during the period under review, there was no significant investment, material acquisition and disposal of material subsidiaries by the Company and no other material investments or additions of capital assets authorised by the Board at the date of this interim report.

Capital Expenditures

For the six months ended 30 June 2023, capital expenditures of the Group mainly consisted of expenditures on equipment purchase and construction costs (on accrual basis) relating to service concession arrangements amounting to HK\$1,102.1 million (corresponding period in 2022: HK\$1,899.4 million). Capital expenditures were mainly funded by bank borrowings and funds generated from operating activities.

Contingent Liabilities

On 6 July 2020, Kewei, the ultimate beneficial owner of Jianyang Lujiang Biochemical Co., Ltd. (“Jianyang Lujiang”), and his spouse (collectively, the “Guarantors”), entered into a joint and several guarantee agreement with Zhongxin sub-branch of Dongguan Rural Commercial Bank Co., Ltd. (“DRC Bank”), pursuant to which each of the Guarantors agreed to provide Jianyang Canvest a guarantee in the aggregate amount of not exceeding RMB700.0 million (equivalent to HK\$769.0 million) (equivalent to the total amount of the project loan provided by DRC Bank to Jianyang WTE plant). The term of the guarantee is from the effective date of the loan agreement to the end date of an additional three years. Please refer to the announcement of the Company dated 6 July 2020 for further details.

The Group holds 49% equity interest in Dongguan Xindongyuan, which holds 30% equity interest in Dongguan Xindongqing. As at 30 June 2023, the Group provided a corporate guarantee of RMB32.3 million (equivalent to HK\$35.5 million) for bank loans of Dongguan Xindongqing (31 December 2022: RMB32.3 million (equivalent to HK\$36.2 million)).

The Group holds 40% equity interest in Zhongzhou Environmental. As at 30 June 2023, the Group provided a corporate guarantee of RMB69.9 million (equivalent to HK\$76.8 million) for bank loans of Zhongzhou Environmental (31 December 2022: RMB90.0 million (equivalent to HK\$100.8 million)).

The Group holds 30% equity interest in Sichuan SIIC. As at 30 June 2023, the Group provided a corporate guarantee of RMB60.0 million (equivalent to HK\$65.9 million) for bank loan obtained by Sichuan SIIC (31 December 2022: nil).

Saved as disclosed above, the Group did not have any significant contingent liabilities as at 30 June 2023.

Pledge of Assets

As at 30 June 2023, the Group pledged certain of its rights to collect revenue from power sales, waste handling and environmental hygiene services, property, plant and equipment, right-of-use assets, intangible assets and restricted deposits (31 December 2022: same) with an aggregate carrying amount of HK\$13,559.7 million (31 December 2022: HK\$13,786.5 million) to certain banks to secure certain credit facilities granted to the Group.

Continuing Connected Transactions

On 3 June 2021, the Company and Yue Xing entered into a supplemental leasing framework agreement (“YX Supplemental Leasing Framework Agreement”) to renew and revise the annual caps in the previous leasing framework agreement (the “YX Leasing Framework Agreement”) for a term of three years commencing from 1 July 2021 and will expire on 30 June 2024 (both days inclusive). The annual caps for the transactions for the period from 1 July 2021 to 31 December 2021, for the financial years ending 31 December 2022 and 2023 and for the period from 1 January 2024 to 30 June 2024 are RMB5.0 million, RMB10.0 million, RMB10.0 million and RMB5.0 million, respectively. Please refer to the announcement of the Company dated 3 June 2021 for further details. The rent paid by the Group to Yue Xing from 1 January 2022 to 6 February 2022 was HK\$0.7 million.

MANAGEMENT DISCUSSION AND ANALYSIS

On 7 February 2022, in order to facilitate our operations and continuing expansion and better govern the portfolio of properties available for leasing by the Group from companies controlled by Mr. Lai Chun Tung, an executive Director, (including Yue Xing), the Company and Yue Xing mutually agreed to terminate the YX Leasing Framework Agreement and YX Supplemental Leasing Framework Agreement. On the same day, the Company and Sanyang entered into a leasing framework agreement (the "Sanyang Leasing Framework Agreement"), pursuant to which Sanyang agreed to lease certain commercial properties held by itself and companies controlled by it (including that of Yue Xing's) to the Company and/or its subsidiaries for use as offices or other purposes in the PRC for a term of three years commencing from 7 February 2022 to 6 February 2025 (both days inclusive). The annual caps for the transactions for the period from 7 February 2022 to 31 December 2022, for the financial years ending 31 December 2023 and 2024 and for the period from 1 January 2025 to 6 February 2025 are RMB10.8 million, RMB10.8 million, RMB10.8 million and RMB0.9 million, respectively. Please refer to the announcement of the Company dated 7 February 2022 for further details. For the six months ended 30 June 2023, the rent paid by the Group in relation to Sanyang Leasing Framework Agreement was HK\$4.7 million (for the period from 7 February 2022 to 30 June 2022: HK\$3.8 million).

On 7 February 2022, the Company and Canvest ECT entered into a monitoring and audit services agreement (the "MAS Framework Agreement"), pursuant to which Canvest ECT has been engaged to provide monitoring and audit services for the routine maintenance works for the machineries operated by the Group in the Group's WTE plants for a term of three years commencing from 7 February 2022 to 6 February 2025 (both days inclusive). The annual caps for the transactions for the period from 7 February 2022 to 31 December 2022, for the financial years ending 31 December 2023 and 2024 and for the period from 1 January 2025 to 6 February 2025 are RMB6.5 million, RMB7.0 million, RMB7.5 million and RMB0.7 million, respectively. Please refer to the announcement of the Company dated 7 February 2022 for further details. For the six months ended 30 June 2023, the service fee amounted to HK\$1.2 million (six months ended 30 June 2022: HK\$1.8 million).

On 9 February 2022, the Group entered into the operations management agreement with SIIC Baojingang, pursuant to which SIIC Baojingang entrusted the Group to manage and operate Baoshan WTE Project. The annual caps for the transactions for the financial years ending 31 December 2022 to 2025 are RMB46.0 million, RMB46.0 million, RMB46.0 million and RMB46.0 million, respectively. Please refer to the announcements of the Company dated 9 February 2022 and 11 February 2022 for further details. For the six months ended 30 June 2023, the management service income amounted to HK\$22.0 million (for the six months ended 30 June 2022: HK\$12.4 million).

Each of the above continuing connected transactions is subject to the reporting, annual review and announcement requirements but are exempted from the independent Shareholders' approval pursuant to Chapter 14A of the Listing Rules.

Tax relief and exemption

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's shares.

Human Resources

As at 30 June 2023, the Group employed a total of 4,814 employees, 94 of them were at management level. By geographical locations, it had 4,784 employees in the PRC and 30 employees in Hong Kong. Employees are remunerated according to their qualifications, working experience, job nature and performance with reference to market conditions. The Group also maintained medical insurance and mandatory provident fund scheme for its employees in Hong Kong.

The Company adopted a share option scheme on 7 December 2014, which became effective on 29 December 2014 (i.e. the Listing Date) and a summary of the principal terms of the share option scheme was set out in Appendix VI to the prospectus. Under the share option scheme and upon the discretion of the Board, share options might be granted as performance incentives to employees (including Directors). 2,500,000 share options remained outstanding as at 31 December 2022 and as at 30 June 2023. Total remuneration costs, including Directors' remuneration, for the period under review were HK\$312.8 million (corresponding period in 2022: HK\$306.7 million).

On 3 May 2019, the Company adopted the Share Award Scheme in which the Eligible Persons will be entitled to participate. The objectives of the Share Award Scheme are to (i) recognise the contributions of the Eligible Persons and to provide them with incentives in order to retain them for the continual operation and development of the Group; and (ii) to attract suitable personnel for further development of the Group. A scheme rule and trust deed between the Company and Bank of Communications Trustee Limited as the Trustee have been entered into in this regard. Please refer to the announcements of the Company dated 3 May 2019 and 9 May 2019 for further details.

Financial Assistance and guarantees to affiliated companies by the Company

As at 30 June 2023, the Company had not provided any financial assistance and guarantees to affiliated companies which is subject to disclosure requirement under Rule 13.22 of the Listing Rules.

Advance to an entity provided by the Company

As at 30 June 2023, the Company had not provided any advance to an entity which is subject to disclosure requirement under Rule 13.20 of the Listing Rules.

Events after Balance Sheet Date

In July 2023, the Group was awarded the Hong Kong North Lantau Transfer Station and Outlying Islands Transfer Facilities Second Follow-on Contract. The awarded sum amounted to HK\$2,818 million for a period of 10 years. As at the date of this interim report, no agreement has been entered into.

Changes in Directors' Information

Ms. Loretta Lee obtained a degree of master of Business Administration (Executive) from the City University of Hong Kong in 2022.

Mr. Chung Wing Yin has retired as independent non-executive Director of the Company, chairman of Nomination Committee, member of audit committee, remuneration committee and corporate governance committee with effect from the conclusion of the annual general meeting of the Company held on 15 June 2023. Please refer to the announcement of the Company dated 15 June 2023 for further details.

Save as disclosed above, there are no other changes in information of Directors since the date of the 2022 Annual Report of the Company which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

MANAGEMENT DISCUSSION AND ANALYSIS

Change in principal place of business

The principal place of business of the Company in Hong Kong has been changed to 28/F, No. 9 Des Voeux Road West, Sheung Wan, Hong Kong with effect from 31 May 2023.

Interim Dividends

The Board has declared an interim dividend of HK4.9 cents (corresponding period in 2022: HK6.2 cents) per share payable in cash to Shareholders of the Company.

Interim dividend will be payable on or about Thursday, 30 November 2023 to the Shareholders whose names appear on the register of members of the Company on Friday, 15 September 2023.

UPDATE ON CHINA SCIVEST WTE PLANT

Reference is made to the undertaking given by the Company on page 190 of the prospectus to disclose the status of rectifying the deficits in relation to certain construction related licenses and permits of the China Scivest WTE plant in the Company's interim and annual reports until China Scivest has obtained all construction related licenses and permits. For the six months ended 30 June 2023, the Group had proactively cooperated with the Dongguan Municipal People's Government and other related governing authorities in obtaining the construction related licenses and permits for China Scivest WTE plant. As at the date of this interim report, the Group is still in the progress of applying for such licenses and permits for China Scivest WTE plant.

CORPORATE GOVERNANCE

The Company has been committed to ever improving its corporate governance and regarded it as an indispensable part of creating values for shareholders. The Company has established a modern corporate governance structure which comprises effectively balanced and independently operated bodies including general meetings, the Board, committees and senior management with reference to the code provisions as set out in the CG Code. The Company has also adopted the CG Code as its code of corporate governance practices.

Major identified risks and uncertainties faced by the Group are set out in details in the 2022 annual report of the Company.

In the opinion of the Board, save for the non-compliance with Rules 3.21 and 3.27A of the Listing Rules, details of which are set out hereinbelow, the Company has complied with the CG Code during the six months ended 30 June 2023.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company adopted the Model Code. After specific enquiry, each of the Directors has confirmed to the Company that he or she had completely complied with the Model Code for the six months ended 30 June 2023.

THE COMMITTEES OF THE BOARD

The Board of the Company has established 5 committees namely the audit committee, the corporate governance committee, the nomination committee, the remuneration committee and the strategy and sustainability committee. Except for the strategy and sustainability committee which is chaired by the executive Director and consists of non-executive Director and independent non-executive Director as members, the respective chairperson and majority of the members of each of the other committees are independent non-executive Directors. Terms of reference of each of the committees have posted on corporate website (www.canvestenvironment.com) and Hong Kong Stock Exchange's website (www.hkexnews.hk), and will be amended by the Board from time to time as appropriate.

AUDIT COMMITTEE

The Company has set up an audit committee in compliance with the Listing Rules. The audit committee is chaired by Mr. Chan Kam Kwan Jason, and comprises Mr. Chan Kam Kwan Jason and Professor Sha Zhenquan, after Mr. Chung Wing Yin's retirement as an independent non-executive Director and member of audit committee with effect from the conclusion of the annual general meeting of the Company held on 15 June 2023.

