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

**ANNOUNCEMENT OF
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020**

HIGHLIGHTS

- Revenue of the Group for the six months ended 30 June 2020 amounted to approximately RMB2,816.98 million, representing an increase of 33.93% 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 2020 amounted to approximately RMB3,468.49 million, representing an increase of 10.44% as compared with the corresponding period of the previous year; and net profit of our principal activities attributable to equity shareholders of the Group (excluding share of profits of associates) amounted to approximately RMB558.24 million, representing an increase of 30.13% as compared with the corresponding period of the previous year.
- Basic earnings per share for the six months ended 30 June 2020 amounted to RMB1.92.
- The Board has resolved not to declare any interim dividend for the six months ended 30 June 2020.

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 2020 (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 2020 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 2020 — unaudited**(Expressed in Renminbi Yuan)*

		Six months ended 30 June	
		2020	2019
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Revenue	3	2,816,978	2,103,338
Cost of sales		(1,884,415)	(1,393,838)
Gross profit		932,563	709,500
Other income	4	122,248	113,844
Distribution costs		(49,681)	(40,472)
Administrative expenses		(148,943)	(106,837)
Profit from operations		856,187	676,035
Finance costs	5(a)	(108,421)	(85,861)
Share of profits of associates	8	2,910,247	2,711,623
Profit before taxation	5	3,658,013	3,301,797
Income tax	6	(119,470)	(109,210)
Profit for the period		3,538,543	3,192,587
Attributable to:			
— Equity shareholders of the Company		3,468,485	3,140,610
— Non-controlling interests		70,058	51,977
Profit for the period		3,538,543	3,192,587
Earnings per share	7		
— Basic (RMB)		1.92	1.74
— Diluted (RMB)		1.85	1.68

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

*For the six months ended 30 June 2020 — unaudited
(Expressed in Renminbi Yuan)*

	Six months ended 30 June	
	2020	2019
<i>Note</i>	RMB'000	RMB'000
Profit for the period	3,538,543	3,192,587
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 associates, net of tax	20,002	1,701
Items that may be reclassified subsequently to profit or loss:		
Share of other comprehensive income of associates, net of tax	(3,314)	–
Exchange differences on translation of financial statements of overseas subsidiaries	(26,597)	(871)
Other comprehensive income for the period	(9,909)	830
Total comprehensive income for the period	3,528,634	3,193,417
Attributable to:		
Equity shareholders of the Company	3,458,576	3,141,440
Non-controlling interests	70,058	51,977
Total comprehensive income for the period	3,528,634	3,193,417

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2020 — unaudited

(Expressed in Renminbi Yuan)

		At 30 June 2020	At 31 December 2019
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
Non-current assets			
Property, plant and equipment		2,992,220	2,443,912
Right-of-use assets		496,591	403,559
Intangible assets		4,910,594	3,917,798
Interests in associates	8	28,857,074	25,920,942
Non-current portion of service concession assets	9	4,165,424	3,353,103
Non-current portion of trade and other receivables	10	831,315	613,562
Deferred tax assets		57,061	54,080
		<u>42,310,279</u>	<u>36,706,956</u>
Current assets			
Financial assets measured at fair value through profit and loss (“ FVPL ”)		21,960	–
Inventories		277,592	233,883
Service concession assets	9	101,285	102,126
Trade and other receivables	10	1,551,584	1,295,171
Restricted bank deposits		30,229	28,253
Bank deposits with original maturity over three months		350,000	842,972
Cash and cash equivalents		4,132,272	2,962,200
		<u>6,464,922</u>	<u>5,464,605</u>
Current liabilities			
Bank Loans		1,146,737	664,700
Trade and other payables	11	3,583,608	3,071,108
Contract liabilities		48,918	27,515
Lease liabilities		7,763	2,968
Dividends payable to equity shareholders of the company	13	1,055,193	–
Income tax payables		156,962	112,022
		<u>5,999,181</u>	<u>3,878,313</u>
Net current assets		<u>465,741</u>	<u>1,586,292</u>
Total assets less current liabilities		<u>42,776,020</u>	<u>38,293,248</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)*At 30 June 2020 — unaudited**(Expressed in Renminbi Yuan)*

		At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
	<i>Note</i>		
Non-current liabilities			
Bank loans		3,495,550	1,918,537
Convertible bonds	12	3,704,941	3,574,266
Lease liabilities		8,983	3,049
Deferred tax liabilities		10,656	35,000
		<u>7,220,130</u>	<u>5,530,852</u>
Net assets		<u><u>35,555,890</u></u>	<u><u>32,762,396</u></u>
Capital and reserves			
Share capital		14,347	14,347
Reserves		34,241,988	31,838,605
Equity attributable to equity shareholders of the Company		<u>34,256,335</u>	31,852,952
Non-controlling interests		<u>1,299,555</u>	909,444
Total equity		<u><u>35,555,890</u></u>	<u><u>32,762,396</u></u>

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 25 August 2020.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2019 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2020 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 2019 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 number of standards and amendments to IFRSs that are first effective for the current accounting period of the Group. None of the developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

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

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are 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	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Energy preservation and environmental protection solutions		
Solid waste solutions	391,485	276,740
Waste incineration solutions (i)	2,106,956	1,504,172
Energy saving equipment	168,728	159,139
	<hr/>	<hr/>
Subtotal	2,667,169	1,940,051
Port logistics services	108,261	118,556
Sale of new building materials	41,548	44,731
	<hr/>	<hr/>
Total	<u>2,816,978</u>	<u>2,103,338</u>

(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	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Revenue from waste incineration project construction services	1,809,173	1,350,712
Revenue from waste incineration project operation services	226,677	103,328
Finance income	71,106	50,132
	<hr/>	<hr/>
Total	<u>2,106,956</u>	<u>1,504,172</u>

(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 2020 and 2019 is set out below:

	Six months ended 30 June 2020 (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	845,494	108,261	41,548	-	-	995,303
Over time	<u>1,821,675</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,821,675</u>
Reportable segment revenue	<u><u>2,667,169</u></u>	<u><u>108,261</u></u>	<u><u>41,548</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>2,816,978</u></u>
Reportable segment profit/(loss) before taxation	<u><u>731,998</u></u>	<u><u>59,176</u></u>	<u><u>(2,722)</u></u>	<u><u>2,910,247</u></u>	<u><u>(40,686)</u></u>	<u><u>3,658,013</u></u>
Interest income	28,852	72	158	-	23,312	52,394
Interest expenses	48,582	-	-	-	59,839	108,421
Depreciation and amortisation	91,740	22,831	7,785	-	-	122,356
Provision of loss allowance for trade receivables	7,574	-	-	-	-	7,574
Reportable segment assets	16,882,740	446,273	446,936	28,857,075	2,142,177	48,775,201
Reportable segment liabilities	8,330,322	40,431	21,326	-	4,827,232	13,219,311

