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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 2020**

HIGHLIGHTS

- Revenue of the Group for 2020 amounted to approximately RMB6,604.57 million (2019: RMB5,120.28 million), representing an increase of 28.99% as compared to 2019.
- Net profit attributable to equity shareholders of the Group for 2020 amounted to approximately RMB7,617.63 million (2019: RMB6,995.83 million), representing an increase of 8.89% as compared to 2019.
- Net profit (excluding share of profits of associates) of our principal activities attributable to equity shareholders of the Group for 2020 amounted to approximately RMB1,230.19 million (2019: RMB987.68 million), representing an increase of 24.55% as compared to 2019.
- Basic earnings per share for 2020 amounted to RMB4.22 (2019: RMB3.88 per share).
- The Board proposed the distribution of a final cash dividend of HK\$0.70 per share for 2020 (2019: HK\$0.65 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 2020 (the “**Reporting Period**”) of the Company and its subsidiaries (the “**Group**”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS*for the year ended 31 December 2020**(Expressed in Renminbi Yuan)*

	<i>Note</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue	3	6,604,573	5,120,281
Cost of sales		<u>(4,414,102)</u>	<u>(3,368,650)</u>
Gross profit		2,190,471	1,751,631
Other income	4	241,166	199,186
Distribution costs		(136,993)	(89,619)
Administrative expenses		<u>(394,948)</u>	<u>(277,890)</u>
Profit from operations		1,899,696	1,583,308
Finance costs	5(a)	(234,418)	(177,684)
Share of profits of associates		<u>6,387,437</u>	<u>6,008,155</u>
Profit before taxation	5	8,052,715	7,413,779
Income tax	6(a)	<u>(300,101)</u>	<u>(267,256)</u>
Profit for the year		<u>7,752,614</u>	<u>7,146,523</u>
Attributable to:			
Equity shareholders of the Company		7,617,627	6,995,831
Non-controlling interests		<u>134,987</u>	<u>150,692</u>
Profit for the year		<u>7,752,614</u>	<u>7,146,523</u>
Earnings per share			
Basic (RMB)	7(a)	<u>4.22</u>	<u>3.88</u>
Diluted (RMB)	7(b)	<u>4.06</u>	<u>3.73</u>

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

for the year ended 31 December 2020

(Expressed in Renminbi Yuan)

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Profit for the year	7,752,614	7,146,523
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	9,569	(583)
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates, net of tax	(29,621)	4,729
Exchange differences on translation of financial statements of overseas subsidiaries	169,651	(26,144)
	149,599	(21,998)
Total comprehensive income for the year	7,902,213	7,124,525
Attributable to:		
Equity shareholders of the Company	7,767,226	6,973,833
Non-controlling interests	134,987	150,692
Total comprehensive income for the year	7,902,213	7,124,525

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 December 2020

(Expressed in Renminbi Yuan)

	Note	2020 RMB'000	2019 RMB'000
Non-current assets			
Property, plant and equipment		3,714,696	2,443,912
Right-of-use assets		590,650	403,559
Intangible assets		6,366,195	3,917,798
Interests in associates	9	31,085,116	25,920,942
Non-current portion of service concession assets	10	4,945,952	3,353,103
Non-current portion of trade and other receivables	11	1,073,404	613,562
Financial assets measured at fair value through profit and loss (“FVPL”)		82,500	–
Deferred tax assets		63,093	54,080
		<u>47,921,606</u>	<u>36,706,956</u>
Current assets			
Financial assets measured at fair value through profit and loss (“FVPL”)		13,239	–
Inventories		269,957	233,883
Service concession assets	10	137,088	102,126
Trade and other receivables	11	1,908,676	1,295,171
Restricted bank deposits		44,767	28,253
Bank deposits with original maturity over three months		681,700	842,972
Cash and cash equivalents		3,350,539	2,962,200
		<u>6,405,966</u>	<u>5,464,605</u>
Current liabilities			
Bank loans		1,282,264	664,700
Trade and other payables	12	4,201,641	3,071,108
Contract liabilities		62,153	27,515
Lease liabilities		2,652	2,968
Income tax payables		139,028	112,022
		<u>5,687,738</u>	<u>3,878,313</u>
Net current assets		<u>718,228</u>	<u>1,586,292</u>
Total assets less current liabilities		<u>48,639,834</u>	<u>38,293,248</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)*at 31 December 2020**(Expressed in Renminbi Yuan)*

	<i>Note</i>	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Non-current liabilities			
Bank loans		5,124,458	1,918,537
Convertible bonds	<i>13</i>	3,470,110	3,574,266
Lease liabilities		397	3,049
Deferred tax liabilities		67,690	35,000
		<u>8,662,655</u>	<u>5,530,852</u>
Net assets		<u>39,977,179</u>	<u>32,762,396</u>
Capital and reserves			
Share capital		14,347	14,347
Reserves		38,550,638	31,838,605
Equity attributable to equity shareholders of the Company		38,564,985	31,852,952
Non-controlling interests		1,412,194	909,444
Total equity		<u>39,977,179</u>	<u>32,762,396</u>

NOTES TO THE 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 2020 comprise 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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Waste-to-energy projects		
Waste incineration solutions (i)	4,798,543	3,698,481
Energy saving equipment	316,374	361,714
Subtotal	5,114,917	4,060,195
Solid waste solutions	1,150,125	738,141
Port logistics services	216,151	217,744
Sale of new building materials	123,380	104,201
Total	6,604,573	5,120,281

- (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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Revenue from waste incineration project construction services	4,089,923	3,321,940
Revenue from waste incineration project operation services	560,251	259,051
Finance income	148,369	117,490
Total	4,798,543	3,698,481

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 2020 amounting to RMB4,270,115,000 (2019: RMB3,471,565,000).

(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 year 2020, the Group identified a new reportable segment of solid waste solutions, which was previously included in the segment of waste-to-energy projects (previously called "energy preservation and environmental protection solutions") in prior years. Comparative disclosures have been restated on a consistent basis.

- (1) Solid waste solutions: this segment mainly engages in solid and hazardous waste solutions.
 - (2) 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.
 - (3) Port logistics services: this segment mainly engages in cargo handling, trans-shipment and warehousing services.
 - (4) 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.
 - (5) Investments: this segment comprises investments in Anhui Conch Holdings Co., Ltd. ("**Conch Holdings**") and other associates.
- (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 2020 and 2019 is set out below:

	Year ended 31 December 2020						
	Solid waste solutions <i>RMB'000</i>	Waste-to-energy projects <i>RMB'000</i>	Port logistics services <i>RMB'000</i>	New building materials <i>RMB'000</i>	Investments <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Disaggregated by timing of revenue recognition							
Point in time	1,150,125	1,002,104	216,151	123,380	-	-	2,491,760
Over time	-	4,112,813	-	-	-	-	4,112,813
Revenue from external customers	1,150,125	5,114,917	216,151	123,380	-	-	6,604,573
Inter-segment revenue	-	432,631	-	-	-	-	432,631
Reportable segment revenue	1,150,125	5,547,548	216,151	123,380	-	-	7,037,204
Reportable segment profit/(losses)	592,887	1,109,259	117,468	(2,953)	6,387,437	(104,866)	8,099,232
Interest income	9,927	57,363	109	355	-	28,615	96,369
Interest expenses	9,547	106,980	-	-	-	117,891	234,418
Depreciation and amortisation	96,653	120,771	45,837	15,402	-	279	278,942
Provision for loss allowance							
— trade and other receivables	2,242	9,438	-	-	-	-	11,680
Reportable segment assets	4,721,602	18,119,790	425,824	1,689,956	31,085,116	2,395,755	58,438,043
Reportable segment liabilities	2,714,869	10,535,556	126,283	1,484,837	-	3,599,319	18,460,864

Year ended 31 December 2019 (restated)

	Solid waste solutions <i>RMB'000</i>	Waste- to-energy projects <i>RMB'000</i>	Port logistics services <i>RMB'000</i>	New building materials <i>RMB'000</i>	Investments <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Disaggregated by timing of revenue recognition							
Point in time	738,141	709,281	217,744	104,201	–	–	1,769,367
Over time	–	3,350,914	–	–	–	–	3,350,914
Revenue from external customers	738,141	4,060,195	217,744	104,201	–	–	5,120,281
Inter-segment revenue	–	224,651	–	–	–	–	224,651
Reportable segment revenue	738,141	4,284,846	217,744	104,201	–	–	5,344,932
Reportable segment profit/(losses)	458,198	963,245	115,005	(43,647)	6,008,155	(55,622)	7,445,334
Interest income	4,732	38,732	127	482	–	63,760	107,833
Interest expenses	4,694	63,146	–	–	–	109,844	177,684
Depreciation and amortisation	48,737	55,985	44,279	15,965	–	279	165,245
Reversal of loss allowance							
— trade and other receivables	–	(5,744)	–	–	–	–	(5,744)
Reportable segment assets	2,250,924	11,626,992	472,101	1,032,968	25,920,942	3,023,446	44,327,373
Reportable segment liabilities	1,052,938	5,837,418	110,574	922,857	–	3,641,190	11,564,977

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

	2020 RMB'000	2019 <i>RMB'000</i> (restated)
Revenue		
Reportable segment revenue	7,037,204	5,344,932
Elimination of inter-segment revenue	(432,631)	(224,651)
Consolidated revenue (<i>note 3(a)</i>)	<u>6,604,573</u>	<u>5,120,281</u>
	2020 RMB'000	2019 <i>RMB'000</i> (restated)
Profit		
Reportable segment profit	8,099,232	7,445,334
Elimination of inter-segment profits	(46,517)	(31,555)
Consolidated profit before taxation	<u>8,052,715</u>	<u>7,413,779</u>
	2020 RMB'000	2019 <i>RMB'000</i> (restated)
Assets		
Reportable segment assets	58,438,043	44,327,373
Elimination of inter-segment receivables	(4,110,471)	(2,155,812)
Consolidated total assets	<u>54,327,572</u>	<u>42,171,561</u>
	2020 RMB'000	2019 <i>RMB'000</i> (restated)
Liabilities		
Reportable segment liabilities	18,460,864	11,564,977
Elimination of inter-segment payables	(4,110,471)	(2,155,812)
Consolidated total liabilities	<u>14,350,393</u>	<u>9,409,165</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		Specified non-current assets	
	2020 RMB'000	2019 RMB'000	2020 RMB'000	2019 RMB'000
Mainland China	6,532,368	4,985,598	47,746,662	36,652,876
Asia-Pacific (except Mainland China)	70,816	134,502	29,351	–
South America	1,389	–	–	–
North America	–	18	–	–
Africa	–	163	–	–
	<u>6,604,573</u>	<u>5,120,281</u>	<u>47,776,013</u>	<u>36,652,876</u>