The audit committee meets the external auditors regularly to discuss any area of concern during the audit. The audit committee shall review the interim and annual reports before submission to the Board. The audit committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements in the review of the Company's interim and annual report.

The primary duties of the audit committee are to make recommendations to the Board on the appointment and removal of external auditor, review the proposed permissible audit related and non-audit services to be provided by the external auditor, review the financial statements and render advice in respect of financial reporting, oversee internal control procedures of the Group and review and monitor the Company's compliance with the Company's whistleblowing policy.

CORPORATE GOVERNANCE

During the six months ended 30 June 2023, the audit committee has held one meeting and performed the following major works:

- Review and discussion of the annual financial statements, results announcement and report for the year ended 31 December 2022, the related accounting principles and practices adopted by the Group and internal controls related matters; and
- Considering the re-appointment of external auditors of the Company and its independence and review the proposed permissible audit related and non-audit services to be provided by the external auditor.

The audit committee has reviewed the Group's unaudited condensed consolidated interim financial information for the six months ended 30 June 2023 in conjunction with external auditor. Based on the review and discussion with the management, the audit committee was satisfied that the unaudited condensed consolidated interim financial information were prepared in accordance with the applicable accounting standards and fairly present the Group's financial position and results for the six months ended 30 June 2023. The external auditor attended the above meeting to discuss with the audit committee on issues arising from the audit and financial reporting matters.

There is no disagreement between the Board and the audit committee regarding the appointment of external auditor or the accounting treatment adopted by the Company.

The audit committee has reviewed the unaudited interim results of the Group for the six months ended 30 June 2023 and reviewed, in the presence of the management of the Group, the accounting principles and practices adopted by the Group, adequacy of resources for performing accounting and financial reporting function, and discussed with them the internal controls and financial reporting matters.

REMUNERATION COMMITTEE

The Company has set up a remuneration committee in compliance with the Listing Rules. The remuneration committee is chaired by Professor Sha Zhenquan, and comprises Professor Sha Zhenquan and Mr. Chan Kam Kwan Jason, after Mr. Chung Wing Yin's retirement as an independent non-executive Director and member of remuneration committee with effect from the conclusion of the annual general meeting of the Company held on 15 June 2023.

Main duties of the remuneration committee include (but without limitation): (i) making recommendations to the Directors on the policy and structure for remuneration of all the Directors and senior management and establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) recommending the terms of the specific remuneration package of each executive Director and senior management to the Board; (iii) reviewing and approving performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time-to-time; (iv) considering and approving the grant of share options to eligible participants pursuant to the Share Option Scheme; (v) making recommendations to the board on the remuneration of non-executive Directors; (vi) considering salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; (vii) reviewing and approving compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and (viii) reviewing and approving compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate. No Director should be involved in deciding his/her own remuneration.

During the six months ended 30 June 2023, the remuneration committee has held one meeting to perform the following major works:

- Performance evaluation of Directors and management team; and
- General review and discussion of the remuneration packages of Directors and management team.

NOMINATION COMMITTEE

The nomination committee was chaired by Mr. Chung Wing Yin until his retirement as an independent non-executive Director and chairman of nomination committee with effect from the conclusion of the annual general meeting of the Company held on 15 June 2023, and comprises Professor Sha Zhenquan and Mr. Chan Kam Kwan Jason, after Mr. Chung Wing Yin's retirement as an independent non-executive Director and chairman of nomination committee with effect from the conclusion of the annual general meeting of the Company held on 15 June 2023.

The primary duties of the nomination committee include, but are not limited to, (i) reviewing the structure, size and diversity (including the skills, knowledge and experience) of the Board at least annually and making recommendations on any proposed changes to the Board to complement the corporate strategy; (ii) making recommendations to the Board on the appointment or reappointment of Directors and succession planning for Directors in particular the chairlady and the chief executive officer; (iii) identifying individuals suitably qualified to become Directors and selecting or making recommendations to the Board on the selection of individuals nominated for directorship; and (iv) assessing the independence of independent non-executive Directors.

During the six months ended 30 June 2023, the nomination committee has held one meeting to perform the following major works:

- Review of the structure, size, composition and diversity of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;
- Recommendation of the re-election of the retiring directors standing for re-election at the Company's annual general meeting held on 15 June 2023; and
- Assessment of the independence of all the Company's independent non-executive directors.

CORPORATE GOVERNANCE COMMITTEE

The corporate governance committee is chaired by Mr. Chan Kam Kwan Jason and comprises Mr. Chan Kam Kwan Jason, Ms. Loretta Lee and Professor Sha Zhenquan, after Mr. Chung Wing Yin's retirement as an independent non-executive Director and member of corporate governance committee with effect from the conclusion of the annual general meeting of the Company held on 15 June 2023.

The corporate governance functions are performed by the corporate governance committee, which was delegated by the Board. The corporate governance functions are (i) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (ii) to review and monitor the training and continuous professional development of Directors and senior management; (iii) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; (iv) to develop and review the Company's policies and practices on corporate governance and making recommendations to the Board and report to the Board on relevant matters; (v) to review the Company's compliance with the CG Code and disclosure in the corporate governance report; and (vi) to consider any other topics as determined by the Board.

CORPORATE GOVERNANCE

During the six months ended 30 June 2023, the corporate governance committee has held one meeting and performed the following major works:

- Review and assessment of the continuous professional development of Directors and senior management;
- Review of Company's policies and practices on corporate governance; and
- Review of Company's compliance with Appendix 14 to the Listing Rules.

STRATEGY AND SUSTAINABILITY COMMITTEE

The members of the strategy and sustainability committee (also known as ESG and Climate Risk Management Committee) comprise Mr. CT Lai, Mr. Lui Ting Cheong Alexander and Professor Sha Zhenquan, and is chaired by Mr. CT Lai.

The duties of the Committee shall be: (a) to conduct research and make recommendations on the Group's business strategy, sustainable development approach and related policies in the area of sustainable development; (b) to guide, evaluate, oversee and continuously improve the culture, management framework, affairs, risk management and capacity building of the Group in the areas of environmental and social responsibility and sustainability, and to provide advice and make recommendations to the Board on related work; (c) to identify, assess, manage and respond to the significant issues related to the environmental, social and governance (ESG) and sustainability, and where appropriate, to provide advice and make recommendations to the Board; (d) to monitor completeness of the Company's Sustainability Report, and to review the significant judgements in the Sustainability Report. In reviewing the Sustainability Report, the Committee should focus particularly on: (i) any changes in the policies and practices on Sustainability Report; (ii) major judgmental areas; (iii) significant adjustments resulting from internal audit or third-party verification; (iv) the going concern assumptions and any qualifications; (v) with reference to the principal international environmental, social and corporate governance code; (vi) compliance with the environmental, social and governance reporting guidelines as set out in the Listing Rules and legal requirements; (e) to review the Group's sustainability and ESG strategies and progress in reporting performance against ESG-related targets and indicators; (f) to report to the Board on the matters specified in the applicable provisions of the Environmental, Social and Governance Reporting Guidelines in Appendix 27 to the Listing Rules; and (g) to consider other topics, as defined by the Board from time to time.

During the six months ended 30 June 2023, the strategy and sustainability committee has held one meeting and performed the following major works:

- Review and discussion on the significant ESG and climate-related topics for the operation and management of WTE plants, provisions of environmental hygiene and related services and integrated smart city management services; and
- Review and discussion on the sustainability report with external consultant and its compliance with Appendix 27 to the Listing Rules.

DISCLOSURE OF CHANGE IN INFORMATION OF DIRECTOR UNDER RULE 13.51B(1) OF THE LISTING RULES

Below are the changes of Directors' information since the date of the 2022 annual report of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

Ms. Loretta Lee obtained a degree of master of Business Administration (Executive) from the City University of Hong Kong in 2022.

Mr. Chung Wing Yin has retired as independent non-executive Director of the Company, chairman of nomination committee, member of audit committee, remuneration committee and corporate governance committee with effect from the conclusion of the annual general meeting of the Company held on 15 June 2023. Please refer to the announcement of the Company dated 15 June 2023 for further details.

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

NON-COMPLIANCE WITH RULES 3.21 AND 3.27A OF THE LISTING RULES

Following the retirement of Mr. Chung Wing Yin with effect from the conclusion of the annual general meeting of the Company held on 15 June 2023, the required composition of the audit committee and nomination committee did not meet the requirements under Rule 3.21 and Rule 3.27A of the Listing Rules:

- i. the audit committee comprises two independent non-executive Directors, which fails to comply with the requirement of Rule 3.21 of the Listing Rules in respect of having at least a minimum of three members; and
- ii. the nomination committee comprises two independent non-executive Directors who are members of the committee and does not have a chairman, which fails to comply with the requirement Rule 3.27A of the Listing Rules in respect of being chaired by the chairman of the Board or an independent non-executive Director.

The Board is endeavoring to identify suitable candidates with legal background to fill the vacancy as soon as practicable, with the relevant appointment to be made within three months from the date of Mr. Chung Wing Yin's retirement to meet the relevant requirements under the Listing Rules and for corporate governance purposes. The Company will make further announcement(s) as and when appropriate.

REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION



羅兵咸永道

**TO THE BOARD OF DIRECTORS OF
CANVEST ENVIRONMENTAL PROTECTION GROUP COMPANY LIMITED**
(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the interim financial information set out on pages 35 to 67, which comprises the interim condensed consolidated balance sheet of Canvest Environmental Protection Group Company Limited (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2023 and the interim condensed consolidated statement of profit or loss, the interim condensed consolidated statement of comprehensive income, the interim condensed consolidated statement of changes in equity and the interim condensed consolidated statement of cash flows for the six-month period then ended, and selected explanatory notes. The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim financial information to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. The directors of the Company are responsible for the preparation and presentation of this interim financial information in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants. Our responsibility is to express a conclusion on this interim financial information based on our review and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of Review

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Hong Kong Institute of Certified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information of the Group is not prepared, in all material respects, in accordance with Hong Kong Accounting Standard 34 "Interim Financial Reporting".

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 August 2023

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2023

	Note	Six months ended 30 June	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Revenue	6	2,981,021	4,111,537
Cost of sales	7	(1,847,818)	(2,864,208)
Gross profit		1,133,203	1,247,329
General and administrative expenses	7	(278,840)	(264,093)
Other income	8	103,392	104,039
Other losses, net	9	(11,858)	(3,355)
Operating profit		945,897	1,083,920
Interest income	10	7,773	8,035
Interest expense	10	(318,644)	(280,905)
Interest expense, net	10	(310,871)	(272,870)
Share of net profits of associates and joint ventures		74,205	106,408
Profit before income tax		709,231	917,458
Income tax expense	11	(68,545)	(134,405)
Profit for the period		640,686	783,053
Attributable to:			
Equity holders of the Company		610,271	774,002
Non-controlling interests		30,415	9,051
		640,686	783,053
Earnings per share			
— basic (expressed in HK cents per share)	12(a)	25.1	31.9
— diluted (expressed in HK cents per share)	12(b)	25.1	31.9

The notes on pages 43 to 67 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Profit for the period	640,686	783,053
Other comprehensive loss, net of tax: <i>Items that may be subsequently reclassified to profit or loss:</i>		
Currency translation differences	(234,866)	(47,345)
Other comprehensive loss for the period, net of tax	(234,866)	(47,345)
Total comprehensive income for the period	405,820	735,708
Attributable to:		
Equity holders of the Company	383,786	737,340
Non-controlling interests	22,034	(1,632)
	405,820	735,708

The notes on pages 43 to 67 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2023

	Note	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
ASSETS			
Non-current assets			
Right-of-use assets	14	459,716	475,737
Property, plant and equipment	15	1,334,087	1,158,951
Intangible assets	16	15,025,561	14,569,667
Interests in associates and joint ventures		1,544,609	1,461,723
Long-term deposits and prepayments	17	278,025	432,445
Receivables under service concession arrangements	18	3,167,448	3,242,873
		21,809,446	21,341,396
Current assets			
Inventories		33,673	30,569
Other receivables, deposits and prepayments	17	820,623	876,949
Receivables under service concession arrangements	18	275,842	266,752
Trade receivables	17	1,653,985	1,316,320
Restricted deposits	19	127,088	124,626
Time deposits		20,411	22,500
Cash and cash equivalents		1,816,444	1,809,883
		4,748,066	4,447,599
Assets classified as held-for-sale		—	31,186
		4,748,066	4,478,785
Total assets		26,557,512	25,820,181
EQUITY			
Equity attributable to equity holders of the Company			
Share capital	20	24,395	24,395
Share premium		2,640,551	2,640,551
Other reserves		699,926	866,301
Retained earnings		5,606,568	5,171,787
		8,971,440	8,703,034
Non-controlling interests		343,607	300,872
Total equity		9,315,047	9,003,906

