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)**

# ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

## HIGHLIGHTS

- Revenue of the Group for the six months ended 30 June 2018 amounted to approximately RMB1,019.89 million, representing a decrease of 2.03% as compared with the corresponding period of the previous year.

- Net profit attributable to equity shareholders of the Group for the six months ended 30 June 2018 amounted to approximately RMB2,530.32 million, representing an increase of 75.54% as compared with the corresponding period of the previous year; and net profit of the Group's principal activities attributable to equity shareholders of the Group (excluding share of profit of an associate) amounted to approximately RMB288.58 million, representing an increase of 18.40% as compared with the corresponding period of the previous year.

- Basic earnings per share for the six months ended 30 June 2018 amounted to RMB1.40.

- The Board of the Company has resolved not to declare any interim dividend for the six months ended 30 June 2018.

The board of directors (the "**Board**") of China Conch Venture Holdings Limited (the "**Company**") hereby presents the unaudited results of the Company and its subsidiaries (the "**Group**") for the six months ended 30 June 2018 (the "**Reporting Period**"), together with comparative unaudited financial data for the corresponding period in 2017.

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2018 have been approved by the Board and reviewed by the audit committee of the Board (the "**Audit Committee**").

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS**
*For the six months ended 30 June 2018 — unaudited*
*(Expressed in Renminbi Yuan)*

| | | Six months ended 30 June | |
|---|---|---|---|
| | | **2018** | 2017 |
| | *Note* | ***RMB'000*** | *RMB'000* |
| **Revenue** | *3* | **1,019,888** | 1,040,977 |
| Cost of sales | | **(590,008)** | (652,262) |
| **Gross profit** | | **429,880** | 388,715 |
| Other income | *4* | **66,032** | 106,166 |
| Distribution costs | | **(23,356)** | (19,345) |
| Administrative expenses | | **(66,174)** | (64,837) |
| **Profit from operations** | | **406,382** | 410,699 |
| Finance costs | *5(a)* | **(12,275)** | (12,633) |
| Share of profit of an associate | *8* | **2,241,738** | 1,197,706 |
| **Profit before taxation** | *5* | **2,635,845** | 1,595,772 |
| Income tax | *6* | **(63,066)** | (79,767) |
| **Profit for the period** | | **2,572,779** | 1,516,005 |
| **Attributable to:** | | | |
| Equity shareholders of the Company | | **2,530,320** | 1,441,449 |
| Non-controlling interests | | **42,459** | 74,556 |
| **Profit for the period** | | **2,572,779** | 1,516,005 |
| **Earnings per share** | | | |
| Basic and diluted (RMB) | *7* | **1.40** | 0.80 |

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

*For the six months ended 30 June 2018 — unaudited*
*(Expressed in Renminbi Yuan)*

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***RMB'000*** | *RMB'000* |
| | | *(Note)* |
| **Profit for the period** | **2,572,779** | 1,516,005 |
| **Other comprehensive income for the period (after tax and reclassification adjustments)** | | |
| Items that will not be reclassified to profit or loss: | | |
| Share of changes of reserves of an associate, net of tax | **(8,070)** | – |
| Items that may be reclassified subsequently to profit or loss: | | |
| Share of changes of reserves of an associate, net of tax | **(4,943)** | (53,240) |
| **Other comprehensive income for the period** | **(13,013)** | (53,240) |
| **Total comprehensive income for the period** | **2,559,766** | 1,462,765 |
| **Attributable to:** | | |
| Equity shareholders of the Company | **2,517,307** | 1,388,209 |
| Non-controlling interests | **42,459** | 74,556 |
| **Total comprehensive income for the period** | **2,559,766** | 1,462,765 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**
*At 30 June 2018- unaudited*
*(Expressed in Renminbi Yuan)*

| | Note | At 30 June 2018 RMB'000 | At 31 December 2017 RMB'000 (Note) |
|---|---|---|---|
| **Non-current assets** | | | |
| Property, plant and equipment | | **1,503,755** | 1,281,802 |
| Lease prepayments | | **228,533** | 207,254 |
| Intangible assets | | **970,887** | 704,408 |
| Interest in an associate | *8* | **18,475,696** | 16,240,675 |
| Non-current portion of service concession financial assets | *9* | **1,962,810** | – |
| Non-current portion of trade and other receivables | *10* | **242,900** | 2,059,087 |
| Deferred tax assets | | **55,482** | 58,635 |
| | | **23,440,063** | 20,551,861 |
| **Current assets** | | | |
| Inventories | | **171,245** | 128,193 |
| Service concession financial assets | *9* | **14,048** | – |
| Trade and other receivables | *10* | **994,664** | 993,343 |
| Restricted bank deposits | | **6,031** | 20,075 |
| Bank deposits with maturity over three months | | **68,201** | 25,000 |
| Cash and cash equivalents | | **1,236,647** | 1,457,745 |
| | | **2,490,836** | 2,624,356 |
| **Current liabilities** | | | |
| Loans and borrowings | | **191,300** | 482,300 |
| Trade and other payables | *11* | **1,349,391** | 1,403,973 |
| Dividends payable to equity shareholders of the Company | *12* | **771,576** | – |
| Contract liabilities | | **13,888** | – |
| Income tax payables | | **34,973** | 34,129 |
| | | **2,361,128** | 1,920,402 |
| **Net current assets** | | **129,708** | 703,954 |
| **Total assets less current liabilities** | | **23,569,771** | 21,255,815 |

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)**
*At 30 June 2018 — unaudited*
*(Expressed in Renminbi Yuan)*

| | *Note* | **At 30 June 2018** *RMB'000* | At 31 December 2017 *RMB'000* *(Note)* |
|---|---|---|---|
| **Non-current liabilities** | | | |
| Loans and borrowings | | **611,350** | 44,500 |
| **Net assets** | | **22,958,421** | 21,211,315 |
| **Capital and reserves** | | | |
| Share capital | | **14,347** | 14,347 |
| Reserves | | **22,309,135** | 20,563,404 |
| **Equity attributable to equity shareholders of the Company** | | **22,323,482** | 20,577,751 |
| **Non-controlling interests** | | **634,939** | 633,564 |
| **Total equity** | | **22,958,421** | 21,211,315 |

*Note:* The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

# NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

*(Expressed in Renminbi Yuan unless otherwise indicated)*

## 1 BASIS OF PREPARATION

These unaudited consolidated financial statements of China Conch Venture Holdings Limited (the "**Company**") and its subsidiaries (the "**Group**") have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("**IAS**") 34 "Interim Financial Reporting" adopted by the International Accounting Standards Board ("**IASB**"). It was authorised for issuance on 24 August 2018.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any changes in accounting policies are set out in note 2.

The preparation of interim financial report is in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("**IFRSs**").

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company.

## 2 CHANGES IN ACCOUNTING POLICIES

### (a) Overview

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements:

- IFRIC 22, *Foreign currency transactions and advance consideration*
- IFRS 9, *Financial instruments*
- IFRS 15, *Revenue from contracts with customers*

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

IFRIC 22 does not have a material effect on how the Group's results and financial position for the current or prior period have been prepared or presented in this interim financial report.

The Group has not been impacted by IFRS 9 in relation to the classification of financial assets and financial liabilities and measurement of credit losses, but has been impacted by IFRS 15 in relation to presentation of service concession financial assets and contract liabilities. Details of the changes in accounting policies are discussed in note 2(b) for IFRS 9 and note 2(c) for IFRS 15.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of IFRS 9 and IFRS 15 as an adjustment to the opening balance of financial position at 1 January 2018. Comparative information is not restated.

**(b) IFRS 9, Financial instruments**

IFRS 9 replaces IAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

***(i) Classification of financial assets and financial liabilities***

IFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income ("**FVOCI**") and at fair value through profit or loss ("**FVPL**"). These supersede IAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The measurement categories for all financial assets and financial liabilities of the Group remain the same under IFRS 9. The carrying amounts for all financial assets and financial liabilities as at 1 January 2018 have not been impacted by the initial application of IFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

***(ii) Credit losses***

IFRS 9 replaces the "incurred loss" model in IAS 39 with the expected credit loss ("**ECL**") model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the "incurred loss" accounting model in IAS 39.

