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CONCH VENTURE
China Conch Venture Holdings Limited
中國海螺創業控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 586)

**ANNUAL RESULTS ANNOUNCEMENT
FOR THE YEAR ENDED 31 DECEMBER 2021**

HIGHLIGHTS

- The Group expects to spin-off and separately list the shares of China Conch Environment Protection Holdings Limited (“**Conch Environment**”) (which, together with its subsidiaries, are principally engaged in the solid waste solutions business) on the Main Board of the Stock Exchange by way of introduction, through a distribution in specie to the shareholders of the Company in March 2022. The solid waste solutions business has been classified as discontinued operations of the Group.
- Revenue of the Group for 2021 amounted to approximately RMB8,350.49 million (2020: RMB6,604.57 million), representing an increase of 26.43% as compared to 2020. Revenue of the Group from continuing operations for 2021 amounted to approximately RMB6,680.74 million (2020: RMB5,467.18 million), representing an increase of 22.20% as compared to 2020.
- Net profit attributable to equity shareholders of the Group for 2021 amounted to approximately RMB7,458.13 million (2020: RMB7,617.63 million), representing a decrease of 2.09% as compared to 2020. Net profit attributable to equity shareholders of the Group from continuing operations for 2021 amounted to approximately RMB6,905.39 million (2020: RMB7,144.96 million), representing a decrease of 3.35% as compared to 2020.
- Net profit (excluding share of profits of associates) of our principal activities attributable to equity shareholders of the Group for 2021 amounted to approximately RMB1,289.99 million (2020: RMB1,230.19 million), representing an increase of 4.86% as compared to 2020. Net profit (excluding share of profits of associates) of our principal activities attributable to equity shareholders of the Group from continuing operations for 2021 amounted to approximately RMB747.07 million (2020: RMB768.60 million), representing a decrease of 2.80% as compared to 2020.

- Basic earnings per share for 2021 amounted to RMB4.10 (2020: RMB4.22 per share). Basic earnings per share from continuing operations for 2021 amounted to RMB3.80 (2020: RMB3.96 per share).
- The Board proposed the distribution of a final cash dividend of HK\$0.70 per share for 2021 (2020: HK\$0.70 per share).

The board (the “**Board**”) of directors (the “**Directors**”) of China Conch Venture Holdings Limited (the “**Company**”) is pleased to announce the audited consolidated results and financial positions for the year ended 31 December 2021 (the “**Reporting Period**”) of the Company and its subsidiaries (the “**Group**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*for the year ended 31 December 2021**(Expressed in Renminbi Yuan)*

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i> <i>(Restated)</i>
Continuing operations			
Revenue	3	6,680,738	5,467,178
Cost of sales		<u>(5,033,282)</u>	<u>(4,055,231)</u>
Gross profit		1,647,456	1,411,947
Other net income	4	187,865	197,688
Distribution costs		(20,228)	(18,434)
Administrative expenses		<u>(403,925)</u>	<u>(270,921)</u>
Profit from operations		1,411,168	1,320,280
Finance costs	5(a)	(310,965)	(223,748)
Share of profits of associates		<u>6,158,328</u>	<u>6,376,356</u>
Profit before taxation	5	7,258,531	7,472,888
Income tax	6(a)	<u>(305,105)</u>	<u>(283,164)</u>
Profit for the year from continuing operations		6,953,426	7,189,724
Discontinued operations			
Profit for the year from discontinued operations	14	<u>623,730</u>	<u>562,890</u>
Profit for the year		<u>7,577,156</u>	<u>7,752,614</u>

CONSOLIDATED STATEMENT OF PROFIT OR LOSS (continued)
for the year ended 31 December 2021
(Expressed in Renminbi Yuan)

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i> <i>(Restated)</i>
Attributable to equity shareholders of the Company:			
from continuing operations		6,905,394	7,144,957
from discontinued operations		552,735	472,670
		<u>7,458,129</u>	<u>7,617,627</u>
Attributable to non-controlling interests of the Company:			
from continuing operations		48,032	44,767
from discontinued operations		70,995	90,220
		<u>119,027</u>	<u>134,987</u>
Profit for the year		<u>7,577,156</u>	<u>7,752,614</u>
Basic earnings per share			
	<i>7(a)</i>		
from continuing operations (<i>RMB</i>)		3.80	3.96
from discontinued operations (<i>RMB</i>)		0.30	0.26
		<u>4.10</u>	<u>4.22</u>
Diluted earnings per share			
	<i>7(b)</i>		
from continuing operations (<i>RMB</i>)		3.66	3.81
from discontinued operations (<i>RMB</i>)		0.29	0.25
		<u>3.95</u>	<u>4.06</u>

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

*for the year ended 31 December 2021
(Expressed in Renminbi Yuan)*

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> <i>(Restated)</i>
Profit for the year	7,577,156	7,752,614
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss:		
Share of other comprehensive income of associates, net of tax	7,061	9,569
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates, net of tax	(13,016)	(29,621)
Exchange differences on translation of financial statements of overseas subsidiaries	88,041	169,651
	82,086	149,599
Total comprehensive income for the year	7,659,242	7,902,213
Attributable to equity shareholders of the Company:		
from continuing operations	6,987,480	7,294,556
from discontinued operations	552,735	472,670
	7,540,215	7,767,226
Attributable to non-controlling interests of the Company:		
from continuing operations	48,032	44,767
from discontinued operations	70,995	90,220
	119,027	134,987
Total comprehensive income for the year	7,659,242	7,902,213

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2021

(Expressed in Renminbi Yuan)

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i>
Non-current assets			
Property, plant and equipment		1,212,651	3,714,696
Right-of-use assets		1,109,297	590,650
Intangible assets		10,007,101	6,366,195
Interests in associates	<i>9</i>	35,768,449	31,085,116
Non-current portion of service concession assets	<i>10</i>	5,280,042	4,945,952
Non-current portion of trade and other receivables	<i>11</i>	1,145,323	1,073,404
Financial assets measured at fair value through profit and loss (“ FVPL ”)		82,500	82,500
Investment deposit		1,003,000	–
Deferred tax assets		76,143	63,093
		<hr/> 55,684,506 <hr/>	<hr/> 47,921,606 <hr/>
Current assets			
Financial assets measured at fair value through profit and loss (“ FVPL ”)		12,255	13,239
Inventories		378,324	269,957
Service concession assets	<i>10</i>	186,598	137,088
Trade and other receivables	<i>11</i>	1,554,313	1,908,676
Restricted bank deposits		277,858	44,767
Bank deposits with original maturity over three months		1,150,000	681,700
Cash and cash equivalents		2,560,045	3,350,539
		<hr/> 6,119,393 <hr/>	<hr/> 6,405,966 <hr/>
Assets held for distribution	<i>14</i>	7,115,167	–
		<hr/> 13,234,560 <hr/>	<hr/> 6,405,966 <hr/>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)

at 31 December 2021

(Expressed in Renminbi Yuan)

	<i>Note</i>	2021 RMB'000	2020 <i>RMB'000</i>
Current liabilities			
Bank loans		602,528	1,282,264
Trade and other payables	<i>12</i>	4,299,189	4,201,641
Contract liabilities		57,074	62,153
Lease liabilities		5,942	2,652
Income tax payables		174,497	139,028
		<u>5,139,230</u>	<u>5,687,738</u>
Liabilities held for distribution	<i>14</i>	3,878,999	—
		<u>9,018,229</u>	<u>5,687,738</u>
Net current assets		<u>4,216,331</u>	<u>718,228</u>
Total assets less current liabilities		<u>59,900,837</u>	<u>48,639,834</u>
Non-current liabilities			
Bank loans		9,655,302	5,124,458
Convertible bonds	<i>13</i>	3,483,286	3,470,110
Lease liabilities		4,813	397
Deferred tax liabilities		100,000	67,690
		<u>13,243,401</u>	<u>8,662,655</u>
Net assets		<u>46,657,436</u>	<u>39,977,179</u>
Capital and reserves			
Share capital		14,530	14,347
Reserves		45,255,264	38,550,638
Equity attributable to equity shareholders of the Company		<u>45,269,794</u>	<u>38,564,985</u>
Non-controlling interests		<u>1,387,642</u>	<u>1,412,194</u>
Total equity		<u>46,657,436</u>	<u>39,977,179</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IAS”) and related interpretations, promulgated by the International Accounting Standards Board (“IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group is set out below.

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

(b) Basis of preparation and presentation

The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that equity investments are stated at their fair value.

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

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

2 CHANGES IN ACCOUNTING POLICIES

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

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

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> <i>(Restated)</i>
Continuing operations		
Waste-to-energy projects		
Waste incineration solutions (i)	5,743,801	4,811,273
Energy saving equipment	569,811	316,374
Subtotal	6,313,612	5,127,647
Port logistics services	224,276	216,151
Sale of new building materials	142,850	123,380
Total revenue from continuing operations	6,680,738	5,467,178
Discontinued operations		
Solid waste solutions	1,669,747	1,137,395
	8,350,485	6,604,573

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> <i>(Restated)</i>
Timing of revenue recognition		
Continuing operations		
Over time	5,968,077	5,027,424
Point in time	712,661	439,754
	<u>6,680,738</u>	<u>5,467,178</u>
Discontinued operations		
Over time	<u>1,669,747</u>	<u>1,137,395</u>

- (i) Revenue of waste incineration solutions under BOT arrangements mainly represents the revenue for construction services, revenue from waste incineration project operation services and finance income. The amount of each significant category of revenue during the year is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> <i>(Restated)</i>
Revenue from waste incineration project construction services	4,489,191	4,089,923
Revenue from waste incineration project operation services	1,061,602	572,981
Finance income	193,008	148,369
Total	<u>5,743,801</u>	<u>4,811,273</u>

The Group had transactions with certain PRC local government authorities which in aggregate exceeded 10% of the Group's revenue. Revenue from waste incineration solutions under BOT arrangement derived from these local government authorities in the PRC for the year ended 31 December 2021 amounting to RMB4,801,918,000 (2020: RMB4,270,115,000).

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following five reportable segments. In 2021, the Company proposed to spin-off and separately list the shares of China Conch Environment Protection Holdings Limited (中國海螺環保控股有限公司) ("**Conch Environment**"), which is engaged in the business of solid waste solutions, on the Main Board of the Stock Exchange by way of introduction. After the spin-off, the Group will continue to engage in waste incineration solutions, port logistics services, sale of new building materials and investments. The solid waste solutions segment was classified as discontinued operations of the Group. Prior period comparative segment information has been restated to conform with the current period's presentation accordingly.