INTERIM CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2023

	Note	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
LIABILITIES			
Non-current liabilities			
Bank borrowings	21	12,130,683	11,838,520
Deferred income tax liabilities		920,948	941,508
Deferred government grants	23	180,127	189,807
Other non-current liabilities		11,333	10,400
		13,243,091	12,980,235
Current liabilities			
Trade and other payables	24	2,325,257	2,014,727
Current income tax liabilities		47,104	62,280
Bank borrowings	21	1,614,774	1,743,809
Lease liabilities	22	—	2,751
Deferred government grants	23	12,239	12,473
		3,999,374	3,836,040
Total liabilities		17,242,465	16,816,275
Total equity and liabilities		26,557,512	25,820,181
Net current assets		748,692	642,745
Total assets less current liabilities		22,558,138	21,984,141

The notes on pages 43 to 67 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	(Unaudited)											
	Attributable to equity holders of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Shares held under share award scheme HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Other reserves HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2023	24,395	2,640,551	(37,513)	704,944	840,316	(68,366)	4,861	(577,941)	5,171,787	8,703,034	300,872	9,003,906
Comprehensive income												
Profit for the period	—	—	—	—	—	—	—	—	610,271	610,271	30,415	640,686
Other comprehensive loss												
Currency translation differences	—	—	—	—	—	—	—	(226,485)	—	(226,485)	(8,381)	(234,866)
Total comprehensive (loss)/income for the period	—	—	—	—	—	—	—	(226,485)	610,271	383,786	22,034	405,820
Appropriation of statutory reserve	—	—	—	—	60,832	—	—	—	(60,832)	—	—	—
Dividend approved in respect of the previous year (Note 13)	—	—	—	—	—	—	—	—	(114,658)	(114,658)	—	(114,658)
Acquisition of non-controlling interests (Note 2(a))	—	—	—	—	—	(722)	—	—	—	(722)	(4)	(726)
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	—	—	20,705	20,705
Balance at 30 June 2023	24,395	2,640,551	(37,513)	704,944	901,148	(69,088)	4,861	(804,426)	5,606,568	8,971,440	343,607	9,315,047
Representing:												
2023 declared interim dividend (Note 13)									119,538			
Other retained earnings									5,487,030			
									<u>5,606,568</u>			

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	(Unaudited)											
	Attributable to equity holders of the Company											
	Share capital HK\$'000	Share premium HK\$'000	Shares held under share award scheme HK\$'000	Capital reserve HK\$'000	Statutory reserve HK\$'000	Other reserves HK\$'000	Share option reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Sub-total HK\$'000	Non- controlling interests HK\$'000	Total equity HK\$'000
Balance at 1 January 2022	24,395	2,640,551	(37,513)	704,944	621,077	(176,369)	4,861	352,618	4,350,966	8,485,530	400,405	8,885,935
Comprehensive income												
Profit for the period	—	—	—	—	—	—	—	—	774,002	774,002	9,051	783,053
Other comprehensive loss												
Currency translation differences	—	—	—	—	—	—	—	(36,662)	—	(36,662)	(10,683)	(47,345)
Total comprehensive (loss)/income for the period	—	—	—	—	—	—	—	(36,662)	774,002	737,340	(1,632)	735,708
Appropriation of statutory reserve	—	—	—	—	129,893	—	—	—	(129,893)	—	—	—
Dividend approved in respect of the previous year	—	—	—	—	—	—	—	—	(141,493)	(141,493)	—	(141,493)
Acquisition of non-controlling interests	—	—	—	—	—	108,003	—	—	—	108,003	(126,965)	(18,962)
Capital injection from non-controlling interests	—	—	—	—	—	—	—	—	—	—	49,392	49,392
Balance at 30 June 2022	24,395	2,640,551	(37,513)	704,944	750,970	(68,366)	4,861	315,956	4,853,582	9,189,380	321,200	9,510,580
Representing:												
2022 declared interim dividend (Note 13)									151,252			
Other retained earnings									4,702,330			
									<u>4,853,582</u>			

The notes on pages 43 to 67 form an integral part of this condensed consolidated interim financial information.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Cash flows from operating activities		
Profit before income tax	709,231	917,458
Adjustment for:		
Revenue from project construction services	(997,198)	(2,157,761)
Finance income from service concession arrangements	(96,181)	(86,329)
Share of net profits of associates and joint ventures	(74,205)	(106,408)
Depreciation of property, plant and equipment	75,791	76,371
Amortisation of intangible assets	331,686	324,096
Amortisation of right-of-use assets	11,328	10,037
Amortisation of deferred government grants	(6,294)	(5,618)
Impairment of trade receivables	2,334	3,000
Impairment of receivables under service concession arrangements	2,929	7,000
Interest income	(7,773)	(8,035)
Interest expense	318,644	280,905
Exchange differences	17,150	3,374
Gain on disposal of an associate and a joint venture	(5,328)	—
Loss/(gain) on disposal of property, plant and equipment	36	(19)
Changes in working capital (excluding the effects of acquisition and currency translation differences on consolidation)		
— Non-current prepayments	155,919	291,652
— Inventories	(3,706)	(6,294)
— Trade receivables and other receivables	(325,604)	(425,549)
— Receivables under service concession arrangements	134,894	125,545
— Trade and other payables	231,643	3,044
Net cash generated from/(used in) operations	475,296	(753,531)
Income tax paid	(90,382)	(40,928)
Net cash generated from/(used in) operating activities	384,914	(794,459)
Cash flows from investing activities		
Deposits paid for investments	(210)	(4,449)
Payments for acquisition of leasehold land held for own use	(36)	—
Payments for purchase of property, plant and equipment and concession rights	(363,860)	(148,796)
Proceeds from disposal of property, plant and equipment	91	20
Decrease in restricted deposits for investment	640	13,178
Dividends from an associate	13,559	—
Dividends from a joint venture	28,248	—
Acquisition of subsidiaries	(17,568)	(7,939)
Proceeds from disposal of a subsidiary	—	24,646
Proceeds from disposal of an associate	481	—
Proceeds from disposal of a joint venture	35,197	—
Capital contribution and loan to associates	(75,936)	(38,340)
Interest received from bank deposits	8,162	7,413
Interest received from an associate	—	621
Expenditure capitalised on development projects	(4,209)	(3,571)
Decrease/(increase) in time deposits	2,089	(22,500)
Net cash used in investing activities	(373,352)	(179,717)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Cash flows from financing activities		
Proceeds from bank borrowings	938,721	2,089,091
Repayments of bank borrowings	(601,580)	(736,469)
Interest paid	(322,466)	(273,995)
Principal elements of lease payments	(2,751)	(3,227)
Interest elements of lease payments	(16)	(94)
Capital contributions from non-controlling interests	20,705	49,392
Acquisition of non-controlling interests	(726)	(18,962)
Increase in restricted deposits for financing	(4,366)	—
Net cash generated from financing activities	27,521	1,105,736
Net increase in cash and cash equivalents	39,083	131,560
Cash and cash equivalents at beginning of period	1,809,883	1,704,008
Currency translation differences	(32,522)	(4,438)
Cash and cash equivalents at end of period	1,816,444	1,831,130

The notes on pages 43 to 67 form an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 GENERAL INFORMATION

Canvest Environmental Protection Group Company Limited (the “Company”) was incorporated in the Cayman Islands on 28 January 2014 as an exempted company with limited liability under the Companies Law, Cap. 22 (Law 3 of 1961) of the Cayman Islands, as amended, supplemented or modified from time to time. The address of the Company’s registered office is P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands.

The Company and its subsidiaries (together, the “Group”) are principally engaged in the operation and management of waste-to-energy (“WTE”) plants, provision of environmental hygiene and related services and integrated smart city management services.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

This condensed consolidated interim financial information is presented in unit of Hong Kong dollars (“HK\$”), unless otherwise stated. This condensed consolidated interim financial information was approved for issue by the Board of Directors on 23 August 2023.

This condensed consolidated interim financial information has not been audited.

2 BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This condensed consolidated interim financial information does not include all the notes of the type normally included in annual consolidated financial statements. Accordingly, it should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2022, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

Significant events and transactions

(a) Acquisition of non-controlling interest

On 18 February 2023, the Group entered into an equity transfer agreement with the non-controlling interest holder of Shaoguan Canvest Environmental Power Company Limited (“Shaoguan Canvest”) to acquire 0.5% equity interests of Shaoguan Canvest with a total consideration of RMB661,000 (equivalent to HK\$726,000). Upon the completion of acquisition, the Group owns 99.9% equity interest in Shaoguan Canvest, and the Group recognised a decrease in non-controlling interest of HK\$4,000 and a decrease in equity attributable to equity holders of the Company of HK\$722,000.

(b) Disposal of a joint venture

On 14 February 2023, the Group entered into a sale and purchase agreement to dispose of 55% equity interest in Hengyang Canvest Environmental Construction Power Company (“Hengyang Canvest”) at a consideration of RMB31,000,000 (equivalent to HK\$35,197,000). The entire interest in Hengyang Canvest has been classified as “Assets classified as held-for-sale” as at 31 December 2022. Upon the completion of the disposal, Hengyang Canvest is no longer be a joint venture of the Group.

(c) Disposal of an associate

On 13 February 2023, the Group entered into a sale and purchase agreement to dispose of 20% equity interest in Shen County Nanyi New Energy Power Company Limited (“Shen County Nanyi”) at a consideration of RMB1,582,000 (equivalent to HK\$1,738,000). The entire interest in Shen County Nanyi has been classified as “Assets classified as held-for-sale” as at 31 December 2022. Upon the completion of the disposal, Shen County Nanyi is no longer be an associate of the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 December 2022, as described in those annual consolidated financial statements, except for the estimation of income tax and the adoption of new and amended standards as set out below.

Estimation of income tax

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

(a) New and amended standards adopted by the Group

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

Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction
HKFRS 17	Insurance Contracts (New Standard)

The amended standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 ACCOUNTING POLICIES (Continued)**(b) New standards and amendments to standards that have been issued but are not yet effective**

Certain new and amended standards have been issued and but are not yet effective for the year beginning on 1 January 2023 and have not been early adopted by the Group during the six months ended 30 June 2023.

Standards/Interpretations	Subject	Effective for accounting periods beginning on or after
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to HKAS 1	Non-current Liabilities with Covenants	1 January 2024
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements — Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2024
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be announced

The Group is currently assessing the impact of these new or revised standards and interpretations on the Group's financial position and performance.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 ESTIMATES

The preparation of condensed consolidated interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2022.

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

This condensed consolidated interim financial information do not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2022.

There have been no changes in the risk management policies since year end.

5.2 Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade payables and its financing obligations, and also in respect of its cash flow management. Total net cash generated from operating activities for the six months ended 30 June 2023 is approximately HK\$384,914,000 (six months ended 30 June 2022: net cash used in operating activities of HK\$794,459,000), including net operating cash used in relation to the construction of the WTE plants under build-operate-transfer ("BOT") arrangements of approximately HK\$499,069,000 (six months ended 30 June 2022: HK\$1,696,350,000). Excluding the operating cash outflow in relation to the construction of the WTE plants under BOT arrangements, the Group generated operating cash of approximately HK\$883,983,000 (six months ended 30 June 2022: HK\$901,891,000). The Group's objective is to maintain an appropriate level of liquid assets and committed lines of funding to meet its liquidity requirements in the short and long term.