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	<u>1,357,969</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>1,357,969</u>
Reportable segment revenue	<u>1,940,051</u>	<u>118,556</u>	<u>44,731</u>	<u>–</u>	<u>–</u>	<u>2,103,338</u>
Reportable segment profit/(loss) before taxation	<u>564,750</u>	<u>62,241</u>	<u>(8,452)</u>	<u>2,711,623</u>	<u>(28,365)</u>	<u>3,301,797</u>
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 for trade receivables	(2,759)	–	–	–	–	(2,759)

Year ended 31 December 2019

	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	12,470,564	472,101	454,657	25,920,942	2,853,297	42,171,561
Reportable segment liabilities	5,631,160	107,624	30,556	–	3,639,825	9,409,165

(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	
	2020 RMB'000	2019 RMB'000
Revenue		
Mainland China	2,772,238	2,077,099
Asia (except Mainland China)	43,610	26,221
South America	1,130	18
	<u>2,816,978</u>	<u>2,103,338</u>

The Group's property, plant and equipment, right-of-use assets, intangible assets, interests in associates and other non-current assets ("specified non-current assets") are located in Mainland China and Hong Kong. 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 interests in associates.

4 OTHER INCOME

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Interest income on bank deposits and cash at bank	52,394	55,032
Government grants	60,467	57,416
Net loss on disposal of property, plant and equipment	(56)	(239)
Recognition of negative goodwill as income	14,033	–
Exchange (loss)/gain	(4,465)	1,635
Net unrealised losses on financial assets measured at FVPL	(407)	–
Others	282	–
	<u>122,248</u>	<u>113,844</u>

5 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
(a) Finance costs:		
Interest on bank loans	73,104	40,632
Interest on lease liabilities	402	210
Interest on convertible bonds	60,209	55,133
Less: interest expense capitalised into construction in progress and intangible assets	(25,294)	(10,114)
	<u>108,421</u>	<u>85,861</u>

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
(b) Other items:		
Depreciation of owned property, plant and equipment	77,615	55,762
Depreciation of right-of-use assets	7,686	4,615
Amortisation of intangible assets	37,055	11,602
Research and development costs	11,794	4,647
Loss allowance on/(reversals of) trade receivables	7,574	(2,759)
Staff costs	156,977	113,790
	<u>156,977</u>	<u>113,790</u>

6 INCOME TAX

	Six months ended 30 June	
	2020	2019
	RMB'000	RMB'000
Current tax-Hong Kong profits Tax		
Provision for the period	20	16
Current tax-PRC income Tax		
Provision for the period	148,856	112,515
Over provision in respect of prior years	(2,081)	(3,887)
Deferred tax:		
Origination and reversal of temporary differences, net	<u>(27,325)</u>	<u>566</u>
	<u>119,470</u>	<u>109,210</u>

- (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 2020 is calculated at 16.5% (2019: 16.5%) of the estimated assessable profits for the year. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.
- (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.

Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd. (“CK Equipment”) was accredited as a “High and New Technology Enterprise” (“HNTE”) and was entitled to a preferential income tax rate of 15% for a period of three years from 2017 to 2019.

CK Equipment is in the process of renewing the accreditation as at the date of this report. Management consider that it is possible that CK Equipment will obtain the renewed HNTE accreditation before the end of 2020, therefore, an income tax rate of 15% was applied for the six months ended 30 June 2020.

Pursuant to Notice No.14 issued by the State Administration of Taxation on 10 March 2015 and relevant local tax authorities’ notices, 31 PRC subsidiaries of the Group 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 2020 (six months ended 30 June 2019: 17).

- (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 2020 of RMB3,468,485,000 (six months ended 30 June 2019: RMB3,140,610,000) and 1,804,750,000 (six months ended 30 June 2019: 1,804,750,000) ordinary shares in issue during the six months ended 30 June 2020.

(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 RMB3,528,324,000 (six months ended 30 June 2019: RMB3,192,982,000) and the weighted average number of ordinary shares of 1,904,521,225 (six months ended 30 June 2019: 1,902,435,415).

8 INTERESTS IN ASSOCIATES

As at 30 June 2020, interests in associates represented share of net assets of Anhui Conch Holdings Co., Ltd. ("Conch Holdings") and other associates. For the six months period ended 30 June 2020, the Group recognised share of profits of associates in the amount of RMB2,910,247,000 in the consolidated statement of profit or loss (six months ended 30 June 2019: RMB2,711,623,000).

9 SERVICE CONCESSION ASSETS

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Current	101,285	102,126
Non-current	4,165,424	3,353,103
	<u>4,266,709</u>	<u>3,455,229</u>

The service concession assets bear interest at rates ranging from 6.01% to 9.41% (31 December 2019: 6.01% to 9.41%) per annum as at 30 June 2020 and relate to certain BOT arrangements of the Group. The amounts are not yet due for payment and will be settled during the operating periods of the arrangements. Among the total of RMB4,266,709,000 (31 December 2019: RMB3,455,229,000), RMB1,511,903,000 (31 December 2019: RMB1,149,238,000) relates to BOT arrangements which are in construction phase and should be deemed as contract assets as defined under IFRS 15.

Among the total of RMB4,266,709,000 (31 December 2019: RMB3,455,229,000), RMB134,403,000 (31 December 2019: RMB79,750,000) relates to the government on-grid tariff subsidy for certain projects which will be billed and settled upon the successful completion of government administrative procedures pursuant to notices jointly issued by the Ministry of Finance, the National Development and Reform Commission and the National Energy Administration.

