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 2019

HIGHLIGHTS

- Revenue of the Group for the six months ended 30 June 2019 amounted to approximately RMB2,103.34 million, representing an increase of 106.23% 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 2019 amounted to approximately RMB3,140.61 million, representing an increase of 24.12% as compared with the corresponding period of the previous year; and net profit of the principal activities attributable to equity shareholders of the Group (excluding share of profit of an associate) amounted to approximately RMB428.99 million, representing an increase of 48.65% as compared with the corresponding period of the previous year.

- Basic earnings per share for the six months ended 30 June 2019 amounted to RMB1.74.

- The Board of the Company has resolved not to declare any interim dividend for the six months ended 30 June 2019.

The board of directors (the "**Board**") of China Conch Venture Holdings Limited (the "**Company**") hereby presents the unaudited results of operation and financial position for the six months ended 30 June 2019 (the "**Reporting Period**") of the Company and its subsidiaries (the "**Group**").

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2019 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 2019 — unaudited
(Expressed in Renminbi Yuan)

		Six months ended 30 June	
		2019	2018
	Note	***RMB'000***	*RMB'000*
			(Note)
Revenue	*3*	**2,103,338**	1,019,888
Cost of sales		**(1,393,838)**	(590,008)
Gross profit		**709,500**	429,880
Other income	*4*	**113,844**	66,032
Distribution costs		**(40,472)**	(23,356)
Administrative expenses		**(106,837)**	(66,174)
Profit from operations		**676,035**	406,382
Finance costs	*5(a)*	**(85,861)**	(12,275)
Share of profit of an associate	*8*	**2,711,623**	2,241,738
Profit before taxation	*5*	**3,301,797**	2,635,845
Income tax	*6*	**(109,210)**	(63,066)
Profit for the period		**3,192,587**	2,572,779
Attributable to:			
— Equity shareholders of the Company		**3,140,610**	2,530,320
— Non-controlling interests		**51,977**	42,459
Profit for the period		**3,192,587**	2,572,779
Earnings per share			
— Basic (RMB)	*7*	**1.74**	1.40
— Diluted (RMB)		**1.68**	1.40

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2019 — unaudited
(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
		(Note)
Profit for the period	**3,192,587**	2,572,779
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that will not be reclassified to profit or loss:		
Share of other comprehensive income of an associate, net of tax	**1,701**	(8,070)
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of an associate, net of tax	**–**	(4,943)
Exchange differences on translation of financial statements of overseas subsidiaries	**(871)**	–
Other comprehensive income for the period	**830**	(13,013)
Total comprehensive income for the period	**3,193,417**	2,559,766
Attributable to:		
Equity shareholders of the Company	**3,141,440**	2,517,307
Non-controlling interests	**51,977**	42,459
Total comprehensive income for the period	**3,193,417**	2,559,766

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2019 — unaudited
(Expressed in Renminbi Yuan)

	Note	**At 30 June 2019** *RMB'000*	At 31 December 2018 *RMB'000* *(Note)*
Non-current assets			
Property, plant and equipment		**2,020,064**	1,725,038
Right-of-use assets	*2(b)*	**314,199**	–
Lease prepayments	*2*	**–**	271,354
Intangible assets		**2,688,497**	1,604,173
Interest in an associate	*8*	**23,504,102**	20,782,760
Other financial assets		**102,000**	–
Non-current portion of service concession assets	*9*	**2,626,026**	2,374,146
Non-current portion of trade and other receivables	*10*	**493,212**	334,334
Deferred tax assets		**53,435**	54,001
		31,801,535	27,145,806
Current assets			
Inventories		**193,242**	162,721
Service concession assets	*9*	**18,312**	15,940
Trade and other receivables	*10*	**1,214,729**	1,101,069
Restricted bank deposits		**20,620**	12,613
Bank deposits with maturity over three months		**1,696,731**	2,104,308
Cash and cash equivalents		**2,809,668**	2,673,845
		5,953,302	6,070,496
Current liabilities			
Bank loans		**334,800**	71,800
Trade and other payables	*11*	**2,348,456**	1,974,026
Contract liabilities		**41,256**	14,177
Lease liabilities	*2(c)*	**2,901**	–
Dividends payable to equity shareholders of the company	*12*	**873,698**	–
Income tax payables		**113,989**	111,306
		3,715,100	2,171,309
Net current assets		**2,238,202**	3,899,187
Total assets less current liabilities		**34,039,737**	31,044,993

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)
At 30 June 2019 — unaudited
(Expressed in Renminbi Yuan)

	Note	**At 30 June 2019** ***RMB'000***	At 31 December 2018 *RMB'000* *(Note)*
Non-current liabilities			
Bank loans		**1,767,587**	1,195,700
Convertible bonds		**3,452,906**	3,383,432
Lease liabilities	*2(c)*	**4,533**	–
		5,225,026	4,579,132
Net assets		**28,814,711**	26,465,861
Capital and reserves			
Share capital		**14,347**	14,347
Reserves		**28,006,212**	25,738,470
Equity attributable to equity shareholders of the Company		**28,020,559**	25,752,817
Non-controlling interests		**794,152**	713,044
Total equity		**28,814,711**	26,465,861

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, 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 26 August 2019.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 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 2018 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

The IASB has issued a new IFRS, IFRS 16, Leases, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

Except for IFRS 16, Leases, 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 interim financial report. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

IFRS 16, *Leases*

IFRS 16 replaces IAS 17, Leases, and the related interpretations, IFRIC 4, Determining whether an arrangement contains a lease, SIC 15, Operating leases — incentives, and SIC 27, Evaluating the substance of transactions involving the legal form of a lease. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("**short-term leases**") and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

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

(a) Changes in the accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(ii) Lessee accounting

The Group's leasing activities as a lessee primarily relate to leasing of land and offices for use.

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to right-of-use assets.

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

When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. For the Group, low-value assets are typically leased apartment for employees. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

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

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

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

(b) Transitional impact

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.75%.

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019; and

(ii) when measuring the lease liabilities at the date of initial application of IFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment).

The following table reconciles the operating lease commitments as disclosed in the 2018 annual financial statements to the opening balance for lease liabilities recognised as at 1 January 2019:

	1 January 2019 *RMB'000*
Operating lease commitments at 31 December 2018	**14,474**
Less: commitments relating to leases exempt from capitalisation:	
— short-term leases and other leases with remaining lease term ending on or before 31 December 2019	**(4,748)**
	9,726
Less: total future interest expenses	**(875)**
Present value of remaining lease payments, discounted using the incremental borrowing rate and total lease liabilities recognised at 1 January 2019	**8,851**

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities. The lease prepayments which represent cost of land use rights in respect of land located in the PRC with lease period of 40–50 years and previously separately disclosed in the 2018 statement of financial position are included in the "Right-of-use assets", and separately presented in the consolidated statement of financial position upon adoption of IFRS 16.

So far as the impact of the adoption of IFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of IFRS 16 as the Group does not have finance leases.