The Group applies the new ECL model to the following items:

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

— service concession financial assets (see note 9).

*Measurement of ECLs*

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

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

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

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

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

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

ECLs are measured on either of the following bases:

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

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

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

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

*Significant increases in credit risk*

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

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

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

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

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

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

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

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss.

*Write-off policy*

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

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

*Opening balance adjustment*

As a result of this change in accounting policy, there are no additional ECLs recognised at 1 January 2018 due to an immaterial impact.

**(c) IFRS 15, Revenue from contracts with customers**

IFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. IFRS 15 replaces IAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specified the accounting for construction contracts.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

*(i) Timing of revenue recognition*

Previously, revenue from sale of goods was recognised at a point in time when risks and rewards of ownership of the goods had passes to the customers, and revenue arising from services was recognised when the relevant service is rendered without further performance obligations.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. IFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

a. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;

b. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

c. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of IFRS 15 does not have a significant impact on when and how the Group recognises revenue.

*(ii) Presentation of service concession financial assets and contract liabilities*

To reflect these changes in presentation, the Group has made the following reclassification adjustments at 1 January 2018, as a result of the adoption of IFRS 15:

a. "Gross amounts due from customers for construction contract work" amounting to RMB1,855,822,000, which were previously included in non-current portion of trade and other receivables are now reclassified to non-current portion of service concession financial assets, which includes both contract assets as defined under IFRS 15 and receivables.

b. "Gross amounts due from customers for construction contract work" amounting to RMB14,026,000, which were previously included in trade and other receivables are now included under service concession financial assets.

c. "Receipts in advance" amounting to RMB12,837,000, which were previously included in trade and other payables are now included under contract liabilities.

*(iii) Other impacts*

The Group's assessment is that the impact of IFRS 15 in other areas including customer rights of return, principle vs agent arrangements, customer financing, warranty and incremental costs for contracts is not significant as either the respective volume of transactions are not material or the new standard has not led to a change in accounting treatment.

## 3 REVENUE AND SEGMENT REPORTING

### (a) Revenue

The principal activities of the Group are provisions of energy preservation and environmental protection solutions, port logistics services, the manufacturing and sales of new building materials and investments.

The amount of each significant category of revenue is as follows:

| | **Six months ended 30 June** | |
|---|---|---|
| | **2018** | 2017 |
| | ***RMB'000*** | *RMB'000* |
| **Energy preservation and environmental protection solutions** | | |
| Energy saving equipment | **199,090** | 317,596 |
| Waste incineration solutions (i) | **523,466** | 567,974 |
| Solid waste solutions | **145,833** | 49,551 |
| Subtotal | **868,389** | 935,121 |
| **Port logistics services** | **102,823** | 74,967 |
| **Sale of new building materials** | **48,676** | 30,889 |
| **Total** | **1,019,888** | 1,040,977 |

(i) Revenue of waste incineration solutions under Build-Operate-Transfer ("**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 period is as follows:

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***RMB'000*** | *RMB'000* |
| Revenue from waste incineration project construction services | **407,318** | 509,277 |
| Revenue from waste incineration project operation services | **66,752** | 24,536 |
| Finance income | **49,396** | 34,161 |
| Total | **523,466** | 567,974 |

**(b) Segment reporting**

*(i)* 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 reportable segments.

The measure used for reporting segment profit 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 periods ended 30 June 2018 and 2017 is set out below:

| | **Six months ended 30 June 2018 (Unaudited)** | | | | | |
|---|---|---|---|---|---|---|
| | **Energy preservation and environmental protection solutions** | **Port logistics services** | **New building materials** | **Investments** | **Unallocated** | **Total** |
| | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* | *RMB'000* |
| **Disaggregated by timing of revenue recognition** | | | | | | |
| **Point in time** | **440,864** | **102,823** | **48,676** | **–** | **–** | **592,363** |
| **Over time** | **427,525** | **–** | **–** | **–** | **–** | **427,525** |
| **Reportable segment revenue** | **868,389** | **102,823** | **48,676** | **–** | **–** | **1,019,888** |
| **Reportable segment profit/(loss) before taxation** | **350,938** | **50,393** | **(6,078)** | **2,241,738** | **(1,146)** | **2,635,845** |
| **Interest income** | **20,376** | **62** | **374** | **–** | **524** | **21,336** |
| **Interest expenses** | **11,200** | **1,075** | **–** | **–** | **–** | **12,275** |
| **Depreciation and amortisation** | **23,111** | **21,477** | **7,326** | **–** | **–** | **51,914** |
| **Reversal of impairment losses on trade receivables** | **(19,353)** | **–** | **–** | **–** | **–** | **(19,353)** |
| **Reportable segment assets** | **6,264,047** | **498,767** | **655,727** | **18,475,696** | **36,662** | **25,930,899** |
| **Reportable segment liabilities** | **2,060,868** | **88,187** | **51,447** | **–** | **771,976** | **2,972,478** |

| | Six months ended 30 June 2017 (Unaudited) | | | | | |
|---|---|---|---|---|---|---|
| | Energy preservation and environmental protection solutions *RMB'000* | Port logistics services *RMB'000* | New building materials *RMB'000* | Investments *RMB'000* | Unallocated *RMB'000* | Total *RMB'000* |
| Reportable segment revenue | | | | | | |
| Point in time | 421,329 | 74,967 | 30,889 | – | – | 527,185 |
| Over time | 513,792 | – | – | – | – | 513,692 |
| Reportable segment revenue | 935,121 | 74,967 | 30,889 | – | – | 1,040,977 |
| Reportable segment profit/(loss) before taxation | 380,767 | 25,230 | (7,455) | 1,197,706 | (476) | 1,595,772 |
| Interest income | 28,824 | 152 | 3,555 | – | 215 | 32,746 |
| Interest expenses | 10,917 | 1,716 | – | – | – | 12,633 |
| Depreciation and amortisation | 11,949 | 21,336 | 7,599 | – | – | 40,884 |
| Reversal of impairment losses on trade receivables | (12,151) | – | – | – | – | (12,151) |

| | Year ended 31 December 2017 | | | | | |
|---|---|---|---|---|---|---|
| | Energy preservation and environmental protection solutions *RMB'000* | Port logistics services *RMB'000* | New building materials *RMB'000* | Investments *RMB'000* | Unallocated *RMB'000* | Total *RMB'000* |
| Reportable segment assets | 5,718,958 | 510,957 | 668,364 | 16,240,675 | 37,263 | 23,176,217 |
| Reportable segment liabilities | 1,830,694 | 81,083 | 53,039 | – | 86 | 1,964,902 |

*(ii) Geographic information*

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

| | **Six months ended 30 June** | |
|---|---|---|
| | **2018** *RMB'000* | 2017 *RMB'000* |
| **Revenue** | | |
| Mainland China | **906,877** | 848,021 |
| Asia (except Mainland China) | **112,141** | 192,089 |
| Africa | **–** | 867 |
| North America | **870** | – |
| | **1,019,888** | 1,040,977 |

During the period, the Group's property, plant and equipment, lease prepayments, intangible assets, interest in an associate and other non-current assets ("**specified non-current assets**") are all located in Mainland China. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of lease prepayments, property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interest in an associate.