- (1) Waste-to-energy projects: this segment includes waste incineration solutions, manufacturing and sales of residual heat power generation, vertical mill and related after-sales services.
 - (2) Port logistics services: this segment mainly engages in cargo handling, trans-shipment and warehousing services.
 - (3) New building materials: this segment mainly engages in alternative wall building materials, such as the cellulose fiber cement sheets, autoclaved boards and wood wool cement boards.
 - (4) Investments: this segment comprises investments in Anhui Conch Holdings Co., Ltd. ("**Conch Holdings**").
 - (5) Solid waste solutions: this segment mainly engages in solid and hazardous waste and presented as discontinued operations.
- (i) For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

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

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments. Inter-segment revenue includes sales of environmental protection equipments by one segment to another.

The measure used by the Group's senior executive management to assess segment results is the profit before taxation. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2021 and 2020 is set out below:

	Year ended 31 December 2021							
	Continuing operations					Discontinued operations		Total
	Waste-to-energy projects	Port logistics services	New building materials	Investments	Unallocated	Solid waste solutions	Elimination	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Revenue from external customers	6,313,612	224,276	142,850	-	-	1,669,747	-	8,350,485
Inter-segment revenue	656,168	-	29	-	-	28,406	(684,603)	-
Reportable segment revenue	6,969,780	224,276	142,879	-	-	1,698,153	(684,603)	8,350,485
Reportable segment profit/(losses)	1,179,361	120,003	(16,281)	6,135,587	(124,391)	693,556	(54,374)	7,933,461
Interest income	83,093	112	563	-	5,443	8,254	(5,329)	92,136
Interest expenses	192,587	-	-	-	123,671	45,737	(5,329)	356,666
Depreciation and amortisation	231,992	45,137	16,775	-	3,988	167,391	(9,392)	455,891
Provision for loss allowance								
— trade and other receivables	9,557	-	-	-	-	12,896	-	22,453
Reportable segment assets	24,693,005	396,135	2,532,815	35,637,850	3,318,493	7,523,347	(5,182,579)	68,919,066
Reportable segment liabilities	15,684,940	39,815	2,349,328	-	4,796,084	4,426,043	(5,034,580)	22,261,630

	Year ended 31 December 2020 (Restated)							
	Continuing operations					Discontinued operations		Total
	Waste-to-energy projects	Port logistics services	New building materials	Investments	Unallocated	Solid waste solutions	Elimination	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Revenue from external customers	5,127,647	216,151	123,380	-	-	1,137,395	-	6,604,573
Inter-segment revenue	419,901	-	-	-	-	12,730	(432,631)	-
Reportable segment revenue	5,547,548	216,151	123,380	-	-	1,150,125	(432,631)	6,604,573
Reportable segment profit/(losses)	1,109,259	117,468	(2,953)	6,387,437	(104,866)	592,887	(46,517)	8,052,715
Interest income	57,363	109	355	-	28,615	9,927	-	96,369
Interest expenses	106,980	-	-	-	117,891	9,547	-	234,418
Depreciation and amortisation	120,771	45,837	15,402	-	279	96,653	-	278,942
Provision for loss allowance								
— trade and other receivables	9,438	-	-	-	-	2,242	-	11,680
Reportable segment assets	18,119,790	425,824	1,689,956	31,085,116	2,395,755	4,721,602	(4,110,471)	54,327,572
Reportable segment liabilities	10,535,556	126,283	1,484,837	-	3,599,319	2,714,869	(4,110,471)	14,350,393

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

	Continuing operations		Discontinued operations		Total	
	2021	2020	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Restated)</i>		<i>(Restated)</i>		<i>(Restated)</i>
Revenue						
Reportable segment revenue	7,336,935	5,887,079	1,698,153	1,150,125	9,035,088	7,037,204
Elimination of inter-segment revenue	<u>(656,197)</u>	<u>(419,901)</u>	<u>(28,406)</u>	<u>(12,730)</u>	<u>(684,603)</u>	<u>(432,631)</u>
Consolidated revenue <i>(Note 3(a))</i>	<u>6,680,738</u>	<u>5,467,178</u>	<u>1,669,747</u>	<u>1,137,395</u>	<u>8,350,485</u>	<u>6,604,573</u>
	Continuing operations		Discontinued operations		Total	
	2021	2020	2021	2020	2021	2020
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Restated)</i>		<i>(Restated)</i>		<i>(Restated)</i>
Profit before taxation						
Reportable segment profit	7,294,279	7,506,345	693,556	592,887	7,987,835	8,099,232
Elimination of inter-segment profit	<u>(35,748)</u>	<u>(33,457)</u>	<u>(18,626)</u>	<u>(13,060)</u>	<u>(54,374)</u>	<u>(46,517)</u>
Consolidated profit before taxation	<u>7,258,531</u>	<u>7,472,888</u>	<u>674,930</u>	<u>579,827</u>	<u>7,933,461</u>	<u>8,052,715</u>
				2021	2020	
				<i>RMB'000</i>	<i>RMB'000</i>	
Assets						
Reportable segment assets				74,101,645	58,438,043	
Elimination of inter-segment receivables				<u>(5,182,579)</u>	<u>(4,110,471)</u>	
Consolidated total assets				<u>68,919,066</u>	<u>54,327,572</u>	
				2021	2020	
				<i>RMB'000</i>	<i>RMB'000</i>	
Liabilities						
Reportable segment liabilities				27,296,210	18,460,864	
Elimination of inter-segment payables				<u>(5,034,580)</u>	<u>(4,110,471)</u>	
Consolidated total liabilities				<u>22,261,630</u>	<u>14,350,393</u>	

(iii) *Geographic information*

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

Revenue from external customers

	Continuing operations		Discontinued operation	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
		(Restated)		(Restated)
Mainland China	6,481,158	5,394,973	1,669,747	1,137,395
Asia-Pacific (except Mainland China)	197,917	70,816	–	–
South America	1,663	1,389	–	–
	<u>6,680,738</u>	<u>5,467,178</u>	<u>1,669,747</u>	<u>1,137,395</u>

Specified non-current assets

	2021	2020
	RMB'000	RMB'000
Mainland China	54,348,120	47,746,662
Asia-Pacific (except Mainland China)	174,743	29,351
	<u>54,522,863</u>	<u>47,776,013</u>

4 OTHER NET INCOME

	2021 RMB'000	2020 RMB'000 (Restated)
Continuing operations		
Interest income on bank deposits and cash at bank	83,647	84,992
Government grants (i)	98,922	124,839
Net gain/(loss) on disposal of right-of-use assets and property, plant and equipment	172	(90)
Net exchange loss	(898)	(6,396)
Net unrealised losses on financial assets measured at FVPL	(984)	(7,406)
Others	7,006	1,749
	<u>187,865</u>	<u>197,688</u>
Discontinued operations		
Interest income on bank deposits and cash at bank	8,489	11,377
Government grants (i)	58,776	23,058
Net gain on disposal of right-of-use assets and property, plant and equipment	25	8
Gain on previously held interests in associates	856	–
Recognition of negative goodwill as income	928	9,538
Others	1,934	(503)
	<u>71,008</u>	<u>43,478</u>
	<u>258,873</u>	<u>241,166</u>

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

5 PROFIT BEFORE TAXATION

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

(a) Finance costs:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> <i>(Restated)</i>
Continuing operations		
Interest on bank loans	285,895	157,196
Interest on lease liabilities	205	286
Interest on convertible bonds	<u>113,882</u>	<u>117,845</u>
Total interest expense on financial liabilities not at fair value through profit or loss	399,982	275,327
Less: interest expense capitalised into construction in progress and intangible assets*	<u>(89,017)</u>	<u>(51,579)</u>
	----- 310,965	----- 223,748
Discontinued operations		
Interest on bank loans	83,445	25,537
Interest on lease liabilities	<u>171</u>	<u>–</u>
Total interest expense on financial liabilities not at fair value through profit or loss	83,616	25,537
Less: interest expense capitalised into construction in progress and intangible assets*	<u>(37,915)</u>	<u>(14,867)</u>
	----- 45,701	----- 10,670
	<u><u>356,666</u></u>	<u><u>234,418</u></u>

* The borrowings costs in continuing operations and discontinued operations were capitalised at a rate of 1.75%–4.05% per annum for 2021 (2020 (restated): 3.30%–4.45%) and 2.65%–4.65% per annum for 2021 (2020 (restated): 3.85%–4.65%) respectively.

(b) Staff costs:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> <i>(Restated)</i>
Continuing operations		
Salaries, wages and other benefits	333,498	286,312
Contributions to defined contribution plans (i)	<u>40,836</u>	<u>2,936</u>
	<u><u>374,334</u></u>	<u><u>289,248</u></u>
Discontinued operations		
Salaries, wages and other benefits	240,995	170,931
Contributions to defined contribution plans (i)	<u>35,806</u>	<u>2,127</u>
	<u><u>276,801</u></u>	<u><u>173,058</u></u>

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

During the financial year ended 31 December 2021, no contribution was forfeited (by the Group on behalf of its employees who leave the scheme prior to vesting fully in such contributions) under the defined contribution retirement scheme which may be used by the Group to reduce the existing level of contributions. Accordingly, no forfeited contribution was utilised in the course of the year ended 31 December 2021, and as at 31 December 2021, there was no forfeited contribution available to reduce the Group's existing level of contributions to the defined contribution retirement scheme.

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

(c) Other items

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> <i>(Restated)</i>
Continuing operations		
Cost of inventories [#]	570,125	332,728
Cost of services provided [#]	4,463,157	3,722,503
Depreciation of owned property, plant and equipment [#]	90,907	83,507
Depreciation of right-of-use assets [#]	20,564	11,893
Amortisation of intangible assets [#]	186,421	92,623
Research and development costs	35,876	20,476
Loss allowance for trade receivables	9,557	9,438
Impairment losses on property, plant and equipment	7,669	–
Short-term lease payments not included in the measurement of lease liabilities	5,327	3,968
Auditors' remuneration	2,340	2,226
	<u>570,125</u>	<u>332,728</u>
Discontinued operations		
Cost of services provided [#]	672,985	388,603
Depreciation of owned property, plant and equipment [#]	145,328	82,279
Depreciation of right-of-use assets [#]	4,812	3,757
Amortisation of intangible assets [#]	7,859	4,883
Loss allowance for trade receivables	12,896	2,242
Short-term lease payments not included in the measurement of lease liabilities	2,826	2,142
Auditors' remuneration	2,300	20
Listing expenses	24,764	–
	<u>672,985</u>	<u>388,603</u>

[#] Cost of inventories and cost of services provided in continuing operations and in discontinued operations include RMB427,424,000 (2020 (restated): RMB307,624,000) and RMB277,989,000 (2020 (restated): RMB162,311,000) relating to staff costs, depreciation of owned property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> <i>(Restated)</i>
Continuing operations		
Current tax — Hong Kong Profits Tax		
Provision for the year	–	615
Current tax — PRC income tax		
Provision for the year	224,334	235,255
Over provision in respect of prior years	<u>(6,082)</u>	<u>(1,790)</u>
	218,252	234,080
Deferred tax:		
Origination and reversal of temporary differences	<u>86,853</u>	<u>49,084</u>
Income tax expense on continuing operations	<u><u>305,105</u></u>	<u><u>283,164</u></u>
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> <i>(Restated)</i>
Discontinued operations		
Current tax — Hong Kong Profits Tax		
Provision for the year	–	–
Current tax — PRC income tax		
Provision for the year	58,128	17,325
Under/(over) provision in respect of prior years	<u>162</u>	<u>(291)</u>
	58,290	17,034
Deferred tax:		
Origination and reversal of temporary differences	<u>(7,090)</u>	<u>(97)</u>
Income tax expense on discontinued operations	<u><u>51,200</u></u>	<u><u>16,937</u></u>

- (1) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (2) The provision for Hong Kong Profits Tax for 2021 is calculated at the first HK\$2 million of assessable profits are taxed at 8.25% and the remaining assessable profits are taxed at 16.5%. The provision for Hong Kong Profits Tax was calculated at the same basis in 2020. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.
- (3) The PRC income tax law and its relevant regulations also impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, on dividend distributions made out of the PRC from earnings accumulated from 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax.