10 TRADE AND OTHER RECEIVABLES

	At 30 June 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Trade receivables	815,898	774,167
Bills receivable	44,185	57,618
Less: loss allowance for doubtful debts	<u>(52,114)</u>	<u>(44,540)</u>
Trade and bills receivables	807,969	787,245
Deposits and prepayments	282,508	112,272
Other receivables	361,129	318,290
Interest receivables	<u>23,901</u>	<u>13,945</u>
Amounts due from third parties	1,475,507	1,231,752
Amounts due from related parties	<u>76,077</u>	<u>63,419</u>
Current portion of trade and other receivables	<u>1,551,584</u>	<u>1,295,171</u>
Other receivables and prepayments to be recovered after one year	821,295	613,562
Amounts due from related parties to be recovered after one year	<u>10,020</u>	<u>–</u>
Non-current portion of trade and other receivables	<u>831,315</u>	<u>613,562</u>
Total current and non-current trade and other receivables	<u>2,382,899</u>	<u>1,908,733</u>

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

Except for the amounts due from related parties to be recovered after one year which bear interest at rate of 7.2% and is repayable on 20 June 2025, all of 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 2020 <i>RMB'000</i>	At 31 December 2019 <i>RMB'000</i>
Current	763,137	752,031
Less than 1 year	32,201	21,439
1 to 2 years	7,431	10,333
2 to 3 years	<u>5,200</u>	<u>3,442</u>
	<u>807,969</u>	<u>787,245</u>

11 TRADE AND OTHER PAYABLES

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Trade payables	2,390,126	1,831,109
Bills payable	609,983	656,927
	<u>3,000,109</u>	<u>2,488,036</u>
Other payables and accruals	453,537	473,818
Amounts due to third parties	3,453,646	2,961,854
Dividends payable to non-controlling interests	6,094	–
Amounts due to related parties	123,868	109,254
	<u>3,583,608</u>	<u>3,071,108</u>

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

	At 30 June 2020 RMB'000	At 31 December 2019 RMB'000
Within 1 year	2,919,683	2,443,367
1 year to 2 years	74,235	31,644
2 years to 3 years	4,579	7,304
Over 3 years but within 5 years	1,612	5,721
	<u>3,000,109</u>	<u>2,488,036</u>

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

12 CONVERTIBLE BONDS

On 5 September 2018, Conch Venture BVI, a subsidiary of the Company, issued zero coupon guaranteed convertible bond (“the Bonds”) with aggregate principal amount of HKD 3,925,000,000 (equivalent to approximately RMB3,413,730,000) and received cash after deduction of transaction costs of HKD 3,882,043,000 (equivalent to approximately RMB3,376,369,000).

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

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

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

	Liability component (At amortised cost) <i>RMB'000</i>	Equity component (Residual amount) <i>RMB'000</i>	Total <i>RMB'000</i>
At 1 January 2019	3,383,432	54,466	3,437,898
Interest charge	113,224	–	113,224
Exchange adjustment	77,610	–	77,610
	3,574,266	54,466	3,628,732
At 31 December 2019			
Interest charge (<i>note 5(a)</i>)	60,209	–	60,209
Exchange adjustment	70,466	–	70,466
	3,704,941	54,466	3,759,407

13 DIVIDENDS

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

	Six months ended 30 June	
	2020	2019
	<i>RMB'000</i>	<i>RMB'000</i>
Final dividend in respect of the previous financial year, approved during the interim period, of HKD0.65 per share (six months ended 30 June 2019: HKD0.55 per share)	<u>1,055,193</u>	<u>873,698</u>

Pursuant to a resolution passed at the annual general meeting on 29 June 2020, a final dividend of HKD0.65 per share totalling HKD1,173,087,500 (equivalent to approximately RMB1,055,193,000) was approved (2019: RMB873,698,000), which was paid in July 2020.

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO ENVIRONMENT

In the first half of 2020, facing the fierce challenges under the COVID-19 and the complex political and economic situations at home and abroad, the State has firmly grasped the two major subjects of epidemic prevention and control, and economic development. The domestic epidemic has been effectively controlled and the national economy has gradually recovered. In the first half of the year, GDP decreased by 1.6% period-on-period, but in terms of quarterly comparison, the first quarter decreased by 6.8% quarter-on-quarter, and the second quarter increased by 3.2% quarter-on-quarter.

During the Reporting Period, under the negative impact of the COVID-19, the Group upheld its missions and focused on its principal business of environmental protection. The Group, on one hand, focused on epidemic prevention and control while, on the other hand, focusing on production and operation, enhanced the development of projects, accelerated the resumption of work and production, implemented targeted measures, thereby maintained steady growth of the environmental protection business. The net profit of the principal businesses increased by 30.13% as compared with the corresponding period of the previous year, of which the second quarter increased by 44.73% period-on-period.

BUSINESS REVIEW

Environmental Protection Business

Since this year, the Group has continued to focus on development with a “dual-wheel drive” in both solid waste treatment and grate furnace power generation, and over-fulfilled the development objectives for the half year than expected. As at the date of this announcement, the Group had newly added 29 environmental protection projects including 21 solid waste treatment projects with a production capacity of approximately 2.14 million tonnes/year and 8 waste treatment projects with a production capacity of approximately 1.48 million tonnes/year (i.e. 4,300 tonnes/day).

As at the date of this announcement, the Group had secured a total of 139 environmental protection projects in 23 provinces, municipalities and autonomous regions nationwide, which include 71 solid waste treatment projects, 50 grate furnace power generation projects, 16 projects of waste treatment by cement kilns and 2 foul water treatment projects. Our annual treatment capacities of industrial solid and hazardous waste and municipal waste have reached approximately 7.86 million tonnes and approximately 12.50 million tonnes (i.e. 36,100 tonnes/day) respectively.

Solid Waste Treatment

1) Project expansion

During the Reporting Period, the Group has continuously promoted collaborative industrial solid and hazardous waste treatment by cement kilns projects. As at the date of this announcement, the Group has successfully obtained 12 projects in Quanjiao, Anhui Province, Zongyang, Anhui Province, Qingyuan, Guangdong Province, Longkou, Shandong Province, and Baoding, Hebei Province, Nanyang, Henan Province, Tengzhou, Shandong Province, Anyang, Henan Province, Xinan, Henan Province, Wolong, Henan Province, Dengzhou, Henan Province under the platform of Anhui Haizhong Environmental Company Limited* (安徽海中環保有限責任公司) (“**Haizhong Environmental**”), and Arong Banner, Inner Mongolia under the platform of Inner Mongolia Mengxi Technology Development Limited* (內蒙古海創蒙西科技發展有限公司) (“**Haimeng Technology**”), with a production capacity of approximately 1.45 million tonnes/year.

In addition, the Group has proactively implemented a wide spectrum of collaborative treatment without cement kilns projects, such as fly ash treatment via water washing, oil-bearing sludge treatment and dry distillation pyrolysis. As at the date of this announcement, the Group has successfully obtained 9 projects, such as oil-bearing sludge treatment in Yulin, Shaanxi Province and Qingyang, Gansu Province, fly ash treatment via water washing in Nanyang, Anyang, Xinan, Wolong, and Dengzhou, Henan Province, and Jining, Shandong Province, incineration and oil-bearing sludge treatment in Jinzhou, Liaoning Province, with a production capacity of approximately 0.69 million tonnes/year.

2) Project operation

During the Reporting Period, the Group actively implemented technical transformation measures, which further improved the operation quality. In terms of market expansion, the Group overcame the adverse effects of the suspended operation and production of industrial enterprises and transportation restrictions caused by the epidemic in the first quarter. While continuing to prevent and control epidemic, the Group proactively expanded the market and identified potential customers, resulting in a significant period-on-period increase in the treatment volume.