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018	**Adjustment**	**Carrying amount at 1 January 2019**
	RMB'000	*RMB'000*	*RMB'000*
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:			
Right-of-use assets	–	280,205	280,205
Lease prepayments	271,354	(271,354)	–
Non-current assets	**27,145,806**	**8,851**	**27,154,657**
Lease liabilities (current)	–	3,107	3,107
Current liabilities	**2,171,309**	**3,107**	**2,174,416**
Net current assets	**3,899,187**	**(3,107)**	**3,896,080**
Total assets less current liabilities	**31,044,993**	**5,744**	**31,050,737**
Lease liabilities (non-current)	–	5,744	5,744
Non-current liabilities	**4,579,132**	**5,744**	**4,584,876**
Net assets	**26,465,861**	**–**	**26,465,861**

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to IFRS 16 is as follows:

	At 30 June 2019	At 1 January 2019
	RMB'000	*RMB'000*
Included in "Right-of-use assets":		
— Properties leased for own use	**7,368**	8,851
— Leasehold land for own use	**306,831**	271,354
	314,199	280,205

(c) Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to IFRS 16 are as follows:

	At 30 June 2019		At 1 January 2019	
	Present value of the minimum lease payments *RMB'000*	**Total minimum lease payments** *RMB'000*	Present value of the minimum lease payments *RMB'000*	Total minimum lease payments *RMB'000*
Within 1 year	**2,901**	**3,254**	3,107	3,254
After 1 year but within 2 years	**2,810**	**3,025**	2,966	3,254
After 2 years but within 5 years	**1,723**	**1,820**	2,778	3,218
	4,533	**4,845**	5,744	6,472
	7,434	**8,099**	8,851	9,726
Less: total future interest expenses		**(665)**		(875)
Present value of lease liabilities		**7,434**		8,851

(d) Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a negative impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the period.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a change in presentation of cash flows within the cash flow statement.

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.

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Energy preservation and environmental protection solutions		
Solid waste solutions	**276,740**	145,833
Waste incineration solutions (i)	**1,504,172**	523,466
Energy saving equipment	**159,139**	199,090
Subtotal	**1,940,051**	868,389
Port logistics services	**118,556**	102,823
Sale of new building materials	**44,731**	48,676
Total	**2,103,338**	1,019,888

(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	
	2019	2018
	RMB'000	*RMB'000*
Revenue from waste incineration project construction services	**1,350,712**	407,318
Revenue from waste incineration project operation services	**103,328**	66,752
Finance income	**50,132**	49,396
Total	**1,504,172**	523,466

(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 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 period ended 30 June 2019 and 2018 is set out below:

	Six months ended 30 June 2019 (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*
Disaggregated by timing of revenue recognition						
Point in time	582,082	118,556	44,731	–	–	745,369
Over time	1,357,969	–	–	–	–	1,357,969
Reportable segment revenue	1,940,051	118,556	44,731	–	–	2,103,338
Reportable segment profit/(loss) before taxation	564,750	62,241	(8,452)	2,711,623	(28,365)	3,301,797
Interest income	20,087	84	146	–	34,715	55,032
Interest expenses	30,728	–	–	–	55,133	85,861
Depreciation and amortisation	42,069	22,034	7,876	–	–	71,979
Reversal of loss allowance on trade and other receivables	(2,759)	–	–	–	–	(2,759)
Reportable segment assets	10,209,457	461,493	489,557	23,504,102	3,090,228	37,754,837
Reportable segment liabilities	5,376,727	40,317	30,011	–	3,493,071	8,940,126

	Six months ended 30 June 2018 (Unaudited) *(Note)*					
	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 loss allowance on trade and other receivables	(19,353)	–	–	–	–	(19,353)

	Year ended 31 December 2018 ***(Note)***					
	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*
Reportable segment assets	8,128,128	479,236	497,773	20,782,760	3,328,405	33,216,302
Reportable segment liabilities	3,261,933	29,801	44,740	–	3,413,967	6,750,441

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

(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	
	2019	2018
	RMB'000	*RMB'000*
Revenue		
Mainland China	**2,077,099**	906,877
Asia (except Mainland China)	**26,221**	112,141
North America	**–**	870
South America	**18**	–
	2,103,338	1,019,888

The Group's property, plant and equipment, right-of-use assets, 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 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 the location of operations, in the case of interest in an associate.

4 OTHER INCOME

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Interest income on bank deposits and cash at bank	**55,032**	21,336
Government grants	**57,416**	47,891
Net loss on disposal of property, plant and equipment	**(239)**	(47)
Exchange gain/(loss)	**1,635**	(3,148)
	113,844	66,032

5 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
		(Note)
(a) Finance costs:		
Interest on bank loans	**40,632**	13,890
Interest on lease liabilities	**210**	–
Interest on convertible bonds	**55,133**	–
Less: interest expense capitalised into construction in progress and intangible assets	**(10,114)**	(1,615)
	85,861	12,275

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
		(Note)
(b) Other items:		
Depreciation of owned property,plant and equipment	**55,762**	42,489
Depreciation of right-of-use assets	**4,615**	–
Amortisation of lease prepayments	**–**	2,303
Amortisation of intangible assets	**11,602**	7,122
Research and development costs	**4,647**	4,425
Reversal of loss allowance for trade receivables	**(2,759)**	(19,353)
Staff costs	**113,790**	73,814

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 2.

6 INCOME TAX

	Six months ended 30 June	
	2019	2018
	RMB'000	*RMB'000*
Current tax — Hong Kong profits Tax		
Provision for the period	**16**	–
Current tax — PRC income Tax		
Provision for the period	**108,628**	59,913
Deferred tax:		
Origination and reversal of temporary differences	**566**	3,153
	109,210	63,066

(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) The provision for Hong Kong Profits Tax for 2019 is calculated at 16.5% (2018: 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.

(c) 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.

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.

(d) 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.

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.

Pursuant to Notice No. 14 issued by the State Administration of Taxation on 10 March 2015 and relevant local tax authorities' notices, seventeen companies are entitled to a preferential income tax rate of 15% as qualifying companies located in western areas in the PRC during the six months ended 30 June 2019 (six months ended 30 June 2018: twelve).

(e) 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 2019 of RMB3,140,610,000 (six months ended 30 June 2018: RMB2,530,320,000) and 1,804,750,000 (six months ended 30 June 2018: 1,804,750,000) ordinary shares in issue during the six months ended 30 June 2019.

(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 RMB3,192,982,000 (six months ended 30 June 2018: RMB2,530,320,000) and the weighted average number of ordinary shares of 1,902,435,415 (six months ended 30 June 2018: 1,804,750,000).

8 INTEREST IN AN ASSOCIATE

As at 30 June 2019, 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 2019, the Group recognised share of profit of an associate in the amount of RMB2,711,623,000 in the consolidated statement of profit or loss (six months ended 30 June 2018: RMB2,241,738,000).