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

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

During the twelve months ended 31 December 2021, deferred tax expenses of RMB100,000,000 (2020: RMB58,000,000) have been recognised in respect of the withholding tax payable on the retained profits of the Group’s PRC subsidiaries which the directors expect to distribute outside the Mainland China in the foreseeable future.

- (4) The provision for PRC income tax is based on a statutory rate of 25% of the assessable income of the Company’s mainland China subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC.
- (5) Pursuant to Notice No. 23 issued by the State Administration of Taxation on 23 April 2020 and relevant local tax authorities’ notices, certain subsidiaries are entitled to a preferential income tax rate of 15% as qualifying companies located in western areas in the PRC.
- (6) Pursuant to the PRC Enterprise Income Tax Law Implementing Regulations issued by State Council of the PRC, certain subsidiaries engaged in waste incineration solutions and solid waste solutions are eligible for a preferential tax treatment of income tax exemption for the first three years starting from which revenue is generated and 50% income tax reduction for the next three years.
- (7) Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd. (“**CK Equipment**”), a subsidiary of the Group was accredited as a “High and New Technology Enterprise” and was entitled to a preferential income tax rate of 15% for a period of three years from 2020 to 2022.

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> <i>(Restated)</i>
Continuing operations		
Profit before taxation	<u>7,258,531</u>	<u>7,472,888</u>
Notional tax on profit before taxation from continuing operations, calculated at the rates applicable to profit in the tax jurisdictions concerned	1,852,536	1,898,470
PRC tax concessions	(101,767)	(77,427)
PRC dividend withholding tax	100,000	58,000
Over provision in respect of prior years	(6,082)	(1,790)
Share of profits of associates	<u>(1,539,582)</u>	<u>(1,594,089)</u>
Income tax expense on continuing operations	<u>305,105</u>	<u>283,164</u>
	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> <i>(Restated)</i>
Discontinued operations		
Profit before taxation	<u>674,930</u>	<u>579,827</u>
Notional tax on profit before taxation from continuing operations, calculated at the rates applicable to profit in the tax jurisdictions concerned	184,315	148,653
PRC tax concessions	(130,824)	(128,655)
Under/(over) provision in respect of prior years	162	(291)
Share of profits of associates	<u>(2,453)</u>	<u>(2,770)</u>
Income tax expense on continuing operations	<u>51,200</u>	<u>16,937</u>

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares in issue during the year.

(i) Weighted average number of ordinary shares

	2021 <i>('000)</i>	2020 <i>('000)</i>
Issued ordinary shares as at 1 January	1,804,750	1,804,750
Effect of new shares issued on 28 June 2021	11,130	–
	<u>1,815,880</u>	<u>1,804,750</u>
Weighted average number of ordinary shares	<u>1,815,880</u>	<u>1,804,750</u>

(ii) Profit attributable to ordinary equity shareholders of the Company

	2021 RMB'000	2020 RMB'000 <i>(Restated)</i>
Profit attributable to ordinary equity shareholders of the Company		
— Continuing operations	6,905,394	7,144,957
— Discontinued operations	552,735	472,670
	<u>7,458,129</u>	<u>7,617,627</u>

(iii) Basic earnings per share

	2021 RMB	2020 RMB <i>(Restated)</i>
Basic earnings per share		
— Continuing operations	3.80	3.96
— Discontinued operations	0.30	0.26
	<u>4.10</u>	<u>4.22</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company and the weighted average number of ordinary shares, calculated as below:

(i) Weighted average number of ordinary shares (diluted)

	2021 (‘000)	2020 (‘000)
Weighted average number of ordinary shares as at 31 December	1,815,880	1,804,750
Effect of conversion of convertible bonds	<u>102,665</u>	<u>100,704</u>
Weighted average number of ordinary shares (diluted) as at 31 December	<u><u>1,918,545</u></u>	<u><u>1,905,454</u></u>

(ii) Profit attributable to ordinary equity shareholders (diluted)

	2021 RMB‘000	2020 RMB‘000 (Restated)
Profit attributable to ordinary equity shareholders		
— Continuing operations	6,905,394	7,144,957
— Discontinued operations	<u>552,735</u>	<u>472,670</u>
	<u><u>7,458,129</u></u>	<u><u>7,617,627</u></u>
After tax effect of effective interest on the liability component of convertible bonds		
— Continuing operations	113,882	117,845
— Discontinued operations	<u>—</u>	<u>—</u>
	<u><u>113,882</u></u>	<u><u>117,845</u></u>
Profit attributable to ordinary equity shareholders (diluted)		
— Continuing operations	7,019,276	7,262,802
— Discontinued operations	<u>552,735</u>	<u>472,670</u>
	<u><u>7,572,011</u></u>	<u><u>7,735,472</u></u>

(iii) Diluted earnings per share

	2021 RMB	2020 RMB (Restated)
Diluted earnings per share		
— Continuing operations	3.66	3.81
— Discontinued operations	<u>0.29</u>	<u>0.25</u>
	<u><u>3.95</u></u>	<u><u>4.06</u></u>

8 DIVIDENDS

Pursuant to a resolution passed at the Directors' meeting on 28 March 2022, a final dividend of HKD0.70 (2020: HKD0.70) per ordinary share totalling HKD1,278,736,000, equivalent to approximately RMB1,045,878,000 (2020: HKD1,263,325,000, equivalent to approximately RMB1,063,265,000), was proposed for shareholders' approval. The dividend has not been provided for in the consolidated financial statements for the year ended 31 December 2021.

On 16 March 2022, the Company's Board of Directors declared a conditional special dividend through a distribution in specie by the Company of all the shares of Conch Environment, which will be conditional upon the listing approval is granted and such approval not having been revoked prior to the date on which the shares of Conch Environment are first listed.

9 INTERESTS IN ASSOCIATES

	2021 RMB'000	2020 RMB'000
Share of net assets	<u>35,768,449</u>	<u>31,085,116</u>

The particulars of the material associate are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest Group's effective interest	Principal activities
Conch Holdings (安徽海螺集團有限責任公司)	Incorporated as limited liability company	The PRC	RMB800,000,000	49%	Investment holding

The particulars of Conch Holdings' investment holdings as at 31 December 2021 are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Ownership interest held by Conch Holdings	Principal activities
Anhui Conch Cement Co., Ltd. ("Conch Cement") (安徽海螺水泥股份有限公司)	Incorporated as joint stock limited company	The PRC	5,299,302,579 ordinary shares of RMB1 each	36.40%	Manufacture and sale of cement related products
Wuhu Conch Profiles and Science Co., Ltd. (蕪湖海螺型材科技股份有限公司)	Incorporated as joint stock limited company	The PRC	360,000,000 ordinary shares of RMB1 each	33.44%	Manufacture of new chemical and building materials
Anhui Conch Building Materials Design and Research Institute (安徽海螺建材設計研究院有限責任公司)	Incorporated as limited liability company	The PRC	RMB150,000,000	100%	Design and contract cement/light steel construction

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Ownership interest held by Conch Holdings	Principal activities
Yingde Conch International Hotel Co., Ltd. (英德海螺國際大酒店有限公司)	Incorporated as limited liability company	The PRC	RMB63,800,000	100%	Hotel service
Wuhu Conch International Hotel Co., Ltd. (蕪湖海螺國際大酒店有限公司)	Incorporated as limited liability company	The PRC	RMB268,500,000	100%	Hotel service
Anhui Conch IT Engineering Co., Ltd. (安徽海螺信息技術工程有限責任公司)	Incorporated as limited liability company	The PRC	RMB50,000,000	100%	Computer system design and development
Anhui Conch Investment Co., Ltd. (安徽海螺投資有限責任公司)	Incorporated as limited liability company	The PRC	RMB700,000,000	100%	Investment holding
Anhui Jingong Testing and Inspection Center Co., Ltd. (安徽精公檢測檢驗中心有限公司)	Incorporated as limited liability company	The PRC	RMB8,000,000	100%	Testing and inspection
Wuhu Conch Trading Co., Ltd. (蕪湖海螺貿易有限公司)	Incorporated as limited liability company	The PRC	RMB300,000,000	100%	Trading
Anhui International Trade Group Holding Co., Ltd. (安徽國貿集團控股有限公司)	Incorporated as limited liability company	The PRC	RMB661,111,111	55%	Investment holding and trading
Santan (Anhui) science and Technology Research Institute Co., Ltd. (三碳(安徽)科技研究院有限公司)	Incorporated as limited liability company	The PRC	RMB100,000,000	100%	Technology research institute

10 SERVICE CONCESSION ASSETS

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current	186,598	137,088
Non-current	5,280,042	4,945,952
	5,466,640	5,083,040

The service concession assets bear interest at rates ranging from 6.01% % to 9.41% (31 December 2020: 6.01% to 9.41%) per annum as at 31 December 2021 and relate to certain BOT arrangements of the Group. The amounts are not yet due for payment and will be settled during the operating periods of the arrangements. Among the total of RMB5,466,640,000 (31 December 2020: RMB5,083,040,000), RMB1,788,552,000 (31 December 2020: RMB2,254,774,000) relates to BOT arrangements which are in construction phase and should be deemed as contract assets as defined under IFRS 15.

Among the total of RMB5,466,640,000 (31 December 2020: RMB5,083,040,000), RMB152,706,000 (31 December 2020: RMB104,304,000) relates to the government on-grid tariff subsidy for certain projects which will be billed and settled upon the successful completion of government administrative procedures pursuant to notices jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration.