4 OTHER INCOME

	2020 RMB'000	2019 RMB'000
Interest income on bank deposits and cash at bank	96,369	107,833
Government grants (i)	147,897	104,669
Net loss on disposal of right-of-use assets and property, plant and equipment	(82)	(26,259)
Recognition of negative goodwill as income	9,538	–
Exchange (loss)/gain	(6,396)	7,919
Net unrealised losses on financial assets measured at FVPL	(7,406)	–
Others	1,246	5,024
	<u>241,166</u>	<u>199,186</u>

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

5 PROFIT BEFORE TAXATION

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

(a) Finance costs:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Interest on bank loans	182,733	90,008
Interest on lease liabilities	286	420
Interest on convertible bonds	<u>117,845</u>	<u>113,224</u>
Total interest expense on financial liabilities not at fair value through profit or loss	300,864	203,652
Less: interest expense capitalised into construction in progress and intangible assets*	<u>(66,446)</u>	<u>(25,968)</u>
	<u><u>234,418</u></u>	<u><u>177,684</u></u>

* The borrowing costs were capitalised at a rate of 3.30%–4.65% per annum for 2020. (2019: 3.30%–4.46%).

(b) Staff costs:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Salaries, wages and other benefits	457,243	273,086
Contributions to defined contribution plans (i)	<u>5,063</u>	<u>33,498</u>
	<u><u>462,306</u></u>	<u><u>306,584</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.

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:**

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Cost of inventories [#]	332,728	351,754
Cost of services provided [#]	4,081,374	3,016,896
Depreciation of owned property, plant and equipment [#]	165,786	121,724
Depreciation of right-of-use assets [#]	15,650	9,702
Amortisation of intangible assets [#]	97,506	33,819
Research and development costs	31,740	20,932
Loss allowance/(reversal of) loss allowance for trade receivables	11,680	(5,744)
Short-term lease payments not included in the measurement of lease liabilities	6,110	4,331
Auditors' remuneration	2,226	2,226

[#] Cost of inventories and cost of services provided include RMB469,935,000 (2019: RMB274,572,000) relating to staff costs, depreciation of owned property, plant and equipment, depreciation of right-of-use assets and amortisation of intangible assets, which amount is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS

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

	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Current tax — Hong Kong Profits Tax		
Provision for the year	615	334
Current tax — PRC income tax		
Provision for the year	287,580	235,888
Over provision in respect of prior years	(2,081)	(3,887)
	286,114	232,335
Deferred tax:		
Origination and reversal of temporary differences	13,987	34,921
	300,101	267,256

- (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 2020 is calculated at 16.5% (2019: 16.5%) of the estimated assessable profits for the year. 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 2020, deferred tax expenses of RMB58,000,000 (2019: RMB35,000,000) 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, except for:

Name of companies (i)	Preferential income tax rate
Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd. (“ CK Equipment ”) 安徽海螺川崎節能設備製造有限公司 (ii)	15%
Pingliang Conch Venture Environment Engineering Co., Ltd. 平涼海創環境工程有限責任公司 (iii)	15%
Yuping Conch Venture Environment Engineering Co., Ltd. 玉屏海創環境科技有限責任公司 (iii)	15%
Shanxi Bangda Environmental Engineering Co., Ltd. 陝西邦達環保工程有限責任公司 (iii)	15%
Shanxi Bangda Jieshun Logistics Co., Ltd. 陝西邦達捷順運輸有限責任公司 (iii)	15%
Xishui Conch Venture Environment Engineering Co., Ltd. 習水海創環境工程有限責任公司 (iii)	15%
Shuicheng Conch Venture Environment Engineering Co., Ltd. 水城海創環境工程有限責任公司 (iii)	15%
Baoshan Conch Venture Environmental Protection Technology Co., Ltd. 保山海創環保科技有限責任公司 (iii)	15%
Lingyun Conch Venture Environment Engineering Co., Ltd. 凌雲海創環境工程有限責任公司 (iii)	15%

Name of companies (i)	Preferential income tax rate
Guiyang Conch Venture Environment Engineering Co., Ltd. 貴陽海創環境工程有限責任公司 (iii)	15%
Xi'an Yaobai Environmental Protection Technology Engineering Co., Ltd. 西安堯柏環保科技工程有限責任公司 (iii)	15%
Xianyang Conch Venture Environment Engineering Co., Ltd. 咸陽海創環境工程有限責任公司 (iii)	15%
Tongren Conch Venture Environment Engineering Co., Ltd. 銅仁海創環境工程有限責任公司 (iii)	15%
Hanzhong Yaobai Environmental Protection Technology Engineering Co., Ltd. 漢中堯柏環保科技工程有限責任公司 (iii)	15%
Nanjiang Conch Venture Environment Engineering Co., Ltd. 南江海創環境工程有限責任公司 (iii)	15%
Fusui Conch Venture Environment Engineering Co., Ltd. 扶綏海創環境工程有限責任公司 (iii)	15%
Yanshan Conch Venture Environment Engineering Co., Ltd. 硯山海創環境工程有限責任公司 (iii)	15%
Kunming Conch Venture Environment Engineering Co., Ltd. 昆明海創環境工程有限責任公司 (iii)	15%
Qianyang Conch Venture Environmental Protection Technology Co., Ltd. 千陽海創環保科技有限責任公司 (iii)	15%
Chongqing Conch Venture Environmental Protection Technology Co., Ltd. 重慶海創環保科技有限責任公司 (iii)	15%
Tongchuan Conch Venture Environmental Protection Technology Co., Ltd. 銅川海創環保科技有限責任公司 (iii)	15%
Liangping Conch Venture Environmental Protection Technology Co., Ltd. 重慶市梁平海創環保科技有限責任公司 (iii)	15%

Name of companies (i)	Preferential income tax rate
Shache Conch Venture Environment Engineering Co., Ltd. 莎車海創環境工程有限責任公司 (iii)	15%
Bole Conch Venture Environment Engineering Co., Ltd. 博樂市海創環境工程有限責任公司 (iii)	15%
Xing'an Conch Venture Environment Technology Co., Ltd. 興安海創環境科技有限責任公司 (iii)	15%
Guangyuan Conch Venture Environmental Protection Technology Co., Ltd. 廣元海創環保科技有限責任公司 (iii)	15%
Xingye Conch Venture Environmental Protection Technology Co., Ltd. 興業海創環保科技有限責任公司 (iii)	15%
Guiyang Conch Venture Environmental Protection Technology Co., Ltd. 貴陽海創環保科技有限責任公司 (iii)	15%
Wenshan Conch Venture Environmental Protection Technology Co., Ltd. 文山海創環保科技有限責任公司 (iii)	15%
Yangxian Conch Venture Environmental Protection Technology Co., Ltd. 洋縣海創環保科技有限責任公司 (iii)	15%
Shizhu Conch Venture Environmental Protection Technology Co., Ltd. 石柱縣海創環保科技有限責任公司 (iii)	15%
Xishui Conch Venture Environmental Protection Technology Co., Ltd. 習水海創環保科技有限責任公司 (iii)	15%
Xianyang Conch Venture Environment Energy Co., Ltd. 咸陽海創環境能源有限責任公司 (iii)	15%
Fuquan Conch Venture Environmental Protection Technology Co., Ltd. 福泉海創環保科技有限責任公司 (iii)	15%
Yingjiang Conch Venture Environmental Protection Technology Co., Ltd. 盈江海創環保科技有限責任公司 (iii)	15%

- (i) The English translation of the names is for reference only. The official names of these entities are in Chinese.
- (ii) CK Equipment 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.
- (iii) Pursuant to Notice No.14 issued by the State Administration of Taxation on 10 March 2015 and relevant local tax authorities’ notices, these companies are entitled to a preferential income tax rate of 15% as qualifying companies located in western areas in the PRC.
- (5) 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.

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit before taxation	<u>8,052,715</u>	<u>7,413,779</u>
Notional tax on profit before taxation, calculated at the rates applicable to profit in the tax jurisdictions concerned	2,047,122	1,880,176
PRC tax concessions	(206,081)	(141,994)
PRC dividend withholding tax	58,000	35,000
Over provision in respect of prior years	(2,081)	(3,887)
Share of profit of associates	<u>(1,596,859)</u>	<u>(1,502,039)</u>
Income tax expense	<u>300,101</u>	<u>267,256</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 of RMB7,617,627,000 (2019: RMB6,995,831,000) and 1,804,750,000 (2019: 1,804,750,000) ordinary shares in issue during the year.

(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 of RMB7,735,472,000 (2019: RMB7,105,767,000) and the weighted average number of ordinary shares of 1,905,454,000 (2019: 1,903,478,000), calculated as below:

(i) *Profit attributable to ordinary equity shareholders of the Company (diluted)*

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Profit attributable to ordinary equity shareholders	7,617,627	6,995,831
After tax effect of effective interest on the liability component of convertible bonds	<u>117,845</u>	<u>109,936</u>
Profit attributable to ordinary equity shareholders (diluted)	<u>7,735,472</u>	<u>7,105,767</u>

(ii) *Weighted average number of ordinary shares (diluted)*

	2020 <i>'000</i>	2019 <i>'000</i>
Weighted average number of ordinary shares at 31 December	1,804,750	1,804,750
Effect of conversion of convertible bonds	<u>100,704</u>	<u>98,728</u>
Weighted average number of ordinary shares (diluted) at 31 December	<u>1,905,454</u>	<u>1,903,478</u>

8 DIVIDENDS

Pursuant to a resolution passed at the Directors' meeting on 29 March 2021, a final dividend of HKD0.70 (2019: HKD0.65) per ordinary share totalling HKD1,263,325,000, equivalent to approximately RMB1,063,265,000 (2019: HKD1,173,088,000, equivalent to approximately RMB1,055,193,000), was proposed for shareholders' approval. The dividend has not been provided for in the consolidated financial statements for the year ended 31 December 2020.