During the Reporting Period, our solid waste treatment segment received a total of approximately 426,600 tonnes of solid and hazardous waste, representing an increase of 56.55% as compared with the corresponding period of the previous year, including approximately 156,700 tonnes of hazardous waste, representing a period-on-period increase of 54.54%, and approximately 269,900 tonnes of general solid waste, representing a period-on-period increase of 57.74%.

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

No.	Status of Construction	Project Location	Treatment Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date	Cooperation Methods	Remarks	
1	In operation	Fuping, Shaanxi Province	100,000 tonnes/year	100,000 tonnes/year	April 2016	Xi'an Yaobai Environmental Protection Technology Engineering Co., Ltd.* (西安堯柏環保科技工程有限公司) (“Yaobai Environmental”) holding 100%		
2		Qian County, Shaanxi Province	70,000 tonnes/year	63,600 tonnes/year	April 2017			
3		Qianyang, Shaanxi Province	100,000 tonnes/year	100,000 tonnes/year	October 2018			
4		Tongchuan, Shaanxi Province	100,000 tonnes/year	81,500 tonnes/year	August 2019			
5		Wuhu, Anhui Province	2×100,000 tonnes/year	130,000 tonnes/year (two phases)	December 2017	Wholly-owned projects		
6		Yiyang, Jiangxi Province	2×100,000 tonnes/year	170,000 tonnes/year (two phases)	May 2018			
7		Xingye, Guangxi Province	2×100,000 tonnes/year	Phase 1: 95,000 tonnes/year Phase 2: 66,500 tonnes/year	August 2018			
8		Suzhou, Anhui Province(Phase 1)	100,000 tonnes/year	50,000 tonnes/year	August 2018			
9		Wenshan, Yunnan Province(Phase 1)	100,000 tonnes/year	60,000 tonnes/year	August 2019			
10		Sishui, Shandong Province	100,000 tonnes/year	13,950 tonnes/year	January 2020			
11		Qiyang, Hunan Province	100,000 tonnes/year	59,000 tonnes/year	January 2020			
12		Yangchun, Guangdong Province	100,000 tonnes/year	70,000 tonnes/year	August 2020			
13		Zhong County, Chongqing City	2×100,000 tonnes/year	90,000 tonnes/year	June 2019		The Group holding 65%	
14		Qingzhen, Guizhou Province	100,000 tonnes/year	100,000 tonnes/year	September 2019		The Group holding 85%	
Subtotal			1,770,000 tonnes/year	1,249,600 tonnes/year				

No.	Status of Construction	Project Location	Treatment Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date	Cooperation Methods	Remarks
15	Under construction	Suzhou, Anhui Province (Phase 2)	100,000 tonnes/year	/	September 2020	Wholly-owned projects	
16		Linxiang, Hunan Province	100,000 tonnes/year		January 2021		
17		Longan, Guangxi Province	100,000 tonnes/year		January 2021		
18		Ningguo, Anhui Province	100,000 tonnes/year		June 2021		Municipal waste treatment by cement kilns changed to solid waste treatment
Subtotal			400,000 tonnes/year				
19	Under approval and planning	Wenshan, Yunan Province (Phase 2)	100,000 tonnes/year	/	/	Wholly-owned projects	
20		Quanjiao, Anhui Province	200,000 tonnes/year				
21		Baoshan, Yunnan Province	100,000 tonnes/year				Municipal waste treatment by cement kilns changed to solid waste treatment
22		Qingyuan, Guangdong Province	100,000 tonnes/year			The Group holding 65%	
Subtotal			500,000 tonnes/year				
Total			2,670,000 tonnes/year	1,249,600 tonnes/year			

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

No.	Status of Construction	Project Location	Treatment Capacity	Actual/Expected Completion Date	Cooperation Methods
1	In operation	Mian County, Shaanxi Province	45,000 tonnes/year	October 2017	Yaobai Environmental holding 100%
2		Huaining, Anhui Province	70,000 tonnes/year	September 2017	Wholly-owned projects
3		Huaipei, Anhui Province	70,000 tonnes/year	December 2017	
4		Xianyang, Shaanxi Province	300,000 tonnes/year	August 2019	
5		Liangping, Chongqing City	75,000 tonnes/year	September 2019	
6		Guangyuan, Sichuan Province	70,000 tonnes/year	January 2020	
7		Fanchang, Anhui Province	210,000 tonnes/year	July 2020	
Subtotal			840,000 tonnes/year		
8	Under construction	Chizhou, Anhui Province	100,000 tonnes/year	November 2020	Wholly-owned projects
9		Yiyang, Hunan Province	70,000 tonnes/year	January 2021	
10	Under approval and planning	Xinhua, Hunan Province	100,000 tonnes/year	/	
11		Zongyang, Anhui Province	200,000 tonnes/year		
12		Dazhou, Sichuan Province	200,000 tonnes/year		The Group holding 80%
Subtotal			670,000 tonnes/year		
Total			1,510,000 tonnes/year		

Details of the solid waste treatment projects cooperated with China National Building Material Company Limited* (中國建材股份有限公司) (“**CNBM**”) and Inner Mongolia Mengxi Cement Co., Ltd.* (內蒙古蒙西水泥股份有限公司) (“**Mengxi Cement**”) are set out in the following table:

No.	Status of Construction	Cooperative Entity	Project Location	Treatment Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date	Cooperation Methods	Remarks		
1	In operation	South Cement	Sanming, Fujian Province	100,000 tonnes/year	20,500 tonnes/year	August 2019	Haizhong Environmental holding 35%			
2			Yixing, Jiangsu Province	100,000 tonnes/year	100,000 tonnes/year	December 2019				
Subtotal				200,000 tonnes/year	120,500 tonnes/year					
3	Under construction	China United Cement	Dezhou, Shandong Province	100,000 tonnes/year	/	September 2020	Haizhong Environmental holding 50%			
4			Luoyang, Henan Province	100,000 tonnes/year		January 2021	Haizhong Environmental holding 100%			
5			Jiyuan, Henan Province	100,000 tonnes/year		January 2021				
6			Taian, Shandong Province	100,000 tonnes/year		January 2021	Haizhong Environmental holding 51%	Polluted soil project		
7			Baoding, Hebei Province	100,000 tonnes/year		April 2021				
8			Dengfeng, Henan Province	100,000 tonnes/year		May 2021				
9			South Cement	Chongzuo, Guangxi Province		100,000 tonnes/year	January 2021	Haizhong Environmental holding 100%		
10		Guilin, Guangxi Province		100,000 tonnes/year		February 2021				
11		Mengxi Cement	HulunBuir, Inner Mongolia	50,000 tonnes/year		September 2021	Haimeng Technology holding 100%			
Subtotal				850,000 tonnes/year						