11 TRADE AND OTHER RECEIVABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade receivables	881,426	1,101,403
Bills receivable	69,632	181,691
Less: allowance for doubtful debts	(55,330)	(56,155)
Trade and bills receivables	895,728	1,226,939
Deposits and prepayments	64,131	126,420
Other receivables	491,221	479,736
Interest receivables	51,382	18,295
Amounts due from third parties	1,502,462	1,851,390
Dividends receivable	–	6,400
Amounts due from related parties	51,851	50,886
Current portion of trade and other receivables	1,554,313	1,908,676
Other receivables to be recovered after one year	1,145,323	1,043,338
Amounts due from related parties to be recovered after one year	–	30,066
Non-current portion of trade and other receivables	1,145,323	1,073,404
Total current and non-current trade and other receivables	2,699,636	2,982,080

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

As at 31 December 2021, the Group endorsed undue bills receivable of RMB428,100,000 (2020: RMB371,084,000) to its suppliers to settle trade payables of the same amount and derecognised these bills receivable and payables to suppliers in their entirety as the Group's management considered that the risks and rewards of ownership of these undue bills have been substantially transferred. The Group's continuous involvement in these derecognised undue bills receivable is limited to when the issuance banks of these undue bills are unable to settle the amounts to the holders of these bills. As at 31 December 2021, the maximum exposure to loss from its continuous involvement represents the amount of bills receivable of RMB428,100,000 (2020: RMB371,084,000) which the Group endorsed to its suppliers. These undue bills receivable were due within 6 months.

(a) Ageing analysis

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Current	817,605	1,151,246
Less than 1 year	70,229	64,055
1 to 2 years	5,487	7,222
2 to 3 years	2,407	4,416
	<u>895,728</u>	<u>1,226,939</u>

The amounts due from related parties are all aged within 1 year.

(b) Loss allowance for trade receivables and bills receivable

Movement in the loss allowance account in respect of trade receivables and bills receivable during the year is as follows:

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i> <i>(Restated)</i>
Continuing operations:		
At the beginning of the year	53,978	44,540
Loss allowance	9,557	9,438
Written off	(8,205)	–
	<u>55,330</u>	<u>53,978</u>
Discontinuing operations:		
At the beginning of the year	2,177	–
Loss allowance	12,896	2,242
Written off	–	(65)
	<u>15,073</u>	<u>2,177</u>

12 TRADE AND OTHER PAYABLES

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Trade payables	2,358,279	2,408,221
Bills payable	<u>891,391</u>	<u>795,970</u>
	3,249,670	3,204,191
Other payables and accruals	<u>784,380</u>	<u>816,440</u>
Amounts due to third parties	4,034,050	4,020,631
Dividends payable to equity shareholders of the Company	9,127	–
Dividends payable to non-controlling interests	10,566	24,000
Amounts due to related parties	<u>245,446</u>	<u>157,010</u>
Trade and other payables	<u><u>4,299,189</u></u>	<u><u>4,201,641</u></u>

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

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Within 1 year	3,239,416	3,171,796
1 year to 2 years	8,900	29,222
2 years to 3 years	1,014	2,032
Over 3 years but within 5 years	<u>340</u>	<u>1,141</u>
	<u><u>3,249,670</u></u>	<u><u>3,204,191</u></u>

The amounts due to related parties are all aged within 1 year, and are unsecured, non-interest bearing and repayable on demand.

13 CONVERTIBLE BONDS

On 5 September 2018, Conch Venture BVI, a subsidiary of the Company, issued zero coupon guaranteed convertible bond (“**the Bonds**”) with aggregate principal amount of HKD3,925,000,000 (equivalent to approximately RMB3,413,730,000) and received cash after deduction of transaction costs of HKD3,882,043,000 (equivalent to approximately RMB3,376,369,000).

Pursuant to the terms of the Bonds, the Bonds will be due in September 2023 and are guaranteed by the Company. The bond holders could convert part of or the entire outstanding bond balances at the holder’s option into fully paid ordinary shares of the Company at an initial conversion price of HKD40.18 per share, subject to adjustments under certain terms and conditions of the Bonds.

The convertible bonds can be settled by exchange of a fixed amount of cash in HKD with a fixed number of the Company's equity instruments. In accordance with the Group's accounting policy set out, the convertible bonds are accounted for as compound financial instruments which contain both a liability component and an equity component.

The movements of the components of the convertible bonds during current period are set out below:

	Liability component (At amortised cost) RMB'000	Equity component (Residual amount) RMB'000	Total RMB'000
At 1 January 2020	3,574,266	54,466	3,628,732
Interest charge	117,845	–	117,845
Exchange adjustment	(222,001)	–	(222,001)
	<u>3,470,110</u>	<u>54,466</u>	<u>3,524,576</u>
At 31 December 2020 and 1 January 2021	3,470,110	54,466	3,524,576
Interest charge	113,882	–	113,882
Exchange adjustment	(100,706)	–	(100,706)
	<u>3,483,286</u>	<u>54,466</u>	<u>3,537,752</u>

14 DISCONTINUED OPERATIONS AND ASSETS/LIABILITIES HELD FOR DISTRIBUTION

On 28 September 2021, Conch Environment submitted an application to the Stock Exchange for the listing of, and permission to deal in, the shares of Conch Environment on the Main Board of the Stock Exchange.

As at 31 December 2021, the directors of the Company considered that it was highly probably that the business of solid waste solutions would be distributed to the Company's shareholders within the next twelve months. As a result, the consolidated assets and liabilities of Conch Environment as at 31 December 2021 were presented as held for distribution in the consolidated financial statements and the results of Conch Environment were presented as discontinued operations in the consolidated financial statements for the year ended 31 December 2021. The consolidated statements of profit or loss and other comprehensive income distinguished the discontinued operations from the continuing operations, and the comparative figures of the prior period have been restated to conform with the presentation of the current period accordingly.

The summarised financial information of Conch Environment presented below represents the amounts after the intra-group elimination.

(a) Results of discontinued operations

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Revenue	1,669,747	1,137,395
Cost of sales	<u>(672,985)</u>	<u>(388,603)</u>
Gross profit	996,762	748,792
Other net income	71,008	43,478
Distribution costs	(131,345)	(88,827)
Administrative expenses	<u>(225,606)</u>	<u>(124,027)</u>
Profit from operations	710,819	579,416
Finance costs	(45,701)	(10,670)
Share of profits of associates	<u>9,812</u>	<u>11,081</u>
Profit before taxation	674,930	579,827
Income tax	<u>(51,200)</u>	<u>(16,937)</u>
Profit for the year from discontinued operations	<u>623,730</u>	<u>562,890</u>
Attributable to:		
Equity shareholder of the Company	552,735	472,670
Non-controlling interests	<u>70,995</u>	<u>90,220</u>
Profit for the year from discontinued operations	<u>623,730</u>	<u>562,890</u>

(b) Cash flows generated from/(used in) discontinued operations

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Net cash generated from operating activities	767,721	453,462
Net cash used in investing activities	(2,133,069)	(1,552,039)
Net cash generated from financing activities	<u>1,322,677</u>	<u>1,487,665</u>
Net (decrease)/increase in cash and cash equivalents from discontinued operations	<u>(42,671)</u>	<u>389,088</u>

(c) **Assets and liabilities held for distribution**

The major classes of assets and liabilities of the discontinued operations are as follows:

	2021
	RMB'000
Assets held for distribution	
Property, plant and equipment	4,947,771
Right-of-use assets	197,156
Intangible assets	63,047
Goodwill	5,815
Interest in associates	68,839
Non-current portion of trade and other receivables	293,062
Deferred tax assets	5,347
Inventories	8,061
Trade and other receivables	855,127
Financial assets measured at FVPL	15,000
Restricted bank deposits	58,149
Bank deposits with original maturity over three months	1,680
Cash and cash equivalents	596,113
	<hr/>
	7,115,167
	<hr/> <hr/>

	2021 <i>RMB'000</i>
Liabilities held for distribution	
Loans and borrowings	3,043,861
Trade and other payables	789,125
Contract liabilities	9,858
Lease liabilities	4,136
Income tax payables	19,823
Deferred tax liabilities	12,196
	<u>3,878,999</u>

(d) Purchase and capital commitments

	2021 <i>RMB'000</i>	2020 <i>RMB'000</i>
Contracted for	504,362	1,282,602
Authorised but not contracted for	793,689	1,657,329
	<u>1,298,051</u>	<u>2,939,931</u>

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO ENVIRONMENT

Since 2021, countries across the globe have been facing a number of challenges in economic development due to the widespread impact of COVID-19 pandemic, increasingly complex domestic and international economic environment as well as ongoing international trade disputes. Under the macro-control policies implemented by China, the overall domestic economy has shown a trend of steady growth with new economic development landscape. High-quality development of various industries have brought about notable results, and annual targets for economic and social development were well-accomplished. GDP grew by about 8.1% over the previous year, paving the way for the 14th Five-Year Plan.

The Group seized the opportunity arising from strategic development of the environmental protection industry in China, closely focused on project expansion and enhancement of quality and efficiency, thoroughly implemented the development strategy of “dual engines”, pursued reform internally, expanded markets externally, continuously promoted refined operation and management of projects, took the initiative to carry out mergers and acquisitions for environmental protection business, actively participated in pollution prevention and control, and put into practice the “low-carbon and green” development concept. The environmental protection business experienced a rapid and nationwide expansion.

During the Reporting Period, the Group tackled the challenges ahead with determination, and recorded a revenue of RMB8.35 billion, representing a year-on-year increase of 26.43%. During the Reporting Period, net profit for the year from principal businesses attributable to equity shareholders of the Group (excluding share of profits of associates) amounted to RMB1.29 billion, representing an increase of 4.86% as compared with the corresponding period of the previous year.

BUSINESS REVIEW

Under the leadership of the Board, the Group adapted to the new trend of economic development, continued to focus on the environmental protection business, laid the groundwork for new driving force, and achieved a steady growth in operating results. During the Reporting Period, in view of the national policies on new energy development, the Group commenced projects on comprehensive utilization of anode and cathode materials of lithium iron phosphate and lithium batteries, which has provided the Group with solid strength for a new round of business development. At the same time, the spin-off and listing of China Conch Environment Protection Holdings Limited (“**Conch Environment**”) (which, together with its subsidiaries, are principally engaged in the solid waste solutions business) were duly carried out, marking a new stage of growth of the Group’s environmental protection business.

As at the date of this announcement, the Group signed new contracts for 23 waste treatment projects (including 10 mergers and acquisitions projects) and 2 new energy materials projects.

As at the date of this announcement, the Group had promoted and signed contracts for 95 environment protection projects in 22 provinces, cities and autonomous regions nationwide, Vietnam and Sri Lanka, including 81 grate furnace power generation projects, 10 waste treatment by cement kilns projects, 2 black and odorous water treatment projects and 2 new energy materials projects, with a treatment capacity of approximately 17.53 million tonnes of municipal waste/year (approximately 50,300 tonnes/day).

Municipal waste treatment

1. Grate Furnace Power Generation

1) Project expansion

The Group continued to focus on securing high-quality projects, adopted a market-oriented approach, and carried out mergers and acquisitions of high-quality projects in a timely manner. As at the date of this announcement, the Group has successfully secured 13 projects in Qingzhen, Guizhou Province, Wushan, Chongqing City, Taonan, Jilin Province, Weichang, Hebei Province, Huayin, Shaanxi Province, Tai'an, Liaoning Province, Qiyang, Hunan Province, Meitan, Guizhou Province, Liangping, Chongqing City, Haidong, Qinghai Province, Danjiangkou, Hubei Province, Yongde, Yunnan Province, and Xuan Son, Vietnam, and merged and acquired 10 projects, totaling 23 projects, with a production capacity of approximately 5.67 million tonnes/year.