The Group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as forecasting cash inflows and outflows due in day to day business. Net cash requirements are compared to available borrowing facilities in order to determine headroom or any shortfalls.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)**5.2 Liquidity risk** (Continued)

The table below analyses the Group's contractual maturities for its non-derivative financial liabilities (excluding statutory liabilities) as at 30 June 2023 and 31 December 2022. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year or on demand	More than 1 year but within 2 years	More than 2 years but within 5 years	More than 5 years	Total contracted cash flows
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 30 June 2023 (Unaudited)					
Bank borrowings (including interest)	2,259,155	2,478,662	6,216,372	5,562,866	16,517,055
Trade and other payables	2,139,143	—	—	—	2,139,143
	4,398,298	2,478,662	6,216,372	5,562,866	18,656,198
As at 31 December 2022 (Audited)					
Bank borrowings (including interest)	2,367,743	1,849,782	6,855,527	5,365,756	16,438,808
Lease liabilities	2,768	—	—	—	2,768
Trade and other payables	1,794,700	—	—	—	1,794,700
	4,165,211	1,849,782	6,855,527	5,365,756	18,236,276

5.3 Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's interest rate risk arises primarily from bank borrowings. Bank borrowings bearing variable rates expose the Group to cash flow interest rate risk.

The Group does not have an interest rate hedging policy. However, the management monitors the Group's interest rate exposure and will consider hedging significant exposure should the need arise.

During the six months ended 30 June 2023, if interest rates on bank borrowings had been 100 basis points higher/lower with all other variables held constant, profit after tax and total comprehensive income for the period would have been approximately HK\$66,123,000 (six months ended 30 June 2022: HK\$67,893,000) lower/higher as a result of higher/lower interest expense on bank borrowings. The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to cash flow interest rate risk for bank borrowings in existence at the balance sheet date.

The Group's bank deposits were at fixed rates and expose the Group to fair value interest risk. As all the Group's bank deposits were short-term in nature, any changes in the interest rate from time to time is not considered to have significant impact to the Group's financial performance.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)**5.4 Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustment to it in light of changes in economic condition.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt or to obtain bank and other borrowings.

The Group monitors capital on the basis of the net debt to total capital ratio. Net debt is calculated as total bank borrowings less cash and cash equivalents. Total capital is calculated as total equity, as shown in the interim condensed consolidated balance sheet, plus net debt. The net debt to total capital ratio at 30 June 2023 and 31 December 2022 were as follows:

	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
Total bank borrowings (Note 21)	13,745,457	13,582,329
Less: cash and cash equivalents	(1,816,444)	(1,809,883)
Net debt	11,929,013	11,772,446
Total equity	9,315,047	9,003,906
Total capital	21,244,060	20,776,352
Net debt to total capital ratio	56%	57%

As at 30 June 2023, bank borrowings of HK\$7,606,296,000 (31 December 2022: HK\$7,452,736,000) are subjected to the fulfilment of covenants relating to certain financial ratios. If the Group were to breach the covenants, such bank borrowings would become repayable on demand. The Group regularly monitors its compliance with these covenants.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS (Continued)**5.5 Fair value of financial assets and liabilities measured at amortised cost**

The fair value of the following financial assets and liabilities approximate their carrying values:

- Trade receivables
- Deposits and other receivables
- Restricted deposits
- Time deposits
- Cash and cash equivalents
- Trade and other payables
- Bank borrowings
- Lease liabilities

6 REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors of the Group. The Executive Directors review the Group's internal reporting in order to assess performance and allocate resources. For the six months ended 30 June 2023, the Executive Directors consider that the Group's operations are generally operated and managed as a single segment — WTE project construction and operation (2022: same). No separate segment information was presented accordingly.

The Group is mainly domiciled in the People's Republic of China ("PRC"). All of the Group's revenue is generated in the PRC and most of its non-current assets are located in the PRC for the six months ended 30 June 2023 (2022: same).

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Revenue from power sales	1,219,438	1,211,562
Waste treatment fee	517,052	556,844
Revenue from project construction services	997,198	2,157,761
Finance income from service concession arrangements	96,181	86,329
Environmental hygiene and other services income	151,152	99,041
	2,981,021	4,111,537

For the six months ended 30 June 2023, the Group had transactions with three (six months ended 30 June 2022: two) customers which individually exceeded 10% of the Group's revenue. Revenue of approximately HK\$590,812,000, HK\$384,599,000 and HK\$376,460,000 were derived from the largest, the second largest and the third largest customers for the six months ended 30 June 2023, respectively, while revenue of approximately HK\$432,030,000 and HK\$412,082,000 was derived from the largest and the second largest customer for the six months ended 30 June 2022, respectively.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 EXPENSES BY NATURE

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

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Maintenance cost	101,618	101,982
Environmental protection expenses	203,102	233,241
Research and development costs	29,354	24,210
Impairment of trade receivables	2,334	3,000
Impairment of receivables under service concession arrangements	2,929	7,000
Remuneration to the Company's auditor		
— Audit services	1,500	1,500
Remuneration to other auditors		
— Audit services	348	579
— Non-audit services	149	—
Employee benefit expenses	312,804	306,718
Depreciation and amortisation		
— Property, plant and equipment	75,791	76,371
— Intangible assets	331,686	324,096
— Right-of-use assets	11,328	10,037
Other lease expenses*	6,141	5,528
Donation	1,145	1,208
Construction cost recognised for project construction services (included in cost of sales)	830,998	1,836,572

* These expenses relate to short-term leases or leases of low-value assets. They are directly charged as expenses and are not included in the measurement of lease liabilities under HKFRS 16.

8 OTHER INCOME

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Value-added tax ("VAT") refund (Note (i))	61,068	64,433
Revenue from non-hazardous waste handling	8,413	6,570
Sales of bottom ash and scrap materials	21,997	17,859
Amortisation of deferred government grants (Note (ii))	6,294	5,618
Government subsidies (Note (iii))	1,381	160
Others	4,239	9,399
	103,392	104,039

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

8 OTHER INCOME (Continued)

Notes:

- (i) The amount represents the Group's entitlement to a VAT refund in accordance with the Notice of the Ministry of Finance and State Administration of Taxation on policies regarding the VAT on Comprehensive Utilisation of Resources and Other Products. There were no unfulfilled conditions or other contingencies attached to the receipts of such tax refund. There is no assurance that the Group will continue to receive such tax refund in the future.
- (ii) Government grants recognised were related to the construction of infrastructure under service concession arrangements. There were no unfulfilled conditions or other contingencies attached to the receipts of these grants.
- (iii) Government subsidies for the six months ended 30 June 2023 mainly represent cash subsidies received from certain PRC government authorities as financial support to the growth of enterprises and stabilising employment (six months ended 30 June 2022: the amount mainly represents cash subsidies in respect of the Employment Support Scheme under the Anti-epidemic Fund of Hong Kong Special Administrative Region Government and subsidies received from certain PRC government authorities as financial support to the growth of enterprises and stabilising employment). There were no unfulfilled conditions or other contingencies attached to the entitlements of such government subsidies. There is no assurance the Group will continue to enjoy such government subsidies in the future.

9 OTHER LOSSES, NET

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Gain on disposal of an associate and a joint venture (Note)	5,328	—
(Loss)/gain on disposal of property, plant and equipment	(36)	19
Exchange losses, net	(17,150)	(3,374)
	(11,858)	(3,355)

Note:

On 13 February 2023 and 14 February 2023, the Group entered into sale and purchase agreements with independent third parties in respect of the disposal of entire interests in Shen County Nanyi and Hengyang Canvest, respectively, at cash considerations in aggregate of RMB32,582,000 (equivalent to HK\$36,935,000), resulting in a gain on disposal of an associate and a joint venture amounting to HK\$5,328,000. The entire interests in Shen County Nanyi and Hengyang Canvest have been classified as "Assets classified as held-for-sale" as at 31 December 2022.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 INTEREST INCOME AND EXPENSE

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Interest expense on bank borrowings	(331,050)	(288,632)
Interest expense on lease liabilities	(16)	(94)
Less: amount capitalised on qualifying assets	12,422	7,821
	(318,644)	(280,905)
Interest income from bank deposits	7,773	7,448
Interest income from an associate (Note 27(a)(iii))	—	587
Interest expense, net	(310,871)	(272,870)

11 INCOME TAX EXPENSE

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Current income tax		
PRC enterprise income tax	72,858	62,698
Hong Kong profits tax	—	—
Total current income tax	72,858	62,698
Deferred income tax	(4,313)	71,707
Income tax expense	68,545	134,405

For the six months ended 30 June 2023, subsidiaries incorporated in Hong Kong are subject to Hong Kong profits tax at a rate of 16.5% on the estimated assessable profits arising in Hong Kong, except for one subsidiary of the Group which is qualifying entity under the two-tiered profits tax rates regime. The first HK\$2,000,000 of assessable profits of this subsidiary are subject to Hong Kong profits tax at a rate of 8.25% and the remaining assessable profits of this subsidiary subject to Hong Kong profits tax at a rate of 16.5%. No Hong Kong profits tax has been provided as the subsidiaries incorporated in Hong Kong have no assessable profits during the period (for the six months ended 30 June 2022: same).

Subsidiaries incorporated in the PRC are subject to a tax rate of 25% for the six months ended 30 June 2023 and 2022 on the assessable profits arising in or derived from the PRC except certain subsidiaries were entitled to enterprise income tax ("EIT") incentive that the project would be fully exempted from the PRC enterprise income tax for three years starting from the tax year in which the project recorded its operating revenue for the first time, followed by a 50% tax reduction for the ensuing three years.

In addition, certain PRC subsidiaries operating in western region of the PRC were entitled to a concessionary tax rate of 15% from 2021 to 2030 pursuant to the "Continuation of Preferential EIT policies in the Western Region" (2020 Announcement No. 23) jointly issued by Ministry of Finance, State Taxation Administration and National Development and Reform Commission of the PRC (for the six months ended 30 June 2022: same).

Besides, certain PRC subsidiaries were approved as High and New Technology Enterprise and subject to a preferential EIT rate of 15% (for the six months ended 30 June 2022: same).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 INCOME TAX EXPENSE (Continued)

Subsidiaries	Applicable tax rate Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Dongguan China Scivest Environmental Power Company Limited		
— phase 1 of its project	15%	15%
— phase 2 of its project	12.5%	12.5%
Dongguan Eco-Tech Environmental Power Company Limited		
— phase 1 of its project	15%	15%
— phase 2 of its project	15%	12.5%
Qianxinan Canvest Environmental Power Company Limited		
— phase 1 of its project	15%	15%
— phase 2 of its project	15%	7.5%
Laibin Canvest Environmental Power Company Limited	15%	7.5%
Zhongshan City Guangye Longcheng Environmental Company Limited		
— phase 1 of its project	25%	12.5%
— phase 2 of its project	0%	0%
Beiliu Canvest Environmental Power Company Limited	4.5%	7.5%
Lufeng Canvest Environmental Power Company Limited	12.5%	12.5%
Xinfeng Canvest Environmental Power Company Limited	7.5%	12.5%
Xinyi Canvest Environmental Power Company Limited	12.5%	0%
Maoming Canvest Environmental Power Company Limited	12.5%	0%
Zaozhuang Zhongke Environmental Energy Company Limited	12.5%	0%
Zaozhuang Canvest Environmental Company Limited	0%	0%
Shaoguan Canvest Environmental Power Company Limited	0%	0%
Xuwen Canvest Environmental Power Company Limited	0%	0%
Dehong Canvest Environmental Power Company Limited	0%	0%
Yingkou Canvest Power Environmental Company Limited	0%	0%
Baoding Canvest Kewei Environmental Power Company Limited	0%	0%
Qingyuan City Zhongtian New Energy Company Limited	0%	0%
Linfen Canvest Environmental Power Company Limited	0%	0%
Xiangyun Shengyun Environmental Energy Company Limited	0%	0%
Qiandongnanzhou Liping Canvest Environmental Power Company Limited	0%	0%
Jingjiang Canvest Environmental Power Company Limited	0%	0%
Taizhou Canvest Environmental Power Company Limited	0%	25%
Baoding Yi County Canvest Environmental Power Company Limited	0%	25%

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 EARNINGS PER SHARE**(a) Basic**

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

	Six months ended 30 June	
	2023 (Unaudited)	2022 (Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	610,271	774,002
Weighted average number of ordinary shares in issue (thousand shares)	2,429,441	2,429,441
Basic earnings per share (HK cents)	25.1	31.9

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

The Company has one category of dilutive potential ordinary share: share options (2022: same). For the share options, a calculation was performed to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares for the period) based on the monetary value of the subscription rights attached to the outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted earnings per share for the six months ended 30 June 2023 and 2022 are the same as the basic earnings per share as the conversion of potential ordinary shares in relation to the outstanding share options would have no dilutive effect on the basic earnings per share.