No.	Status of Construction	Cooperative Entity	Project Location	Treatment Capacity	Hazardous Waste Qualification	Actual/Expected Completion Date	Cooperation Methods	Remarks
12	Under approval and planning	China United Cement	Nanyang, Henan Province	100,000 tonnes/year	/	/	Haizhong Environmental holding 100%	General solid waste
13			Wolong, Henan Province	50,000 tonnes/year				
14			Dengzhou, Henan Province	50,000 tonnes/year				
15			Tengzhou, Shandong Province	201,500 tonnes/year			Haizhong Environmental holding 51%	Polluted soil project
16			Anyang, Henan Province	100,000 tonnes/year			Haizhong Environmental holding 100%	General solid waste
17			Xinan, Henan Province	50,000 tonnes/year				
18			Sinoma Cement	Luoding, Guangdong Province			80,000 tonnes/year	Haizhong Environmental holding 40%
19		Qilianshan Cement	Jiayuguan, Gansu Province	200,000 tonnes/year			Haizhong Environmental holding 100%	
20		South Cement	Fuyang, Zhejiang Province	200,000 tonnes/year			Haizhong Environmental holding 65%	
21			Quzhou, Zhejiang Province	100,000 tonnes/year			Haizhong Environmental holding 100%	General solid waste
22		Mengxi Cement	Erdos, Inner Mongolia	100,000 tonnes/year			Haimeng Technology holding 100%	
23			Arong Banner, Inner Mongolia	100,000 tonnes/year				
24		Fanlin Cement	Longkou, Shandong Province	200,000 tonnes/year			The Group holding 53%	
Subtotal				1,531,500 tonnes/year				
Total				2,581,500 tonnes/year	120,500 tonnes/year			

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

No.	Status of Construction	Project Type	Project Location	Treatment Capacity	Actual/Expected Completion Date	Remarks
1	Under construction	Fly ash treatment via water washing	Wuhu, Anhui Province	100,000 tonnes/year	December 2020	
2			Yiyang, Hunan Province	50,000 tonnes/year	June 2021	
3	Under approval and planning		Yiyang, Jiangxi Province	100,000 tonnes/year	/	Haizhong Environmental holding 100%
4			Xiayang, Shaanxi Province	100,000 tonnes/year		
5			Nanyang, Henan Province	100,000 tonnes/year		
6			Jining, Shandong Province	100,000 tonnes/year		
7			Wolong, Henan Province	50,000 tonnes/year		
8			Dengzhou, Henan Province	50,000 tonnes/year		
9			Xinan, Henan Province	50,000 tonnes/year		
10			Anyang, Henan Province	100,000 tonnes/year		
Subtotal				800,000 tonnes/year		
11	Completed	Oil-bearing sludge treatment	Yulin, Shaanxi Province	100,000 tonnes/year	May 2020	The Group holding 70%
12	Under construction	Dry distillation	Wuhu, Anhui Province	15,000 tonnes/year	January 2021	
13		Comprehensive utilization of resources	Ninghai, Zhejiang Province	40,000 tonnes/year	January 2021	The Group holding 70%
14		Oil-bearing sludge treatment + incineration	Jinzhou, Liaoning Province (Phase 1)	Oil-bearing sludge treatment: 20,000 tonnes/year Incineration: 42,000 tonnes/year	August 2021	Conch Venture Environmental Protection Technology (Shanghai) Co., Ltd.* (海螺創業環保科技(上海)有限公司) holding 80%
15	Under approval and planning	Landfill	Jinzhou, Liaoning Province (Phase 2)	Rigid landfill: 209,000 cubic meters	/	
16		Oil-bearing sludge treatment	Qingyang, Gansu Province	80,000 tonnes/year	/	The Group holding 80%
Subtotal				297,000 tonnes/year		
Total				1,097,000 tonnes/year		

As at the date of this announcement, the Group has reached a treatment capacity of approximately 7.86 million tonnes of solid and hazardous waste treatment per year, the details of which are set out in the following table:

(Unit: 10,000 tonnes/year)

Category	Hazardous Waste									Solid Waste				
	Collaborative treatment by cement kilns									Fly ash (under construction)	Dry distillation, incineration, comprehensive utilization of resources (Under construction)	Oil-bearing sludge treatment (Under construction, completed)	In operation	Under construction
	Conch Project			Cooperation Project										
	In operation	Hazardous waste qualification	Under construction	In operation	Hazardous waste qualification	Under construction								
	140	90.45	90	61.5	46.56	238.15	80	9.7	20	79.5	67			

Grate Furnace Power Generation

1) Project expansion

As at the date of this announcement, the Group has successfully obtained 8 projects in Jinning, Yunnan Province, Binzhou, Shaanxi Province, Pingguo, Guangxi Province, Zhangjiakou, Hebei Province, Nanyang, Henan Province, Longkou, Shandong Province, Luzhai, Guangxi Province, Naiman Banner, Inner Mongolia with a treatment capacity of approximately 1.48 million tonnes/year (i.e. 4,300 tonnes/day).

2) Project operation

The Group continued to consolidate operating experience and implement professional benchmarking management and to further improve the quality of project operations by expanding sources of high-calorific value waste and implementing existing technological transformations. During the Reporting Period, the Group received a total of approximately 1,183,000 tonnes of municipal waste, approximately 944,900 tonnes of which has been treated, and achieved approximately 317 million kwh of on-grid electricity. The average on-grid electricity calculated according to the volume processed in furnace is 335 kwh, which representing a period-on-period increase of approximately 35 kwh.