2) Project operation

The Group focused on operational indicators such as electricity generation in tonne, on-grid electricity generation in tonne and project turnover rate, benchmarked with high-quality operating companies, applied intelligent and new technologies in technical transformation measures, and carried out professional management. Meanwhile, the Group strengthened operational control, put effort into reducing unit consumption, further enriched sources of waste, and endeavored to improve unit operational indicators.

During the Reporting Period, for the grate furnace power generation business, the Group received a total of approximately 5.4 million tonnes of municipal waste, of which approximately 4.56 million tonnes were treated, and achieved approximately 1.665 billion kwh of on-grid electricity. The average on-grid electricity calculated according to the volume processed in furnace is 365 kwh, representing a year-on-year increase of 19 kwh.

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date	Cooperation Methods
1	In operation	Jinzhai, Anhui Province	2×100,000 tonnes/year (2×300 tonnes/day)	January 2016	Wholly-owned projects
2		Tongren, Guizhou Province	2×100,000 tonnes/year (2×300 tonnes/day)	July 2017	
3		Yanshan, Yunnan Province	100,000 tonnes/year (300 tonnes/day)	August 2017	
4		Huoqiu, Anhui Province	2×140,000 tonnes/year (2×400 tonnes/day)	January 2018	
5		Li County, Hunan Province	2×140,000 tonnes/year (2×400 tonnes/day)	April 2018	
6		Songming, Yunnan Province (Phase 1)	100,000 tonnes/year (300 tonnes/day)	January 2019	
7		Shanggao, Jiangxi Province	140,000 tonnes/year (400 tonnes/day)	February 2019	
8		Yiyang, Jiangxi Province	2×100,000 tonnes/year (2×300 tonnes/day)	June 2019	
9		Shache, Xinjiang	2×100,000 tonnes/year (2×300 tonnes/day)	June 2019	
10		Sishui, Shandong Province	140,000 tonnes/year (400 tonnes/day)	June 2019	
11		Bole, Xinjiang	100,000 tonnes/year (300 tonnes/day)	July 2019	
12		Yang County, Shaanxi Province	100,000 tonnes/year (300 tonnes/day)	October 2019	
13		Baoshan, Yunnan Province	2×140,000 tonnes/year (2×400 tonnes/day)	January 2020	
14		Fuquan, Guizhou Province	2×100,000 tonnes/year (2×300 tonnes/day)	January 2020	
15		Lujiang, Anhui Province	2×180,000 tonnes/year (2×500 tonnes/day)	January 2020	
16		Xianyang, Shaanxi Province	2×250,000 tonnes/year (2×750 tonnes/day)	July 2020	
17		Xishui, Guizhou Province (Phase 1)	140,000 tonnes/year (400 tonnes/day)	July 2020	
18		Shizhu, Chongqing City	100,000 tonnes/year (300 tonnes/day)	August 2020	
19		Huoshan, Anhui Province	140,000 tonnes/year (400 tonnes/day)	August 2020	
20		Tengchong, Yunnan Province	100,000 tonnes/year (300 tonnes/day)	November 2020	
21		Ningguo, Anhui Province	140,000 tonnes/year (400 tonnes/day)	November 2020	
22		Luxi, Yunnan Province	2×100,000 tonnes/year (2×300 tonnes/day)	January 2021	
23		Mangshi, Yunnan Province	100,000 tonnes/year (300 tonnes/day)	March 2021	
24		Luoping, Yunnan Province	100,000 tonnes/year (300 tonnes/day)	March 2021	

No.	Status of Construction	Project Location	Treatment Capacity	Completion Date	Cooperation Methods	
25	In operation	Dexing, Jiangxi Province	140,000 tonnes/year (400 tonnes/day)	November 2020	The Group holding 90%	
26		Zongyang, Anhui Province (Phase 1)	140,000 tonnes/year (400 tonnes/day)	April 2021	Wholly-owned project	
27		Shahe, Hebei Province (Phase 1)	2×180,000 tonnes/year (2×500 tonnes/day)	April 2021	The Group holding 66%	
28		Shimen, Hunan Province	180,000 tonnes/year (500 tonnes/day)	May 2021	Wholly-owned projects	
29		Jiuquan, Gansu Province	180,000 tonnes/year (500 tonnes/day)	June 2021		
30		Manzhouli, Inner Mongolia	140,000 tonnes/year (400 tonnes/day)	June 2021		
31		Hanshou, Hunan Province	140,000 tonnes/year (400 tonnes/day)	June 2021		
32		Suiyang, Guizhou Province	140,000 tonnes/year (400 tonnes/day)	June 2021	The Group holding 70%	
33		Panshi, Jilin Province	140,000 tonnes/year (400 tonnes/day)	July 2021	Wholly-owned projects	
34		Pingguo, Guangxi Province	140,000 tonnes/year (400 tonnes/day)	July 2021		
35		Tongchuan, Shaanxi Province	180,000 tonnes/year (500 tonnes/day)	August 2021		
36		Zhenxiong, Yunnan Province (Phase 1)	180,000 tonnes/year (500 tonnes/day)	September 2021		
37		Shuangfeng, Hunan Province	180,000 tonnes/year (500 tonnes/day)	October 2021		
38		Hejin, Shanxi Province	180,000 tonnes/year (500 tonnes/day)	October 2021		
39		Pingliang, Gansu Province	180,000 tonnes/year (500 tonnes/day)	November 2021		
40		Binzhou, Shaanxi Province	100,000 tonnes/year (300 tonnes/day)	November 2021		
41		Tongzi, Guizhou Province	140,000 tonnes/year (400 tonnes/day)	November 2021	The Group holding 70%	
42		Wuwei, Anhui Province (Phase 1)	180,000 tonnes/year (500 tonnes/day)	December 2021	Wholly-owned projects	
43		Luanzhou, Hebei Province	180,000 tonnes/year (500 tonnes/day)	January 2021		
44		Guantao, Hebei Province	180,000 tonnes/year (500 tonnes/day)	January 2021	In operation (Project acquired)	
45		Guan County, Shandong Province	200,000 tonnes/year (600 tonnes/day)	March 2020		The Group holding 90%
46		Chiping, Shandong Province	200,000 tonnes/year (600 tonnes/day)	June 2018		The Group holding 95%
47	Jinxiang, Shandong Province	280,000 tonnes/year (800 tonnes/day)	October 2019	The Group holding 90%		
48	Baotou, Inner Mongolia	480,000 tonnes/year (1,350 tonnes/day)	December 2012	Wholly-owned project		
49	Hohhot, Inner Mongolia (Phase 1)	360,000 tonnes/year (1,000 tonnes/day)	December 2017	The Group holding 70%		
50	Jilin, Jilin Province	540,000 tonnes/year (1,500 tonnes/day)	January 2019	The Group holding 99%		
51	Bijie, Guizhou Province	280,000 tonnes/year (800 tonnes/day)	April 2021	The Group holding 90%		
52	Jingdezhen, Jiangxi Province	360,000 tonnes/year (1,000 tonnes/day)	November 2016	The Group holding 70%		
Sub-total			10,480,000 tonnes/year (30,050 tonnes/day)			

No.	Status of Construction	Project Location	Treatment Capacity	Expected Completion Date	Cooperation Methods
53	Under construction	Fugou, Henan Province	200,000 tonnes/year (600 tonnes/day)	April 2022	Wholly-owned projects
54		Suzhou, Anhui Province	180,000 tonnes/year (500 tonnes/day)	May 2022	
55		Luzhai, Guangxi Region	140,000 tonnes/year (400 tonnes/day)	May 2022	
56		Zhangjiakou, Hebei Province	180,000 tonnes/year (500 tonnes/day)	June 2022	
57		Du'an, Guangxi Region	180,000 tonnes/year (500 tonnes/day)	June 2022	
58		Hohhot, Inner Mongolia (Phase 2)	250,000 tonnes/year (750 tonnes/day)	June 2022	The Group holding 70%
59		Longkou, Shandong Province	200,000 tonnes/year (600 tonnes/day)	July 2022	The Group holding 60%
60		Bac Ninh, Vietnam	100,000 tonnes/year (300 tonnes/day)	August 2022	The Group holding 95%
61		Naiman Banner, Inner Mongolia	140,000 tonnes/year (400 tonnes/day)	September 2022	Wholly-owned projects
62		He County, Anhui Province	200,000 tonnes/year (600 tonnes/day)	October 2022	
63		Fengning, Hebei Province	100,000 tonnes/year (300 tonnes/day)	November 2022	
64		Shulan, Jilin Province	140,000 tonnes/year (400 tonnes/day)	January 2023	
65		Jinning, Yunnan Province	140,000 tonnes/year (400 tonnes/day)	May 2023	
66		Taonan, Jilin Province	140,000 tonnes/year (400 tonnes/day)	June 2023	
67		Weichang, Hebei Province	100,000 tonnes/year (300 tonnes/day)	June 2023	
Sub-total			2,390,000 tonnes/year (6,950 tonnes/day)		

No.	Status of Construction	Project Location	Treatment Capacity	Expected Completion Date	Cooperation Methods
68	Under approval and planning	Xichou, Yunnan Province	140,000 tonnes/year (400 tonnes/day)	/	Wholly-owned projects
69		Qingzhen, Guizhou Province	2×180,000 tonnes/year (2×500 tonnes/day)		
70		Songming, Yunnan Province (Phase 2)	100,000 tonnes/year (300 tonnes/day)		
71		Wushan, Chongqing City	140,000 tonnes/year (400 tonnes/day)		
72		Huayin, Shaanxi Province	140,000 tonnes/year (400 tonnes/day)		
73		Tai'an, Liaoning Province	140,000 tonnes/year (400 tonnes/day)		
74		Haidong, Qinghai Province	180,000 tonnes/year (500 tonnes/day)		
75		Meitan, Guizhou Province	200,000 tonnes/year (600 tonnes/day)		The Group holding 90%
76		Qiyang, Hunan Province	180,000 tonnes/year (500 tonnes/day)		Wholly-owned projects
77		Liangping, Chongqing City	140,000 tonnes/year (400 tonnes/day)		
78		Danjiangkou, Hubei Province	100,000 tonnes/year (300 tonnes/day)		The Group holding 60%
79		Yongde, Yunnan Province	180,000 tonnes/year (500 tonnes/day)		Wholly-owned projects
80		Xuan Son, Vietnam	2×180,000 tonnes/year (2×500 tonnes/day)		
81		Gampaha District, Sri Lanka	180,000 tonnes/year (500 tonnes/day)		The Group holding 97.5%
82	Pipeline project	Zhenxiong, Yunnan Province (Phase 2)	180,000 tonnes/year (500 tonnes/day)	/	Wholly-owned projects
83		Wuwei, Anhui Province (Phase 2)	180,000 tonnes/year (500 tonnes/day)		
84		Shahe, Hebei Province (Phase 2)	2×180,000 tonnes/year (2×500 tonnes/day)		The Group holding 66%
85		Nanyang, Henan Province	200,000 tonnes/year (600 tonnes/day)		Wholly-owned projects
86		Xishui, Guizhou Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)		
87		Zongyang, Anhui Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)		
88		Thai Nguyen, Vietnam	180,000 tonnes/year (500 tonnes/day)		The Group holding 51%
Sub-total			3,920,000 tonnes/year (11,100 tonnes/day)		
Total			16,790,000 tonnes/year (48,100 tonnes/day)		

2. Waste Treatment by Cement Kilns

During the Reporting Period, 10 projects of waste treatment by cement kilns were completed, with a treatment capacity of approximately 740,000 tonnes/year. A total of approximately 560,000 tonnes of municipal waste were received and actual municipal waste treatment volume was approximately 560,000 tonnes.