9 SERVICE CONCESSION ASSETS

	At 30 June 2019 *RMB'000*	At 31 December 2018 *RMB'000*
Current	**18,312**	15,940
Non-current	**2,626,026**	2,374,146
	2,644,338	2,390,086

The service concession assets bear interest at rates ranging from 6.01% to 9.41% (31 December 2018: 6.01% to 9.41%) per annum as at 30 June 2019 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 RMB2,644,338,000 (31 December 2018: RMB2,390,086,000), RMB1,055,194,000 (31 December 2018: RMB959,065,000) relates to BOT arrangements which are in construction phase and should be deemed as contract assets as defined under IFRS 15. Remaining amounts due from the grantor are accounted for in accordance with IFRS 9 as receivables once the construction is complete.

10 TRADE AND OTHER RECEIVABLES

	At 30 June 2019 *RMB'000*	At 31 December 2018 *RMB'000*
Trade receivables	**694,007**	632,601
Bills receivable	**53,657**	60,147
Less: loss allowance for doubtful debts	**(47,525)**	(50,284)
Trade and bills receivables	**700,139**	642,464
Deposits and prepayments	**138,536**	85,937
Other receivables	**206,406**	187,992
Interest receivables	**13,799**	21,730
Amounts due from third parties	**1,058,880**	938,123
Amounts due from related parties	**155,849**	162,946
Current portion of trade and other receivables	**1,214,729**	1,101,069
Other receivables to be recovered after one year	**493,212**	334,334
Non-current portion of trade and other receivables	**493,212**	334,334
Total current and non-current trade and other receivables	**1,707,941**	1,435,403

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

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:

	At 30 June 2019 *RMB'000*	At 31 December 2018 *RMB'000*
Current	**658,323**	590,253
Less than 1 year	**15,999**	27,560
1 to 2 years	**24,053**	22,926
2 to 3 years	**1,764**	1,725
	700,139	642,464

11 TRADE AND OTHER PAYABLES

	At 30 June 2019 *RMB'000*	At 31 December 2018 *RMB'000*
Trade payables	**1,381,913**	1,131,307
Bills payable	**520,396**	403,095
	1,902,309	1,534,402
Other payables and accruals	**321,979**	359,255
Amounts due to third parties	**2,224,288**	1,893,657
Dividends payable to non-controlling interests	**55,155**	–
Amounts due to related parties	**69,013**	80,369
Trade and other payables	**2,348,456**	1,974,026

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

	At 30 June 2019 *RMB'000*	At 31 December 2018 *RMB'000*
Within 1 year	**1,879,978**	1,460,204
1 year to 2 years	**14,138**	64,391
2 years to 3 years	**4,888**	8,592
Over 3 years but within 5 years	**3,305**	1,215
	1,902,309	1,534,402

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	
	2019 *RMB'000*	2018 *RMB'000*
Final dividend in respect of the previous financial year, approved during the interim period, of HKD0.55 per share (six months ended 30 June 2018: HKD0.50 per share)	**873,698**	771,576

Pursuant to a resolution passed at the annual general meeting on 26 June 2019, a final dividend of HKD0.55 per share totaling HKD992,612,500 (equivalent to approximately RMB873,698,000) (2018: RMB771,576,000) was approved, which was paid in July 2019.

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

In the first half of 2019, aided by various reform measures, China's GDP grew by 6.3% year-on-year. With stable and positive development of the overall economy, internal momentum for reform continued to grow, showing strong resilience. However, due to continued volatility in global economic environment and increased instability in international trade, national macroeconomic regulation, control and policy reform remained difficult, and national economic development faced more complex and ever-changing challenges.

During the Reporting Period, under the strong leadership of the Board, despite facing the pressure of sustained economic downturn, the Group firmly grasped the favorable opportunity arising from the country's rapid development in ecological civilization and focused on its principal business of environmental protection, which brought about a steady growth in overall performance as compared with the corresponding period of the previous year and laid a solid foundation for achieving the annual target plan.

Environmental Protection Business

2019 is the starting year of the Group's development plan for the next five years, which is of great significance to the Group's development. The management and staff of the Group have made joint efforts, pioneered and innovated, marched forward courageously and made remarkable achievements, which has brought positive momentum for completing the next five-year plan.

In terms of project development, on the one hand, the Group focused on the domestic market and continuously secured high-quality projects. To date, the Group newly secured 20 environmental protection projects, which was a remarkable achievement, and the number of newly-secured projects reached an all-time high. On the other hand, the Company actively gave play to industry synergy and strengthened cooperation among companies in the industry. During the Reporting Period, the Group established a joint venture company with China Building Material Holdings Company Limited (中國建材控股有限公司) and entered into strategic cooperation agreements with Inner Mongolia Mengxi Cement Co., Ltd (內蒙古蒙西水泥股份有限公司) and China Shanshui Cement Group Limited (中國山水水泥集團有限責任公司) to jointly develop domestic solid waste treatment business market, and made substantive progress, demonstrating the Group's strong comprehensive strength.

In terms of operational management, during the Reporting Period, through improving the process structure, the Group strengthened internal technical transformation and steadily improved the operation level of environmental protection projects. Among them, grate furnace power generation projects recorded an increase of 29 kwh/t and 22 kwh/t in waste power generation volume per tonne and on-grid electricity per tonne respectively as compared with the corresponding period of the previous year.

As at the date of this announcement, the Group secured a total of 93 environmental protection projects in 19 provinces, municipalities and autonomous regions nationwide, which include 35 solid waste treatment projects, 39 grate furnace power generation projects, 17 projects of waste treatment by cement kilns and 2 foul water treatment projects. Our annual treatment capacities of solid and hazardous waste and municipal waste have reached 4.32 million tonnes and 10.26 million tonnes respectively.

Solid Waste Solutions

Since 2019, the Group newly secured 5 solid waste treatment projects in Yangchun, Guangdong Province, Yiyang, Hunan Province, Dazhou, Sichuan Province, Ningguo, Anhui Province and Long'an, Guangxi Region, respectively. Through continuous exploration in technology and optimization of treatment process, a significant increase in treatment efficiency has been achieved. For the first time, the two project companies, namely Yaobai Environmental Protection and Xingye Conch Venture, completed cross-provincial transfer of hazardous waste and accumulated valuable experience for market expansion of other solid waste treatment projects of the Group.

In terms of the development of cooperation projects, the Group adhered to the market-oriented principle, expanded project sources through multiple channels, innovated cooperation models, grasped the development trend of the industry, and achieved remarkable results of development. The Company has successively deployed production capacity in Henan, Fujian, Shandong and other regions. The coverage area of projects has increased from 12 provinces, municipalities and autonomous regions to 15 provinces, municipalities and autonomous regions. The scope of treatment has been further expanded, and the comprehensive treatment capacity has been significantly improved.

In the first half of 2019, the solid waste treatment project in Zhong County, Chongqing City was put into operation. Xianyang City, Shaanxi Province, Phase 1 of Wenshan, Yunnan Province, Phase 2 of Yiyang, Jiangxi Province, Liangping District, Chongqing City, Phase 2 of Xingye, Guangxi Region, Sishui County, Shandong Province, Qingzhen City, Guizhou Province and Tongchuan City, Shaanxi Province are expected to be put into operation in the second half of 2019.