No.	Status of Construction	Project Location	Treatment Capacity	Actual/Expected Completion Date	Cooperation Methods
1	In operation	Jinzhai, Anhui Province (Phase 1)	100,000 tonnes/year (300 tonnes/day)	January 2016	Wholly-owned projects
2		Tongren, Guizhou Province	2×100,000 tonnes/year (2×300 tonnes/day)	July 2017	
3		Yanshan, Yunnan Province	70,000 tonnes/year (200 tonnes/day)	August 2017	
4		Huoqiu, Anhui Province	2×140,000 tonnes/year (2×400 tonnes/day)	January 2018	
5		Li County, Hunan Province	240,000 tonnes/year (700 tonnes/day)	April 2018	
6		Songming, Yunnan Province	100,000 tonnes/year (300 tonnes/day)	January 2019	
7		Shanggao, Jiangxi Province	140,000 tonnes/year (400 tonnes/day)	February 2019	
8		Yiyang, Jiangxi Province	2×100,000 tonnes/year (2×300 tonnes/day)	June 2019	
9		Shache, Xinjiang	2×100,000 tonnes/year (2×300 tonnes/day)	June 2019	
10		Sishui, Shandong Province	140,000 tonnes/year (400 tonnes/day)	June 2019	
11		Bole, Xinjiang	100,000 tonnes/year (300 tonnes/day)	July 2019	
12		Yang County, Shaanxi Province	100,000 tonnes/year (300 tonnes/day)	October 2019	
13		Baoshan, Yunnan Province	2×140,000 tonnes/year (2×400 tonnes/day)	January 2020	
14		Fuquan, Guizhou Province	100,000 tonnes/year (300 tonnes/day)	January 2020	
15		Lujiang, Anhui Province (Phase 1)	180,000 tonnes/year (500 tonnes/day)	January 2020	
16		Xianyang, Shaanxi Province (Phase 1)	2×250,000 tonnes/year (2×750 tonnes/day)	July 2020	
17		Xishui, Guizhou Province (Phase 1)	140,000 tonnes/year (400 tonnes/day)	July 2020	
18		Shizhu, Chongqing City	100,000 tonnes/year (300 tonnes/day)	August 2020	
Subtotal			3.17 million tonnes/year (9,300 tonnes/day)		

No.	Status of Construction	Project Location	Treatment Capacity	Actual/Expected Completion Date	Cooperation Methods
19	Under construction	Huoshan, Anhui Province	140,000 tonnes/year (400 tonnes/day)	September 2020	Wholly-owned projects
20		Jinzhai, Anhui Province	100,000 tonnes/year (300 tonnes/day)	October 2020	
21		Dexing, Jiangxi Province	140,000 tonnes/year (400 tonnes/day)	November 2020	The Group holding 90%
22		Tengchong, Yunnan Province (Phase 1)	100,000 tonnes/year (300 tonnes/day)	November 2020	Wholly-owned projects
23		Ningguo, Anhui Province	140,000 tonnes/year (400 tonnes/day)	December 2020	
24		Luxi, Yunnan Province (Phase 1)	100,000 tonnes/year (300 tonnes/day)	March 2021	
25		Mangshi, Yunnan Province (Phase 1)	100,000 tonnes/year (300 tonnes/day)	March 2021	
26		Luoping, Yunnan Province (Phase 1)	100,000 tonnes/year (300 tonnes/day)	March 2021	
27		Suiyang, Guizhou Province	140,000 tonnes/year (400 tonnes/day)	April 2021	The Group holding 70%
28		Zongyang, Anhui Province (Phase 1)	140,000 tonnes/year (400 tonnes/day)	May 2021	Wholly-owned projects
29		Shimen, Hunan Province	180,000 tonnes/year (500 tonnes/day)	May 2021	
30		Lujiang, Anhui Province (Phase 2)	180,000 tonnes/year (500 tonnes/day)	May 2021	
31		Shahe, Hebei Province	4×180,000 tonnes/year (4×500 tonnes/day)	June 2021	The Group holding 66%
32		Manzhouli, Inner Mongolia	140,000 tonnes/year (400 tonnes/day)	July 2021	Wholly-owned projects
33		Zhenxiong, Yunnan Province (Phase 1)	180,000 tonnes/year (500 tonnes/day)	July 2021	
34		Hanshou, Hunan Province	140,000 tonnes/year (400 tonnes/day)	July 2021	
35		Wuwei, Anhui Province (Phase 1)	180,000 tonnes/year (500 tonnes/day)	July 2021	
36		Jiuquan, Gansu Province (Phase 1)	180,000 tonnes/year (500 tonnes/day)	August 2021	
37		Panshi, Jilin Province (Phase 1)	140,000 tonnes/year (400 tonnes/day)	August 2021	
38	Tongchuan, Shaanxi Province	180,000 tonnes/year (500 tonnes/day)	September 2021		
39	Hejin, Shanxi Province	180,000 tonnes/year (500 tonnes/day)	October 2021		
Subtotal			3.60 million tonnes/year (10,200 tonnes/day)		

No.	Status of Construction	Project Location	Treatment Capacity	Actual/Expected Completion Date	Cooperation Methods
40	Under approval and planning	Pingliang, Gansu Province	2×180,000 tonnes/year (2×500 tonnes/day)	/	Wholly-owned projects
41		Jinning, Yunnan Province	140,000 tonnes/year (400 tonnes/day)		
42		Pingguo, Guangxi Province	2×140,000 tonnes/year (2×400 tonnes/day)		
43		Xiayang, Shaanxi Province (Phase 2)	2×250,000 tonnes/year (2×750 tonnes/day)		
44		Xishui, Guizhou Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)		
45		Zhenxiong, Yunnan Province (Phase 2)	180,000 tonnes/year (500 tonnes/day)		
46		Mangshi, Yunnan Province (Phase 2)	100,000 tonnes/year (300 tonnes/day)		
47		Wuwei, Anhui Province (Phase 2)	180,000 tonnes/year (500 tonnes/day)		
48		Tengchong, Yunnan Province (Phase 2)	100,000 tonnes/year (300 tonnes/day)		
49		Luxi, Yunnan Province (Phase 2)	100,000 tonnes/year (300 tonnes/day)		
50		Jiuquan, Gansu Province (Phase 2)	180,000 tonnes/year (500 tonnes/day)		
51		Luoping, Yunnan Province (Phase 2)	100,000 tonnes/year (300 tonnes/day)		
52		Panshi, Jilin Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)		
53		Shuangfeng, Hunan Province	2×180,000 tonnes/year (2×500 tonnes/day)		
54		Zongyang, Anhui Province (Phase 2)	140,000 tonnes/year (400 tonnes/day)		
55		Binzhou, Shaanxi Province	2×100,000 tonnes/year (2×300 tonnes/day)		
56		Nanyang, Henan Province	200,000 tonnes/year (600 tonnes/day)		
57		Zhangjiakou, Hebei Province	180,000 tonnes/year (500 tonnes/day)		
58		Luzhai, Guangxi Province	140,000 tonnes/year (400 tonnes/day)		
59		Naiman Banner, Inner Mongolia	140,000 tonnes/year (400 tonnes/day)		
60		Thai Nguyen, Vietnam	180,000 tonnes/year (500 tonnes/day)		The Group holding 51%
61		Bac Ninh, Vietnam	100,000 tonnes/year (300 tonnes/day)		The Group holding 74.86%
62		Tongzi, Guizhou Province	140,000 tonnes/year (400 tonnes/day)		The Group holding 70%
63		Longkou, Shandong Province	200,000 tonnes/year (600 tonnes/day)		The Group holding 60%
Subtotal			4.48 million tonnes/year (12,900 tonnes/day)		
Total			11.25 million tonnes/year (32,400 tonnes/day)		

Waste Treatment by Cement Kilns

During the Reporting Period, 16 projects of waste treatment by cement kilns were completed, with a treatment capacity of approximately 1.25 million tonnes/year (i.e. 3,700 tonnes/day), and a total of approximately 407,000 tonnes of municipal waste were received.