9 INTERESTS IN ASSOCIATES

	2020 RMB'000	2019 <i>RMB'000</i>
Share of net assets	31,085,116	25,920,942

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 2020 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
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

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 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

10 SERVICE CONCESSION ASSETS

	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
Current	137,088	102,126
Non-current	4,945,952	3,353,103
	5,083,040	3,455,229

The service concession assets bear interest at rates ranging from 6.01% to 9.41% (31 December 2019: 6.01% to 9.41%) per annum as at 31 December 2020 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 RMB5,083,040,000 (31 December 2019: RMB3,455,229,000), RMB2,254,774,000 (31 December 2019: RMB1,149,238,000) 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 RMB5,083,040,000 (31 December 2019: RMB3,455,229,000), RMB104,304,000 (31 December 2019: RMB79,750,000) 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

	At 31 December 2020 RMB'000	At 31 December 2019 RMB'000
Trade receivables	1,101,403	774,167
Bills receivable	181,691	57,618
Less: allowance for doubtful debts (<i>Note 11(b)</i>)	<u>(56,155)</u>	<u>(44,540)</u>
Trade and bills receivables	1,226,939	787,245
Deposits and prepayments	126,420	112,272
Other receivables	479,736	318,290
Interest receivables	<u>18,295</u>	<u>13,945</u>
Amounts due from third parties	1,851,390	1,231,752
Dividends receivable	6,400	–
Amounts due from related parties	<u>50,886</u>	<u>63,419</u>
Current portion of trade and other receivables	<u>1,908,676</u>	<u>1,295,171</u>
Other receivables to be recovered after one year	1,043,338	613,562
Amounts due from related parties to be recovered after one year	<u>30,066</u>	<u>–</u>
Non-current portion of trade and other receivables	<u>1,073,404</u>	<u>613,562</u>
Total current and non-current trade and other receivables	<u><u>2,982,080</u></u>	<u><u>1,908,733</u></u>

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

Except for the amounts due from related parties to be recovered after one year which bear interest at rate of 7.2% and will be repaid in June 2025, all of the amounts due from related parties are unsecured, non-interest bearing and repayable on demand.

As at 31 December 2020, the Group endorsed undue bills receivable of RMB371,084,000 (2019: RMB354,963,000) 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 2020, the maximum exposure to loss from its continuous involvement represents the amount of bills receivable of RMB371,084,000 (2019: RMB354,963,000) 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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Current	1,151,246	752,031
Less than 1 year	64,055	21,439
1 to 2 years	7,222	10,333
2 to 3 years	4,416	3,442
	<u>1,226,939</u>	<u>787,245</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:

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
At the beginning of the year	44,540	50,284
Loss allowance/(reversal of) loss allowance (<i>note</i>)	11,680	(5,744)
Written off	(65)	–
	<u>56,155</u>	<u>44,540</u>

Note: Collection of past due receivables net of origination and new past due receivables resulted in a reversal of loss allowance during 2019.

12 TRADE AND OTHER PAYABLES

	At 31 December 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Trade payables	2,408,221	1,831,109
Bills payable	795,970	656,927
	<u>3,204,191</u>	2,488,036
Other payables and accruals	816,440	473,818
Amounts due to third parties	4,020,631	2,961,854
Dividends payable to non-controlling interests	24,000	–
Amounts due to related parties	157,010	109,254
Trade and other payables	<u>4,201,641</u>	<u>3,071,108</u>

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

	2020 <i>RMB'000</i>	2019 <i>RMB'000</i>
Within 1 year	3,171,796	2,443,367
1 year to 2 years	29,222	31,644
2 years to 3 years	2,032	7,304
Over 3 years but within 5 years	1,141	5,721
	<u>3,204,191</u>	<u>2,488,036</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, 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) <i>RMB'000</i>	Equity component (Residual amount) <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2019	3,383,432	54,466	3,437,898
Interest charge	113,224	–	113,224
Exchange adjustment	77,610	–	77,610
	<u>3,574,266</u>	<u>54,466</u>	<u>3,628,732</u>
At 31 December 2019 and 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	<u>3,470,110</u>	<u>54,466</u>	<u>3,524,576</u>

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO ENVIRONMENT

In 2020, facing the severe impact of COVID-19 and the fierce and complex domestic and international situations, the PRC government coordinated its efforts in both pandemic prevention and control as well as socio-economic development. While the pandemic has been effectively brought under control, the national economy has also remained stable, with GDP growth of about 2.3% over the previous year.

During the Reporting Period, under the negative impact of the COVID-19, the Group seized the development opportunities, adhered to a diversified strategic layout, and further expanded its industry scale. For construction works, the Group implemented various pandemic precautionary measures in a stringent manner to facilitate epidemic prevention and control and orderly proceed with construction works. For project operations, taking technological improvements as the starting point, the Group continuously strengthened its internal impetus and enhanced the quality of operations.

During the Reporting Period, with concerted efforts of the Group to operate against the gloomy prospect, the net profit of the principal businesses attributable to the parent amounted to RMB1.23 billion, representing an increase by 24.55% compared with that for the same period of last year.

BUSINESS REVIEW

Environmental Protection Business

The year 2020 is a key year for the Group to implement its five-year plan. The Group fulfilled its development targets for the year by aligning with its established planning objectives and focusing on the dual engines of “solid waste solutions” and “waste incineration solutions” under the environmental protection business.

As at the date of this announcement, the Group had newly added 48 environment protection projects including 29 solid waste treatment projects with a production capacity of approximately 3.23 million tonnes/year and 19 waste treatment projects with a production capacity of approximately 3.20 million tonnes/year (9,200 tonnes/day).

As at the date of this announcement, the Group had promoted 158 environment protection projects in 23 provinces, cities and autonomous regions nationwide, Vietnam and Sri Lanka, including 79 solid waste projects, 61 grate furnace power generation projects, 16 waste treatment by cement kilns projects and 2 black and odorous water treatment projects, with a treatment capacity of approximately 8.95 million tonnes of solid and hazardous waste/year and approximately 13.01 million tonnes (37,500 tonnes/day) of municipal waste/year.

Solid Waste Treatment

1) Project expansion

Since 2020, the Group has made a substantial breakthrough in multi-channels integration development. In respect of collaborative treatment by cement kilns, the Group focused on expanding the coverage of the projects of Conch Cement and steadily promoted the progress of cooperation with companies in the cement industry such as China National Building Material Company Limited* (中國建材股份有限公司) (“**CNBM**”) and Inner Mongolia Mengxi Cement Co., Ltd.* (內蒙古蒙西水泥股份有限公司) (“**Mengxi Cement**”). Meanwhile, the Group cooperated with Sinochem International Corporation* (中化國際(控股)股份有限公司) and Shanghai Nengyuan Environmental Technology Development Co., Ltd.* (上海能遠環境科技發展有限公司) to build a business platform for fly ash washing, soil remediation and terminal treatment, and also seized the opportunity to acquire the oil-bearing sludge treatment project of Shaanxi Bangda Environmental Protection Engineering Co., Ltd.* (陝西邦達環保工程有限公司) (“**Bangda Environmental**”), thus further expanding its solid waste treatment business. The Group’s efforts in expanding into new business areas of treatment without kilns was a new highlight of its strategic layout of environmental protection business for 2020.

As at the date of this announcement, the Group secured 29 new solid waste treatment projects with an additional treatment capacity of approximately 3.23 million tonnes per annum. Among them, there were 15 projects using cement kilns for the collaborative treatment of industrial solid waste and hazardous waste, which were in Quanjiao, Anhui Province, Zongyang, Anhui Province, Qingyuan, Guangdong Province, Longkou, Shandong Province, Ganzhou, Jiangxi Province, and Baoding, Hebei Province, Yunfu, Guangdong Province, Tengzhou, Shandong Province, Rizhao, Shandong Province, Fuzhou, Jiangxi Province, Wolong, Henan Province, Dengzhou, Henan Province, Anyang, Henan Province, Xin’an, Henan Province under the platform of Anhui Haizhong Environmental Company Limited* (安徽海中環保有限責任公司) (“**Haizhong Environmental**”), and Arong Banner, Inner Mongolia under the platform of Inner Mongolia Mengxi Technology Development Limited* (內蒙古海創蒙西科技發展有限公司) (“**Haimeng Technology**”), with a production capacity of approximately 1.76 million tonnes/year. In terms of treatment without kilns, the Group secured 14 projects, including oil-bearing sludge treatment in Dongying, Shandong Province, Yulin, Shaanxi Province, Qingyang, Gansu Province, and Yan’an, Shaanxi Province, fly ash treatment via water washing in Rizhao, Shandong Province, Quanjiao, Anhui Province, Jining, Shandong Province, Longyan, Fujian Province, Anyang, Henan Province, Dengzhou, Henan Province, Xin’an, Henan Province, and Qingzhen, Guizhou Province, incineration and oil-bearing sludge treatment in Jinzhou, Liaoning Province, and oil-bearing sludge treatment and comprehensive utilization of resources in Leizhou, Guangdong Province, with a production capacity of approximately 1.47 million tonnes/year.

2) Project operation

In 2020, with the increasing number of projects in operation, the Group’s efforts to improve the treatment efficiency of projects and enhance the overall quality of operations became a top priority. On the one hand, the Group enhanced its market development, strengthened regional joint operation, expanded the channels for input of solid and hazardous waste and increased its market share. On the other hand, the Group devoted its efforts to overcome the adverse impact brought about by the pandemic, actively communicated and coordinated with cement collaborating units, and implemented technical transformation measures while maintaining stable kiln conditions, so as to increase treatment volume.