Details of waste treatment by cement kilns projects are set out in the following table:

No.	Status of Construction	Project Location	Business Model	Treatment Capacity	Cooperation Methods
1	In operation	Yuping, Guizhou Province	BOT	30,000 tonnes/year (100 tonnes/day)	The Group holding 70%
2		Qingzhen, Guizhou Province		100,000 tonnes/year (300 tonnes/day)	Wholly-owned projects
3		Yangchun, Guangdong Province		70,000 tonnes/year (200 tonnes/day)	
4		Qiyang, Hunan Province		100,000 tonnes/year (300 tonnes/day)	
5		Fusui, Guangxi Province		70,000 tonnes/year (200 tonnes/day)	
6		Nanjiang, Sichuan Province		70,000 tonnes/year (200 tonnes/day)	
7		Lingyun, Guangxi Province		30,000 tonnes/year (100 tonnes/day)	
8		Linxia, Gansu Province		100,000 tonnes/year (300 tonnes/day)	
9		Xing'an, Guangxi Province		100,000 tonnes/year (300 tonnes/day)	
10		Yingjiang, Yunnan Province		70,000 tonnes/year (200 tonnes/day)	
Total			740,000 tonnes/year (2,200 tonnes/day)		

As at the date of this announcement, the Group has a municipal waste treatment capacity of approximately 17.53 million tonnes/year (approximately 50,300 tonnes/day), including approximately 11.22 million tonnes/year (approximately 32,250 tonnes/day) completed and approximately 6.31 million tonnes/year (approximately 18,050 tonnes/day) under construction and under approval and planning.

New Energy Materials

In the face of excessive energy consumption and resource constraints in economic development, the world has begun to seek a complete change in the mode of economic growth and take the path of resource conservation. The lithium battery industry is a sunrise industry against the backdrop of development of green and low-carbon economy and sustainable development, and is not only beneficial to the country and the people, but also has a promising prospect. With the advantages of light weight, high capacity and long life span, lithium-ion batteries are widely used in various fields such as power tools, electric vehicles, reserve power, and military power. In China, in order to strengthen the management of the lithium industry and facilitate healthy development of the lithium-ion battery industry, the government has successively unveiled a number of supporting policies, mainly focusing on the applications of downstream power battery and battery energy storage, guiding and supporting the healthy development of the new energy vehicle industry chain, electrochemical energy storage and battery materials technology.

The Group followed the development trend of new energy industry in China and seized the strategic opportunity to enter the new energy materials business during the Reporting Period. As at the date of this announcement, the Group has signed contracts with Wuhu Economic and Technological Development Zone Management Committee* (蕪湖經濟技術開發區管理委員會) for a project on lithium iron phosphate cathode materials and with Leshan High-tech Industrial Development Zone Management Committee* (樂山高新技術產業開發區管理委員會) and Sunway Co., Ltd.* (尚緯股份有限公司) for a project on cathode materials for energy storage battery.

For the project on lithium iron phosphate cathode materials, the planned production capacity of which is approximately 500,000 tonnes/year. The production capacity of the first phase of construction is expected to be approximately 50,000 tonnes/year. At present, the project is being submitted for approval and construction in an orderly manner. Preliminary work, including construction of the pile foundation of the plant and tender of core equipment, are progressing in full swing, with a view to commence installation of equipment, commissioning and trial production in November 2022. For the project on cathode materials for energy storage battery, the planned production capacity is approximately 200,000 tonnes/year of cathode materials. The production capacity of the first phase of construction is expected to be approximately 40,000 tonnes/year. At present, preliminary work, including preliminary survey, master plan review, technology selection, are progressing in an orderly manner, with a view to commence construction and production as soon as possible. Through accomplishment of the above two projects, the Group will accumulate rich experience in the implementation of projects on production of lithium battery materials and gain momentum for the new round of development of the environmental protection business.

New Building Materials and Port Logistics

For the new building materials business segment, the Group has continued to strengthen fundamental management, made further effort in market expansion, and endeavored to integrate production and sales in an accurate manner. Meanwhile, for the port logistics segment, the Group kept abreast of market demand, adjusted its strategies for market expansion, strengthened technical transformation measures, and put in efforts to diversify sources of supply and obtain as much sources as possible so as to ensure stable operation of the business segment.

During the Reporting Period, the Group recorded new building materials product sales of approximately 9.02 million square meters, with an operating income of RMB142.85 million, and port logistic throughput of approximately 33.78 million tonnes, with an operating income of RMB224.28 million.

Solid Waste Solutions

The spin-off and separately listing of the shares of Conch Environment on the Main Board of the The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) by way of introduction, through a distribution in specie to the shareholders of the Company, is expected to take place in March 2022. The solid waste solutions business is classified as discontinued operations of the Group. During the Reporting Period, the Group took full advantages of its resources in the industry, made steady progress in cooperation with companies in the industry, intensified technical exchanges in the field of environmental protection, identified high-quality projects nationwide, endeavored to facilitate complementarity with collaborative treatment by cement kilns, extended its business presence and achieved a breakthrough in the number of project contracts.

PROFITS

Item	2021 Amount (RMB'000)	2020 Amount (RMB'000) (Restated)	Changes between the Reporting Period and the corresponding period of the previous year (%)
Revenue	8,350,485	6,604,573	26.43
Representing: Continuing operations	6,680,738	5,467,178	22.20
Discontinued operations	1,669,747	1,137,395	46.80
Profit before taxation	7,933,461	8,052,715	-1.48
Representing: Continuing operations	7,258,531	7,472,888	-2.87
Discontinued operations	674,930	579,827	16.40
Share of profits of associates	6,168,140	6,387,437	-3.43
Representing: Continuing operations	6,158,328	6,376,356	-3.42
Discontinued operations	9,812	11,081	-11.45
Profit before taxation from principal businesses	1,765,321	1,665,278	6.01
Representing: Continuing operations	1,100,203	1,096,532	0.33
Discontinued operations	665,118	568,746	16.94
Net profit attributable to equity shareholders of the Company	7,458,129	7,617,627	-2.09
Representing: Continuing operations	6,905,394	7,144,957	-3.35
Discontinued operations	552,735	472,670	16.94
Net profit from principal businesses attributable to equity shareholders of the Company	1,289,989	1,230,190	4.86
Representing: Continuing operations	747,066	768,601	-2.80
Discontinued operations	542,923	461,589	17.62

During the Reporting Period, the Group recorded a revenue of RMB8,350.49 million, representing a year-on-year increase of 26.43%. Profit before taxation amounted to RMB7,933.46 million, representing a year-on-year decrease of 1.48%, mainly due to the decrease in profits receivable from associates such as Conch Holdings. Share of profits of associates amounted to RMB6,168.14 million, representing a year-on-year decrease of 3.43%. Profit before taxation from principal businesses amounted to RMB1,765.32 million, representing a year-on-year increase of 6.01%. Net profit attributable to equity shareholders of the Company amounted to RMB7,458.13 million, representing a year-on-year decrease of 2.09%, among which, net profit from principal businesses attributable to equity shareholders amounted to RMB1,289.99 million, representing a year-on-year increase of 4.86%. Basic earnings per share amounted to RMB4.10, and diluted earnings per share amounted to RMB3.95.

During the Reporting Period, the Group recorded a revenue from continuing operations of RMB6,680.74 million, representing a year-on-year increase of 22.20%. Profit before taxation from continuing operations amounted to RMB7,258.53 million, representing a year-on-year decrease of 2.87%, mainly due to the decrease in profits receivable from associates such as Conch Holdings. Share of profits of associates from continuing operations amounted to RMB6,158.33 million, representing a year-on-year decrease of 3.42%. Profit before taxation from principal businesses from continuing operations amounted to RMB1,100.20 million, representing a year-on-year increase of 0.33%. Net profit attributable to equity shareholders of the Company from continuing operations amounted to RMB6,905.39 million, representing a year-on-year decrease of 3.35%. In terms of continuing operations, net profit from our principal activities attributable to equity shareholders of the Company amounted to RMB747.07 million, representing year-on-year a decrease of 2.80%. Excluding the effect of income tax withheld on dividends from the PRC subsidiaries, net profit from continuing operations attributable to equity shareholders of the Company was RMB847.07 million, representing a year-on-year increase of 2.48%. Basic earnings per share from continuing operations amounted to RMB3.80, and diluted earnings per share from continuing operations amounted to RMB3.66.

1. Revenue by business stream

Item	2021		2020		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000) (Restated)	Percentage (%)		
Waste incineration solutions	5,743,801	68.78	4,811,273	72.85	19.38	-4.07
Energy saving equipment	569,811	6.82	316,374	4.79	80.11	2.03
New building materials	142,850	1.71	123,380	1.87	15.78	-0.16
Port logistics	224,276	2.69	216,151	3.27	3.76	-0.58
Sub-total of continuing operations	6,680,738	80.00	5,467,178	82.78	22.20	-2.78
Solid waste solutions*	1,669,747	20.00	1,137,395	17.22	46.80	2.78
Total	8,350,485	100.00	6,604,573	100.00	26.43	-

*Note: Solid waste solutions is classified as discontinued operations of the Group.

During the Reporting Period, revenue from all business stream of the Group maintained growth. Revenue from energy saving equipment and waste incineration solutions showed more substantial year-on-year growth. With a breakdown by business:

- (i) The revenue from waste incineration solutions amounted to RMB5,743.80 million, representing a year-on-year increase of 19.38%, which was mainly due to the successive commencement of operation of 18 projects of the Group in Shahe, Ningguo, Zongyang, Dexing, Luoping and other locations, and the increase in the number of waste power generation projects under construction, resulting in the growth in revenue.
- (ii) The revenue from energy saving equipment amounted to RMB569.81 million, representing a year-on-year increase of 80.11%, which was mainly due to the increase in orders for residual heat power generation of Yunfeng Cement and Chizhou Conch, resulting in the growth in revenue.
- (iii) The revenue from new building materials recorded a year-on-year increase of 15.78%, which was mainly attributable to the increase in volume and price as a result of proactive market expansion, resulting in the growth in revenue.