During the Reporting Period, solid waste treatment business recorded an operating revenue of RMB276.74 million, representing an increase of 89.77% as compared with the corresponding period of the previous year, and received 102,000 tonnes of hazardous waste and 171,000 tonnes of general solid waste.

Details of solid waste treatment projects under cooperation with China Building Material Holdings Company Limited are set out in the following table:

No.	Status of Construction	Cooperating Parties	Project Name	Region	Treatment Capacity	Operation Date	Cooperation Method
1	Completed	South Cement	Sanming South	Fujian	100,000 tonnes/ year (37,500 tonnes for hazardous waste)	August 2019	Haizhong Environmental holding 35% equity
Sub-total					**100,000 tonnes/year**		
2	Under construction	China United	Luoyang China United	Henan	100,000 tonnes/ year	August 2020	Haizhong Environmental holding 100% equity
3			Jiyuan China United		100,000 tonnes/ year	September 2020	
4			Dezhou China United	Shandong	100,000 tonnes/ year	May 2020	Haizhong Environmental holding 50% equity
5		South Cement	Xinjie South	Jiangsu	100,000 tonnes/ year	November 2019	Haizhong Environmental holding 35% equity

No.	Status of Construction	Cooperating Parties	Project Name	Region	Treatment Capacity	Operation Date	Cooperation Method
6	Approved and under planning	China United	Dengfeng China United	Henan	100,000 tonnes/ year	/	Haizhong Environmental holding 100% equity
7		Sinoma Cement	Sinoma Luoding	Guangdong	80,000 tonnes/ year		Haizhong Environmental holding 40% equity
8		South Cement	Shanya South	Zhejiang	200,000 tonnes/ year		Haizhong Environmental holding 65% equity
Sub-total					**780,000 tonnes/year**		
Total					**880,000 tonnes/year**		

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

No.	Status of Construction	Project Location	Treatment Capacity	Hazardous Waste Qualification	Operation Date	Remarks
1	Completed	Lantian County, Shaanxi Province	90,000 tonnes/year		January 2015	General solid waste
2		Fuping County, Shaannxi Province	100,000 tonnes/year	100,000 tonnes/year	April 2016	
3		Qian County, Shaanxi Province	70,000 tonnes/year	63,600 tonnes/year	April 2017	
4		Huaining County, Anhui Province	70,000 tonnes/year		September 2017	General solid waste
5		Mian County, Shaanxi Province	45,000 tonnes/year		October 2017	General solid waste
6		Huaibei City, Anhui Province	70,000 tonnes/year		December 2017	General solid waste
7		Wuhu City, Anhui Province	2×100,000 tonnes/ year	Phase 1: 68,000 tonnes/year Phase 2: 55,000 tonnes/year	December 2017	
8		Yiyang County, Jiangxi Province (Phase 1)	100,000 tonnes/year	85,000 tonnes/year	May 2018	
9		Xingye County, Guangxi Region (Phase 1)	100,000 tonnes/year	95,000 tonnes/year	August 2018	
10		Suzhou City, Anhui Province (Phase 1)	100,000 tonnes/year	45,000 tonnes/year	August 2018	
11		Qianyang County, Shaanxi Province	100,000 tonnes/year	100,000 tonnes/year	October 2018	
12		Zhong County, Chongqing City	2×100,000 tonnes/ year	40,000 tonnes/year	June 2019	
13		Xianyang City, Shaanxi Province	300,000 tonnes/year		August 2019	General solid waste
14		Wenshan City, Yunnan Province (Phase 1)	100,000 tonnes/year	60,000 tonnes/year	August 2019	
Sub-total			**1,645,000 tonnes/ year**	**711,600 tonnes/ year**		

No.	Status of Construction	Project Location	Treatment Capacity	Expected Operation Date	Remarks
15	Under construction	Yiyang County, Jiangxi Province (Phase 2)	100,000 tonnes/year	October 2019	
16		Liangping District, Chongqing City	100,000 tonnes/year	November 2019	General solid waste
17		Xingye County, Guangxi Region (Phase 2)	100,000 tonnes/year	November 2019	
18		Tongchuan City, Shaanxi Province	100,000 tonnes/year	November 2019	
19		Qingzhen City, Guizhou Province	100,000 tonnes/year	November 2019	
20		Sishui County, Shandong Province	100,000 tonnes/year	December 2019	
21		Guangyuan City, Sichuan Province	100,000 tonnes/year	January 2020	General solid waste
22		Qiyang County, Hunan Province	100,000 tonnes/year	January 2020	
23		Yangchun City, Guangdong Province	100,000 tonnes/year	June 2020	
24		Ninghai County, Zhejiang Province	100,000 tonnes/year	November 2020	Integrated use of resources
Sub-total			**1,000,000 tonnes/year**		
25	Approved and under planning	Suzhou City, Anhui Province (Phase 2)	100,000 tonnes/year	/	
26		Wenshan City, Yunnan Province (Phase 2)	100,000 tonnes/year		
27		Linxiang City, Hunan Province	100,000 tonnes/year		
28		Yiyang City, Hunan Province	100,000 tonnes/year		
29		Dazhou City, Sichuan Province	200,000 tonnes/year		General solid waste
30		Long’an County, Guangxi Region	100,000 tonnes/year		
31		Chizhou City, Anhui Province	100,000 tonnes/year		General solid waste
Sub-total				**800,000 tonnes/year**	
Total				**3,445,000 tonnes/year**	

Grate Furnace Power Generation

As at the date of this announcement, the Group newly secured 15 projects in Panshi, Jilin Province, Dexing, Jiangxi Province, Luoping, Yunnan Province, Long'an, Guangxi Region, Jiuquan, Gansu Province, Luxi, Yunnan Province, Tengchong, Yunnan Province, Hanshou, Hunan Province, Suiyang, Guizhou Province, Ningguo, Anhui Province, Wuwei, Anhui Province, Zongyang, Anhui Province, Mangshi, Yunnan Province, Shimen, Hunan Province and Shahe, Hebei Province with a newly secured capacity scale of 3.68 million tonnes/year.

While the number of project contracts increased, the Group continued to promote the construction of the project operation management system by improving its operational mechanism, and spared no effort to improve the quality of project operations, resulting in a record high waste power generation per tonne and on-grid power generation per tonne. At the same time, the Company constantly optimized exterior architectural style of projects and established a system for architectural appearance style of environmental protection projects to highlight the Company's corporate culture.

Since 2019, 6 projects of the Company including those in Songming, Yunnan Province, Shanggao, Jiangxi Province, Yiyang, Jiangxi Province, Shache, Xinjiang Region, Sishui, Shandong Province and Bole, Xinjiang Region have been put into operation. During the year, projects including Yang County, Shaanxi Province, Fuquan, Guizhou Province and Phase 1 of Lujiang, Anhui Province are expected to be put into operation successively.

During the Reporting Period, grate furnace power generation business recorded an operating revenue of RMB78.21 million, representing an increase of 70.53% as compared with the corresponding period of the previous year, and processed a total of 399,400 tonnes of municipal waste and generated 0.12 billion kwh on-grid electricity.