13 DIVIDENDS

The Board has resolved to declare an interim dividend of HK4.9 cents per ordinary share for the six months ended 30 June 2023 (six months ended 30 June 2022: HK6.2 cents per ordinary share), which will be payable on or about Thursday, 30 November 2023 to shareholders whose names appear on the register of members of the Company on Friday, 15 September 2023. The interim dividend, amounting to HK\$119,538,000 (six months ended 30 June 2022: HK\$151,252,000), has not been recognised as a dividend payable in the condensed consolidated interim financial information. The amount of interim dividend declared for the six months ended 30 June 2023 was calculated based on the number of ordinary shares in issue at the date of approval for issue of the condensed consolidated interim financial information (i.e. 23 August 2023).

The final dividend of HK4.7 cents per ordinary share for the year ended 31 December 2022 (for the year ended 31 December 2021: HK5.8 cents per ordinary share) has been approved by the shareholders at the annual general meeting of the Company held on Thursday, 15 June 2023, and was subsequently paid on Monday, 31 July 2023. The final dividends for the year ended 31 December 2022, amounting to HK\$114,658,000, have been recognised as dividends payable as at 30 June 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

14 RIGHT-OF-USE ASSETS

	Leasehold land held for own use HK\$'000	Office premises lease for own use HK\$'000	Total HK\$'000
For the six months ended 30 June 2023 (Unaudited)			
Opening net book amount as at 1 January 2023	473,089	2,648	475,737
Addition	36	—	36
Amortisation (Note 7)	(8,680)	(2,648)	(11,328)
Currency translation differences	(4,729)	—	(4,729)
Closing net book amount as at 30 June 2023	459,716	—	459,716
For the six months ended 30 June 2022 (Unaudited)			
Opening net book amount as at 1 January 2022	388,684	9,005	397,689
Amortisation (Note 7)	(6,859)	(3,178)	(10,037)
Currency translation differences	(686)	—	(686)
Closing net book amount as at 30 June 2022	381,139	5,827	386,966

15 PROPERTY, PLANT AND EQUIPMENT

	HK\$'000
For the six months ended 30 June 2023 (Unaudited)	
Opening net book amount as at 1 January 2023	1,158,951
Additions	271,117
Disposals	(127)
Depreciation (Note 7)	(75,791)
Currency translation differences	(20,063)
Closing net book amount as at 30 June 2023	1,334,087
For the six months ended 30 June 2022 (Unaudited)	
Opening net book amount as at 1 January 2022	1,331,683
Additions	62,825
Disposals	(1)
Depreciation (Note 7)	(76,371)
Currency translation differences	(5,230)
Closing net book amount as at 30 June 2022	1,312,906

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

16 INTANGIBLE ASSETS

	Goodwill	Concession rights	Brand name	Capitalised development costs	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
For the six months ended 30 June 2023 (Unaudited)					
Opening net book amount as at 1 January 2023	214,050	14,334,214	12,476	8,927	14,569,667
Additions for BOT arrangements	—	1,076,480	—	—	1,076,480
Additions through internal development	—	—	—	4,209	4,209
Amortisation (Note 7)	—	(330,860)	(572)	(254)	(331,686)
Currency translation differences	(4,016)	(288,600)	(216)	(277)	(293,109)
Closing net book amount as at 30 June 2023	210,034	14,791,234	11,688	12,605	15,025,561
For the six months ended 30 June 2022 (Unaudited)					
Opening net book amount as at 1 January 2022	233,858	13,067,431	14,872	1,080	13,317,241
Additions for BOT arrangements	—	1,777,057	—	—	1,777,057
Additions through internal development	—	—	—	3,571	3,571
Amortisation (Note 7)	—	(323,395)	(618)	(83)	(324,096)
Currency translation differences	(975)	(56,336)	(62)	(9)	(57,382)
Closing net book amount as at 30 June 2022	232,883	14,464,757	14,192	4,559	14,716,391

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
Non-current assets		
Prepayments for property, plant and equipment and concession rights	276,627	431,026
Deposits and prepayments	1,398	1,419
	278,025	432,445
Current assets		
Trade receivables		
— Trade receivables	1,668,252	1,328,253
— Less: Impairment of trade receivables	(14,267)	(11,933)
	1,653,985	1,316,320
Other receivables, deposits and prepayments		
— Deposits and prepayments	25,114	23,901
— Other receivables	239,403	239,912
— Value-added tax recoverable	583,062	640,092
— Less: Impairment of other receivables	(26,956)	(26,956)
	2,474,608	2,193,269
	2,752,633	2,625,714

An impairment analysis is performed at each reporting date using the probability of default approach to measure expected credit losses. As the Group's customers are primarily PRC local governments and state-owned entities, the probabilities of default rates are estimated based on comparable companies with published credit ratings. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forward-looking credit risk information. The Group has identified the growth rate of gross domestic product and industrial value added in the PRC to be the most relevant factors, and accordingly adjusted the historical loss rates based on the expected changes in these factors in the future period.

The Group determines the provision for expected credit losses by grouping together trade receivables with similar credit risk characteristics and collectively assessing them for likelihood of recovery, taking into account prevailing economic conditions. For trade receivables which are long overdue with significant balances, they are assessed individually for impairment allowance. Impairment allowance of HK\$14,267,000 was provided as at 30 June 2023 (31 December 2022: HK\$11,933,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

The credit period granted by the Group is generally 30 days. The ageing analysis of trade receivables, net of impairment, as at the end of the reporting period, based on invoice date, is as follows:

	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
Up to 1 month (Note)	920,121	776,568
1 to 3 months	207,862	169,590
3 to 6 months	207,292	160,452
Over 6 months	318,710	209,710
	1,653,985	1,316,320

Note: As at 30 June 2023, the balance includes government on-grid tariff subsidy receivables of HK\$574,344,000 (31 December 2022: HK\$486,608,000) for certain projects which will be billed and settled upon the successful completion of government administrative procedures pursuant to "Notice on Relevant Review Work on the Projects List of Renewable Energy Power Generation Subsidies" (《關於開展可再生能源發電補貼項目清單審核有關工作的通知》) announced by the Ministry of Finance of the PRC.

As at 30 June 2023, other receivables mainly include refundable tender deposits for potential projects (31 December 2022: same).

If there is no significant increase in credit risk since initial recognition, impairment on other receivables is measured at 12-month expected credit losses. If a significant increase in credit risk has occurred, then impairment is measured as lifetime expected credit losses. As at 30 June 2023, the impairment was assessed to be HK\$26,956,000 in respect of other receivables (31 December 2022: HK\$26,956,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 RECEIVABLES UNDER SERVICE CONCESSION ARRANGEMENTS

Certain subsidiaries of the Group entered into service concession arrangements with the local government authorities in the PRC (the “grantors”). Pursuant to the service concession arrangements, the Group has to design, construct, operate and manage WTE projects in the PRC for specific periods. The following is the summarised information of the contract asset component (receivables under service concession arrangements) with respect to the Group’s service concession arrangements:

	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
Contract assets		
Receivables under service concession arrangements	3,472,997	3,536,403
Less: Impairment	(29,707)	(26,778)
	3,443,290	3,509,625
Less: Amount included in non-current assets	(3,167,448)	(3,242,873)
Amount included in current assets	275,842	266,752

To measure the expected credit losses of receivables under service concession arrangements, they have been grouped based on shared credit risk characteristics. The receivables under service concession arrangements relate to unbilled contract work and have the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for receivables under service concession arrangements.

An impairment analysis is performed at each reporting date using the probability of default approach to measure expected credit losses. As the Group’s customers are primarily PRC local governments and state-owned entities, the probabilities of default rates are estimated based on comparable companies with published credit ratings and the forward-looking factors to reflect the effect of the external economic environment. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance was assessed to be HK\$29,707,000 as at 30 June 2023 in respect of receivables under service concession arrangements (31 December 2022: HK\$26,778,000).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 RESTRICTED DEPOSITS

	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
Restricted deposits, denominated in RMB	66,537	68,524
Restricted deposits, denominated in HKD	60,551	56,102
	127,088	124,626

As at 30 June 2023, restricted deposits of HK\$64,460,000 (31 December 2022: HK\$60,167,000) and HK\$62,628,000 (31 December 2022: HK\$64,459,000) represent deposits pledged for BOT service concession arrangements in relation to various WTE plants and financing activities, respectively. As at 30 June 2023, HK\$66,537,000 (31 December 2022: HK\$68,524,000) were deposited with banks in the PRC, where the remittance of funds is subject to foreign exchange control. The effective interest rate on restricted deposits is 0.25%–2.75% per annum (31 December 2022: 0.25%–2.75%).

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

	Number of shares	Total HK\$'000
Ordinary shares of HK\$0.01 each Authorised: At 31 December 2022, 1 January 2023 and 30 June 2023	5,000,000,000	50,000
Issued and fully paid: At 31 December 2022, 1 January 2023 and 30 June 2023	2,439,541,169	24,395

(b) Share options

On 24 April 2015, the Board of the Company has granted share options to certain employees, officers and directors of the Company or any of its subsidiaries to subscribe for a total of 3,000,000 ordinary shares of the Company under the Share Option Scheme adopted on 7 December 2014. The acceptance of the grant of the share option can be made with a payment of HK\$1 from the grantees. All share options granted were accepted. All share options granted under the Share Option Scheme are exercisable in whole or in part within 10 years from the date of grant. The details of the share options granted are as follows:

— Number of share options granted	3,000,000
— Exercise price	HK\$4.39 per share
— Share option life	10 years
— Exercisable period	24 April 2015 to 23 April 2025

No share option granted was exercised since the date of grant to 30 June 2023. No share options granted was lapsed during the six months ended 30 June 2023 (six months ended 30 June 2022: nil). As at 30 June 2023, a total of 2,500,000 (31 December 2022: 2,500,000) share options under the Share Option Scheme remained outstanding.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 SHARE CAPITAL AND RESERVES (Continued)**(c) Share Award Scheme**

On 3 May 2019 (the "Adoption Date"), the Company adopted the Share Award Scheme to recognise the contributions by Eligible Persons, including employees and directors of companies within the Group, and to give incentives to them in order to retain them for the continuing operation and development of the Group, and to attract suitable personnel for further development of the Group. Subject to any early termination as may be determined by the Board of the Company, the Share Award Scheme is valid and effective for 10 years from the adoption date.

The Company established a trust to purchase shares of the Company and hold them in trust for the benefit of Eligible Persons. Pursuant to the rules of the Share Award Scheme, the Company has appointed a trustee, Bank of Communications Trustee Limited, to administrate the Share Award Scheme and the funds and properties held under the trust during the award period.

On 17 July 2019, 10,100,000 ordinary shares were purchased under the Share Award Scheme at a consideration of HK\$37,513,000.

No shares were granted by the Company under the Share Award Scheme from the Adoption Date to the date of approval for issue of this condensed consolidated interim financial information. The Group did not recognise any equity-settled share-based payments in relation to the Share Award Scheme for the six months ended 30 June 2023 and 2022.

21 BANK BORROWINGS

	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
At variable interest rates		
Bank borrowings, secured	13,290,790	13,283,162
Less: Amount included under non-current liabilities	(12,130,683)	(11,838,520)
Amount included under current liabilities	1,160,107	1,444,642
Unsecured bank borrowings included under current liabilities	454,667	299,167
Total amounts under current liabilities	1,614,774	1,743,809

As at 30 June 2023, bank borrowings are secured by rights to collect revenue from power sales, waste handling services and environmental hygiene services, property, plant and equipment, right-of-use assets, intangible assets, restricted deposits and corporate guarantees (31 December 2022: same).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

22 LEASE LIABILITIES

	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
Lease liabilities	—	2,751
Less: Amount included under current liabilities	—	(2,751)
Amount included under non-current liabilities	—	—

During the six months ended 30 June 2023, total cash outflow for leases was included in the interim condensed consolidated statement of cash flows in (a) interest paid under “financing activities” of HK\$16,000 (six months ended 30 June 2022: HK\$94,000), (b) payment for short-term and low-value assets leases of HK\$6,141,000 (six months ended 30 June 2022: HK\$5,528,000) under “operating activities”, and (c) principal elements of lease payments of HK\$2,751,000 (six months ended 30 June 2022: HK\$3,227,000) under “financing activities”.