Breakdown of revenue from waste incineration solutions

Revenue breakdown	2021		2020		Change in percentage	Percentage Change (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Construction revenue	4,489,191	78.16	4,089,923	85.01	9.76	-6.85
Grate furnace power generation	4,441,704	77.33	4,071,321	84.62	9.10	-7.29
Waste treatment by cement kilns	47,487	0.83	18,602	0.39	155.28	0.44
Operation revenue	1,254,610	21.84	721,350	14.99	73.93	6.85
Grate furnace power generation	1,201,941	20.94	623,803	12.97	92.68	7.97
Waste treatment by cement kilns	52,669	0.92	97,547	2.03	-46.01	-1.11
Total	5,743,801	100.00	4,811,273	100.00	19.38	-

During the Reporting Period, the revenue from waste incineration solutions business during the construction period amounted to RMB4,489.19 million, representing a year-on-year increase of 9.76%, which was mainly due to the increase in the number of the Group's grate furnace power generation projects which are under construction. The operation revenue from waste incineration solutions business amounted to RMB1,254.61 million, representing a year-on-year increase of 73.93%, which was mainly due to the commencement of operation of 18 projects in Shahe, Ningguo, Zongyang, Dexing, Luoping etc.

2. Revenue by geographical locations

Item	2021		2020		Change in amount	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Continuing operations						
China	6,481,158	97.01	5,394,973	98.68	20.13	-1.67
Asia-Pacific (except China)	197,917	2.96	70,816	1.30	179.48	1.66
South America	1,663	0.03	1,389	0.02	19.73	-0.01
Total	6,680,738	100.00	5,467,178	100.00	22.20	-

During the Reporting Period, the Group's revenue of continuing operations derived from China recorded a year-on-year increase of 20.13%, which was mainly due to the increase in the number of projects commencing operation and grate furnace power generation projects under construction. The revenue derived from Asia-Pacific (except China) amounted to RMB197.92 million, representing a year-on-year increase of 179.48%, which was mainly due to the increase in the number of orders in overseas such as Vietnam, resulting in the growth in revenue. The revenue derived from South America amounted to RMB1.66 million, representing a year-on-year increase of 19.73%.

3. Gross profit and gross profit margin

Item	2021		2020		Change in amount	Change in percentage (percentage points)
	Gross profit	Gross profit margin	Gross profit	Gross profit margin		
	(RMB'000)	(%)	(RMB'000)	(%)	(%)	
Waste incineration solutions	1,367,043	23.80	1,170,025	24.32	16.84	-0.52
Energy saving equipment	118,283	20.76	77,818	24.60	52.00	-3.84
New building materials	24,253	16.98	29,208	23.67	-16.96	-6.69
Port logistics	137,877	61.48	134,897	62.41	2.21	-0.93
Sub-total of continuing operations	1,647,456	24.66	1,411,948	25.83	16.68	-1.17
Solid waste solutions*	996,762	59.70	748,792	65.83	33.12	-6.13
Total	2,644,218	31.67	2,160,740	32.72	22.38	-1.05

* Note: Solid waste solutions is classified as discontinued operations of the Group.

During the Reporting Period, the consolidated gross profit margin of the Group's products was 31.67%, representing a year-on-year decrease of 1.05 percentage points, and the gross profit margin from continuing operations was 24.66%, representing a year-on-year decrease of 1.17 percentage points. With a breakdown by business:

- (i) The gross profit margin for waste incineration solutions was 23.80%, representing a year-on-year decrease of 0.52 percentage points.
- (ii) The gross profit margin for energy saving equipment was 20.76%, representing a year-on-year decrease of 3.84 percentage points.

(iii) The gross profit margin for new building materials was 16.98%, representing a year-on-year decrease of 6.69 percentage points, mainly due to the increase in price of raw materials such as pulp and cement.

(iv) The gross profit margin for port logistics was 61.48%, representing a year-on-year decrease of 0.93 percentage points.

4. *Other net income*

During the Reporting Period, the Group's other net income amounted to RMB258.87 million, representing a year-on-year increase of RMB17.71 million. Other net income from continuing operations amounted to RMB187.87 million, representing a year-on-year decrease of RMB9.82 million, or 4.97%, which was mainly due to the year-on-year decrease in government subsidies received by the Group.

5. *Administrative expenses*

During the Reporting Period, the Group's administrative expenses amounted to RMB629.53 million, representing a year-on-year increase of RMB234.58 million. Administrative expenses from continuing operations amounted to RMB403.93 million, representing a year-on-year increase of RMB133 million, or 49.09%, which was mainly due to the increase in employees' remuneration and depreciation as a result of the increase in number of operating companies.

6. *Finance costs*

During the Reporting Period, the Group's finance costs amounted to RMB356.67 million, representing a year-on-year increase of RMB122.25 million. Finance costs from continuing operations amounted to RMB310.97 million, representing a year-on-year increase of RMB87.22 million, or 38.98%, which was mainly due to the new bank loans raised by the Group, resulting in the increase in finance costs.

FINANCIAL POSITION

As at 31 December 2021, the Group's total assets amounted to RMB68,919.07 million, representing an increase of RMB14,591.49 million as compared to the end of the previous year. The equity attributable to equity shareholders of the Company amounted to RMB45,269.79 million, representing an increase of RMB6,704.81 million as compared to the end of the previous year. Gearing ratio of the Group (total liabilities/total assets) was 32.30%, representing an increase of 5.89 percentage points as compared to the end of the previous year. The balance sheet items of the Group are as follows:

Item	As at 31 December 2021 (RMB'000)	As at 31 December 2020 (RMB'000)	Change between the end of the Reporting Period and the end of the previous year (%)
Property, plant and equipment	1,212,651	3,714,696	-67.36
Non-current assets	55,684,506	47,921,606	16.20
Non-current liabilities	13,243,401	8,662,655	52.88
Current assets	13,234,560	6,405,966	106.60
Current liabilities	9,018,229	5,687,738	58.56
Net current assets	4,216,331	718,228	487.05
Equity attributable to equity shareholders of the Company	45,269,794	38,564,985	17.39
Total assets	68,919,066	54,327,572	26.86
Total liabilities	22,261,630	14,350,393	55.13

As at 31 December 2021, property, plant and equipment of the Group amounted to RMB1,212.65 million, representing a decrease of 67.36% as compared to the end of the previous year; and net current assets amounted to RMB4,216.33 million, representing a significant increase as compared to the end of the previous year, mainly due to the reclassification of Conch Environment as held for distribution, which was represented as current assets.

As at 31 December 2021, the Group's equity attributable to equity shareholders of the Company amounted to RMB45,269.79 million, representing an increase of 17.39% as compared to the end of the previous year, which was mainly due to the increases in interests in associates and net profit from principal businesses attributable to the equity shareholders of the Group.

LIQUIDITY AND CAPITAL SOURCES

During the Reporting Period, the Group took full advantage of the capital size and enhanced returns of the stock funds through enhancing capital planning and management and reasonable allocation of project loans, so as to fully satisfy the Company's capital needs. As at 31 December 2021, the Group's cash and cash equivalents from continuing operations amounted to RMB2,560.05 million, which were mainly denominated in RMB, Hong Kong dollars and US dollars.

Bank loans

Item	As at 31 December 2021 (RMB'000)	As at 31 December 2020 (RMB'000)
Due within one year	602,528	1,282,264
Due after one year but within two years	832,071	1,223,516
Due after two years but within five years	2,972,312	2,192,600
Due after five years	5,850,919	1,708,342
Total	10,257,830	6,406,722

As at 31 December 2021, the balance of bank loans of the Group from continuing operations amounted to RMB10,257.83 million, representing an increase of RMB3,851.11 million as compared to the end of the previous year, which was mainly due to the new bank loans raised by the Group during the Reporting Period. As at 31 December 2021, the Group's bank loans were denominated in RMB, and most of the loan interests were subject to variable interest rate.

Cash flows

Item	2021 (RMB'000)	2020 (RMB'000)
Net cash generated from operating activities	1,307,889	715,084
Net cash used in investing activities	-7,007,927	-3,124,103
Net cash generated from financing activities	5,518,323	2,849,706
Net (decrease)/increase in cash and cash equivalents	-181,715	440,687
Effect of foreign exchange rate changes	-12,666	-52,348
Cash and cash equivalents at the beginning of the year	3,350,539	2,962,200
Transfer to assets held for distribution	-596,113	-
Cash and cash equivalents at the end of the year	2,560,045	3,350,539

Net cash generated from operating activities

During the Reporting Period, net cash generated from operating activities of the Group amounted to RMB1,307.89 million, representing a year-on-year increase of RMB592.81 million, which was mainly due to an increase in the number of projects in operation.

Net cash used in investing activities

During the Reporting Period, net cash used in investing activities of the Group amounted to RMB7,007.93 million, representing a year-on-year increase of RMB3,883.82 million, which was mainly due to the increase in investments in projects under construction and the increase in prepayment for acquisition of equity interest.

Net cash generated from financing activities

During the Reporting Period, net cash generated from financing activities of the Group amounted to RMB5,518.32 million, representing a year-on-year increase of RMB2,668.62 million, which was mainly due to the increase in proceeds from bank loans.

COMMITMENTS

As at 31 December 2021, the Group had outstanding purchase commitments related to BOT construction contracts and capital commitments not provided for in the consolidated financial statements were as follows:

Item	As at 31 December 2021 (RMB'000)	As at 31 December 2020 (RMB'000)
Contracted for	2,485,364	2,868,376
Authorized but not contracted for	4,039,912	3,585,630
Total	<u>6,525,276</u>	<u>6,454,006</u>

FOREIGN EXCHANGE RISK

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

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

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2021, right-of-use assets with carrying amount of RMB191.13 million were pledged as collaterals for certain bank loans.

MATERIAL INVESTMENTS, ACQUISITIONS OR DISPOSALS

On 7 June 2021, Conch Environment (a direct wholly-owned subsidiary of the Company), Mr. Ma Zhaoyang ("**First Vendor**") and West China Cement Limited ("**Second Vendor**") entered into a sale and purchase agreement ("**SP Agreement**"), pursuant to which the Conch Environment conditionally agreed to acquire:

- (i) from the First Vendor, the entire issued share capital in Aqualink Global Limited at the consideration of HKD616,151,831 ("**AGL Consideration**"); and
- (ii) from the Second Vendor, the entire issued share capital in West Environmental Technology Holdings Limited at the consideration of HKD190,847,580 ("**WETH Consideration**").