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

No.	Status of Construction	Project Location	Treatment Capacity	Operation Date	Remarks
1	Completed	Jinzhai County, Anhui Province	100,000 tonnes/year (300 tonnes/day)	January 2016	
2		Tongren City, Guizhou Province	2×100,000 tonnes/year (2×300 tonnes/day)	July 2017	
3		Yanshan County, Yunnan Province	70,000 tonnes/year (200 tonnes/day)	August 2017	
4		Huoqiu County, Anhui Province	2×140,000 tonnes/year (2×400 tonnes/day)	January 2018	
5		Li County, Hunan Province (Phase 1)	100,000 tonnes/year (300 tonnes/day)	April 2018	To be constructed in two phases
6		Songming County, Yunnan Province	100,000 tonnes/year (300 tonnes/day)	January 2019	
7		Shanggao County, Jiangxi Province	140,000 tonnes/year (400 tonnes/day)	February 2019	
8		Yiyang County, Jiangxi Province (Phase 1)	100,000 tonnes/year (300 tonnes/day)	June 2019	To be constructed in two phases
9		Shache County, Xinjiang Region	2×100,000 tonnes/year (2×300 tonnes/day)	June 2019	
10		Sishui County, Shandong Province	140,000 tonnes/year (400 tonnes/day)	June 2019	
11		Bole City, Xinjiang Region	100,000 tonnes/year (300 tonnes/day)	July 2019	
Sub-total			**1,530,000 tonnes/year (4,500 tonnes/day)**		

No.	Status of Construction	Project Location	Treatment Capacity	Expected Operation Date	Remarks
12	Under construction	Yang County, Shaanxi Province	100,000 tonnes/year (300 tonnes/day)	October 2019	
13		Li County, Hunan Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)	November 2019	
14		Yiyang County, Jiangxi Province (Phase 2)	100,000 tonnes/year (300 tonnes/day)	November 2019	
15		Baoshan City, Yunnan Province	2×140,000 tonnes/ year (2×400 tonnes/day)	January 2020	
16		Fuquan City, Guizhou Province	100,000 tonnes/year (300 tonnes/day)	January 2020	
17		Lujiang County, Anhui Province (Phase 1)	180,000 tonnes/year (500 tonnes/day)	January 2020	To be constructed in two phases
18		Huoshan County, Anhui Province	140,000 tonnes/year (400 tonnes/day)	April 2020	
19		Xianyang City, Shaanxi Province (Phase 1)	500,000 tonnes/year (1,500 tonnes/day)	May 2020	To be constructed in two phases
20		Shizhu County, Chonqing City	100,000 tonnes/year (300 tonnes/day)	June 2020	
21		Xishui County, Guizhou Province (Phase 1)	140,000 tonnes/year (400 tonnes/day)	June 2020	
22		Jinzhai County, Anhui Province (Phase 2)	100,000 tonnes/year (300 tonnes/day)	August 2020	
23		Ningguo City, Anhui Province	140,000 tonnes/year (400 tonnes/day)	September 2020	
24		Tengchong City, Yunnan Province (Phase 1)	100,000 tonnes/year (300 tonnes/day)	November 2020	To be constructed in two phases
25		Manzhouli City, Inner Mongolia Autonomous Region	140,000 tonnes/year (400 tonnes/day)	November 2020	
Sub-total			**2,260,000 tonnes/year (6,600 tonnes/day)**		

No.	Status of Construction	Project Location	Treatment Capacity	Expected Operation Date	Remarks
26	Approved and under planning	Shucheng County, Anhui Province	140,000 tonnes/year (400 tonnes/day)	/	
27		Xianyang City, Shaanxi Province (Phase 2)	500,000 tonnes/year (1,500 tonnes/day)		
28		Xishui County, Guizhou Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)		
29		Zhenxiong County, Yunnan Province	2×180,000 tonnes/ year (2×500 tonnes/day)		To be constructed in two phases
30		Tongchuan City, Shaanxi Province	180,000 tonnes/year (500 tonnes/day)		
31		Thai Nguyen, Vietnam	180,000 tonnes/year (500 tonnes/day)		
32		Lujiang County, Anhui Province (Phase 2)	180,000 tonnes/year (500 tonnes/day)		
33		Mang City, Yunnan Province	2×100,000 tonnes/ year (2×300 tonnes/day)		To be constructed in two phases
34		Wuwei County, Anhui Province	2×180,000 tonnes/ year (2×500 tonnes/day)		
35		Suiyang County, Guizhou Province	100,000 tonnes/year (300 tonnes/day)		
36		Hanshou County, Hunan Province	140,000 tonnes/year (400 tonnes/day)		
37		Tengchong City, Yunnan Province (Phase 2)	100,000 tonnes/year (300 tonnes/day)		
38		Luxi County, Yunnan Province	2×100,000 tonnes/ year (2×300 tonnes/day)		To be constructed in two phases
39		Jiuquan City, Gansu Province	2×180,000 tonnes/ year (2×500 tonnes/day)		
40		Luoping County, Yunnan Province	2×100,000 tonnes/ year (2×300 tonnes/day)		
41		Long'an County, Guangxi Region	100,000 tonnes/year (300 tonnes/day)		
42		Panshi City, Jilin Province	2×140,000 tonnes/year (2×400 tonnes/day)		To be constructed in two phases
43		Dexing City, Jiangxi Province	140,000 tonnes/year (400 tonnes/day)		
44		Zongyang County, Anhui Province	2×180,000 tonnes/ year (2×500 tonnes/day)		To be constructed in two phases
45		Shimen County, Hunan Province	180,000 tonnes/year (500 tonnes/day)		
46		Shahe City, Hebei Province	2×360,000 tonnes/ year (2×1,000 tonnes/day)		To be constructed in two phases
Sub-total			**5,120,000 tonnes/year (14,600 tonnes/day)**		
Total			**8,190,000 tonnes/year (25,700 tonnes/day)**		

Waste Treatment by Cement Kilns

During the Reporting Period, waste treatment by cement kilns business recorded an operating revenue of RMB25.12 million, representing an increase of 20.24% as compared with the corresponding period of the previous year, and received 442,700 tonnes of municipal waste.