23 DEFERRED GOVERNMENT GRANTS

	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
Deferred government grants	192,366	202,280
Less: Amount included under current liabilities	(12,239)	(12,473)
Amount included under non-current liabilities	180,127	189,807

The government grants was recognised as deferred income when received and amortised to profit or loss on a systematic basis over the concession period of the WTE projects.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

24 TRADE AND OTHER PAYABLES

	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
Current liabilities		
Trade payables	363,628	324,751
Construction payables	1,528,052	1,385,563
Dividend payable (Note 13)	114,658	—
Accruals and other payables	318,919	304,413
	2,325,257	2,014,727

Accruals and other payables mainly include accrued staff costs and other staff benefits and VAT payables.

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

	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
Up to 1 month	207,341	216,119
1 to 2 months	37,463	38,246
2 to 3 months	20,246	21,038
Over 3 months	98,578	49,348
	363,628	324,751

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

25 COMMITMENTS

Capital commitments

	As at 30 June 2023 (Unaudited) HK\$'000	As at 31 December 2022 (Audited) HK\$'000
Authorised but not contracted:		
Construction cost for BOT concession rights	1,343,869	1,470,556
Construction cost for property, plant and equipment	70,021	497,988
	1,413,890	1,968,544
Contracted but not provided for:		
Construction cost for BOT concession rights	556,199	1,765,908
Construction cost for property, plant and equipment	346,145	147,492
	902,344	1,913,400

As at 30 June 2023, capital injection commitments to associates and joint ventures amounted to HK\$31,637,000 (31 December 2022: HK\$129,645,000) and HK\$33,464,000 (31 December 2022: HK\$71,524,000), respectively.

26 FINANCIAL GUARANTEES

- (a) As at 30 June 2023, there are certain corporate guarantees provided by certain subsidiaries of the Group for each other in respect of their borrowings (Note 21) amounting to HK\$8,554,845,000 (31 December 2022: HK\$8,811,742,000).
- (b) The Group holds 49% equity interest in Dongguan Xindongyuan Environmental Investment Company Limited ("Dongguan Xindongyuan"), and accounted for as an associate in the interim condensed consolidated balance sheet, which holds 30% equity interest in Dongguan Xindongqing Environmental Investment Company Limited ("Dongguan Xindongqing"). As at 30 June 2023, the Group provided a guarantee of RMB32,340,000 (equivalent to HK\$35,525,000) for bank loans of Dongguan Xindongqing (31 December 2022: RMB32,340,000 (equivalent to HK\$36,205,000)).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

26 FINANCIAL GUARANTEES (Continued)

- (c) On 6 July 2020, Jianyang Canvest Environmental Power Company Limited (“Jianyang Canvest”) (a joint venture with 50% equity held by the Group and 50% by Jianyang Lujiang Biochemical Co., Ltd. (“Jianyang Lujiang”)) entered into Loan Agreement with Zhongxin sub-branch of Dongguan Rural Commercial Bank Co., Ltd. (“DRC Bank”), pursuant to which DRC Bank provided Jianyang Canvest with a loan facility in an aggregate amount of RMB700,000,000 with a term of not more than 180 months for the development and construction of the Jianyang WTE plant.

Canvest Kewei Environmental Investment (Guangdong) Company Limited (“Kewei”), an indirect wholly-owned subsidiary of the Company, together with the ultimate beneficial owner of Jianyang Lujiang and his spouse, entered into a joint and several guarantee agreement with DRC Bank, pursuant to which each of Kewei, the ultimate beneficial owner of Jianyang Lujiang and his spouse, agreed to provide Jianyang Canvest a guarantee in the aggregate amount of not exceeding RMB700,000,000 (equivalent to HK\$768,950,000) (31 December 2022: RMB700,000,000 (equivalent to HK\$783,650,000)). The term of the guarantee is from the effective date of the loan agreement to the end date of an additional three years. Further, the shares representing 50% equity of Jianyang Canvest held by Jianyang Lujiang will also be pledged to DRC Bank until the date of the loan is fully repaid. This guarantee agreement remains effective as at 30 June 2023 and 31 December 2022.

- (d) The Group holds 40% equity interest in Huizhou City Zhongzhou Environmental Resources Company Limited (“Zhongzhou Environmental”), and accounted for as an associate in the interim condensed consolidated balance sheet. As at 30 June 2023, the Group, together with other shareholders of Zhongzhou Environmental, provided a joint and several guarantee in the aggregate amount of not exceeding of RMB69,900,000 (equivalent to HK\$76,785,000) for bank loan of Zhongzhou Environmental (31 December 2022: RMB90,000,000 (equivalent to HK\$100,755,000)).
- (e) The Group holds 30% equity interest in Sichuan SIIC Ecological Environmental Co., Ltd (“Sichuan SIIC”), and accounted for as an associate in the interim condensed consolidated balance sheet. As at 30 June 2023, the Group provided a corporate guarantee of RMB60,000,000 (equivalent to HK\$65,910,000) for bank loan of Sichuan SIIC (31 December 2022: nil).

Other than abovementioned, the Group did not have any other significant contingent liabilities as at 30 June 2023 and 31 December 2022.

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

- (i) During the six months ended 30 June 2023, the Group paid rental and related expenses, based on terms that were mutually agreed by both parties, in aggregate of HK\$4,656,000 for office to two related parties which was controlled by Mr. Lai Chun Tung (the Executive Director of the Company) and a close member of his family (six months ended 30 June 2022: HK\$4,483,000).
- (ii) During the six months ended 30 June 2023, fly ash treatment services provided by an associate to the Group amounted to HK\$53,881,000 (six months ended 30 June 2022: HK\$61,199,000). As at 30 June 2023, included in “Trade payables” are fly ash treatment fee payables of HK\$39,454,000 (31 December 2022: HK\$46,481,000) due to this associate, which are unsecured, interest-free and repayable on credit terms of 10 days after the receipt of VAT invoices.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

- (iii) The shareholder's loan due from Dongguan Xindongyuan, which was unsecured and interest-bearing at the rate announced by the People's Bank of China and included in "Interests in associates and joint ventures" in the consolidated balance sheet, was fully settled during the six months 30 June 2022. For the six months ended 30 June 2023, no interest income is recognised (six months ended 30 June 2022: HK\$587,000) (Note 10).
- (iv) During the six months ended 30 June 2023, sales of bottom ash to an associate amounted to HK\$3,224,000 (six months ended 30 June 2022: HK\$2,508,000). As at 30 June 2023, included in "Other receivables" are receivables of HK\$551,000 (31 December 2022: HK\$1,040,000) due from this associate, which are unsecured, interest-free and repayable on tenth of next month according to the credit terms.
- (v) During the six months ended 30 June 2023, the Group provided operation management services of Baoshan WTE Project to a subsidiary of the Group's associate and management service income amounted to HK\$21,989,000 (six months ended 30 June 2022: HK\$12,398,000). As at 30 June 2023, included in "Trade receivables" are receivables of HK\$11,488,000 (31 December 2022: HK\$9,347,000) due from this subsidiary of the Group's associate, which are unsecured, interest-free and repayable on the twenty-fifth of next month according to the credit terms.
- (vi) During the six months ended 30 June 2023, the Group provided operation management services of Dazhou WTE plant to a subsidiary of the Group's associate and recognised management service income amounted to HK\$2,575,000 (six months ended 30 June 2022: nil). As at 30 June 2023, included in "Trade receivables" are receivables of HK\$2,654,000 (31 December 2022: nil) due from this subsidiary of the Group's associate, which are unsecured, interest-free and repayable on credit terms of 10 days after the receipt of VAT invoices.

During the six months ended 30 June 2023, the Group provided environmental hygiene and related services to a subsidiary of the Group's associate and recognised environmental hygiene and other services income amounted to HK\$2,015,000 (six months ended 30 June 2022: nil). As at 30 June 2023, included in "Trade receivables" are receivables of HK\$2,077,000 (31 December 2022: nil) due from this subsidiary of the Group's associate, which are unsecured, interest-free and repayable on the twentieth of every 2 months according to the credit terms.

- (vii) During the six months ended 30 June 2023, a related party, which was ultimately controlled by Mr. Lai Chun Tung and his associate, has been engaged to provide monitoring and audit services for the routine maintenance works of the machineries operated by the Group in the Group's WTE plants and service fees amounted to HK\$1,194,000 (six months ended 30 June 2022: HK\$1,784,000) based on terms that were mutually agreed by both parties. As at 30 June 2023, included in "Trade payables" are payables of HK\$2,439,000 (31 December 2022: 1,824,000) due to this related party, which are unsecured, interest free and repayable upon the receipt of the VAT invoice.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

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

(viii) During the six months ended 30 June 2022, the Group provided environmental hygiene and related services to a related party which was significant influenced by Mr. Lai Chun Tung, for service fees amounted to HK\$1,040,000 based on terms that were mutually agreed by both parties. No such income is recognised during the six months ended 30 June 2023. As at 30 June 2023, included in "Trade receivables" are receivables of HK\$85,000 (31 December 2022: HK\$87,000) due from this related party, which are unsecured, interest-free and repayable upon the receipt of the VAT invoices.

Other than those disclosed above and elsewhere in this report, the Group did not have any transaction with its related parties during the six months ended 30 June 2023 and 2022.

(b) Key management compensation

Key management includes directors and senior management. The compensation paid or payable to key management for employee services is shown below:

	Six months ended 30 June	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Wages and salaries	12,333	10,495
Pension costs — defined contribution plans	143	171
Welfare and other expenses	1,300	1,324
Total	13,776	11,990

28 EVENTS AFTER THE BALANCE SHEET DATE

In July 2023, the Group was awarded the Hong Kong North Lantau Transfer Station and Outlying Islands Transfer Facilities Second Follow-on Contract. The awarded sum amounted to HK\$2,818,000,000 for a period of 10 years.

OTHER INFORMATION

The Company adopted a share option scheme on 7 December 2014. On 24 April 2015, the Company has granted a total of 3,000,000 share options to the eligible participants of the Company. Please refer to the Company's announcement dated 24 April 2015, the Company's 2015–2022 annual report and Note 20 to the condensed consolidated interim financial information for further details.

Particulars of the outstanding share options under the Share Option Scheme from 1 January 2023 to 30 June 2023 and options granted, exercised, cancelled, forfeited or lapsed during such period are as follows:

Name or category of participant	Outstanding as at 1 January 2023	Granted during the period	Exercised during the period	Lapsed during the period	Cancelled during the period	Outstanding as at 30 June 2023	Date of grant of share options	Exercise period of share options*	Exercise price of share options** HK\$ per share
Directors									
Ms. Loretta Lee	250,000	—	—	—	—	250,000	24 April 2015	24 April 2015 to 23 April 2025	4.39
Mr. Yuan Guozhen	250,000	—	—	—	—	250,000	24 April 2015	24 April 2015 to 23 April 2025	4.39
Mr. CT Lai	250,000	—	—	—	—	250,000	24 April 2015	24 April 2015 to 23 April 2025	4.39
Subtotal	750,000	—	—	—	—	750,000			
Other employees working under continuous employment contracts									
In aggregate	1,750,000	—	—	—	—	1,750,000	24 April 2015	24 April 2015 to 23 April 2025	4.39
Total	2,500,000	—	—	—	—	2,500,000			

* The vesting period of the share options is from the date of the grant until the commencement of the exercise period.

** The number and/or exercise price of the share options is/are subject to adjustment in the case of rights or bonus issues, or other changes in the Company's share capital.

*** The closing price of the Shares immediately before the date of grant of such share options was HK\$4.39 per share.

No options were granted by the Company during the six months ended 30 June 2023. The number of shares outstanding and available for grant under the Share Option Scheme is 197,000,000 Shares, representing 8.08%, 8.08%, 8.08%, 8.08% and 8.08% of the issued share capital of the Company as at the date of the Company's 2022 annual report, as at 1 January 2023, as at 30 June 2023, the interim results announcement date (i.e. 23 August 2023) and as at the date of this interim report, respectively.