During the Reporting Period, our solid waste treatment segment received a total of approximately 1,493,000 tonnes of solid waste and hazardous waste, including approximately 432,000 tonnes of hazardous waste and approximately 1,060,100 tonnes of general solid waste.

Details of other hazardous waste treatment projects are set out in the following table:

No.	Status of Construction	Project Location	Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date	Cooperation Methods	Remarks	
1	In operation	Fuping, Shaanxi Province	100,000 tonnes/year	100,000 tonnes/year	April 2016	Xi'an Yaobai Environmental Protection Technology Engineering Co., Ltd.* (西安堯柏環保科技工程有限公司) ("Yaobai Environmental") holding 100%		
2		Qian County, Shaanxi Province	70,000 tonnes/year	63,600 tonnes/year	April 2017			
3		Qianyang, Shaanxi Province	100,000 tonnes/year	100,000 tonnes/year	October 2018			
4		Tongchuan, Shaanxi Province	100,000 tonnes/year	81,500 tonnes/year	August 2019			
5		Wuhu, Anhui Province	2x100,000 tonnes/year	130,000 tonnes/year (two phases)	December 2017	Wholly-owned projects		
6		Yiyang, Jiangxi Province	2x100,000 tonnes/year	170,000 tonnes/year (two phases)	May 2018			
7		Xingye, Guangxi Region	2x100,000 tonnes/year	161,500 tonnes/year (two phases)	August 2018			
8		Suzhou, Anhui Province	2x100,000 tonnes/year	125,000 tonnes/year (two phases)	August 2018			
9		Wenshan, Yunnan Province (Phase 1)	100,000 tonnes/year	66,000 tonnes/year	August 2019			
10		Sishui, Shandong Province	100,000 tonnes/year	13,950 tonnes/year	January 2020			
11		Qiyang, Hunan Province	100,000 tonnes/year	59,000 tonnes/year	January 2020			
12		Yangchun, Guangdong Province	100,000 tonnes/year	70,000 tonnes/year	August 2020			
13		Zhong County, Chongqing City	2x100,000 tonnes/year	90,000 tonnes/year (two phases)	June 2019		The Group holding 65%	
14		Qingzhen, Guizhou Province	100,000 tonnes/year	100,000 tonnes/year	September 2019		The Group holding 85%	
15		Long'an, Guangxi Region	100,000 tonnes/year	Certificate to be obtained	December 2020	Wholly-owned projects		
16		Linxiang, Hunan Province	100,000 tonnes/year	Certificate to be obtained	January 2021			
Subtotal			2,070,000 tonnes/year	1,330,600 tonnes/year				
17	Under construction	Ningguo, Anhui Province	100,000 tonnes/year	/	June 2021	Wholly-owned projects	Municipal waste treatment by cement kiln changed to solid waste treatment	
Subtotal			100,000 tonnes/year					
18	Under approval and planning	Wenshan, Yunnan Province (Phase 2)	100,000 tonnes/year			Wholly-owned project		
19		Ganzhou, Jiangxi Province	2x100,000 tonnes/year			The Group holding 70%		
20	Pipeline projects	Baoshan, Yunnan Province	100,000 tonnes/year	/	/	Wholly-owned project	Municipal waste treatment by cement kiln changed to solid waste treatment	
21		Qingyuan, Guangdong Province	100,000 tonnes/year			The Group holding 65%		
22		Dazhou, Sichuan Province	200,000 tonnes/year			The Group holding 80%		
Subtotal			700,000 tonnes/year					
Total			2,870,000 tonnes/year	1,330,600 tonnes/year				

Details of other solid waste treatment projects are set out in the following table:

No.	State of Construction	Project Location	Capacity	Actual/Expected Completion Date	Cooperation Methods
1	In operation	Mian County, Shaanxi Province	45,000 tonnes/year	October 2017	Yaobai Environmental holding 100%
2		Huaining, Anhui Province	70,000 tonnes/year	September 2017	Wholly-owned projects
3		Huaipei, Anhui Province	70,000 tonnes/year	December 2017	
4		Xiayang, Shaanxi Province	300,000 tonnes/year	August 2019	
5		Liangping, Chongqing City	75,000 tonnes/year	September 2019	
6		Guangyuan, Sichuan Province	70,000 tonnes/year	January 2020	
7		Fanchang, Anhui Province	210,000 tonnes/year	July 2020	
8		Chizhou, Anhui Province	100,000 tonnes/year	November 2020	
9		Yiyang, Hunan Province	70,000 tonnes/year	January 2021	
Subtotal			1,010,000 tonnes/year		
10	Under construction	Quanjiao, Anhui Province	60,000 tonnes/year	June 2021	Wholly-owned projects
11		Zongyang, Anhui Province (Phase 1)	100,000 tonnes/year	July 2021	
12		Xinhua, Hunan Province	100,000 tonnes/year	August 2021	
13	Pipeline project	Zongyang, Anhui Province (Phase 2)	100,000 tonnes/year	/	
Subtotal			360,000 tonnes/year		
Total			1,370,000 tonnes/year		

Details of the solid waste treatment projects cooperated with CNBM and Mengxi Cement are set out in the following table:

No.	State of Construction	Cooperative Entity	Project Location	Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date	Cooperation Methods	Remarks
1	In operation	South Cement	Sanming, Fujian Province	100,000 tonnes/year	20,500 tonnes/year	August 2019	Haizhong Environmental holding 35%	
2			Yixing, Jiangsu Province	100,000 tonnes/year	100,000 tonnes/year	December 2019		
3			Chongzuo, Guangxi Region	100,000 tonnes/year	85,000 tonnes/year	March 2021	Haizhong Environmental holding 100%	
4		China United Cement	Luoyang, Henan Province	100,000 tonnes/year	72,000 tonnes/year	December 2020		
5			Jiyuan, Henan Province	100,000 tonnes/year	50,000 tonnes/year	December 2020		
6			Dezhou, Shandong Province	100,000 tonnes/year	75,000 tonnes/year	December 2020	Haizhong Environmental holding 89%	
7			Tai'an, Shandong Province	100,000 tonnes/year	100,000 tonnes/year	December 2020	Haizhong Environmental holding 51%	
8			Baoding, Hebei Province	100,000 tonnes/year	/	March 2021	Polluted soil project	
Subtotal				800,000 tonnes/year	502,500 tonnes/year			
9	Under construction	China United Cement	Dengfeng, Henan Province	100,000 tonnes/year	/	June 2021	Haizhong Environmental holding 100%	
10		South Cement	Guilin, Guangxi Region	100,000 tonnes/year		April 2021		
11			Fuyang, Zhejiang Province	200,000 tonnes/year		October 2021	Haizhong Environmental holding 65%	
12		Mengxi Cement	Hulun Buir, Inner Mongolia	50,000 tonnes/year		September 2021	Haimeng Technology holding 100%	
13			Arong Banner, Inner Mongolia	100,000 tonnes/year		June 2022		
Subtotal				550,000 tonnes/year				

No.	State of Construction	Cooperative Entity	Project Location	Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date	Cooperation Methods	Remarks			
14	Under approval and planning	China United Cement	Xin'an, Henan Province	50,000 tonnes/year	/	/	Haizhong Environmental holding 100%	General solid waste			
15			Rizhao, Shandong Province	100,000 tonnes/year			Haizhong Environmental holding 70%	Polluted soil project			
16		Sinoma Cement	Luoding, Guangdong Province	80,000 tonnes/year			Haizhong Environmental holding 40%				
17			Yunfu, Guangdong Province	100,000 tonnes/year			Haizhong Environmental holding 100%				
18		Qilianshan Cement	Jiayuguan, Gansu Province	200,000 tonnes/year							
19		South Cement	Quzhou, Zhejiang Province	100,000 tonnes/year			Haizhong Environmental holding 100%	General solid waste			
20			Fuzhou, Jiangxi Province	100,000 tonnes/year			Haizhong Environmental holding 29.4%				
21		Pipeline projects	China United Cement	Wolong, Henan Province			100,000 tonnes/year	/	/	Haizhong Environmental holding 100%	General solid waste
22				Dengzhou, Henan Province			50,000 tonnes/year				
23				Anyang, Henan Province			100,000 tonnes/year				
24	Tengzhou, Shandong Province			201,500 tonnes/year	Haizhong Environmental holding 51%	Polluted soil project					
25	Mengxi Cement		ErDOS, Inner Mongolia	100,000 tonnes/year	Haimeng Technology holding 100%						
26	Fanlin Cement		Longkou, Shandong Province	200,000 tonnes/year	The Group holding 53%						
Subtotal				1,481,500 tonnes/year							
Total				2,831,500 tonnes/year	502,500 tonnes/year						

Details of the fly ash treatment via water washing, oil-bearing sludge treatment, dry distillation, and comprehensive utilization of resources projects are set out in the following table:

No.	State of Construction	Project Type	Project Location	Capacity	Actual/Expected Completion Date	Remarks	
1	In operation	Fly ash treatment via water washing	Wuhu, Anhui Province	100,000 tonnes/year	December 2020		
2	Under construction		Yiyang, Hunan Province	50,000 tonnes/year	November 2021		
3			Yiyang, Jiangxi Province	100,000 tonnes/year	December 2021		
4			Quanjiao, Anhui Province	100,000 tonnes/year	December 2021		
5	Under approval and planning		Qian County, Shaanxi Province	100,000 tonnes/year	/		
6			Jining, Shandong Province	100,000 tonnes/year		Haizhong Environmental holding 100%	
7			Xin'an, Henan Province	50,000 tonnes/year		Haizhong Environmental holding 70%	
8			Rizhao, Shandong Province	100,000 tonnes/year		The Group holding 85%	
9			Qingzhen, Guizhou Province	100,000 tonnes/year			
10	Pipeline projects		Dengzhou, Henan Province	50,000 tonnes/year		Haizhong Environmental holding 100%	
11			Anyang, Henan Province	100,000 tonnes/year			
12			Longyan, Fujian Province	100,000 tonnes/year		The Group holding 51%	
Subtotal				1,050,000 tonnes/year			
13	In operation	Oil-bearing sludge treatment	Yulin, Shaanxi Province	100,000 tonnes/year		May 2020	The Group holding 70%
14		Dry distillation	Wuhu, Anhui Province	15,000 tonnes/year		January 2021	
15	Under construction	Comprehensive utilization of resources	Ninghai, Zhejiang Province	40,000 tonnes/year		March 2021	The Group holding 70%
16		Oil-bearing sludge treatment + incineration	Jinzhou, Liaoning Province	Oil-bearing sludge: 20,000 tonnes/year Incineration: 42,000 tonnes/year	October 2021	Conch Venture Environmental Protection Technology (Shanghai) Co., Ltd.* (海螺創業環保科技(上海)有限公司) holding 80%	
17	Under approval and planning	Oil-bearing sludge treatment	Dongying, Shandong Province	160,000 tonnes/year	/	The Group holding 70%	
18		Oil-bearing sludge treatment + Comprehensive utilization of resources	Leizhou, Guangdong Province	Oil-bearing sludge treatment: 150,000 tonnes/year Comprehensive utilization of resources: 50,000 tonnes/year			
19		Oil-bearing sludge treatment	Yan'an, Shaanxi Province	170,000 tonnes/year			The Group holding 60%
20	Pipeline project	Oil-bearing sludge treatment	Qingyang, Gansu Province	80,000 tonnes/year		The Group holding 80%	
Subtotal				827,000 tonnes/year			
Total				1,877,000 tonnes/year			

As at the date of this announcement, the Group has reached a treatment capacity of approximately 8.95 million tonnes of solid hazardous waste per year, the details of which are set out in the following table:

Unit: 10,000 tonnes/year

Category	Hazardous waste						Solid waste				
	Collaborative treatment by cement kilns						Fly ash (completed and under construction)	Dry distillation and comprehensive utilization of resources (completed and under construction)	Oil-bearing sludge (completed and under construction)	In operation	Under construction
	Conch project			Cooperation project							
	In operation	Hazardous waste qualification	Under construction	In operation	Hazardous waste qualification	Under construction					
	170	98.55	80	121.5	84.76	203.15	105	14.7	68	96.5	36

Grate Furnace Power Generation

1) Project expansion

The Group has long focused on securing quality projects, and is gradually entering the international market while rapidly expanding its projects in China. As at the date of this announcement, the Group has successfully secured 19 projects in Binzhou, Naiman Banner, Jinning, Xichou, Pingguo, Luzhai, Du'an, Shulan, Zhangjiakou, Fengning, Longkou, Suzhou, He County, Nanyang, Fugou, Qingzhen, Wushan, Taonan and Gampaha in Sri Lanka, with a production capacity of approximately 3.20 million tonnes/year (9,200 tonnes/day).

2) Project operation

In 2020, through implementation of benchmarking management, the Group continued to optimize the economic indicators of its projects. Moreover, the Group further scaled up its electricity generation in tonne and on-grid electricity generation through various measures such as technical transformation measures and expansion of sources of high quality waste. During the Reporting Period, the Group received a total of approximately 2,830,000 tonnes of municipal waste, of which approximately 2,310,000 tonnes of municipal waste were treated, and achieved approximately 799 million kwh of on-grid electricity. The average on-grid electricity calculated according to the volume processed in furnace is 346 kwh, representing a year-on-year increase of 27 kwh.

No.	State of Construction	Project Location	Capacity	Actual/Expected 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 (Phase 1)	100,000 tonnes/year (300 tonnes/day)	January 2020	
15		Lujiang, Anhui Province (Phase 1)	180,000 tonnes/year (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 (Phase 1)	100,000 tonnes/year (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	
25		Dexing, Jiangxi Province	140,000 tonnes/year (400 tonnes/day)	November 2020	The Group holding 90%
Subtotal			4,160,000 tonnes/year (12,200 tonnes/day)		

No.	State of Construction	Project Location	Capacity	Actual/Expected Completion Date	Cooperation Methods
26	Under construction	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		Lujiang, Anhui Province (Phase 2)	180,000 tonnes/year (500 tonnes/day)	May 2021	
30		Suiyang, Guizhou Province	140,000 tonnes/year (400 tonnes/day)	June 2021	The Group holding 70%
31		Manzhouli, Inner Mongolia	140,000 tonnes/year (400 tonnes/day)	July 2021	Wholly-owned projects
32		Hanshou, Hunan Province	140,000 tonnes/year (400 tonnes/day)	July 2021	
33		Jiuquan, Gansu Province	180,000 tonnes/year (500 tonnes/day)	July 2021	
34		Panshi, Jilin Province	140,000 tonnes/year (400 tonnes/day)	August 2021	
35		Tongchuan, Shaanxi Province	180,000 tonnes/year (500 tonnes/day)	September 2021	
36		Fuquan, Guizhou Province (Phase 2)	100,000 tonnes/year (300 tonnes/day)	September 2021	
37		Hejin, Shanxi Province	180,000 tonnes/year (500 tonnes/day)	October 2021	
38		Zhenxiong, Yunnan Province (Phase 1)	180,000 tonnes/year (500 tonnes/day)	October 2021	
39		Pingguo, Guangxi Region	140,000 tonnes/year (400 tonnes/day)	November 2021	
40		Wuwei, Anhui Province (Phase 1)	180,000 tonnes/year (500 tonnes/day)	November 2021	
41		Shuangfen, Hunan Province	180,000 tonnes/year (500 tonnes/day)	November 2021	
42		Pingliang, Gansu Province	180,000 tonnes/year (500 tonnes/day)	January 2022	
43		Tongzi, Guizhou Province	140,000 tonnes/year (400 tonnes/day)	March 2022	The Group holding 70%
44		Binzhou, Shaanxi Province	100,000 tonnes/year (300 tonnes/day)	March 2022	Wholly-owned projects
45		Zhangjiakou, Hebei Province	180,000 tonnes/year (500 tonnes/day)	May 2022	
46		Bac Ninh, Vietnam	100,000 tonnes/year (300 tonnes/day)	May 2022	The Group holding 95%
Subtotal			3,440,000 tonnes/year (9,700 tonnes/day)		

No.	State of Construction	Project Location	Capacity	Actual/Expected Completion Date	Cooperation Methods
47	Under approval and planning	Jinning, Yunnan Province	140,000 tonnes/year (400 tonnes/day)	/	Wholly-owned projects
48		Xishui, Guizhou Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)		
49		Luxi, Yunnan Province (Phase 2)	100,000 tonnes/year (300 tonnes/day)		
50		Luzhai, Guangxi Region	140,000 tonnes/year (400 tonnes/day)		
51		Zongyang, Anhui Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)		
52		Naiman Banner, Inner Mongolia	140,000 tonnes/year (400 tonnes/day)		
53		Suzhou, Anhui Province	180,000 tonnes/year (500 tonnes/day)		
54		Du'an, Guangxi Region	180,000 tonnes/year (500 tonnes/day)		
55		Fugou, Henan Province	200,000 tonnes/year (600 tonnes/day)		
56		Xichou, Yunnan Province	140,000 tonnes/year (400 tonnes/day)		
57		Shulan, Jilin Province	140,000 tonnes/year (400 tonnes/day)		
58		He County, Anhui Province	200,000 tonnes/year (600 tonnes/day)		
59		Qingzhen, Guizhou Province	2×180,000 tonnes/year (2×500 tonnes/day)		
60		Songming, Yunnan Province (Phase 2)	100,000 tonnes/year (300 tonnes/day)		
61		Fengning, Hebei Province	100,000 tonnes/year (300 tonnes/day)		The Group holding 70%
62		Longkou, Shandong Province	200,000 tonnes/year (600 tonnes/day)		The Group holding 60%
63		Gampaha District, Sri Lanka	180,000 tonnes/year (500 tonnes/day)		The Group holding 97.5%

No.	State of Construction	Project Location	Capacity	Actual/Expected Completion Date	Cooperation Methods
64	Pipeline projects	Zhenxiong, Yunnan Province (Phase 2)	180,000 tonnes/year (500 tonnes/day)	/	Wholly-owned projects
65		Wuwei, Anhui Province (Phase 2)	180,000 tonnes/year (500 tonnes/day)		
66		Shahe, Hebei Province (Phase 2)	2×180,000 tonnes/year (2×500 tonnes/day)		The Group holding 66%
67		Nanyang, Henan	200,000 tonnes/year (600 tonnes/day)		Wholly-owned projects
68		Wushan, Chongqing	140,000 tonnes/year (400 tonnes/day)		
69		Taonan, Jilin Province	140,000 tonnes/year (400 tonnes/day)		
70		Thai Nguyen, Vietnam	180,000 tonnes/year (500 tonnes/day)		The Group holding 51%
Subtotal			4,160,000 tonnes/year (11,900 tonnes/day)		
Total			11,760,000 tonnes/year (33,800 tonnes/day)		

Waste Treatment by Cement Kilns

During the Reporting Period, 16 projects of waste treatment by cement kilns were completed, with a treatment capacity of approximately 1.25 million tonnes/year, and an actual annual municipal waste treatment volume of approximately 745,800 tonnes.

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

No.	State of Construction	Project Location	Business Model	Capacity	Cooperation Methods
1	Completed	Pingliang, Gansu Province	BOT	100,000 tonnes/year (300 tonnes/day)	Wholly-owned projects
2		Qingzhen, Guizhou Province		100,000 tonnes/year (300 tonnes/day)	
3		Yangchun, Guangdong Province		70,000 tonnes/year (200 tonnes/day)	
4		Yuping, Guizhou Province		30,000 tonnes/year (100 tonnes/day)	The Group holding 70%
5		Xishui, Guizhou Province		100,000 tonnes/year (300 tonnes/day)	
6		Qiyang, Hunan Province		100,000 tonnes/year (300 tonnes/day)	Wholly-owned projects
7		Shimen, Hunan Province		70,000 tonnes/year (200 tonnes/day)	
8		Shuicheng, Guizhou Province		70,000 tonnes/year (200 tonnes/day)	
9		Fusui, Guangxi Province		70,000 tonnes/year (200 tonnes/day)	
10		Shuangfeng, Hunan Province		70,000 tonnes/year (200 tonnes/day)	
11		Nanjiang, Sichuan Province		70,000 tonnes/year (200 tonnes/day)	
12		Lingyun, Guangxi Province		30,000 tonnes/year (100 tonnes/day)	
13		Ningguo, Anhui Province		100,000 tonnes/year (300 tonnes/day)	
14		Linxia, Gansu Province		100,000 tonnes/year (300 tonnes/day)	
15		Xing'an, Guangxi Province		100,000 tonnes/year (300 tonnes/day)	
16		Yingjiang, Yunnan Province		70,000 tonnes/year (200 tonnes/day)	
Total				1,250,000 tonnes/year (3,700 tonnes/day)	

As at the date of this announcement, the Group has a municipal waste treatment capacity of approximately 13.01 million tonnes/year (37,500 tonnes/day), including approximately 5.41 million tonnes/year (15,900 tonnes/day) completed and approximately 7.60 million tonnes/year (21,600 tonnes/day) under construction and under approval and planning.