No.	Status of Construction	Project Location	Business Model	Treatment Capacity	Remarks
1	Completed	Pingliang City, Gansu Province	BOT	100,000 tonnes/year (300 tonnes/day)	
2		Qingzhen City, Guizhou Province		100,000 tonnes/year (300 tonnes/day)	
3		Yangchun City, Guangdong Province		70,000 tonnes/year (200 tonnes/day)	
4		Yuping County, Guizhou Province		30,000 tonnes/year (100 tonnes/day)	A joint venture with China National Building Material Company Limited
5		Xishui County, Guizhou Province		100,000 tonnes/year (300 tonnes/day)	
6		Qiyang County, Hunan Province		100,000 tonnes/year (300 tonnes/day)	
7		Shimen County, Hunan Province		70,000 tonnes/year (200 tonnes/day)	
8		Shuicheng County, Guizhou Province		70,000 tonnes/year (200 tonnes/day)	
9		Fusui County, Guangxi Region		70,000 tonnes/year (200 tonnes/day)	
10		Shuangfeng County, Hunan Province		70,000 tonnes/year (200 tonnes/day)	
11		Baoshan City, Yunnan Province		100,000 tonnes/year (300 tonnes/day)	
12		Nanjiang County, Sichuan Province		70,000 tonnes/year (200 tonnes/day)	
13		Lingyun County, Guangxi Region		30,000 tonnes/year (100 tonnes/day)	
14		Ningguo City, Anhui Province		100,000 tonnes/year (300 tonnes/day)	
15		Linxia Prefecture, Gansu Province		100,000 tonnes/year (300 tonnes/day)	
16		Xing'an County, Guangxi Region		100,000 tonnes/year (300 tonnes/day)	
17		Yingjiang County, Yunnan Province		70,000 tonnes/year (200 tonnes/day)	
Total				**1,350,000 tonnes/year (4,000 tonnes/day)**	

New Building Materials

During the Reporting Period, with a focus on strengthening internal management and an emphasis on improving product sales, the Group adhered to its strategy of developing domestic and international trade simultaneously, implemented cost control continuously, improved market layout, increased product sales, broadened quality order channels, and further improved its brand influence.

As of the end of the Reporting Period, the Group sold a total of 3.102 million square meters of products and recorded an operating revenue of RMB44.73 million, representing a decrease of 8.10%, a period-on-period increase in selling price of 2.48% and an average gross profit margin of products of 15.85%.

Port Logistics

The Group seized the opportunity arising from national rectification of terminals in the Yangtze River Economic Belt and promoted environmental protection technology transformation. In the face of constant changes in the market environment, the Group actively explored the market, strengthened production organization, improved operational efficiency, enlarged market share, and acquired more quality customers through its own quality service. Port throughput continued to increase steadily, and profitability reached a record high.

During the Reporting Period, the Group recorded a throughput of 18.94 million tonnes, representing a period-on-period increase of 9%, and an operating revenue of RMB118.56 million, representing an increase of 15.30% as compared with the corresponding period of the previous year.

Profits

Item	**January–June 2019 Amount** ***(RMB'000)***	January–June 2018 Amount *(RMB'000)*	Changes between the Reporting Period and the corresponding period of the previous year *(%)*
Revenue	**2,103,338**	1,019,888	106.23
Profit before taxation	**3,301,797**	2,635,845	25.27
Share of profit of an associate	**2,711,623**	2,241,738	20.96
Profit before taxation from principal businesses	**590,174**	394,107	49.75
Net profit attributable to equity shareholders of the Company	**3,140,610**	2,530,320	24.12
Net profit from principal businesses attributable to equity shareholders of the Company	**428,987**	288,582	48.65

During the Reporting Period, the Group recorded a revenue of RMB2,103.34 million, representing a period-on-period increase of 106.23%. Profit before taxation amounted to RMB3,301.80 million, representing a period-on-period increase of 25.27%. Share of profit of an associate amounted to RMB2,711.62 million, representing a period-on-period increase of 20.96%. Profit before taxation from principal businesses amounted to RMB590.17 million, representing a period-on-period increase of 49.75%. Net profit attributable to equity shareholders of the Company amounted to RMB3,140.61 million, representing a period-on-period increase of 24.12%, among which, net profit from principal businesses attributable to equity shareholders amounted to RMB428.99 million, representing a period-on-period increase of 48.65%. Basic earnings per share amounted to RMB1.74. Diluted earnings per share amounted to RMB1.68.

Revenue by business segments

Item	**January–June 2019** Amount	Percentage	January–June 2018 Amount	Percentage	Change in amount	Change in percentage
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*	*(%)*	*(percentage points)*
Solid waste solutions	**276,740**	**13.16**	145,833	14.30	89.77	–1.14
Waste incineration solutions	**1,504,172**	**71.51**	523,466	51.33	187.35	20.18
Energy saving equipment	**159,139**	**7.56**	199,090	19.52	–20.07	–11.96
New building materials	**44,731**	**2.13**	48,676	4.77	–8.10	–2.64
Port logistics	**118,556**	**5.64**	102,823	10.08	15.30	–4.44
Total	**2,103,338**	**100.00**	1,019,888	100.00	106.23	–

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

(i) The revenue from solid waste solutions amounted to RMB276.74 million, representing a period-on-period increase of 89.77%, which was mainly due to the newly commencement of operation of the Group's projects in Xingye, Suzhou and Chongqing, which led to the rapid growth in revenue.

(ii) The revenue from waste incineration solutions amounted to RMB1,504.17 million, representing a period-on-period increase of 187.35%, which was mainly due to an increase in the number of projects under construction of the Group and the newly commencement of operation of projects in Songming and Shanggao, leading to the rapid growth in revenue.

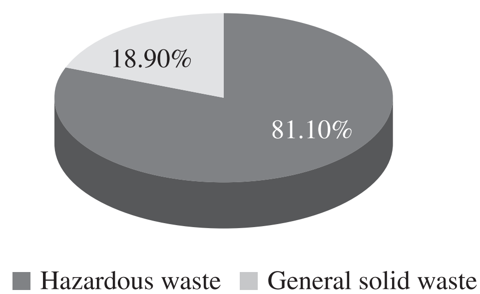
(iii) The revenue from energy saving equipment amounted to RMB159.14 million, representing a period-on-period decrease of 20.07%, which was mainly due to a decrease in the number of orders for residual heat power generation project.

(iv) The revenue from new building materials recorded a period-on-period decrease of 8.10%, which was mainly due to the lack of market demand of Bozhou Conch Venture in the first half of the year, leading to the decrease in revenue.

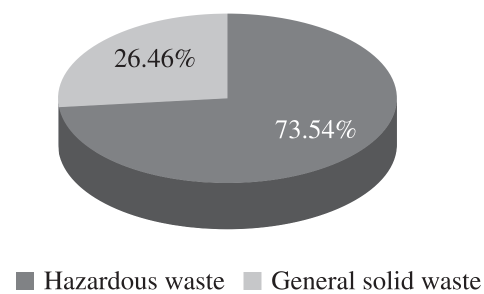
(v) The revenue from port logistics recorded a period-on-period increase of 15.30%, which was mainly due to the fact that the Group seized the opportunity of environment protection rectification of the Yangtze River and sourced high-quality customers, leading to the period-on-period increase of throughput and handling prices.

Breakdown of revenue from solid waste solutions

January–June 2019



January–June 2018



During the Reporting Period, the Group's treatment of hazardous waste reached a revenue amounted to RMB224.43 million, representing a period-on-period increase of 96.45%. The revenue from treatment of general solid waste amounted to RMB52.31 million, representing a period-on-period increase of 65.59%.