## 4 OTHER INCOME

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***RMB'000*** | *RMB'000* |
| Interest income | **21,336** | 32,746 |
| Government grants | **47,891** | 72,551 |
| Net loss on disposal of property, plant and equipment | **(47)** | – |
| Exchange (loss)/gain | **(3,148)** | 869 |
| | **66,032** | 106,166 |

## 5 PROFIT BEFORE TAXATION

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

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***RMB'000*** | *RMB'000* |
| **(a) Finance costs:** | | |
| Interest on loans and borrowings | **13,890** | 12,633 |
| Less: interest expense capitalised into construction in progress and intangible assets | **(1,615)** | – |
| | **12,275** | 12,633 |
| **(b) Other items:** | | |
| Depreciation | **42,489** | 36,799 |
| Amortisation of lease prepayments | **2,303** | 2,375 |
| Amortisation of intangible assets | **7,122** | 1,710 |
| Research and development costs | **4,425** | 6,447 |
| Reversal of losses on trade receivables | **(19,353)** | (12,151) |
| Staff costs | **73,814** | 57,725 |

## 6 INCOME TAX

| | Six months ended 30 June | |
|---|---|---|
| | **2018** | 2017 |
| | ***RMB'000*** | *RMB'000* |
| **Current tax:** | | |
| Provision for PRC income tax for the period | **59,913** | 76,250 |
| **Deferred tax:** | | |
| Origination and reversal of temporary differences | **3,153** | 3,517 |
| | **63,066** | 79,767 |

(a) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(b) No provision for Hong Kong Profits Tax was made for the subsidiary located in Hong Kong as this subsidiary did not have assessable profits subject to Hong Kong Profits Tax during the reporting periods. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

(c) The provision for PRC income tax is based on a statutory rate of 25% of the assessable income of the Company's mainland China subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC, 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. ("**YP Environment**") 玉屏海創環境科技有限責任公司 (iii) | 15% |
| Xishui Conch Venture Environment Engineering Co., Ltd. ("**XS Environment**") 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 Environment Engineering Co., Ltd. 保山海創環境工程有限責任公司 (iii) | 15% |
| Lingyun Conch Venture Environment Engineering Co., Ltd. 淩雲海創環境工程有限責任公司 (iii) | 15% |
| 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% |

(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 2017 to 2019.

(iii) Pursuant to Notice No.4 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. These companies have obtained approval from local tax authorities and are entitled to a preferential income tax rate of 15% in 2018.

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

## 7 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 for the six months ended 30 June 2018 of RMB2,530,320,000 (six months ended 30 June 2017: RMB1,441,449,000) and 1,804,750,000 (six months ended 30 June 2017: 1,804,750,000) ordinary shares in issue during the six months ended 30 June 2018.

### (b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding during the six months ended 30 June 2018 and 2017.

## 8 INTEREST IN AN ASSOCIATE

As at 30 June 2018, interest in an associate represented share of net assets of the associate Anhui Conch Holdings Co., Ltd. ("**Conch Holdings**"). For the six months period ended 30 June 2018, the Group recognised share of profit of an associate in the amount of RMB2,241,738,000 in the consolidated statement of profit or loss (six months ended 30 June 2017: RMB1,197,706,000).

## 9 SERVICE CONCESSION FINANCIAL ASSETS

| | **At 30 June 2018** *RMB'000* | At 1 January 2018 *RMB'000* | At 31 December 2017 *RMB'000* |
|---|---|---|---|
| Current | **14,048** | 14,026 | – |
| Non-current | **1,962,810** | 1,855,822 | – |
| | **1,976,858** | 1,869,848 | – |

The service concession financial assets bear interest at rates ranging from 6.01% to 9.41% (31 December 2017: 6.01% to 9.41%) per annum as at 30 June 2018 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 RMB1,976,858,000 (2017: RMB1,869,848,000), RMB617,718,000 (2017: RMB663,439,000) relates to BOT arrangements which are in construction phase and should be deemed as contract assets as defined under IFRS 15.

## 10 TRADE AND OTHER RECEIVABLES

| | At 30 June 2018 RMB'000 | At 31 December 2017 RMB'000 |
|---|---|---|
| Trade receivables | **661,427** | 596,434 |
| Bills receivable | **69,414** | 106,373 |
| Less: allowance for doubtful debts | **(61,320)** | (80,673) |
| Trade and bills receivables | **669,521** | 622,134 |
| Gross amounts due from customers for construction contract work *(note)* | **–** | 38,032 |
| Deposits and prepayments | **69,888** | 79,680 |
| Other receivables | **144,663** | 125,942 |
| Interest receivables | **3,163** | 6,694 |
| Amounts due from third parties | **887,235** | 872,482 |
| Amounts due from related parties | **107,429** | 120,861 |
| Current portion of trade and other receivables | **994,664** | 993,343 |
| Gross amounts due from customers for construction contract work *(note)* | **–** | 1,857,463 |
| Other receivables to be recovered after one year | **242,900** | 201,624 |
| Non-current portion of trade and other receivables | **242,900** | 2,059,087 |
| Total current and non-current trade and other receivables | **1,237,564** | 3,052,430 |

*Note:* Upon the adoption of IFRS 15, gross amount due from customers for construction contract work is included in service concession financial assets (see note 9) in relation to BOT arrangements (31 December 2017: RMB1,869,848,000). Gross amount due from customers for construction contract work other than BOT arrangements amounted to RMB Nil as at 30 June 2018 (31 December 2017: RMB25,647,000).

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

Except for other receivables to be recovered after one year, all of the trade and other receivables are expected to be recovered within one year.

The amounts due from related parties are unsecured, non-interest bearing and repayable on demand.

**Ageing analysis**

The ageing analysis of trade receivables and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

| | **At 30 June 2018** *RMB'000* | At 31 December 2017 *RMB'000* |
|---|---|---|
| Current | **603,890** | 561,677 |
| Less than 1 year past due | **44,058** | 34,492 |
| 1 to 2 years past due | **15,081** | 17,981 |
| 2 to 3 years past due | **6,492** | 7,984 |
| Total amount past due | **65,631** | 60,457 |
| | **669,521** | 622,134 |

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

## 11 TRADE AND OTHER PAYABLES

| | **At 30 June 2018** *RMB'000* | At 31 December 2017 *RMB'000* |
|---|---|---|
| Trade payables | **786,927** | 821,070 |
| Bills payable | **238,347** | 189,963 |
| | **1,025,274** | 1,011,033 |
| Receipts in advance *(note)* | **–** | 12,837 |
| Other payables and accruals | **219,205** | 315,037 |
| Amounts due to third parties | **1,244,479** | 1,338,907 |
| Dividends payable to non-controlling interests | **5,757** | – |
| Amounts due to related parties | **99,155** | 65,066 |
| Trade and other payables | **1,349,391** | 1,403,973 |

*Note:* As a result of the adoption of IFRS 15, receipts in advance are included in contract liabilities (see note 2(c)).

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

| | **At 30 June 2018** *RMB'000* | At 31 December 2017 *RMB'000* |
|---|---|---|
| Within 1 year | **991,805** | 942,235 |
| 1 year to 2 years | **22,550** | 48,580 |
| 2 years to 3 years | **9,859** | 16,350 |
| Over 3 years but within 5 years | **1,060** | 3,868 |
| | **1,025,274** | 1,011,033 |

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

## 12 DIVIDENDS

Dividend payable to equity shareholders attributable to the previous financial year, approved during the interim period:

| | **Six months ended 30 June** | |
|---|---|---|
| | **2018** *RMB'000* | 2017 *RMB'000* |
| Final dividend in respect of the previous financial year, approved during the interim period, of HKD0.5 per share (six months ended 30 June 2017: HKD0.3 per share) | **771,576** | 471,372 |

Pursuant to a resolution passed at the annual general meeting on 27 June 2018, a final dividend of HKD0.5 per share totaling HKD902,375,000 (equivalent to approximately RMB771,576,000) was approved (2017: RMB471,372,000), which was paid in July 2018.

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Overview

During the Reporting Period, the Group actively expanded the market of each business, increased investment in technological innovation and research and development as well as strengthened management and control system to achieve its business goals in the first half of the year. Our achievements mainly reflect in:

Firstly, we have 17 newly signed environmental protection projects, including 6 solid waste solutions projects, 10 grate furnace power generation projects and 1 foul water treatment project, which exceeded the annual target of contracted projects set at the beginning of the year. We also secured our first overseas grate furnace power generation project contract in Vietnam.