New Building Materials and Port Logistics

In 2020, the Group adhered to the market demand oriented approach to take forward the development of product application in a systematic manner and made every effort to enhance the production capacity for all products and to build a competitive advantage in substrate products. Meanwhile, the Group took an active move to build a new ecological and green image for the port, and achieved cost reduction and efficiency enhancement by expanding regional markets, tapping into quality source of supply and optimizing the workflow.

During the Reporting Period, the Group recorded new building materials product sales of approximately 8.69 million square meters, with an operating income of RMB123.38 million, and port logistic throughput of approximately 31.94 million tonnes, with an operating income of RMB216.15 million.

PROFITS

Item	2020 Amount (RMB'000)	2019 Amount (RMB'000)	Changes between the Reporting Period and the corresponding period of the previous year (%)
Revenue	6,604,573	5,120,281	28.99
Profit before taxation	8,052,715	7,413,779	8.62
Share of profits of associates	6,387,437	6,008,155	6.31
Profit before taxation from principal businesses	1,665,278	1,405,624	18.47
Net profit attributable to equity shareholders of the Company	7,617,627	6,995,831	8.89
Net profit from principal businesses attributable to equity shareholders of the Company	<u>1,230,190</u>	<u>987,676</u>	<u>24.55</u>

During the Reporting Period, the Group recorded a revenue of RMB6,604.57 million, representing a year-on-year increase of 28.99%. Profit before taxation amounted to RMB8,052.72 million, representing a year-on-year increase of 8.62%. Share of profits of associates amounted to RMB6,387.44 million, representing a year-on-year increase of 6.31%. Profit before taxation from principal businesses amounted to RMB1,665.28 million, representing a year-on-year increase of 18.47%. Net profit attributable to equity shareholders of the Company amounted to RMB7,617.63 million, representing a year-on-year increase of 8.89%, among which, net profit from principal businesses attributable to equity shareholders amounted to RMB1,230.19 million, representing a year-on-year increase of 24.55%. Basic earnings per share amounted to RMB4.22, and diluted earnings per share amounted to RMB4.06.

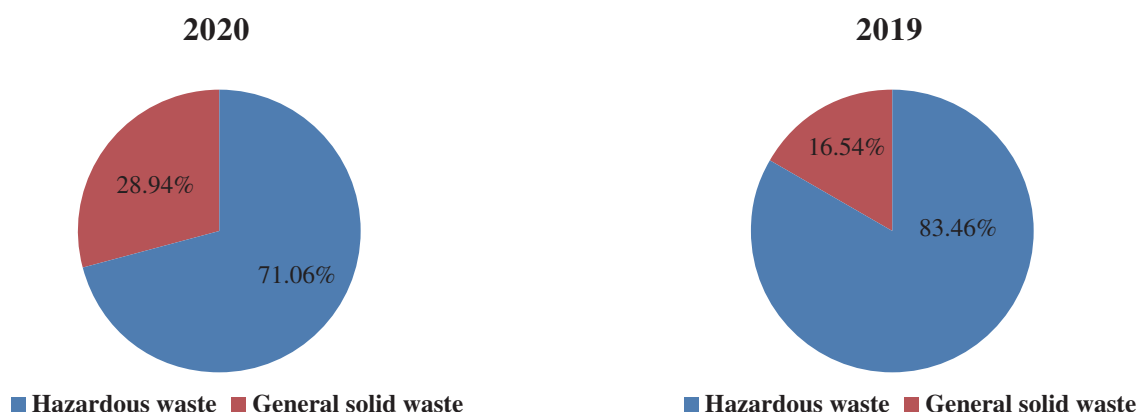
Revenue by business segments

Item	2020		2019		Change in amount	Change in percentage (percentage points)
	Amount	Percentage	Amount	Percentage		
	(RMB'000)	(%)	(RMB'000)	(%)		
Solid waste solutions	1,150,125	17.41	738,141	14.42	55.81	2.99
Waste incineration solutions	4,798,543	72.66	3,698,481	72.23	29.74	0.43
Energy saving equipment	316,374	4.79	361,714	7.06	-12.53	-2.27
New building materials	123,380	1.87	104,201	2.04	18.41	-0.17
Port logistics	216,151	3.27	217,744	4.25	-0.73	-0.98
Total	6,604,573	100.00	5,120,281	100.00	28.99	-

During the Reporting Period, the revenue from solid waste solutions and waste incineration solutions maintained a year-on-year rapid increase, whereas the revenue from energy saving equipment recorded a year-on-year decrease. With a breakdown by segments:

- (i) The revenue from solid waste solutions amounted to RMB1,150.13 million, representing a year-on-year increase of 55.81%, which was mainly attributable to the year-on-year growth in the revenue of the new commencement of operation of the Group's projects in Yangchun and Qiyang, the acquisition of Bangda Environmental and the commencement of operation of projects in Chongqing, Wenshan and Guiyang last year, leading to a rapid growth in revenue from such segment.
- (ii) The revenue from waste incineration solutions amounted to RMB4,798.54 million, representing a year-on-year increase of 29.74%, which was mainly attributable to the new commencement of operation of the Group's projects in Xianyang, Fuquan, Xishui, Huoshan, Yang County and the increase in the number of projects under construction, resulting in the growth in revenue.
- (iii) The revenue from energy saving equipment amounted to RMB316.37 million, representing a year-on-year decrease of 12.53%, which was mainly due to the delays in shipment for overseas orders from India and Laos, leading to the decline in revenue.
- (iv) The revenue from new building materials recorded a year-on-year increase of 18.41%, which was mainly attributable to the increase in volume and price as a result of proactive market expansion, resulting in the growth in revenue.
- (v) The revenue from port logistics amounted to RMB216.15 million, representing a year-on-year decrease of 0.73%.

Breakdown of revenue from solid waste solutions



During the Reporting Period, the hazardous waste input volume amounted to approximately 432,000 tonnes, with a revenue of RMB817.26 million, representing a year-on-year increase of 32.66%; and the general solid waste input volume amounted to approximately 1,061,000 tonnes, with a revenue of RMB332.86 million, representing a year-on-year increase of 172.68%.

Breakdown of revenue from waste incineration solutions

Revenue breakdown	2020		2019		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Construction revenue	4,089,923	85.23	3,321,940	89.82	23.12	-4.59
Waste treatment by cement kilns	18,602	0.39	25,190	0.68	-26.15	-0.29
Grate furnace power generation	4,071,321	84.84	3,296,750	89.14	23.49	-4.30
Operation revenue	560,251	11.68	259,051	7.00	116.27	4.68
Waste treatment by cement kilns	50,282	1.05	49,427	1.33	1.73	-0.28
Grate furnace power generation	509,969	10.63	209,624	5.67	143.28	4.96
Interest revenue	148,369	3.09	117,490	3.18	26.28	-0.09
Waste treatment by cement kilns	47,265	0.97	64,880	1.76	-27.15	-0.79
Grate furnace power generation	101,104	2.12	52,610	1.42	92.18	0.70
Total	4,798,543	100.00	3,698,481	100.00	29.74	-

During the Reporting Period, the revenue from waste incineration solutions segment during the construction period amounted to RMB4,089.92 million, representing a year-on-year increase of 23.12%, which was mainly due to the increase in the number of the Group's grate furnace power generation projects which are under construction, such as projects in Shahe, Jiuquan, Tongchuan and Wuwei. The operation revenue from waste incineration solutions segment amounted to RMB560.25 million, representing a year-on-year increase of 116.27%, which was mainly due to the commencement of operation of new projects in Xianyang, Fuquan, Xishui, Huoshan and Yang County.

Revenue by geographical locations

Item	2020		2019		Change in amount (%)	Change in Percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Mainland China	6,532,368	98.91	4,985,598	97.37	31.02	1.54
Asia-Pacific (except Mainland China)	70,816	1.07	134,502	2.63	-47.35	-1.56
South America	1,389	0.02	-	-	-	0.02
North America	-	-	18	-	-	-
Africa	-	-	163	-	-	-
Total	<u>6,604,573</u>	<u>100.00</u>	<u>5,120,281</u>	<u>100.00</u>	<u>28.99</u>	<u>-</u>

During the Reporting Period, the Group's revenue derived from Mainland China market recorded a year-on-year increase of 31.02%, with its proportion in total revenue increased by 1.54 percentage points year-on-year, which was mainly due to the increase in the number of projects commencing operation and projects under construction and the sustained growth in revenue from the principal activities. The revenue derived from Asia-Pacific (except Mainland China) market amounted to RMB70.82 million, representing a year-on-year decrease of 47.35%, with its proportion in total revenue decreased by 1.56 percentage points year-on-year, which was mainly due to the delays in work progress of overseas project and late delivery of orders for energy saving equipment of the Group, leading to the decrease in the revenue.