Breakdown of revenue from waste incineration solutions

Revenue breakdown	**January–June 2019** Amount *(RMB'000)*	Percentage *(%)*	January–June 2018 Amount *(RMB'000)*	Percentage *(%)*	Change in amount *(%)*	Change in percentage *(percentage points)*
Construction revenue	**1,350,712**	**89.80**	407,318	77.81	231.61	11.99
Waste treatment by cement kilns	**11,551**	**0.77**	37,080	7.08	–68.85	–6.31
Grate furnace power generation	**1,339,161**	**89.03**	370,238	70.73	261.70	18.30
Operation revenue	**103,328**	**6.87**	66,752	12.75	54.79	–5.88
Waste treatment by cement kilns	**25,119**	**1.67**	20,890	3.99	20.24	–2.32
Grate furnace power generation	**78,209**	**5.20**	45,862	8.76	70.53	–3.56
Interest revenue	**50,132**	**3.33**	49,396	9.44	1.49	–6.11
Waste treatment by cement kilns	**29,974**	**1.99**	34,101	6.52	–12.10	–4.53
Grate furnace power generation	**20,158**	**1.34**	15,295	2.92	31.79	–1.58
Total	**1,504,172**	**100.00**	523,466	100.00	187.35	–

During the Reporting Period, the revenue from waste incineration solutions segment during the construction period amounted to RMB1,350.71 million, representing a period-on-period increase of 231.61%, which was mainly due to an increase in the number of grate furnace power generation projects under construction of the Group and an increase in pace of construction. The operation revenue from waste incineration solutions segment amounted to RMB103.33 million, representing a period-on-period increase of 54.79%, which was mainly due to the newly commencement of operation of projects in Songming and Shanggao, leading to the period-on-period increase in revenue from grate furnace power generation.

Revenue by geographical locations

Item	**January–June 2019**		January–June 2018		Change in	Change in
	Amount	**Percentage**	Amount	Percentage	amount	percentage
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*	*(%)*	*(percentage points)*
China	**2,077,099**	**98.75**	906,877	88.91	129.04	9.84
Asia (excluding China)	**26,221**	**1.25**	112,141	11.00	–76.62	–9.75
North America	**–**	**–**	870	0.09	–	–0.09
South America	**18**	**–**	–	–	–	–
Total	**2,103,338**	**100.00**	1,019,888	100.00	106.23	–

During the Reporting Period, the Group's revenue from the China market amounted to RMB2,077.10 million, representing a period-on-period increase of 129.04%, with its proportion in total revenue increased by 9.84 percentage points period-on-period, which was mainly due to an increase in the number of grate furnace power generation projects secured by the Group and the newly commencement of operation of solid waste solutions projects. The revenue derived from Asia (excluding China) market amounted to RMB26.22 million, representing a period-on-period decrease of 76.62%, with its proportion in total revenue decreased by 9.75 percentage points period-on-period, which was mainly due to a decrease in the number of overseas orders for energy saving equipment of the Group, leading to the decrease in revenue.

Gross profit and gross profit margin

Item	**January–June 2019**		January–June 2018		Change in	Change in
	Amount	**Percentage**	Amount	Percentage	amount	percentage
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*	*(%)*	*(percentage points)*
Solid waste solutions	**204,370**	**73.85**	118,948	81.56	71.81	–7.71
Waste incineration solutions	**384,567**	**25.57**	194,124	37.08	98.10	–11.51
Energy saving equipment	**42,149**	**26.49**	47,277	23.75	–10.85	2.74
New building materials	**7,089**	**15.85**	8,762	18.00	–19.09	–2.15
Port logistics	**71,325**	**60.16**	60,769	59.10	17.37	1.06
Total	**709,500**	**33.73**	429,880	42.15	65.05	–8.42

During the Reporting Period, the consolidated gross profit margin of the Group's products was 33.73%, representing a period-on-period decrease of 8.42 percentage points. With a breakdown by segments:

(i) The gross profit margin for solid waste solutions was 73.85%, representing a period-on-period decrease of 7.71 percentage points, which was mainly due to a period-on-period increase in cost of treatment. Among which, the gross profit margin of hazardous waste was 77.01%, representing a period-on-period decrease of 7.49 percentage points; the gross profit margin of general waste was 60.27%, representing a period-on-period decrease of 10.65 percentage points.

(ii) The gross profit margin for waste incineration solutions was 25.57%, representing a period-on-period decrease of 11.51 percentage points, which was mainly due to a period-on-period decrease in the gross profit margin of grate furnace power generation business during construction period.

(iii) The gross profit margin for energy saving equipment was 26.49%, representing a period-on-period increase of 2.74 percentage points.

(iv) The gross profit margin for new building materials was 15.85%, representing a period-on-period decrease of 2.15 percentage points, which was mainly due to a decrease in market demand of Bozhou Conch Venture and decreases in both volume and prices.

(v) The gross profit margin for port logistics was 60.16%, representing a period-on-period increase of 1.06 percentage points.

Other income

During the Reporting Period, the Group's other income amounted to RMB113.84 million, representing a period-on-period increase of RMB47.81 million, or 72.41%, which was mainly due to the period-on-period increase in government grants and interest income received by the Group.

Distribution costs

During the Reporting Period, the Group's distribution costs amounted to RMB40.47 million, representing a period-on-period increase of RMB17.12 million, or 73.28%, which was mainly due to an increase in the expenditure for market expansion of the Group.

Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB106.84 million, representing a period-on-period increase in RMB40.66 million, or 61.45%, which was mainly due to an increase in the number of employees of operating companies resulting in an increase in employee remuneration.

Finance costs

During the Reporting Period, the Group's finance costs amounted to RMB85.86 million, representing a period-on-period increase of RMB73.59 million, or 599.48%, which was mainly due to the increase in interests expense of the liability component of convertible bonds and addition in bank loans of the Group.

Profit before taxation

During the Reporting Period, the Group's profit before taxation amounted to RMB3,301.80 million, representing a period-on-period increase of RMB665.95 million, or 25.27%, which was mainly due to an increase in share of profit of associates of Conch Holdings and growth in net profit from principal businesses. Share of profit of an associate amounted to RMB2,711.62 million, representing a period-on-period increase of 20.96%, and profit before taxation from principal businesses amounted to RMB590.17 million, representing a period-on-period increase of 49.75%.

Financial Position

As at 30 June 2019, the Group's total assets amounted to RMB37,754.84 million, representing an increase of RMB4,538.54 million as compared to the end of the previous year. The equity attributable to equity shareholders of the Company amounted to RMB28,020.56 million, representing an increase of RMB2,267.74 million as compared to the end of the previous year. Gearing ratio of the Group (total liabilities/total assets) was 23.68%, representing an increase of 3.36 percentage points as compared to the end of the previous year. The balance sheet items of the Group are as follows:

Item	**As at 30 June 2019** *(RMB'000)*	As at 31 December 2018 *(RMB'000)*	**Change between the end of the Reporting Period and the end of the previous year** *(%)*
Property, plant and equipment	**2,020,064**	1,725,038	17.10
Non-current assets	**31,801,535**	27,145,806	17.15
Current assets	**5,953,302**	6,070,496	–1.93
Current liabilities	**3,715,100**	2,171,309	71.10
Non-current liabilities	**5,225,026**	4,579,132	14.11
Net current assets	**2,238,202**	3,899,187	–42.60
Equity attributable to equity shareholders of the Company	**28,020,559**	25,752,817	8.81
Total assets	**37,754,837**	33,216,302	13.66
Total liabilities	**8,940,126**	6,750,441	32.44

Non-current assets and current assets

As at 30 June 2019, non-current assets of the Group amounted to RMB31,801.54 million, representing an increase of 17.15% 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 RMB5,953.30 million, representing a decrease of 1.93% as compared with the end of the previous year.