Secondly, 2 projects in solid waste solution segment were completed and put into operation with additional treatment capacity of 200,000 tonnes per year and a period-on-period increase in operating revenue of 194.31%, strongly supporting the growth of our principal business.

Thirdly, 2 grate furnace power generation projects in waste incineration solutions segment were completed and put into operation with additional treatment capacity of 240,000 tonnes per year and a significant growth in operating revenue from the projects on a period-on-period basis. Operational quality also further enhanced.

Fourthly, we successfully passed the certification of on-site inspection of the National Environmental and Occupational Health and Safety Management System, thereby establishing a scientific management system.

### Environmental Protection Business

As at the date of this announcement, the Group secured a total of 69 environmental protection projects in 16 provinces, municipalities and autonomous regions nationwide, which include 25 solid waste solutions projects, 25 grate furnace power generation projects, 17 projects of waste treatment by cement kilns and 2 foul water treatment projects. Also, the Group has completed 28 environmental protection projects, which include 8 solid waste solutions projects, 5 grate furnace power generation projects and 15 projects of waste treatment by cement kilns. Our annual treatment capacities of municipal waste and solid waste have reached 1,790,000 tonnes and 645,000 tonnes, respectively.

#### *Solid Waste Solutions*

Since 2018, the Group has newly secured 6 solid waste solutions projects in Liangping, Chongqing City, Tongchuan, Shaanxi Province, Qingzhen, Guizhou Province, Xianyang, Shaanxi Province, Linxiang, Hunan Province and Baoshan, Yunnan Province, respectively. After operating for more than half a year, Wuhu Conch Venture Environmental Protection Technology Co. Ltd. has steadily increased its treatment efficiency through technological improvement and successfully tapped into new markets. In the first half of 2018, projects under construction have proceeded on schedule. It is expected that, 4 projects in Suzhou, Anhui Province, Xingye, Guangxi Province, Wuhu (Phase 2) and Qianyang, Shaanxi Province, respectively, will be put into operation successively in the second half of 2018.

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

| No. | Status of Construction | Project Location | Percentage of Shareholdings | Annual treatment capacity | Expected Completion Date | Remarks |
|---|---|---|---|---|---|---|
| 1 | Completed | Lantian County, Shaanxi Province | Joint Venture | 90,000 tonnes | Completed in January 2015 | General solid waste |
| 2 | | Fuping County, Shaanxi Province | | 100,000 tonnes | Completed in April 2016 | Hazardous waste |
| 3 | | Qian County, Shaanxi Province | | 70,000 tonnes | Completed in April 2017 | 63,600 tonnes of hazardous waste |
| 4 | | Mian County, Shaanxi Province | | 45,000 tonnes | Completed in October 2017 | General solid waste |
| 5 | | Huaining County, Anhui Province | Wholly-owned | 70,000 tonnes | Completed in September 2017 | General solid waste |
| 6 | | Huaibei City, Anhui Province | | 70,000 tonnes | Completed in December 2017 | General solid waste |
| 7 | | Wuhu City, Anhui Province (Phase 1) | | 100,000 tonnes | Completed in December 2017 | 55,000 tonnes of hazardous waste |
| 8 | | Yiyang County, Jiangxi Province (Phase 1) | | 100,000 tonnes | Completed in May 2018 | 85,000 tonnes of hazardous waste |
| **Subtotal** | | | | **645,000 tonnes** | | |
| 9 | Under construction | Suzhou City, Anhui Province | Wholly-owned | 2×100,000 tonnes | Phase 1: August 2018 | To be constructed in two phases |
| 10 | | Xingye County, Guangxi Province | | 2×100,000 tonnes | Phase 1: August 2018 | |
| 11 | | Wuhu City, Anhui Province (Phase 2) | | 100,000 tonnes | October 2018 | |
| 12 | | Qianyang County, Shaanxi Province | Joint Venture | 100,000 tonnes | October 2018 | |
| 13 | | Yiyang County, Jiangxi Province (Phase 2) | Wholly-owned | 100,000 tonnes | March 2019 | |
| 14 | | Zhong County, Chongqing City | Joint Venture | 2×100,000 tonnes | Two Phases: March 2019 | |
| **Subtotal** | | | | **900,000 tonnes** | | |
| 15 | Approved and under planning | Guangyuan City, Sichuan Province | Wholly-owned | 100,000 tonnes | December 2018 | |
| 16 | | Wenshan City, Yunnan Province | | 2×100,000 tonnes | Phase 1: March 2019<br>Phase 2: June 2019 | To be constructed in two phases |
| 17 | | Shimen County, Hunan Province | | 100,000 tonnes | April 2019 | |
| 18 | | Sishui County, Shandong Province | | 100,000 tonnes | April 2019 | |
| 19 | | Qiyang County, Hunan Province | | 100,000 tonnes | May 2019 | |
| 20 | | Qingzhen City, Guizhou Province | Joint Venture | 100,000 tonnes | May 2019 | |
| 21 | | Tongchuan City, Shaanxi Province | | 100,000 tonnes | August 2019 | |
| 22 | | Xianyang City, Shaanxi Province | Wholly-owned | 300,000 tonnes | June 2019 | General solid waste |
| 23 | | Liangping District, Chongqing City | | 100,000 tonnes | / | |
| 24 | | Linxiang City, Hunan Province | | 100,000 tonnes | / | |
| 25 | | Baoshan City, Yunnan Province | | 100,000 tonnes | / | |
| **Subtotal** | | | | **1,400,000 tonnes** | | |
| **Total** | | | | **2,945,000 tonnes** | | |

During the Reporting Period, 54,400 tonnes of hazardous waste and 102,400 tonnes of general solid waste were treated in solid waste solutions business.

### *Grate Furnace Power Generation*

Since 2018, the Group's grate furnace power generation projects has achieved market expansion which exceeded our expectations with 10 newly secured projects in Shizhu, Chonqing City, Shucheng, Anhui Province, Xishui, Guizhou Province, Tongchuan, Shaanxi Province, Xianyang, Shaanxi Province, Fuquan, Guizhou Province, Linxiang, Hunan Province, Baoshan, Yunnan Province, Thai Nguyen, Vietnam and Manzhouli, Inner Mongolia Region, respectively. Among which, the annual treatment capacity of the large-scale project in Xianyang City, Shaanxi Province reached 1,000,000 tonnes, demonstrating the Group's outstanding comprehensive strength.

During the Reporting Period, projects which have commenced operation ran smoothly with significant growth in waste treatment volume and power generating capabilities; projects under construction also proceeded orderly. In the second half of 2018, it is expected that, 5 projects including those in Songming, Yunan Province, Shanggao, Jiangxi Province and Huoqiu (Phase 2) will be put into operation successively. Meanwhile, the Group also endeavored to promote overseas projects in Vietnam, Indonesia, Morocco and Thailand.

Details of grate furnace power generation projects are set out in the following table:

| No. | Status of Construction | Project Location | Business Model | Annual treatment capacity | Expected Completion Date | Remarks |
|---|---|---|---|---|---|---|
| 1 | Completed | Jinzhai County, Anhui Province | BOT | 100,000 tonnes | Completed in January 2016 | |
| 2 | | Tongren City, Guizhou Province | | 2×100,000 tonnes | Completed in July 2017 | |
| 3 | | Yanshan County, Yunnan Province | | 70,000 tonnes | Completed in August 2017 | |
| 4 | | Huoqiu County, Anhui Province (Phase 1) | | 140,000 tonnes | Completed in January 2018 | |
| 5 | | Li County, Hunan Province (Phase 1) | | 100,000 tonnes | Completed in April 2018 | |
| **Subtotal** | | | | **610,000 tonnes** | | |
| 6 | Under construction | Huoqiu County, Anhui Province (Phase 2) | BOT | 140,000 tonnes | October 2018 | |
| 7 | | Songming County, Yunan Province | | 100,000 tonnes | October 2018 | |
| 8 | | Shache County, Xinjiang Region | | 2×100,000 tonnes | Two Phases: December 2018 | |
| 9 | | Bole City, Xinjiang Region | | 100,000 tonnes | December 2018 | |
| 10 | | Shanggao County, Jiangxi Province | | 140,000 tonnes | December 2018 | |
| 11 | | Yiyang County, Jiangxi Province | | 2×100,000 tonnes | Phase 1: February 2019<br>Phase 2: August 2019 | To be constructed in two phases |
| 12 | | Sishui County, Shandong Province | | 140,000 tonnes | May 2019 | |
| 13 | | Yang County, Shaanxi Province | | 100,000 tonnes | July 2019 | |
| 14 | | Li County, Hunan Province (Phase 2) | | 140,000 tonnes | August 2019 | |
| **Subtotal** | | | | **1,260,000 tonnes** | | |
| 15 | Approved and under planning | Xishui County, Guizhou Province | BOT | 140,000 tonnes | September 2019 | |
| 16 | | Shizhu County, Chonqing City | | 100,000 tonnes | September 2019 | |
| 17 | | Shucheng County, Anhui Province | | 140,000 tonnes | October 2019 | |
| 18 | | Huoshan County, Anhui Province | | 140,000 tonnes | October 2019 | |
| 19 | | Tongchuan City, Shaanxi Province | | 180,000 tonnes | November 2019 | |
| 20 | | Fuquan City, Guizhou Province | | 100,000 tonnes | November 2019 | |
| 21 | | Xianyang City, Shaanxi Province | | 2×500,000 tonnes | January 2020 | To be constructed in two phases |
| 22 | | Linxiang City, Hunan Province | | 2×100,000 tonnes | / | |
| 23 | | Baoshan City, Yunnan Province | | 2×140,000 tonnes | / | |
| 24 | | Thai Nguyen, Vietnam | BOO *(Note 1)* | 180,000 tonnes | March 2020 | |
| 25 | | Manzhouli City, Inner Mongolia Region | | 140,000 tonnes | / | |
| **Subtotal** | | | | **2,600,000 tonnes** | | |
| **Total** | | | | **4,470,000 tonnes** | | |

*Note:*

1. Build-Own-Operate, a type of business arrangement used in the construction of a facility.

During the Reporting Period, grate furnace power generation business received 309,000 tonnes and treated 258,600 tonnes of municipal waste, realized on-grid power generation of 72,320,000 kWh.

***Waste Treatment By Cement Kilns***

As at the end of the Reporting Period, 15 projects were completed and put into operation; and 2 projects were under construction. The annual capacity of completed projects was approximately 1,180,000 tonnes. 364,700 tonnes of municipal waste were received during the Reporting Period.

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

| No. | Status of Construction | Project Location | Business Model | Annual Capacity | Remarks |
|---|---|---|---|---|---|
| 1 | Completed | Pingliang City, Gansu Province | BOT | 100,000 tonnes | |
| 2 | | Qingzhen City, Guizhou Province | | 100,000 tonnes | |
| 3 | | Yangchun City, Guangdong Province | | 70,000 tonnes | |
| 4 | | Yuping County, Guizhou Province | | 30,000 tonnes | A joint venture with China National Building Material Company Limited |
| 5 | | Xishui County, Guizhou Province | | 100,000 tonnes | |
| 6 | | Qiyang County, Hunan Province | | 100,000 tonnes | |
| 7 | | Shimen County, Hunan Province | | 70,000 tonnes | |
| 8 | | Shuicheng County, Guizhou Province | | 70,000 tonnes | |
| 9 | | Fusui County, Guangxi Region | | 70,000 tonnes | |
| 10 | | Shuangfeng County, Hunan Province | | 70,000 tonnes | |
| 11 | | Baoshan City, Yunnan Province | | 100,000 tonnes | |
| 12 | | Nanjiang County, Sichuan Province | | 70,000 tonnes | |
| 13 | | Lingyun County, Guangxi Region | | 30,000 tonnes | |
| 14 | | Ningguo City, Anhui Province | | 100,000 tonnes | |
| 15 | | Linxia Prefecture, Gansu Province | | 100,000 tonnes | |
| **Subtotal** | | | | **1,180,000 tonnes** | |
| 16 | Under construction | Xing'an County, Guangxi Region | BOT | 100,000 tonnes | Expected to be put into operation in August 2018 |
| 17 | | Yingjiang County, Yunnan Province | | 70,000 tonnes | Expected to be put into operation in March 2019 |
| **Subtotal** | | | | **170,000 tonnes** | |
| **Total** | | | | **1,350,000 tonnes** | |

**New Building Materials**

During the Reporting Period, the Group focused on increasing market shares and optimizing economic indicators and achieved steady growth in volume and price by diversifying channels, understanding markets and securing orders. The Group also reached high production, high quality and low consumption through resources sharing and benchmarking management. Meanwhile, the Group also achieved progressive breakthrough in foreign trade market by achieving its first batch of overseas container order and subsequent potential orders.

During the Reporting Period, the Group sold ACA boards with a total of 3.56 million square metres, representing a period-on-period increase of 34%, among which the accumulated sales of Anhui Conch Venture New Building Material Company was 2.11 million square metres, representing a period-on-period increase of 29%.

**Port logistics**

During the Reporting Period, port logistics closely focused on the annual target, actively explored the markets and seized high quality sources of supply, bringing a new high port throughput. The Group also strengthened the construction of internal control system, optimized cost indicators and maintained a stable growth in profitability, thereby making certain achievements in various aspects.

**Profits**

| **Item** | **January–June 2018 Amount** *(RMB'000)* | January–June 2017 Amount *(RMB'000)* | **Changes between the Reporting Period and the corresponding period of the previous year** *(%)* |
|---|---|---|---|
| Revenue | **1,019,888** | 1,040,977 | –2.03 |
| Profit before taxation | **2,635,845** | 1,595,772 | 65.18 |
| Share of profit of an associate | **2,241,738** | 1,197,706 | 87.17 |
| Profit before taxation from principal businesses | **394,107** | 398,066 | –0.99 |
| Net profit attributable to equity shareholders of the Company | **2,530,320** | 1,441,449 | 75.54 |
| Net profit from principal businesses attributable to equity shareholders of the Company | **288,582** | 243,743 | 18.40 |

During the Reporting Period, the Group recorded a revenue of RMB1,019.89 million, representing a period-on-period decrease of 2.03%. Profit before taxation amounted to RMB2,635.85 million, representing a period-on-period increase of 65.18%. Share of profit of an associate amounted to RMB2,241.74 million, representing a period-on-period increase of 87.17%. Profit before taxation from principal businesses amounted to RMB394.11 million, representing a period-on-period decrease of 0.99%. Net profit attributable to equity shareholders of the Company amounted to RMB2,530.32 million, representing a period-on-period increase of 75.54%, among which, net profit from principal businesses attributable to equity shareholders amounted to RMB288.58 million, representing a period-on-period increase of 18.40%. Basic earnings per share amounted to RMB1.40.

***Revenue by business segments***

| Item | **January–June 2018** | | January–June 2017 | | Change in amount | Change in percentage (percentage points) |
|---|---|---|---|---|---|---|
| | **Amount** | **Percentage** | Amount | Percentage | | |
| | ***(RMB'000)*** | *(%)* | *(RMB'000)* | *(%)* | *(%)* | |
| Solid waste solutions | **145,833** | **14.30** | 49,551 | 4.76 | 194.31 | 9.54 |
| Waste incineration solutions | **523,466** | **51.33** | 567,974 | 54.56 | –7.84 | –3.23 |
| Energy saving equipment | **199,090** | **19.52** | 317,596 | 30.51 | –37.31 | –10.99 |
| New building materials | **48,676** | **4.77** | 30,889 | 2.97 | 57.58 | 1.80 |
| Port logistics | **102,823** | **10.08** | 74,967 | 7.20 | 37.16 | 2.88 |
| **Total** | **1,019,888** | **100.00** | 1,040,977 | 100.00 | –2.03 | – |

During the Reporting Period, the revenue from solid waste solutions, new building materials and port logistics maintained a rapid growth, whereas the revenue from energy saving equipment and waste incineration solutions recorded a period-on-period decrease. With a breakdown by segments:

(i) The revenue from solid waste solutions amounted to RMB145.83 million, representing a period-on-period increase of 194.31%, which was mainly due to the newly commencement of operation of the Group's projects in Wuhu and Yiyang, which led to the growth in revenue.