SHARE AWARD SCHEME

The Company has adopted the Share Award Scheme on 3 May 2019 to recognise the contributions by certain employees, consultants or advisers (collectively, the “Eligible Persons”). Subject to any early termination as may be determined by the Board pursuant to the rules of the Share Award Scheme, the Share Award Scheme shall be valid and effective for a term of 10 years commencing on the adoption date. The maximum number of Shares which may be awarded to an Eligible Person under the Share Award Scheme shall not exceed 1% of the issued share capital of the Company from time to time. The Board shall not make any further award of awarded shares which will result in the nominal value of the Shares awarded under the Share Award Scheme exceeding 10% of the issued share capital of the Company from time to time. Please refer to the announcement of the Company dated 3 May 2019 for further details. On 17 July 2019, the Trustee purchased an aggregate of 10,100,000 Shares from Wise Power Investment Limited for the purpose of the Share Award Scheme. The Shares are held by the Trustee for the benefit of the Eligible Persons under the Trust. No Shares was granted or vested under Share Award Scheme since the date of its adoption and as at 30 June 2023, the date of the interim results announcement (i.e. 23 August 2023) and the date of this interim report. Please refer to the announcement of the Company dated 17 July 2019 for further details.

The number of shares outstanding and available for grant under the Share Award Scheme is 10,100,000 Shares, representing 0.41%, 0.41%, 0.41%, 0.41% and 0.41% of the issued share capital of the Company as at the date of the Company’s 2022 annual report, as at 1 January 2023, as at 30 June 2023, the interim results announcement date (i.e. 23 August 2023) and as at the date of this interim report, respectively.

DIRECTORS’ INTERESTS IN SHARES, UNDERLYING SHARES AND SHORT POSITIONS

As at 30 June 2023, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”) which (i) were notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of SFO (including interests or short positions which they were taken or deemed to have under such provisions of SFO); or (ii) were recorded in the register required to be kept by the Company under Section 352 of SFO; or (iii) were required by the Model Code for Securities Transactions by Directors of Listed Companies to be notified to the Company and the Hong Kong Stock Exchange, were as follows:

(1) Long positions in shares of the Company

Name of Director	Number of Shares/Underlying Shares Held						Total interests as % of the issued share capital
	Personal interest	Number of underlying shares held under equity derivatives ⁽²⁾	Spouse interests	Founder of a discretionary trust ⁽¹⁾	Beneficiary of trust	Total interests ⁽⁴⁾	
Ms. Loretta Lee	1,376,000	250,000	250,000	1,335,615,837	—	1,337,491,837	54.8%
Mr. KM Lai	—	—	10,000,000	1,335,615,837	—	1,345,615,837	55.2%
Mr. Yuan Guozhen	—	250,000	357,000	—	—	607,000	0.02%
Mr. CT Lai	—	250,000 ⁽³⁾	1,626,000	—	1,335,615,837	1,337,491,837	54.8%
Professor Sha Zhenquan	100,000	—	—	—	—	100,000	0.0%
Mr. Chung Kwok Nam	80,000	—	—	—	—	80,000	0.0%

OTHER INFORMATION

Notes:

1. The entire issued share capital of Best Approach is directly and indirectly held by VISTA Co, whose entire issued share capital held by HSBC International Trustee Limited as trustee of the Harvest VISTA Trust, a trust with Mr. KM Lai and Ms. Loretta Lee as founders and established in accordance with the laws of the BVI. The discretionary beneficiaries of the Harvest VISTA Trust include Mr. KM Lai, Ms. Loretta Lee and the personal trust of Ms. Loretta Lee (the beneficiaries of which are Ms. Loretta Lee and her immediate family members).
2. Details of share options held by the directors are shown in page 68.
3. These represent the 250,000 share options held by Mr. CT Lai.
4. Both Ms. Loretta Lee and Mr. CT Lai are Directors. Under the SFO, if a director's spouse is himself a director or chief executive of the listed corporation concerned, the director need not aggregate his interest. As such, in his capacity as a Director, Mr. CT Lai is not required to aggregate the interests of Ms. Loretta Lee under the SFO. However, Mr. CT Lai is still required to aggregate the interest of Ms. Loretta Lee in determining whether he falls under the definition of "substantial shareholders" under the SFO.

(2) Long position in the ordinary shares of associated corporation

Name of Director	Name of associated corporation	Approximate percentage of interest
Ms. Loretta Lee ⁽¹⁾	Best Approach	100.0%
Mr. KM Lai ⁽¹⁾	Best Approach	100.0%

Note:

1. The entire issued share capital of Best Approach is directly and indirectly held by VISTA Co, whose entire issued share capital is held by HSBC International Trustee Limited as trustee of the Harvest VISTA Trust, a trust with Mr. KM Lai and Ms. Loretta Lee as founders and established in accordance with the laws of the BVI. The discretionary beneficiaries of the Harvest VISTA Trust include Mr. KM Lai, Ms. Loretta Lee and the personal trust of Ms. Loretta Lee (the beneficiaries of which are Ms. Loretta Lee and her immediate family members).

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES, UNDERLYING SHARES AND SHORT POSITIONS

So far as is known to the Directors or chief executives of the Company, as at 30 June 2023, the interests or short positions of substantial shareholders (other than Directors or the chief executives of the Company) in the shares or underlying shares of the Company which (i) would fall to be disclosed to the Company under the provision of Division 2 and 3 of Part XV of SFO; or (ii) were recorded in the register required to be kept by the Company under Section 336 of SFO or, who are directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group were as follows:

(1) The Company

Name of Shareholder	Nature of Interest	Number of Shares Held	Number of Underlying Shares	Approximate Percentage of Shareholding
HSBC International Trust Limited	Trustee	1,335,615,837 ⁽¹⁾	—	54.7%
VISTA Co	Interest of controlled corporation	1,335,615,837 ⁽²⁾	—	54.7%
Century Rise	Interest of controlled corporation	1,335,615,837 ⁽³⁾	—	54.7%
Best Approach	Beneficial owner	1,335,615,837	—	54.7%
AEP Green Power, Limited	Beneficial owner	138,305,678	—	5.7%
SIHL	Interest in controlled corporation	475,251,000 ⁽⁴⁾	—	19.5%
Shanghai Industrial Investment (Holdings) Company Limited	Interest in controlled corporation	475,251,000 ⁽⁴⁾	—	19.5%
True Victor	Beneficial owner	475,251,000 ⁽⁴⁾	—	19.5%

Notes:

- The entire issued share capital of Best Approach is directly and indirectly held by VISTA Co, whose entire issued share capital is held by HSBC International Trustee Limited as trustee of the Harvest VISTA Trust, a trust with Mr. KM Lai and Ms. Loretta Lee as founders and established in accordance with the laws of the BVI. The discretionary beneficiaries of the Harvest VISTA Trust include Mr. KM Lai, Ms. Loretta Lee and the personal trust of Ms. Loretta Lee (the beneficiaries of which are Ms. Loretta Lee and her immediate family members).
- VISTA Co holds 55% of the issued share capital of Best Approach and the entire issued share capital of Century Rise. Therefore, VISTA Co is deemed or taken to be interested in all our Shares held by Century Rise and Best Approach for the purposes of the SFO.
- Century Rise holds 45% of the issued share capital of Best Approach. Therefore, Century Rise is deemed or taken to be interested in all our Shares held by Best Approach for the purposes of the SFO.
- True Victor is an indirect wholly-owned subsidiary of SIHL.

OTHER INFORMATION

INTERESTS OF ANY OTHER PERSONS

Save as disclosed in the foregoing, as at 30 June 2023, no other persons had informed the Company that they had any interests or short positions in the shares which (i) would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of SFO; or (ii) were recorded in the register required to be kept by the Company under Section 336 of SFO.

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

On 5 August 2021, the Company (as borrower) entered into a facility agreement (the “Facility Agreement I”) with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$150.0 million for a term of 36 months from the date of drawdown has been granted to the Company. As at 30 June 2023 and as at the date of this interim report, the proceeds of HK\$150.0 million have been utilized. Pursuant to the Facility Agreement I, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 5 August 2021 for further details.

On 20 April 2022, the Company (as borrower) entered into a facility agreement (the “Facility Agreement II”) with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$250.0 million for a term of 15 months (which may be further extended for another 15 months) from the date of drawdown has been granted to the Company. The Company exercised the right to extend the loan for another 15 months in June 2023. As at 30 June 2023 and as at the date of this interim report, the proceeds of HK\$250.0 million have been utilized. Pursuant to the Facility Agreement II, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 20 April 2022 for further details.

On 25 April 2022, the Company (as borrower) entered into a facility agreement (the “Facility Agreement III”) with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$150.0 million for a term of 18 months from the date of drawdown has been granted to the Company. As at 30 June 2023 and as at the date of this interim report, the proceeds of HK\$150.0 million have been utilized. Pursuant to the Facility Agreement III, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 25 April 2022 for further details.

On 30 August 2022, the Company (as borrower) entered into a facility agreement (the “Facility Agreement IV”) with certain financial institutions pursuant to which a term loan facility in the aggregate amount of HK\$2,891.0 million (with incremental facilities of up to a further HK\$200.0 million) for a term of 36 months from the date of first utilisation has been granted to the Company. As at 30 June 2023 and as at the date of this interim report, this facility of HK\$2,891.0 million has been utilized. Pursuant to the Facility Agreement IV, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 30 August 2022 for further details.

OTHER INFORMATION

On 16 September 2022, the Company (as borrower) entered into a facility agreement (the "Facility Agreement V") with a financial institution pursuant to which a term loan facility in the aggregate amount of HK\$300.0 million for a term of 36 months from the date of first utilisation has been granted to the Company. As at 30 June 2023 and as at the date of this interim report, this facility of HK\$300.0 million has been utilized. Pursuant to the Facility Agreement V, it shall constitute a mandatory prepayment event (among others) if the Controlling Shareholders collectively (i) cease directly or indirectly to own more than 35% or above of the total shares of the Company; or (ii) cease to be the single largest shareholder of the Company or lose management control in the Company. Please refer to the announcement of the Company dated 16 September 2022 for further details.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities for the six months ended 30 June 2023.

PUBLIC FLOAT

Based on the information that is available to the Company and to the knowledge of the Directors, they confirm that the Company has maintained at least 25% of the Company's total issued share capital held by the public for the six months ended 30 June 2023 and as at the date of this interim report.

INTERIM DIVIDEND

The Board has declared an interim dividend of HK4.9 cents (corresponding period in 2022: HK6.2 cents) per share payable in cash to Shareholders of the Company.

Interim dividend will be payable on or about Thursday, 30 November 2023 to the Shareholders whose names appear on the register of members of the Company on Friday, 15 September 2023.