Non-current liabilities and current liabilities

As at 30 June 2019, non-current liabilities of the Group amounted to RMB5,225.03 million, representing an increase of 14.11% 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 RMB3,715.10 million, representing an increase of 71.10% as compared to the end of the previous year, which was mainly due to the Group's provision for outstanding dividend payable in 2018 and the increases in trade and other payables and bank loans.

As at 30 June 2019, current ratio and debt to equity ratio (calculated by dividing total amount of loans by total equity) of the Group were 1.60 and 0.07, respectively, as compared to 2.80 and 0.05, respectively, as at the end of the previous year.

Net current assets

As at 30 June 2019, net current assets of the Group amounted to RMB2,238.20 million, representing a decrease of RMB1,660.99 million as compared to the end of the previous year, which was mainly due to an increase in the current liabilities of the Group.

Equity attributable to equity shareholders of the Company

As at 30 June 2019, the Group's equity attributable to equity shareholders of the Company amounted to RMB28,020.56 million, representing an increase of 8.81% as compared to the end of the previous year, which was mainly due to increases 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 2019, the Group's cash and cash equivalents amounted to RMB2,809.67 million, which were mainly denominated in RMB, Hong Kong dollars and US dollars.

Bank loans

Item	**As at 30 June 2019** **(RMB'000)**	As at 31 December 2018 (RMB'000)
Due within one year	**334,800**	71,800
Due after one year but within two years	**252,837**	102,800
Due after two years but within five years	**1,199,720**	1,002,900
Due after five years	**315,030**	90,000
Total	**2,102,387**	1,267,500

As at 30 June 2019, the balance of bank loans of the Group amounted to RMB2,102.39 million, representing an increase of RMB834.89 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 2019, the Group's bank loans were denominated in RMB, and most of the loan interests were subject to variable interest rates.

Cash flows

Item	**January–June 2019** **(RMB'000)**	January–June 2018 (RMB'000)
Net cash generated from operating activities	**142,942**	136,011
Net cash used in investing activities	**–877,551**	–583,834
Net cash generated from financing activities	**856,962**	226,725
Net increase/(decrease) in cash and cash equivalents	**122,353**	–221,098
Effect of foreign exchange rate changes	**13,470**	–
Cash and cash equivalents at the beginning of the period	**2,673,845**	1,457,745
Cash and cash equivalents at the end of the period	**2,809,668**	1,236,647

Net cash generated from operating activities

During the Reporting Period, net cash generated from operating activities of the Group amounted to RMB142.94 million, representing a period-on-period increase of RMB6.93 million, which was mainly due to an increase in the operating revenue of the Group.

Net cash used in investing activities

During the Reporting Period, net cash used in investing activities of the Group amounted to RMB877.55 million, representing a period-on-period increase of RMB293.72 million, which was mainly due to the increase in the Group's investments in intangible assets, property, plant and equipment.

Net cash generated from financing activities

During the Reporting Period, net cash generated from financing activities of the Group amounted to RMB856.96 million, representing a period-on-period increase of RMB630.24 million, which was mainly due to the year-on-year increase in net bank loans raised and repaid by the Group.

Commitments

As at 30 June 2019, the Group's commitments for purchases in connection with construction contracts were as follows:

Item	**As at 30 June 2019** ***(RMB'000)***	As at 31 December 2018 *(RMB'000)*
Contracted for	**1,432,249**	1,327,312
Authorized but not contracted for	**3,171,450**	2,196,735
Total	**4,603,699**	3,524,047

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 and issued convertible bond 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 2019, the Group did not have any material contingent liabilities.

Pledge of Assets

As at 30 June 2019, the Group did not have any pledged asset.

Material Investments, Acquisitions or Disposals

As at 30 June 2019, the Group did not have any material investment, acquisition or disposal.

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 held professional and technical lectures such as safety know-how training for safety management positions, solid waste and hazardous waste business segments and financial professional training. In addition, the Group has also continued to strengthen its team building through means such as internal training and social and campus recruitment.

As at 30 June 2019, the Group had approximately 3,290 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 2019, the total remuneration of employees (including the remuneration of the directors) was approximately RMB113.79 million (for the corresponding period of 2018: RMB73.81 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.

BUSINESS OUTLOOK

In the first half of 2019, the Group achieved a significant growth in results, and net profit from principal businesses attributable to equity shareholders increased by 48.65% as compared with the corresponding period of the previous year, with significant enhancement in the ability to secure projects and improvement in the quality of project operation and the level of project construction management, which laid a solid foundation for the achievement of the Company's development goals of high quality and high growth. In the second half of the year, the Group will continue to focus on its principal business of environmental protection, work closely around the annual capacity planning target, accelerate dual-wheel drive of solid waste treatment and waste power generation; promote the research and development of new environmental technologies and the determination and implementation of project carriers; promote steady development in the new materials business; accelerate the implementation of port technological renovation projects, etc., in order to achieve the year-round development goals.

The first is to rapidly develop environmental protection business. In terms of project development, in the second half of the year, the Company will speed up the progress of cooperation with partners, give full play to the role of demonstration projects, strengthen brand effect, facilitate the launch of overseas projects and complete the strategic arrangement of environmental protection projects as soon as possible, so as to increase market share. In terms of operational management, in the second half of the year, the Company will speed up the progress of environmental protection projects under construction, open up the market of solid and hazardous waste treatment in multi-channel and multi-direction, continue to place its focus on improving the "two volumes" of waste power generation projects, further reduce costs and increase efficiency, and improve the core competitiveness of enterprises. In terms of R&D technology, in the second half of the year, the Company will strengthen the R&D of new technologies and the implementation of project carriers, strengthen industry development research, focus on training professional and technical personnel, enhance the Group's technological innovation ability, and broaden the new path of development.

The second is to enhance the comprehensive competitiveness of the new materials business. With the goal of "increasing sales and expanding market", the Group will innovate its sales model to expand market share, improve product and service quality, explore new customers, and enhance brand influence and comprehensive competitiveness.

The third is to ensure steady improvement of the port logistics business. The Company will timely understand environmental protection policies and regulations, do a good job in technological enhancement projects, optimize the supply structure, stabilize the core customer groups, expand the external market, and continue to maintain the steady improvement of port logistics business.

INTERIM DIVIDEND

The Board of the Company resolved not to declare any interim dividend for the six months ended 30 June 2019.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board confirmed that the Company complied with the principles and code provisions of the Corporate Governance Code as set out 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 or its securities) ("**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.

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.

REVIEW OF THE INTERIM RESULTS

The Audit Committee of the Company comprises 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 2019. 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 2019 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, 26 August 2019

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.