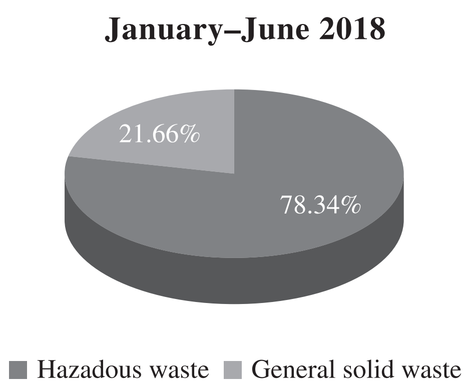
(ii) The revenue from waste incineration solutions amounted to RMB523.47 million, representing a period-on-period decrease of 7.84%, which was mainly due to the reduction of waste treatment by cement kilns projects under construction of the Group during the Reporting Period, which led to the decrease in construction revenue.

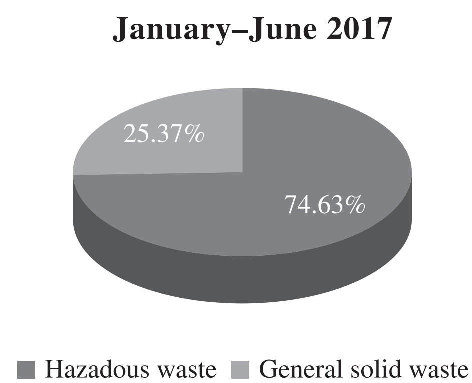
(iii) The revenue from energy saving equipment amounted to RMB199.09 million, representing a period-on-period decrease of 37.31%, which was mainly affected by the decrease in market demand, the reduction of orders from energy saving equipment, and delay in construction progress of certain projects.

(iv) The revenue from new building materials recorded a period-on-period increase of 57.58%, which was mainly due to the Group's increased efforts in marketing and in-depth industry collaboration leading to increase in both volume and prices, among which the sales of ACA boards was 3.56 million square metres, representing period-on-period increase of 34%; sales and prices both increased by 18% as compared with the corresponding period of the previous year.

(v) The revenue from port logistics recorded a period-on-period increase of 37.16%, which was mainly due to the fact that the Group actively developed logistics market, leading to a period-on-period increase of throughput and handling prices, among which throughput amounted to 17.38 million tonnes, representing a period-on-period increase of 27%.

*Breakdown of revenue from solid waste solutions*




During the Reporting Period, the Group's disposal of hazardous waste reached a revenue amounted to RMB114.24 million, representing a period-on-period increase of 208.95%. The revenue from treatment of general solid waste amounted to RMB31.59 million, representing a period-on-period increase of 151.26%.

*Breakdown of revenue from waste incineration solutions*

| Revenue breakdown | January–June 2018 Amount (RMB'000) | Percentage (%) | January–June 2017 Amount (RMB'000) | Percentage (%) | Change in amount (%) | Change in percentage (percentage points) |
|---|---|---|---|---|---|---|
| **Construction revenue** | **407,318** | **77.81** | 509,277 | 89.67 | –20.02 | –11.86 |
| Waste treatment by cement kilns | **37,080** | **7.08** | 99,669 | 17.55 | –62.80 | –10.47 |
| Grate furnace power generation | **370,238** | **70.73** | 409,608 | 72.12 | –9.61 | –1.39 |
| **Operation revenue** | **66,752** | **12.75** | 24,536 | 4.32 | 172.06 | 8.43 |
| Waste treatment by cement kilns | **20,890** | **3.99** | 16,876 | 2.97 | 23.79 | 1.02 |
| Grate furnace power generation | **45,862** | **8.76** | 7,660 | 1.35 | 498.72 | 7.41 |
| **Interest revenue** | **49,396** | **9.44** | 34,161 | 6.01 | 44.60 | 3.43 |
| Waste treatment by cement kilns | **34,101** | **6.52** | 31,170 | 5.49 | 9.40 | 1.02 |
| Grate furnace power generation | **15,295** | **2.92** | 2,991 | 0.52 | 411.37 | 2.41 |
| **Total** | **523,466** | **100.00** | 567,974 | 100.00 | –7.84 | – |

During the Reporting Period, the revenue from waste incineration solutions segment during the construction period amounted to RMB407.32 million, representing a period-on-period decrease of 20.02%, which was mainly due to a period-on-period decrease in the number of waste treatment by cement kilns projects under construction, and grate furnace power generation projects under approval resulting in delay of certain projects. The operation revenue from waste incineration solutions segment amounted to RMB66.75 million, representing a period-on-period increase of 172.06%, which was mainly due to new projects in Yanshan, Tongren, Huoqiu and Li County were put into operations as compared with the corresponding period of the previous year.

***Revenue by geographical locations***

| Item | January–June 2018 Amount (RMB'000) | Percentage (%) | January–June 2017 Amount (RMB'000) | Percentage (%) | Change in amount (%) | Change in percentage (percentage points) |
|---|---|---|---|---|---|---|
| China | **906,877** | **88.91** | 848,021 | 81.46 | 6.94 | 7.45 |
| Asia (excluding China) | **112,141** | **11.00** | 192,089 | 18.46 | –41.62 | –7.46 |
| Africa | **–** | **–** | 867 | 0.08 | – | –0.08 |
| North America | **870** | **0.09** | – | – | – | 0.09 |
| **Total** | **1,019,888** | **100.00** | 1,040,977 | 100.00 | –2.03 | – |

During the Reporting Period, the Group's revenue from the China market recorded a period-on-period increase of 6.94%, with its proportion in total revenue increased by 7.45 percentage points period-on-period, which was mainly affected by the Group's rapid development of domestic solid waste solution business. The revenue derived from Asia (excluding China) market amounted to RMB112.14 million, representing a period-on-period decrease of 41.62%, with its proportion in total revenue decreased by 7.46 percentage points period-on-period, which was mainly due to period-on-period decrease in number of energy saving equipment orders from overseas market and the delay in construction progress of certain projects which affected the revenue recognition.

***Gross profit and gross profit margin***

| Item | **January–June 2018** | | January–June 2017 | | Change in amount | Change in percentage (percentage points) |
|---|---|---|---|---|---|---|
| | **Amount** | **Percentage** | Amount | Percentage | | |
| | ***(RMB'000)*** | ***(%)*** | *(RMB'000)* | *(%)* | *(%)* | |
| Solid waste solutions | **118,948** | **81.56** | 37,665 | 76.01 | 215.81 | 5.55 |
| Waste incineration solutions | **194,124** | **37.08** | 215,972 | 38.02 | –10.12 | –0.94 |
| Energy saving equipment | **47,277** | **23.75** | 99,519 | 31.33 | –52.49 | –7.58 |
| New building materials | **8,762** | **18.00** | –2,633 | –8.52 | N/A | 26.52 |
| Port logistics | **60,769** | **59.10** | 38,192 | 50.95 | 59.11 | 8.15 |
| **Total** | **429,880** | **42.15** | 388,715 | 37.34 | 10.59 | 4.81 |

During the Reporting Period, the consolidated gross profit margin of the Group's products was 42.15%, representing a period-on-period increase of 4.81 percentage points. With a breakdown by segments:

(i) the gross profit margin for solid waste solutions was 81.56%, representing a period-on-period increase of 5.55 percentage points, mainly due to the Group's solid waste projects in Wuhu and Yiyang commenced operation successively which seized the market opportunities to increase the treatment prices.

(ii) The gross profit margin for waste incineration solutions was 37.08%, representing a period-on-period decrease of 0.94 percentage points.