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

No.	Status of Construction	Project Location	Business Model	Treatment Capacity	Cooperation Methods
1	Completed	Pingliang, Gansu Province	BOT	100,000 tonnes/year (300 tonnes/day)	Wholly-owned projects
2		Qingzhen, Guizhou Province		100,000 tonnes/year (300 tonnes/day)	
3		Yangchun, Guangdong Province		70,000 tonnes/year (200 tonnes/day)	
4		Yuping, Guizhou Province		30,000 tonnes/year (100 tonnes/day)	The Group holding 70%
5		Xishui, Guizhou Province		100,000 tonnes/year (300 tonnes/day)	
6		Qiyang, Hunan Province		100,000 tonnes/year (300 tonnes/day)	Wholly-owned projects
7		Shimen, Hunan Province		70,000 tonnes/year (200 tonnes/day)	
8		Shuicheng, Guizhou Province		70,000 tonnes/year (200 tonnes/day)	
9		Fusui, Guangxi Province		70,000 tonnes/year (200 tonnes/day)	
10		Shuangfeng, Hunan Province		70,000 tonnes/year (200 tonnes/day)	
11		Nanjiang, Sichuan Province		70,000 tonnes/year (200 tonnes/day)	
12		Lingyun, Guangxi Province		30,000 tonnes/year (100 tonnes/day)	
13		Ningguo, Anhui Province		100,000 tonnes/year (300 tonnes/day)	
14		Linxia, Gansu Province		100,000 tonnes/year (300 tonnes/day)	
15		Xingan, Guangxi Province		100,000 tonnes/year (300 tonnes/day)	
16		Yingjiang, Yunnan Province		70,000 tonnes/year (200 tonnes/day)	
Subtotal				1.25 million tonnes/year (3,700 tonnes/day)	
Total				12.50 million tonnes/year (36,100 tonnes/day)	

As at the date of this announcement, the Group has a municipal waste treatment capacity of approximately 12.50 million tonnes/year (36,100 tonnes/day), including approximately 4.42 million tonnes/year (i.e. 13,000 tonnes/day) completed and approximately 8.08 million tonnes/year (i.e. 23,100 tonnes/day) under construction and under approval and planning.

New Building Materials

The Group had a thorough understanding of the production and operating conditions of plate customers, adjusted its market development strategies, fully grasped the favorable opportunities such as the improvement in the epidemic and sales situation, and explored the core market potential of Jiangsu, Zhejiang, Shanghai and Anhui. During the Reporting Period, the Group recorded product sales of approximately 3.10 million square meters, and achieved an operating income of RMB41.55 million.

Port Logistics

The Group organized its production and operation of port logistics business in a systematic manner, strengthened customer relationship, maintained stable cargo transfers, optimized production processes, and reduced operating costs. During the Reporting Period, the Group achieved a throughput of approximately 16.64 million tonnes and an operating income of RMB108.26 million.

PROFITS

Item	January- June 2020 Amount (RMB'000)	January- June 2019 Amount (RMB'000)	Changes between the Reporting Period and the corresponding period of the previous year (%)
Revenue	2,816,978	2,103,338	33.93
Profit before taxation	3,658,013	3,301,797	10.79
Share of profits of associates	2,910,247	2,711,623	7.32
Profit before taxation from principal businesses	747,766	590,174	26.70
Net profit attributable to equity shareholders of the Company	3,468,485	3,140,610	10.44
Net profit from principal businesses attributable to equity shareholders of the Company	<u>558,238</u>	<u>428,987</u>	<u>30.13</u>

During the Reporting Period, the Group recorded a revenue of RMB2,816.98 million, representing a period-on-period increase of 33.93%. Profit before taxation amounted to RMB3,658.01 million, representing a period-on-period increase of 10.79%. Share of profits of associates amounted to RMB2,910.25 million, representing a period-on-period increase of 7.32%. Profit before taxation from principal businesses amounted to RMB747.77 million, representing a period-on-period increase of 26.70%. Net profit attributable to equity shareholders of the Company amounted to RMB3,468.49 million, representing a period-on-period increase of 10.44%, among which, net profit from principal businesses attributable to equity shareholders amounted to RMB558.24 million, representing a period-on-period increase of 30.13%. Basic earnings per share amounted to RMB1.92. Diluted earnings per share amounted to RMB1.85.

Revenue by business segments

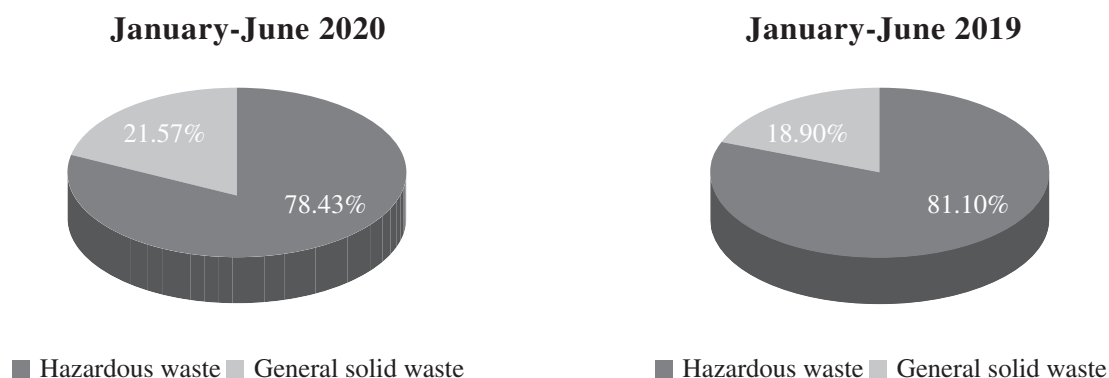
Item	January–June 2020		January–June 2019		Change in amount	Change in Percentage (percentage points)
	Amount	Percentage	Amount	Percentage		
	(RMB'000)	(%)	(RMB'000)	(%)	(%)	
Solid waste solutions	391,485	13.90	276,740	13.16	41.46	0.74
Waste incineration solutions	2,106,956	74.80	1,504,172	71.51	40.07	3.29
Energy saving equipment	168,728	5.99	159,139	7.56	6.03	-1.57
New building materials	41,548	1.47	44,731	2.13	-7.12	-0.66
Port logistics	108,261	3.84	118,556	5.64	-8.68	-1.80
Total	<u>2,816,978</u>	<u>100.00</u>	<u>2,103,338</u>	<u>100.00</u>	<u>33.93</u>	<u>-</u>