Completion of the SP Agreement took place on 28 June 2021 in accordance with the terms of the SP Agreement, (i) the AGL Consideration was settled by the allotment and issue of 16,808,710 new shares in the Company to the First Vendor, and (ii) the WETH Consideration was settled by the allotment and issue of 5,206,349 new shares in the Company to the Second Vendor, at the issue price of HKD36.6567 per share under the general mandate granted to the Directors. Details of the acquisitions are set out in the Company's announcements dated 7 June 2021 and 28 June 2021 respectively.

Save as disclosed above, during the Reporting Period, the Group did not have any other material investments, acquisitions or disposals.

CONVERTIBLE BONDS

On 5 September 2018, China Conch Venture Holdings International Limited (“**Conch Venture BVI**”), a wholly-owned subsidiary of the Company, issued zero coupon guaranteed convertible bonds (“**Bonds**”) with an aggregate amount of HKD3,925,000,000, the net proceeds from which amounted to approximately RMB3,376.40 million (“**Net Proceeds**”). All the Net Proceeds raised have been fully utilized according to the intended use as disclosed during the year ended 31 December 2020. During the Reporting Period, the holders of the Bonds did not exercise any conversion rights, and no redemption of any amounts of the Bonds had been made by Conch Venture BVI.

PROPOSED SPIN-OFF AND SEPARATE LISTING OF THE SHARES OF CONCH ENVIRONMENT ON THE MAIN BOARD OF THE STOCK EXCHANGE

The Company submitted to the Stock Exchange a proposal for the spin-off and separate listing of the shares of Conch Environment on the Main Board of the Stock Exchange (“**Proposed Spin-off**”) by way of introduction pursuant to Practice Note 15 to the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”). The Stock Exchange confirmed that the Company may proceed with the Proposed Spin-off.

On 28 September 2021, Conch Environment submitted a listing application form (Form A1) to the Stock Exchange to apply for the listing of, and permission to deal in, the shares of Conch Environment on the Main Board of the Stock Exchange. On 16 March 2022, the resolutions in relation to, among others, the Proposed Spin-off and declaration of conditional special dividend by way of a distribution in specie were presented to and approved by the Board. The listing document in relation to the Proposed Spin-off (“**Listing Document**”) was issued by Conch Environment on 22 March 2022. Shares of Conch Environment is expected to be listed on the Main Board of the Stock Exchange on or about 30 March 2022.

The listing of the shares of Conch Environment pursuant to the Proposed Spin-off is subject to, among other things, the granting by the Listing Committee of the Stock Exchange for the listing by way of introduction of, and permission to deal in, the shares of Conch Environment on the Main Board of the Stock Exchange and the final decision of the board of Conch Environment. Accordingly, there is no assurance that the Proposed Spin-off will take place or as to when it may take place.

Details of the Proposed Spin-Off are set out in the announcements of the Company dated 28 September 2021, 4 March 2022, 7 March 2022 and 16 March 2022 respectively and the Listing Document.

HUMAN RESOURCES

The Group has attached great importance to the development of human resources, explored and optimized its corporate management system, and provided employees with favorable working environment, competitive remuneration packages and welfares, as well as regular business training in various positions to enhance their comprehensive vocational skills and stimulate their initiative and motivation in work. At the same time, the Group has also actively built a fair and balanced platform full of opportunities for the strategic development of diversified talents, and recruits students from vocational colleges and universities through various channels, so as to improve manpower and talent pool for corporate development.

As at 31 December 2021, the Group had 7,090 employees. The remuneration of employees is based on qualifications, experience, work performance and market conditions. As required by the PRC regulations on social insurance, the Group participated in the social insurance schemes operated by local government authorities which include pension insurance, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance. For the year ended 31 December 2021, the total remuneration of employees (including the remuneration of the Directors) was approximately RMB651.14 million (2020: RMB462.31 million).

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In January 2022, the Group entered into five separate equity transfer agreements with the subsidiaries of Agile Group Holdings Limited (雅居樂集團控股有限公司) (“**Agile Holdings**”) for acquisition of equity interests in five entities engaged in waste incineration solutions of Agile Holdings for an aggregate consideration of RMB799.6 million, subject to certain adjustments. Details of the acquisition are set out in the Company’s announcement dated 28 January 2022.

In March 2022, the Group entered into five separate equity transfer agreements with the subsidiaries of Hangzhou Jinjiang Group Co., Ltd (“**Hangzhou Jinjiang Group**”) for the acquisition of its direct or indirect equity interests in five entities engaged in waste incineration solutions of Hangzhou Jinjiang Group for an aggregate consideration of RMB673.97 million, subject to certain adjustments.

Save as disclosed above and in the paragraph headed “Proposed spin-off and separate listing of the shares of Conch Environment on the Main Board of the Stock Exchange” of this announcement, no significant subsequent events occurred in the Group after 31 December 2021 and up to the date of this announcement.

FUTURE PLAN AND OUTLOOK

Looking forward, China’s macro economy will continue to maintain stable development. The industrial structure upgrade will intensify and the macro economy is expected to maintain stable operation. With the national strategy of “carbon peak and carbon neutrality”, the environmental protection industry, as an important pillar industry under the new economic structure, will continue to be in the critical role amidst rapid growth.

2022 will be a key year for the Group to achieve its five-year development plan ahead of schedule. The Group will consolidate efforts and forge ahead, keep its focus on the environmental protection business and reinforce its leading position in the industry through technological innovation and market expansion. The Group will focus on the integration of high-quality resources in the industry, actively expand the waste incineration solutions business segment, strive to improve the quality of project operation, put in efforts to develop new energy business segment, and take practical actions to fulfill the Group's mission and responsibility. The Group as a whole will maintain motivation and confidence and comprehensively carry out the following major tasks:

Effectively strengthen the waste incineration solutions business and gain advantages for the new round of development

The waste incineration solutions business was the very first business of the Group in the field of environmental protection. The Group will further explore the sub-segments of waste incineration solutions business, grasp the development opportunities arising from the implementation of the national dual carbon strategy and pursue business transformation and upgrade, to facilitate sustainable development of the Group and achieve a new leap in the environmental protection industry.

The first, in respect of new project expansion, is to seize the opportunity period of the national environmental protection strategy, apply business development policies in a flexible manner, leverage the exemplary role of various regions and project companies and all social resources to accelerate project expansion, strengthen due diligence of boundary conditions of new projects and potential mergers and acquisitions to improve the quality of project development; and also integrate social resources and explore sub-segment businesses. The second, in respect of operational efficiency improvement, is to focus on waste volume as the direction for business development, and strengthen analysis of operating system parameters and online operation supervision, replicate and bring into play its technical advantages, implement technical transformation measures, scale up its unit operation rate, electricity generation in tonne and on-grid electricity generation in tonne, reduce unit procurement costs, facilitate project companies making up for shortcomings, improve quality and efficiency, and enhance core competitiveness. The third is to enhance the operational efficiency of newly acquired companies. The Group will take the initiative to set up collaboration with newly acquired companies, solve bottlenecks that restrict production and operation, consolidate internal foundation management, and promote improvement of operational efficiency, so as to infuse new impetus into its high-quality development.

Devote immense effort to the development of new energy business and create a new momentum for future growth

New energy industry is a sunrise industry playing a critical role in China and also a key business focus of the Group. The Group will bring into full play its advantages in resources and market, accelerate the construction of projects, collaborate with high-quality partners to build it into a benchmark enterprise in the industry, strive to develop new energy business into the Group's core business segment in the future, and lay a solid foundation for the new round of development of environmental protection business.

Firstly, the Group will accelerate the research on new technologies and policies in the field of new energy, strengthen cooperation with domestic and foreign institutions of higher education, establish a mechanism for long-term business cooperation, carry out research and development and technological innovation of lithium batteries, promote iterative upgrade of the lithium battery business, expand the application of products, and provide technical support for the Group to nurture new growth drivers. Secondly, the Group will carry out research on upstream industry and in-depth investigation and study on the market and production process technology, economy and feasibility of lithium battery industry, so as to lay the foundation for stable supply of raw materials of cathode and anode for lithium battery in the later stage of project development and reduce the procurement cost of raw materials, and also carry out mergers and acquisitions of upstream and downstream companies in a timely manner. Thirdly, the Group will attach due importance to the formation and building of marketing and sales team, and carry out proper product marketing and promotion activities to enhance its reputation and competitiveness in the market.

Continuously promote business innovation and steadily improve profitability

For the new building materials business, the Group will continue to aim at boosting product sales and market share, take the market-oriented approach, improve production efficiency, strictly control costs, take the initiative to acquire new customers, set up new business channels, and strive to improve the overall competitiveness and market awareness of its products.

For the port logistics business, the Group will drive transformation of terminals, ramp up intellectualized transformation, improve the digital level of equipment, and build an information management system to nurture a stable growth driver.

FINAL DIVIDENDS

At the Board meeting held on 28 March 2022, the Directors proposed to declare a final cash dividend of HK\$0.7 per share for the year ended 31 December 2021. The proposed final dividend is subject to the approval of shareholders at the forthcoming annual general meeting (“AGM”). The final dividend is expected to be paid on 22 July 2022.

ANNUAL GENERAL MEETING

The 2022 AGM of the Company will be held on Friday, 24 June 2022. The notice of the AGM, which will be incorporated into the circular to the shareholders, will be sent together with the Company's annual report for the year ended 31 December 2021 (“**2021 Annual Report**”).

CLOSURE OF REGISTER OF MEMBERS

For determining the qualification of shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 17 June 2022 to Friday, 24 June 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify as shareholders to attend and vote at the AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 16 June 2022.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 4 July 2022 to Friday, 8 July 2022, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all share transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 30 June 2022.

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

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

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board confirmed that during the Reporting Period, the Company has complied with the principles and code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules to formulate its operation and the Company has further refined the corporate governance structure and enhanced its corporate governance under the guidance of the regulatory documents including the Listing Rules and the articles of association of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding the transactions of securities of the Company by the Directors and the relevant employees (who likely possess inside information of the Company) (“**Securities Dealing Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) set out in Appendix 10 to the Listing Rules. Having made specific enquiries by the Company, all the Directors confirmed that they have complied with the Model Code and the Securities Dealing Code during the Reporting Period.

REVIEW OF ANNUAL RESULTS

The annual results of the Group for the year ended 31 December 2021 have been reviewed by the audit committee of the Company.

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is available on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.conchventure.com). The 2021 Annual Report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in due course.

On behalf of the Board
China Conch Venture Holdings Limited
中國海螺創業控股有限公司
GUO Jingbin
Chairman

China, 28 March 2022

As at the date of this announcement, the Board comprises Mr. JI Qinying (Chief Executive Officer), Mr. LI Jian and Mr. LI Daming as executive Directors; Mr. GUO Jingbin (Chairman), Mr. SHU Mao and Mr. YU Kaijun as non-executive Directors; and Mr. CHAN Chi On (alias Derek CHAN), Mr. CHAN Kai Wing and Mr. LAU Chi Wah, Alex as independent non-executive Directors.

* *English translation or transliteration of Chinese name for identification purpose only*