(iii) The gross profit margin for energy saving equipment was 23.75%, representing a period-on-period decrease of 7.58 percentage points, which was mainly due to a decline market demand and an increase in raw materials prices, resulting in a decrease of gross profit margin.

(iv) The gross profit margin for new building materials was 18.00%, representing a period-on-period increase of 26.52 percentage points, which was mainly due to the fact that the Group actively expanded the sheet materials market, leading to an increase of sales and prices.

(v) The gross profit margin for port logistics was 59.10%, representing a period-on-period increase of 8.15 percentage points, which was mainly due to the fact that the Group actively expanded its markets, enhanced both the prices and volume with period-on-period increase of 27% in port throughput and lowered its fixed costs.

*Revenue and share of profit*

| Item | January–June 2018 Amount (RMB'000) | January–June 2018 Percentage (%) | January–June 2017 Amount (RMB'000) | January–June 2017 Percentage (%) | Change in amount (%) | Change in percentage (percentage points) |
|---|---|---|---|---|---|---|
| **Revenue** | **1,019,888** | **100.00** | 1,040,977 | 100.00 | –2.03 | – |
| Other customers | **862,389** | **84.56** | 762,040 | 73.20 | 12.13 | 11.36 |
| Conch Cement | **157,499** | **15.44** | 278,937 | 26.80 | –40.70 | –11.36 |
| **Profit for the period** | **2,572,779** | **100.00** | 1,516,005 | 100.00 | 69.46 | – |
| Share of profit of an associate | **2,241,738** | **87.13** | 1,197,706 | 79.00 | 87.17 | 8.13 |
| Profit attributable to operations | **331,041** | **12.87** | 318,299 | 21.00 | 2.83 | –8.13 |

During the Reporting Period, the Group's revenue from Conch Cement amounted to RMB157.50 million, accounted for 15.44% of total revenue, representing a period-on-period decrease of 11.36 percentage points. Share of profit of an associate amounted to RMB2,241.74 million, accounted for 87.13% of total revenue, representing a period-on-period increase of 8.13 percentage points, which was mainly due to the growth in profit in an associate, Conch Holdings.

*Other income*

During the Reporting Period, the Group's other income amounted to RMB66.03 million, representing a period-on-period decrease of RMB40.13 million, or 37.80%, which was mainly due to the period-on-period decrease in government grants and interest income received by the Group.

*Distribution costs*

During the Reporting Period, the Group's distribution costs amounted to RMB23.36 million, representing a period-on-period increase of RMB4.01 million, or 20.73%, which was mainly due to the Group's active market development resulting in an increase in distribution costs.

*Administrative expenses*

During the Reporting Period, the Group's administrative expenses amounted to RMB66.17 million, representing a period-on-period increase in RMB1.34 million, or 2.06%, which was mainly due to increase in the number of employees resulting in an increase in employee remuneration.

*Finance costs*

During the Reporting Period, the Group's finance costs amounted to RMB12.28 million, representing a period-on-period decrease of RMB0.36 million, which remained stable as compared with the corresponding period of the previous year.

*Profit before taxation*

During the Reporting Period, the Group's profit before taxation amounted to RMB2,635.85 million, representing a period-on-period increase of RMB1,040.07 million, or 65.18%, which was mainly due to the increase in net profits from Conch Holdings, an associate of the Group. Share of profit of an associate amounted to RMB2,241.74 million, representing a period-on-period increase of 87.17%, and profit before taxation from principal businesses amounted to RMB394.11 million, representing a period-on-period decrease of 0.99%, mainly due to the decrease in profit from energy saving equipment.

**Financial Position**

As at 30 June 2018, the Group's total assets amounted to RMB25,930.90 million, representing an increase of RMB2,754.68 million as compared to the end of the previous year. The equity attributable to equity shareholders of the Company amounted to RMB22,323.48 million, representing an increase of RMB1,745.73 million as compared to the end of the previous year. Gearing ratio of the Group (total liabilities/total assets) was 11.46%, representing an increase of 2.98 percentage point as compared to the end of the previous year. The balance sheet items of the Group are as follows:

| Item | **As at 30 June 2018** *(RMB'000)* | As at 31 December 2017 *(RMB'000)* | Change between the end of the Reporting Period and the end of the previous year *(%)* |
|---|---|---|---|
| Property, plant and equipment | **1,503,755** | 1,281,802 | 17.32 |
| Non-current assets | **23,440,063** | 20,551,861 | 14.05 |
| Current assets | **2,490,836** | 2,624,356 | –5.09 |
| Current liabilities | **2,361,128** | 1,920,402 | 22.95 |
| Non-current liabilities | **611,350** | 44,500 | 1,273.82 |
| Net current assets | **129,708** | 703,954 | –81.57 |
| Equity attributable to equity shareholders of the Company | **22,323,482** | 20,577,751 | 8.48 |
| **Total assets** | **25,930,899** | 23,176,217 | 11.89 |
| **Total liabilities** | **2,972,478** | 1,964,902 | 51.28 |

*Non-current assets and current assets*

As at 30 June 2018, non-current assets of the Group amounted to RMB23,440.06 million, representing an increase of 14.05% as compared to the end of the previous year, which was mainly due to the increase in interests in an associate, intangible assets, property, plant and equipment.

Current assets of the Group amounted to RMB2,490.84 million, representing a decrease of 5.09% as compared to the end of the previous year, which was mainly due to the increase in the Group's construction investments in environmental protection projects, which caused a decrease in balance of cash and cash equivalents during the Reporting Period.

***Non-current liabilities and current liabilities***

As at 30 June 2018, non-current liabilities of the Group amounted to RMB611.35 million, representing an increase of 1,273.82% as compared to the end of the previous year, which was mainly due to new long-term loan of the Group during the Reporting Period.

Current liabilities of the Group amounted to RMB2,361.13 million, representing an increase of 22.95% as compared to the end of the previous year, which was mainly due to the Group's provision for outstanding dividend payable in 2017.

As at 30 June 2018, current ratio and debt to equity ratio (calculated by dividing total amount of loans by total equity) of the Group were 1.05 and 0.03, respectively, as compared to 1.37 and 0.02, respectively, as at the end of the previous year.

***Net current assets***

As at 30 June 2018, net current assets of the Group amounted to RMB129.71 million, representing a decrease of 81.57% as compared to the end of the previous year, which was mainly due to an increase in the Group's construction investments in environmental protection projects, which caused a decrease in the balance of cash and cash equivalents, and provision for outstanding dividend payable in 2017, which led to a decrease in net current assets.

***Equity attributable to equity shareholders of the Company***

As at 30 June 2018, the Group's equity attributable to equity shareholders of the Company amounted to RMB22,323.48 million, representing an increase of 8.48% as compared to the end of the previous year, which was mainly due to an increase in the Group's interests in an associate and net profit from principal businesses attributable to the equity shareholders.

**Liquidity and Capital Resources**

During the Reporting Period, the Group took full advantage of the capital size, enhanced returns of the stock funds through enhancing capital planning and management and reasonable allocation of project funds, so as to satisfy the Company's capital needs. As at 30 June 2018, the Group's cash and cash equivalents amounted to RMB1,236.65 million, which were mainly denominated in RMB, Hong Kong dollars and US dollars.

*Bank loans*

| Item | As at 30 June 2018 (RMB'000) | As at 31 December 2017 (RMB'000) |
|---|---|---|
| Due within one year | **191,300** | 482,300 |
| Due after one year but within two years | **98,300** | 6,300 |
| Due after two years but within five years | **421,420** | 16,400 |
| Due after five years | **91,630** | 21,800 |
| **Total** | **802,650** | 526,800 |

As at 30 June 2018, the balance of bank loans of the Group amounted to RMB802.65 million, representing an increase of RMB275.85 million as compared to the end of the previous year, which was mainly due to new bank loans raised by the Group during the Reporting Period. As at 30 June 2018, the Group's bank loans were denominated in RMB, and most of the loan interests were subject to variable interest rates.