Gross profit and gross profit margin

Item	2020		2019		Change in amount (%)	Change in percentage (percentage points)
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)		
Solid waste solutions	768,234	66.80	541,521	73.36	41.87	-6.56
Waste incineration solutions	1,180,314	24.60	963,135	26.04	22.55	-1.44
Energy saving equipment	77,818	24.60	96,360	26.64	-19.24	-2.04
New building materials	29,208	23.67	17,802	17.08	64.07	6.59
Port logistics	134,897	62.41	132,813	61.00	1.57	1.41
Total	2,190,471	33.17	1,751,631	34.21	25.05	-1.04

During the Reporting Period, the consolidated gross profit margin of the Group's products was 33.17%, representing a year-on-year decrease of 1.04 percentage points. With a breakdown by segments:

- (i) The gross profit margin for solid waste solutions was 66.80%, representing a year-on-year decrease of 6.56 percentage points, which was mainly caused by increased proportion of general solid waste, intensified market competition and lower prices in northwest and eastern regions. Among which, the gross profit margin for hazardous waste was 70.21%, representing a year-on-year decrease of 6.47 percentage points; the gross profit margin for general solid waste was 58.41%, representing a year-on-year increase of 0.59 percentage points.
- (ii) The gross profit margin for waste incineration solutions was 24.60%, representing a year-on-year decrease of 1.44 percentage points. Among which, gross profit margin for operating period was 73.34%, representing a year-on-year increase of 7.49 percentage points, which was attributable to strengthened management of operational quality and enhanced on-grid electricity generated by each tonne of waste; gross profit margin for construction period was 16.15%, representing a year-on-year decrease of 5.38 percentage points, which was mainly due to an increase in material procurement costs, leading to a decrease in gross profit margin of equipment.
- (iii) The gross profit margin for energy saving equipment was 24.60%, representing a year-on-year decrease of 2.04 percentage points. The gross profit margin for new building materials was 23.67%, representing a year-on-year increase of 6.59 percentage point, which was mainly attributable to the thorough development of building materials market and higher sales prices, resulting in an increase in gross profit margin.
- (iv) The gross profit margin for port logistics was 62.41%, representing a year-on-year increase of 1.41 percentage point.

Other income

During the Reporting Period, the Group's other income amounted to RMB241.17 million, representing a year-on-year increase of RMB41.98 million, or 21.08%, which was mainly due to the year-on-year increase in government subsidies received by the Group.

Distribution costs

During the Reporting Period, the Group's distribution costs amounted to RMB136.99 million, representing a year-on-year increase of RMB47.37 million, or 52.86%, which was mainly due to the proactive effort of the Group in market expansion and increase in number of projects commencing operation, resulting in the increase in distribution costs.

Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB394.95 million, representing a year-on-year increase of RMB117.06 million, or 42.12%, which was mainly due to an increase in employees' remuneration and an increase in the number of operating companies.

Finance costs

During the Reporting Period, the Group's finance costs amounted to RMB234.42 million, representing a year-on-year increase of RMB56.73 million, or 31.93%, which was mainly due to the new bank loans raised by the Group, resulting in the increase in finance costs.

Profit before taxation

During the Reporting Period, the Group's profit before taxation amounted to RMB8,052.72 million, representing a year-on-year increase of RMB638.94 million, or 8.62%, which was mainly due to the increase in the share of profits of associates and net profits from principal businesses. Share of profits of associates amounted to RMB6,387.44 million, representing a year-on-year increase of 6.31%, and profit before taxation from principal businesses amounted to RMB1,665.28 million, representing a year-on-year increase of 18.47%.

FINANCIAL POSITION

As at 31 December 2020, the Group's total assets amounted to RMB54,327.57 million, representing an increase of RMB12,156.01 million as compared to the end of the previous year. The equity attributable to equity shareholders of the Company amounted to RMB38,564.99 million, representing an increase of RMB6,712.03 million as compared to the end of the previous year. Gearing ratio of the Group (total liabilities/total assets) was 26.41%, representing an increase of 4.10 percentage points as compared to the end of the previous year. The balance sheet items of the Group are as follows:

Item	31 December 2020 (RMB'000)	31 December 2019 (RMB'000)	Change between the end of the Reporting Period and the end of the previous year (%)
Property, plant and equipment	3,714,696	2,443,912	52.00
Non-current assets	47,921,606	36,706,956	30.55
Current assets	6,405,966	5,464,605	17.23
Current liabilities	5,687,738	3,878,313	46.65
Non-current liabilities	8,662,655	5,530,852	56.62
Net current assets	718,228	1,586,292	-54.72
Equity attributable to equity shareholders of the Company	38,564,985	31,852,952	21.07
Total assets	54,327,572	42,171,561	28.83
Total liabilities	14,350,393	9,409,165	52.52

Non-current assets and current assets

As at 31 December 2020, non-current assets of the Group amounted to RMB47,921.61 million, representing an increase of 30.55% as compared to the end of the previous year, which was mainly due to the increase in property, plant and equipment and intangible assets. Current assets of the Group amounted to RMB6,405.97 million, representing an increase of 17.23% as compared to the end of the previous year, which was mainly due to the increase in trade and other receivables.

Non-current liabilities and current liabilities

As at 31 December 2020, non-current liabilities of the Group amounted to RMB8,662.66 million, representing an increase of 56.62% as compared to the end of the previous year, which was mainly due to the new long-term loans raised by the Group during the Reporting Period.

Current liabilities of the Group amounted to RMB5,687.74 million, representing an increase of 46.65% as compared to the end of the previous year, which was mainly due to the increase in projects under construction of the Group and the year-on-year increase in trade and other payables.

As at 31 December 2020, current ratio (calculated by dividing total amount of current assets by current liabilities) and debt-to-equity ratio (calculated by dividing total amount of loans by total equity) of the Group were 1.13 and 0.16, respectively, as compared to 1.41 and 0.08, respectively, as at the end of the previous year.

Net current assets

As at 31 December 2020, net current assets of the Group amounted to RMB718.23 million, representing a decrease of RMB868.06 million as compared to the end of the previous year, which was mainly due to the increase in trade and other payables of the Group.

Equity attributable to equity shareholders of the Company

As at 31 December 2020, the Group's equity attributable to equity shareholders of the Company amounted to RMB38,564.99 million, representing an increase of 21.07% as compared to the end of the previous year, which was mainly due to increases in net profit from principal businesses attributable to the equity shareholders and share of interests in associates 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 2020, the Group's cash and cash equivalents amounted to RMB3,350.54 million, which were mainly denominated in RMB, Hong Kong dollars and US dollars.

Bank loans

Item	31 December 2020 (RMB'000)	31 December 2019 (RMB'000)
Due within one year	1,282,264	664,700
Due after one year but within two years	1,223,516	816,737
Due after two years but within five years	2,192,600	732,090
Due after five years	1,708,342	369,710
Total	<u>6,406,722</u>	<u>2,583,237</u>

As at 31 December 2020, the balance of bank loans of the Group amounted to RMB6,406.72 million, representing an increase of RMB3,823.49 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 2020, the Group's bank loans were denominated in RMB, and most of the loan interests were subject to variable interest rate.

Cash flows

Item	2020 (RMB'000)	2019 (RMB'000)
Net cash generated from operating activities	715,084	365,359
Net cash used in investing activities	-3,124,103	-514,118
Net cash generated from financing activities	2,849,706	385,648
Net increase in cash and cash equivalents	440,687	236,889
Effect of foreign exchange rate changes	-52,348	51,466
Cash and cash equivalents at the beginning of the year	2,962,200	2,673,845
Cash and cash equivalents at the end of the year	<u>3,350,539</u>	<u>2,962,200</u>

Net cash generated from operating activities

During the Reporting Period, net cash generated from operating activities of the Group amounted to RMB715.08 million, representing a year-on-year increase of RMB349.73 million, which was mainly due to an increase in the number of operating projects of solid waste solutions and waste incineration solutions.

Net cash used in investing activities

During the Reporting Period, net cash used in investing activities of the Group amounted to RMB3,124.10 million, representing a year-on-year increase of RMB2,609.99 million, which was mainly due to the increase in investments in projects under construction and the year-on-year decrease in bank deposits with maturity over three months.

Net cash generated from financing activities

During the Reporting Period, net cash generated from financing activities of the Group amounted to RMB2,849.71 million, representing a year-on-year increase of RMB2,464.06 million, which was mainly due to the increase in proceeds from bank loans.

COMMITMENTS

As at 31 December 2020, 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	31 December 2020 (RMB'000)	31 December 2019 (RMB'000)
Contracted for	2,868,376	1,976,373
Authorized but not contracted for	3,585,630	2,345,775
Total	6,454,006	4,322,148

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 2020, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

As at 31 December 2020, right-of-use assets with carrying amount of RMB9.48 million were pledged as collaterals for certain bank loans.

MATERIAL INVESTMENTS, ACQUISITIONS OR DISPOSALS

On 8 June 2020, the Group acquired 70% of the equity interest in Bangda Environmental in Yulin, Shaanxi Province for a total consideration of RMB216,020,000 to develop new business in hazardous waste and solid waste treatment.

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

CONVERTIBLE BONDS

On 5 September 2018, China Conch Venture Holdings International Limited (中國海創控股國際有限公司) (“**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**”). As at 31 December 2020, out of the Net Proceeds, the Company had accumulatively used approximately RMB3,376.40 million and all the Net Proceeds raised have been utilized according to the intended use as disclosed previously. During the Reporting Period, the Company had further utilized the Net Proceeds of approximately RMB635.30 million in the manners set out in the table below.

Intended use of the unutilized Net Proceeds as disclosed in the annual report for the year ended 31 December 2019 issued by the Company previously	Actual use of the Net Proceeds during the Reporting period	Intended use of the unutilized Net Proceeds	Note
(i) Approximately RMB222.00 million is intended to be utilized for investing in two to three solid waste treatment projects in the PRC for the year ended 31 December 2020, so as to coordinate with the actual development and progress of solid waste treatment projects in the same year.	Approximately RMB222.00 million was utilized for the purpose of development of solid waste treatment projects in Anhui Province, Hunan Province, etc. in the PRC during the Reporting Period.	N/A	There was no material change or delay in the intended use of the Net Proceeds previously disclosed.
(ii) Approximately RMB413.30 million is intended to be utilized for investing in one to two grate furnace power generation projects in the PRC for the year ended 31 December 2020, so as to coordinate with the actual development and progress of grate furnace power generation projects in the same year.	Approximately RMB413.30 million was utilized for development of grate furnace power generation projects in Anhui Province, Yunnan Province, Shaanxi Province, etc. in the PRC during the Reporting Period.	N/A	There was no material change or delay in the intended use of the Net Proceeds previously disclosed.
(iii) No Net Proceeds is intended to be utilized for general corporate purpose.	No Net Proceeds was utilized for general corporate purpose during the Reporting Period.	N/A	There was no material change or delay in the intended use of the Net Proceeds previously disclosed.