CLOSURE OF REGISTER OF MEMBERS

The Company's register of members will be closed from Wednesday, 13 September 2023 to Friday, 15 September 2023 (both days inclusive), during such period no transfer of Shares will be effected. To qualify for the interim dividend, all properly completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 12 September 2023.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Lee Wing Yee Loretta
(Chairlady and Executive Director)

Mr. Lai Kin Man
(Deputy Chairman and Executive Director)

Mr. Yuan Guozhen
(Chief Executive Officer and Executive Director)

Mr. Lai Chun Tung (Executive Director)

Non-Executive Directors

Mr. Feng Jun

Mr. Lui Ting Cheong Alexander

Independent Non-executive Directors

Professor Sha Zhenquan

Mr. Chan Kam Kwan Jason

Mr. Chung Wing Yin (retired on 15 June 2023)

Mr. Chung Kwok Nam

BOARD COMMITTEES

Audit Committee

Mr. Chan Kam Kwan Jason (Chairperson)

Professor Sha Zhenquan

Mr. Chung Wing Yin (retired on 15 June 2023)

Remuneration Committee

Professor Sha Zhenquan (Chairperson)

Mr. Chan Kam Kwan Jason

Mr. Chung Wing Yin (retired on 15 June 2023)

Nomination Committee

Mr. Chung Wing Yin (Chairperson)
(retired on 15 June 2023)

Professor Sha Zhenquan

Mr. Chan Kam Kwan Jason

Corporate Governance Committee

Mr. Chan Kam Kwan Jason (Chairperson)

Ms. Lee Wing Yee Loretta

Professor Sha Zhenquan

Mr. Chung Wing Yin (retired on 15 June 2023)

Strategy and Substitutability Committee

Mr. Lai Chun Tung (Chairperson)

Mr. Lui Ting Cheong Alexander

Professor Sha Zhenquan

COMPANY SECRETARY

Ms. Wong Ling Fong Lisa (HKICPA)

AUTHORISED REPRESENTATIVES

Ms. Lee Wing Yee Loretta

Ms. Wong Ling Fong Lisa

AUDITORS

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISORS

as to Hong Kong law:
King & Wood Mallesons

as to PRC law:
Jingtian & Gongcheng

as to BVI and Cayman Islands law:
Maples and Calder

PRINCIPAL BANKERS

Dongguan Rural Commercial Bank Co. Ltd.
The Hong Kong and Shanghai Banking
Corporation Limited

REGISTERED OFFICE

PO Box 309, Ugland House,
Grand Cayman, KY1-1104,
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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

PRINCIPAL PLACE OF BUSINESS IN PRC

Level 24,
Canvest Tower,
2 San Yuan Road,
Nan Cheng District, Dongguan City,
Guangdong Province, PRC

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
PO Box 1093, Boundary Hall,
Cricket Square, Grand Cayman,
KY1-1102, Cayman Islands

INVESTOR RELATIONS

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

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

WEBSITE

www.canvestenvironment.com

LISTING INFORMATION

Equity Securities Listing

The Company's ordinary shares are listed on the Main Board of Hong Kong Stock Exchange (Stock Code: 1381).

INTERIM DIVIDEND

Amount payable	:	HK4.9 cents per share
Ex-entitlement date	:	Monday, 11 September 2023
Latest time for lodging transfer	:	At 4:30 p.m. on Tuesday, 12 September 2023
Book closure period	:	From Wednesday, 13 September 2023 to Friday, 15 September 2023 (both days inclusive)
Record date	:	Friday, 15 September 2023
Payment date	:	Thursday, 30 November 2023

DESPATCH OF CORPORATE COMMUNICATIONS

This interim report is printed in both English and Chinese versions and is delivered to Shareholders. This interim report is also published on Canvest's website (www.canvestenvironment.com) and Hong Kong Stock Exchange's website (www.hkexnews.hk).

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

GLOSSARY

Baoshan WTE plant	the WTE plant located in Baoshan District, Shanghai municipality and owned by SIIC Baojingang
Best Approach	Best Approach Developments Limited (臻達發展有限公司), a company incorporated under the laws of BVI on 2 January 2014 with limited liability and a controlling shareholder of the Company
Board	the board of Directors
BOT	build-operate-transfer, a project model in which a private entity receives a concession from the public sector to finance, design, construct and operate a facility stated in the concession contract for a definite period of time and transfer the facility and assets to the public sector after the completion of the concession period, at which point the obligation of the private entity to operate the designed and constructed facility effectively terminates
BVI	the British Virgin Islands
Canvest ECT	Guangdong Canvest Energy Conservation Technology Co., Ltd.** (廣東粵豐節能科技有限公司), a company incorporated in the PRC and is ultimately controlled as to 49% by Mr. CT Lai and 51% by Mr. Guo Huiqiang** (郭惠強), an associate of Mr. CT Lai, respectively
Canvest or the Company	Canvest Environmental Protection Group Company Limited (粵豐環保電力有限公司), an exempted company incorporated with limited liability in the Cayman Islands on 28 January 2014, and where the text requires, "we", "us" or "our" shall mean the Group
Canvest Yuezhan Solid	Canvest Yuezhan Solid Waste Treatment Technology (Guangdong) Company Limited (粵豐粵展固體廢物處理科技(廣東)有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
Cash generated from operating projects*	Net cash generated from/used in operating activities for the year, excluding net operating cash used for construction of various WTE plants under BOT arrangements
Century Rise	Century Rise Development Limited (誠朗發展有限公司), a company incorporated under the laws of BVI on 6 January 2012 with limited liability and a controlling shareholder of the Company
CG Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
Changning	Hengyang Canvest Environmental Construction Power Company Limited** (衡陽粵豐環建電力有限公司), a company incorporated in the PRC with limited liability

GLOSSARY

China or PRC	the People's Republic of China, except where the context otherwise requires, does not include Hong Kong, Macau Special Administrative Region and Taiwan
China Scivest	Dongguan China Scivest Environmental Power Company Limited** (東莞粵豐環保電力有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
CG Code	Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules
Dazhou SIIC	Dazhou SIIC Environment Protection Co., Ltd** (達州上實環保有限公司), a company incorporated in the PRC with limited liability, is an indirect non-wholly owned subsidiary of Sichuan SIIC, and is principally engaged in the operation of the Dazhou WTE plant
Director(s)	director(s) of the Company
Dongguan Xindongqing	Dongguan Xindongqing Environmental Investment Company Limited** (東莞市新東清環保投資有限公司), a company incorporated in the PRC with limited liability and Dongguan Xindongyuan holds 30% equity interest of it
Dongguan Xindongyuan or Machong	Dongguan Xindongyuan Environmental Investment Company Limited** (東莞市新東元環保投資有限公司), a company incorporated in the PRC with limited liability and the Group holds 49% equity interest of it
Dongguan Xindongyue	Dongguan Xindongyue Environmental Company Limited** (東莞市新東粵環保實業有限公司), a company incorporated in the PRC with limited liability and the Group holds 35% equity interest of it
EBITDA*	Earnings before interest expense, income tax expense, depreciation and amortisation
Eligible Person(s)	(i) employees (whether full-time or part-time and including any executive Director), consultants or advisers of or to the Group, and (ii) any non-executive Director (including independent non-executive Directors) of the Group
Group	the Company and its subsidiaries
Harvest VISTA Trust	The Harvest VISTA Trust, a discretionary trust founded by Ms. Loretta Lee and Mr. KM Lai, with Ms. Loretta Lee, Ms. Loretta Lee's personal trust and Mr. KM Lai as beneficiaries
HIBOR	Hong Kong Interbank Offered Rates

GLOSSARY

HK\$	Hong Kong dollar(s), the lawful currency of Hong Kong
Hong Kong	Hong Kong Special Administrative Region of the PRC
Hong Kong Stock Exchange	The Stock Exchange of Hong Kong Limited
Independent Third Party(ies)	an individual(s) or a company(ies) which is/are independent of and not connected with (within the meaning of the Listing Rules), the directors, the chief executives and the substantial Shareholders of our Company and our subsidiaries and their respective associates
Jiayang or Jiayang Canvest	Jiayang Canvest Environmental Power Company Limited** (簡陽粵豐環保發電有限公司), a company incorporated in the PRC with limited liability and the Group holds 50% equity interest of it
Johnson	Hong Kong Johnson Holding Co., Ltd. (香港莊臣控股有限公司), a company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Hong Kong Stock Exchange (stock code: 1955) and the Group holds 30.75% equity interest of it
Kewei	Canvest Kewei Environmental Investment (Guangdong) Company Limited** (粵豐科維環保投資(廣東)有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
kWh	kilowatt-hour. One kilowatt-hour is the amount of energy that would be produced by a generator producing one thousand watts for one hour
Listing Date	29 December 2014, the date which our Shares are listed and from which dealings therein are permitted to take place on the Hong Kong Stock Exchange
Listing Rules	the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
Main Board	the Main Board of the Hong Kong Stock Exchange
Model Code	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules
Mr. CT Lai	Mr. Lai Chun Tung (黎俊東), an executive Director
Mr. KM Lai	Mr. Lai Kin Man (黎健文), also known as Li Jianwen (黎建文), one of our controlling shareholders, an executive Director and deputy chairman
Ms. Loretta Lee	Ms. Lee Wing Yee, Loretta (李詠怡), one of our controlling shareholders, an executive Director and chairlady

GLOSSARY

MSW	municipal solid waste, a waste type consisting of everyday solid items that are produced from urban residents' daily life activities and services for their everyday life, as well as other solid waste deemed by the authorities as waste, including household waste, commercial waste, waste from trading markets, streets and other public places, as well as non-industrial waste from institutions, schools, factories, etc.
PPP	Public-private-partnership
RMB	Renminbi, the lawful currency of PRC
Sanyang	Dongguan Sanyang Industrial Development Co., Ltd.** (東莞市三陽實業發展有限公司), a company incorporated in the PRC and is jointly-owned by Mr. Lai Chun Tung, an executive Director, and his associate
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Share Award Scheme	the share award scheme of the Company adopted by the Board on 3 May 2019 in accordance with the rules relating to the said scheme as amended from time-to-time
Share(s)	ordinary share(s) with a nominal value of HK\$0.01 each in the share capital of the Company
Shareholder(s)	holders of Shares
Shen County	Shen County Nanyi New Energy Power Company Limited (formerly known as "Shen County Shanghai Industrial Environmental Energy Company Limited")** (莘縣南一新能源發電有限公司) (formerly known as "莘縣上實環保能源有限公司"), a company incorporated in the PRC with limited liability
Sichuan Jiajieyuan	Sichuan Jiajieyuan Environmental Technology Company Limited** (四川佳潔園環保科技有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
Sichuan SIIC	Sichuan SIIC Ecological Environmental Co., Ltd. (formerly known as "Sichuan SIIC Environmental Investment Development Co., Ltd.")** (四川上實生態環境有限責任公司) (formerly known as 四川上實環境投資發展有限公司), a company incorporated in the PRC with limited liability. The Group effectively holds 30% equity interest of it
SIHL	Shanghai Industrial Holdings Limited (上海實業控股有限公司), a company incorporated under the laws of Hong Kong with limited liability whose shares are listed on the Hong Kong Stock Exchange (stock code: 363) and a substantial Shareholder of the Company
SIIC Baojingang	Shanghai SIIC Baojingang Environmental Resources Technology Co Ltd.** (上海上實寶金剛環境資源科技有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of SIHL. The Group effectively holds 18% equity interest of it

GLOSSARY

SIIC Environment	SIIC Environment Holdings Limited, a company incorporated in the Republic of Singapore with limited liability whose shares are listed on the Hong Kong Stock Exchange (stock code: 807) and Singapore Exchange Limited (stock code: BHK.SG)
True Victor	True Victor Holdings Limited, a company incorporated under the laws of Hong Kong with limited liability and an indirect wholly-owned subsidiary of SIHL
Trustee	Bank of Communications Trustee Limited (which is independent and not connected with the Company) and any additional or replacement trustees, being the trustee or trustees for the time being to be declared in the trust deed entered into with the Company
US dollars or USD	United States dollars, lawful currency of the United States of America
VAT	Value-added tax in the PRC
VCS	Verified carbon standard
WTE	waste-to-energy, the process of generating electricity from the incineration of waste
Yi County	Baoding Yi County Canvest Environmental Power Company Limited** (保定易縣粵豐環保電力有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
Yingkou	Yingkou Canvest Power Environmental Company Limited** (營口粵豐電力環保有限公司), a company incorporated in the PRC with limited liability and an indirect non-wholly owned subsidiary of the Company
Yue Xing	Dongguan City Yue Xing Company Limited** (東莞市粵星建造有限公司), a company incorporated in the PRC and is jointly-owned by Mr. CT Lai and his associate
Zhongshan	Zhongshan City Guangye Longcheng Environmental Company Limited** (中山市廣業龍澄環保有限公司), a company incorporated in the PRC with limited liability and an indirect wholly-owned subsidiary of the Company
Zhongzhou Environmental	Huizhou City Zhongzhou Environmental Resources Company Limited** (惠州市中洲環保資源有限公司), a company incorporated in the PRC with limited liability and the Group holds 40% equity interest of it
%	per cent

* Cash generated from operating projects and EBITDA are non-HKFRS measures which are useful in gaining a more complete understanding of the Group's operational performance and of the underlying trends of its business. Additionally, as the Group has historically reported certain non-HKFRS results to investors, the Group considers that the inclusion of non-HKFRS measures provides consistency in our financial reporting.

** For identification purposes only