*Cash flows*

The analysis of cash flows during the Reporting Period is as follows:

| Item | January–June 2018 (RMB'000) | January–June 2017 (RMB'000) |
|---|---|---|
| Net cash generated from operating activities | **136,011** | 18,886 |
| Net cash used in investing activities | **–583,834** | –78,291 |
| Net cash generated from/(used in) financing activities | **226,725** | –86,785 |
| Net decrease in cash and cash equivalents | **–221,098** | –146,190 |
| Cash and cash equivalents at the beginning of the period | **1,457,745** | 2,165,640 |
| Cash and cash equivalents at the end of the period | **1,236,647** | 2,019,450 |

*Net cash generated from operating activities*

During the Reporting Period, net cash generated from operating activities of the Group amounted to RMB136.01 million, representing an increase of RMB117.13 million as compared with the corresponding period of the previous year, which was mainly due to increase in inflows of operational cash from the solid waste solutions, port logistics businesses and increase in collection of trade receivables from energy saving equipment business.

*Net cash used in investing activities*

During the Reporting Period, net cash used in investing activities of the Group amounted to RMB583.83 million, representing a period-on-period increase of RMB505.54 million, which was mainly due to the increase in the Group's investments in property, plant, equipment and intangible assets.

*Net cash generated from financing activities*

During the Reporting Period, net cash generated from financing activities of the Group amounted to RMB226.73 million, representing a period-on-period increase of RMB313.51 million, which was mainly due to the new bank loans raised by the Group.

**Commitments**

As at 30 June 2018, the Group's commitments for purchases in connection with construction contracts were as follows:

| **Item** | **As at 30 June 2018** *(RMB'000)* | As at 31 December 2017 *(RMB'000)* |
|---|---|---|
| Contracted for | **1,606,510** | 2,411,975 |
| Authorized but not contracted for | **589,400** | 253,389 |
| **Total** | **2,195,910** | 2,665,364 |

**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.

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

**Contingent Liabilities**

As at 30 June 2018, the Group did not have any material contingent liabilities.

**Pledge of Assets**

As at 30 June 2018, the Group did not have any pledged assets.

**Material Investments, Acquisitions or Disposals**

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

**Human Resources**

The Group has always highly valued the human resources management by providing its employees with competitive remuneration packages and various training programs. During the Reporting Period, the Group organised professional and technical seminars, trainings relating to basic knowledge of grate furnace technology, disposal of solid and hazardous waste, special types of work and financial literacy. In addition, the Group has also continued to strengthen its team building through means such as internal training, social and campus recruitment.

As at 30 June 2018, the Group had approximately 2,303 employees. The remuneration of employees is based on qualifications, experience, work performance and market conditions. As required by the PRC regulations on social insurance, the Group participated in the social insurance schemes operated by local government authorities which include pension insurance, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance. For the six months ended 30 June 2018, the total remuneration of employees (including the remuneration of the directors) was approximately RMB73.81 million (for the corresponding period of 2017: RMB57.73 million).

The Company adopted a share option scheme ("**Share Option Scheme**") pursuant to a resolution in writing passed by all shareholders on 3 December 2013 for the purpose of granting options to certain participants as incentives or rewards for their contributions to the Group. Since the listing of the Group, no share option had been granted under the Share Option Scheme.

**Outlook for the Second Half of the Year**

Certain changes and characteristics can be noted from the abovementioned financial indicators:

Firstly, during the Reporting Period, the operation revenue of solid waste solution segment showed significant increase in growth rate as Wuhu and Yiyang projects commenced operation on schedule; solid waste solution business will be the top priority of the Group's development. In the second half of the year, 4 projects including those in Suzhou, Anhui Province, Xingye, Guangxi Province, Wuhu (Phase 2) and Qianyang, Shaanxi Province will commence operation successively. By then, our annual capacity scale will reach 1,150,000 tonnes, which would serve as solid support to our business growth.

Secondly, despite operation revenue of waste incineration solutions recorded a decrease in the first half of the year, in the second half of the year, 6 projects in Shizhu, Xishui, Shucheng, Huoshan, Tonggchuan and Fuchuan would commenced construction whereas 5 projects in Songming, Yunan Province, Shanggao, Jiangxi Province, Huoqiu (Phase 2) and Shache and Bole, Xinjiang Province, would entered into middle or late construction stages and planned to commence operation at the end of the year, revenue of waste treatment segment will further increase by that time.

In 2018, the Group enters into a new era of development and opportunities. In the second half of the year, the Group will continue to grasp the opportunity arising from China's enormous effort of promoting green development and actively explore the domestic and international markets of three major businesses, namely environmental protection, energy saving equipment and new building materials as well as enhance its operation level and internal control, thereby driving rapid development of environmental protection business with full strength, facilitating transformation and upgrading of energy saving equipment business and safeguarding a stable development of new building materials and port logistics businesses to strive for steady growth in operating results of principal businesses.

Firstly, the Group drives rapid development of environmental protection business with full strength. It is expected that the Group will accelerate its strategic distribution of solid waste solution projects in Guangdong, Jiangsu, Shandong, Henan and Hebei provinces and continue to proceed with the follow-up work of large-scale grate furnace power generation projects in the second half of the year. Further, the Group will overcome the obstacles and difficulties by accelerating the progress of the projects in Thai Nguyen and Bac Lieu, Vietnam with an aim to commence these projects during the year and following up the projects in Morocco, Indonesia and Thailand in order to expand operations in overseas markets. The Group will continue optimizing its management to enhance operating efficiency. For solid waste treatment business, the Group will further improve its regional distribution on the basis that its projects commence as scheduled. The Group will also enter domestic market and increase its scale and type of hazardous waste disposal in order to achieve the full use of resources. For grate furnace power generation business, the Group continues to focus on breakthroughs of waste treatment volume and on-grid electricity converted by waste per tonne, optimize various economic and technical indicators and put in great efforts to enhance the project's economic benefits.

Secondly, the Group facilitates transformation and upgrading of energy saving equipment business. To fulfill the needs of rapid development of environmental protection business, the Group continues to conduct research and development and production of waste incineration design and equipment. The Group also shifts its focus to overseas market expansion by leveraging on comprehensive advantages of existing equipment manufacturing base and experiences in engineering construction management so as to strengthen its energy saving equipment manufacturing and speed up the transformation and development of energy saving equipment business.

Thirdly, the Group safeguards a stable development of new building materials and port logistics businesses. For new building materials, the Group targets to be the "leading benchmark enterprise in the industry" with the core value of cost effectiveness and market orientation, strives for achieving profitability during the year by increasing its sales and market shares, reducing cost, enhancing efficiency and seeking development. For port logistics, the Group will grasp the opportunity arising from strategic development in "Yangtze River Economic Belt", obtain a strong competitive position in the region and endeavour to enhance its overall market shares and profitability. The Group will also continue to improve port environment, diversify its port development and build a typical port image with refined and standardized management.

## INTERIM DIVIDEND

The Board of the Company resolved not to declare any interim dividend for the six months ended 30 June 2018.

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board confirmed that the Company complied with the principles and code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") during the Reporting Period.

## 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 (the "**Model Code**") set out in Appendix 10 to the Listing Rules. Having made specific enquiries by the Company, all directors of the Company confirmed that they complied with the Model Code and the Securities Dealing Code during the Reporting Period.

## REPURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

## REVIEW OF THE INTERIM RESULTS

The Audit Committee of the Company comprising three independent non-executive directors, namely Mr. Chan Chi On (alias Derek Chan), being the chairman of the Audit Committee, Mr. Chan Kai Wing and Mr. Lau Chi Wah, Alex, has reviewed the unaudited interim results of the Group for the six months ended 30 June 2018. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

## PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT

This results announcement is available on the website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the website of the Company (http://www.conchventure.com). The interim report of the Company for the six months ended 30 June 2018 will be despatched to the shareholders of the Company and published on the above websites in due course.

For and 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, 24 August 2018

*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; and Mr. CHAN Chi On (alias Derek CHAN), Mr. CHAN Kai Wing and Mr. LAU Chi Wah, Alex as independent non-executive Directors.*