During the Reporting Period, the holders of the Bonds did not exercise any conversion rights, and no redemption of any amounts of the Bonds has been made by Conch Venture BVI.

HUMAN RESOURCES

The Group is constantly exploring ways to optimise its management model based on its strategic development needs, while at the same time offering competitive remuneration packages and a wide range of training programmes which are in line with its management practices to its employees. During the Reporting Period, the Group optimized and adjusted its established remuneration system and established a new model that adapts to the Group's regionalized management, with particular emphasis on the salary assessment and incentive management of middle and senior management staff, to establish a top-to-bottom vertical management system to give full play to the incentive and restraining effect of the remuneration mechanism of the Group. In addition, the Group has implemented regionalised management based on the actual geographical and operational condition of the project companies, which has facilitated the integration of the human resources of the Group and further enhanced the management effectiveness and efficiency of project companies. The Group endeavours to build a diversified and professional training system by organising the declaration and assessment of middle and senior technical titles in the engineering division, training in professional knowledge and business skills, as well as organizing safety qualification examinations, and arranging for middle and senior management staff to receive off-the-job training, so as to strongly promote professional training and skills enhancement and build up a professional and multi-level talent management team to secure manpower for the Group's promising future development.

As at 31 December 2020, the Group had 5,459 employees. The remuneration of employees is determined by 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 2020, the total remuneration of employees (including the remuneration of the Directors) was approximately RMB462.31 million (2019: RMB306.58 million).

FUTURE PLAN AND OUTLOOK

The year 2021 is the in-between year for the Group's five-year development plan and an important stage in the development of the environmental protection business. With the vision of the PRC of achieving peak carbon dioxide emissions and carbon neutrality, the pace of accelerating the comprehensive deepening of reform and the development of the energy conservation and environmental protection industry will be continued. The Group will closely keep up with the national strategy, consolidate the market position of its existing businesses with competitive edges, focus on value creation and promote a new stage of higher-quality development. The Group will focus its efforts in the following areas:

Explore new technologies and cultivate new competitive advantages for the Group's development

The Group will firstly aim at the development of new technologies, new techniques and new equipment for the domestic solid and hazardous waste treatment industry, and strengthen exchanges and cooperation with domestic universities and research institutes in order to leverage the complementary strengths of one another and jointly enhance the level of research and development. The second is to carry out analysis of capacity enhancement and operation of the collaborative solid and hazardous waste treatment by cement kilns to formulate effective measures and means. Last but not least, the Group will continue to step up efforts to investigate technologies for sludge treatment and collaborative municipal waste treatment and conversion of solid waste by cement kilns, and explore the advancement and application of new technologies.

Focus on new areas of the environmental protection business and consolidate new momentum for development

For the solid waste treatment business, firstly, the Group will fully utilize the resources of our cooperation partners, and take new technologies such as fly ash treatment via water washing, oil-bearing sludge treatment, soil remediation and terminal treatment as entry points to identify suitable projects, deepen cooperation in the environmental protection field and cultivate new profit growth drivers. The second is to accelerate the cooperation with the cement industry on collaborative treatment projects and continue to keep track of projects in provinces of strategic importance such as Guangdong Province, Jiangsu Province and Shandong Province. The third is to make full use of the advantages of the integrated development of the Conch system to achieve full coverage of the collaborative treatment by cement kilns of Conch and expand the market layout.

For the municipal waste treatment business, firstly, the Group will increase its efforts in tracking projects and strive to secure more quality projects. The second is to adopt an international vision and make use of its environmental technology features and competitive cost advantage to accelerate the cultivation of overseas waste power generation markets such as Southeast Asia. The third is to explore the extension of business in resource utilization, such as steam supply, gas-fired power generation and sludge power generation, in order to continue to broaden the Group's business development landscape.

Strive to open up markets and optimize technical transformation measures to ensure further improvement in operational quality

For the solid waste treatment business, firstly, the Group will strengthen the development of primary market and actively expand the channels for input of solid and hazardous waste; secondly, optimize technical transformation measures to ensure stable kiln conditions while enhancing treatment volume and improving operational quality and economic benefits; thirdly, rationally allocate treatment capacity and resources in different regions, coordinate regional market prices and promote the transfer of hazardous waste across provinces in unexplored markets to maximize efficiency.

For the domestic waste treatment business, firstly, the Group will intensify benchmarking management, address shortcomings and enhance quality and efficiency; secondly, plan ahead for the source of waste for newly-commissioned projects, and to develop multiple channels for input of general waste to ensure sufficient waste volume; thirdly, introduce innovative sales strategies, coordinate the distribution of waste volume among different regions and improve operational efficiency.

Keep up with the development trend and achieve further improvement in profitability for new building materials and port logistics businesses

For the new building materials business, the Group will give top priority on increasing the sales volume and market share of panels, and focus on improving production efficiency. At the same time, the Group will conduct benchmarking management and strictly control the costs so as to facilitate the growth of its advantageous products.

For the port logistics business, the Group will take the initiative to drive forward green technology transformation and intensify market development of regional sources of cargo. At the same time, the Group will strengthen its efforts in intellectualized transformation and build an information management system to improve the operational efficiency of equipment.

FINAL DIVIDENDS

At the Board meeting held on 29 March 2021, the Directors proposed to declare a final cash dividend of HK\$0.7 per share for the year ended 31 December 2020. The proposed final dividend is subject to the approval of shareholders at the forthcoming annual general meeting (“AGM”). Final dividend is expected to be paid on 15 July 2021.

ANNUAL GENERAL MEETING

The 2021 AGM of the Company will be held on Friday, 25 June 2021. 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 2020 (“**2020 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, 18 June 2021 to Friday, 25 June 2021, 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, 17 June 2021.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 5 July 2021 to Thursday, 8 July 2021, 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 Friday, 2 July 2021.

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 Rules (“**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) 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.

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 of the Listing Rules. Having made specific enquiries by the Company, except Mr. Li Daming (details are set out in the section headed “Deviation from Rules A.3(a)(ii) and B.8 of the Model Code” below), all the Directors confirmed that they have complied with the Model Code and the Securities Dealing Code during the Reporting Period.

Deviation from Rules A.3(a)(ii) and B.8 of the Model Code

On 12 August 2020, the Company was informed by Mr. Li Daming that on 12 August 2020, Mr. Li Daming first became aware of the following transactions (“**Transactions**”) that had taken place and had been made by his spouse (“**Ms. Zhang**”) (without consulting or informing Mr. Li Daming prior to such Transactions):

- (1) on 24 July 2020, Ms. Zhang caused 88,000 shares in the Company to be purchased through a securities account maintained under Mr. Li Daming’s name on the open market;
- (2) on 24 July 2020, Ms. Zhang purchased 8,500 shares in the Company through a securities account maintained under her own name on the open market; and
- (3) on 10 August 2020 (during the blackout period), Ms. Zhang purchased 1,500 shares in the Company through the said securities account on the open market.

Approvals or acknowledgments from the chairman of the Board (“**Chairman**”) were not obtained prior to the execution of the Transactions. The Company through its legal adviser promptly informed the Stock Exchange of the Transactions and related matters. The Company confirmed that both Mr. Li Daming and Ms. Zhang were not in possession of any inside information in relation to the Company when the Transactions took place. On 2 September 2020, the Stock Exchange issued a guidance letter to Mr. Li Daming indicating that the Stock Exchange did not propose to take any further action on this occasion and reminding Mr. Li Daming of the relevant requirements under the Model Code.

Mr. Li Daming has taken the following remedial measures to ensure his compliance with the Securities Dealing Code/Model Code in the future:

- (1) explained and reminded Ms. Zhang of their obligations in connection with the Model Code/Securities Dealing Code, and circulated to her the training materials and the Insider Dealing Warning and the Securities Dealing Code;
- (2) requested Ms. Zhang to seek Mr. Li Daming’s prior agreement and formal written approval from the Company before dealing in shares of the Company in the future; and
- (3) undertook to continue to participate in training sessions in relation to requirements and restrictions under the Model Code and other relevant rules and regulations with respect to securities dealings by listed companies’ directors.

The Company has taken the following remedial actions to improve its internal control system to ensure compliance of the Model Code by the Company and the Directors and prevent similar incidents in the future:

- (1) through an email sent on 12 August 2020, reminding all Directors of their obligations in relation to dealings in securities as set out in the Securities Dealing Code;
- (2) recommending all the Directors to circulate the training materials and the Insider Dealing Warning and the Securities Dealing Code regarding securities dealings by the Directors, which include the relevant requirements and prohibitions that are applicable to their spouses;
- (3) circulating the template of a notification letter which would be required to be submitted by the Director at least 5 working days before any proposed dealing of the securities of the Company. Any dealing by the Director (or his close associates) can only proceed after receiving the written approval or acknowledgement from the Chairman; and
- (4) engaged its legal adviser, Chiu & Partners, to organize a training session on 22 December 2020 for all the Directors and senior management of the Company, which put emphasis on, among other topics, the requirements under the Insider Dealing Warning and the Securities Dealing Code.

REVIEW OF ANNUAL RESULTS

The annual results of the Group for the year ended 31 December 2020 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 2020 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 of Directors
China Conch Venture Holdings Limited
中國海螺創業控股有限公司
GUO Jingbin
Chairman

China, 29 March 2021

As at the date of this announcement, the Board comprises Mr. GUO Jingbin (Chairman), Mr. JI Qinying (Chief Executive Officer), Mr. LI Jian and Mr. LI Daming as executive Directors; Mr. CHANG Zhangli as non-executive Director; 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*