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

- (i) The revenue from solid waste solutions amounted to RMB391.49 million, representing a period-on-period increase of 41.46%, which was mainly due to the newly commencement of operation of the Group's projects in Yiyang (Phase 2), Guiyang, Wenshan as compared to the corresponding period, which led to the rapid growth in revenue.
- (ii) The revenue from waste incineration solutions amounted to RMB2,106.96 million, representing a period-on-period increase of 40.07%, which was mainly due to the successive commencement of operation of projects of the Group in Lujiang, Baoshan, Sishui, Yiyang and the increase in the number of projects under construction, leading to the rapid growth in revenue.
- (iii) The revenue from energy saving equipment amounted to RMB168.73 million, representing a period-on-period increase of 6.03%, which was mainly due to the period-on-period increase in the number of orders for vertical mill.

- (iv) The revenue from new building materials recorded a period-on-period decrease of 7.12%, which was mainly due to the decrease in market demand affected by the COVID-19, leading to the decrease in revenue.
- (v) The revenue from port logistics recorded a period-on-period decrease of 8.68%, which was mainly due to a period-on-period decrease of throughput. However, the handling prices increased, and the gross profit margin increased due to the overall impact.

Breakdown of revenue from solid waste solutions



During the Reporting Period, the Group's revenue from the treatment of hazardous waste amounted to RMB307.03 million, representing a period-on-period increase of 36.80%. The revenue from treatment of general solid waste amounted to RMB84.45 million, representing a period-on-period increase of 61.44%.

Breakdown of revenue from waste incineration solutions

Revenue breakdown	January-June 2020		January-June 2019		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Construction revenue	1,809,173	85.87	1,350,712	89.80	33.94	-3.93
Waste treatment by cement kilns	27,544	1.31	11,551	0.77	138.46	0.54
Grate furnace power generation	1,781,629	84.56	1,339,161	89.03	33.04	-4.47
Operation revenue	226,677	10.76	103,328	6.87	119.38	3.89
Waste treatment by cement kilns	23,478	1.11	25,119	1.67	-6.53	-0.56
Grate furnace power generation	203,199	9.65	78,209	5.20	159.82	4.45
Interest revenue	71,106	3.37	50,132	3.33	41.84	0.04
Waste treatment by cement kilns	25,216	1.19	29,974	1.99	-15.87	-0.80
Grate furnace power generation	45,890	2.18	20,158	1.34	127.65	0.84
Total	2,106,956	100.00	1,504,172	100.00	40.07	-

During the Reporting Period, the revenue from waste incineration solutions segment during the construction period amounted to RMB1,809.17 million, representing a period-on-period increase of 33.94%, which was mainly due to the increase in the number of the Group's grate furnace power generation projects which are under construction. The operation revenue from waste incineration solutions segment amounted to RMB226.68 million, representing a period-on-period increase of 119.38%, which was mainly due to the commencement of operation of new projects in Lujiang, Baoshan, Sishui, Yiyang.

Revenue by geographical locations

Item	January-June 2020		January-June 2019		Change in amount (%)	Change in Percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Mainland China	2,772,238	98.41	2,077,099	98.75	33.47	-0.34
Asia (except Mainland China)	43,610	1.55	26,221	1.25	66.32	0.30
South America	1,130	0.04	18	-	6,177.78	0.04
Total	<u>2,816,978</u>	<u>100.00</u>	<u>2,103,338</u>	<u>100.00</u>	<u>33.93</u>	<u>-</u>

During the Reporting Period, the Group's revenue derived from Mainland China market recorded a period-on-period increase of 33.47%, with its proportion in total revenue decreased by 0.34 percentage points period-on-period, which was mainly due to the increase in the number of the Group's grate furnace power generation projects which have been put into operation and the increased number of projects under construction as well as the successive commencement of operation of solid waste treatment projects. The revenue derived from Asia (except Mainland China) market amounted to RMB43.61 million, representing a period-on-period increase of 66.32%, with its proportion in total revenue increased by 0.30 percentage points period-on-period, which was mainly due to the sales of equipments of Myanmar and Japan projects, leading to the increase in the revenue.

Gross profit and gross profit margin

Item	January-June 2020		January-June 2019		Change in amount (%)	Change in gross profit margin (percentage points)
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)		
Solid waste solutions	260,435	66.52	204,370	73.85	27.43	-7.33
Waste incineration solutions	558,779	26.52	384,567	25.57	45.30	0.95
Energy saving equipment	39,212	23.24	42,149	26.49	-6.97	-3.25
New building materials	6,728	16.19	7,089	15.85	-5.09	0.34
Port logistics	67,409	62.27	71,325	60.16	-5.49	2.11
Total	<u>932,563</u>	<u>33.11</u>	<u>709,500</u>	<u>33.73</u>	<u>31.44</u>	<u>-0.62</u>

During the Reporting Period, the consolidated gross profit margin of the Group's products was 33.11%, representing a period-on-period decrease of 0.62 percentage points. With a breakdown by segments:

- (i) The gross profit margin for solid waste solutions was 66.52%, representing a period-on-period decrease of 7.33 percentage points, which was mainly caused by the decrease in sale price of hazardous waste while the cost of treatment was increasing as compared to the corresponding period of the previous year. Among which, the gross profit margin for hazardous waste was 69.25%, representing a period-on-period decrease of 7.76 percentage points; the gross profit margin for general solid waste was 57.49%, representing a period-on-period decrease of 2.78 percentage points.
- (ii) The gross profit margin for waste incineration solutions was 26.52%, representing a period-on-period increase of 0.95 percentage points.
- (iii) The gross profit margin for energy saving equipment was 23.24%, representing a period-on-period decrease of 3.25 percentage points.
- (iv) The gross profit margin for new building materials was 16.19%, representing a period-on-period increase of 0.34 percentage points.
- (v) The gross profit margin for port logistics was 62.27%, representing a period-on-period increase of 2.11 percentage points, which was mainly due to the strengthened customer relationship maintenance, stable supply of goods, and the period-on-period increase of unit price of loading and unloading service.

Other income

During the Reporting Period, the Group's other income amounted to RMB122.25 million, representing a period-on-period increase of RMB8.40 million, or 7.38%, which was mainly due to the Group's government subsidies and net gain on the acquisition of subsidiaries.

Distribution costs

During the Reporting Period, the Group's distribution costs amounted to RMB49.68 million, representing a period-on-period increase of RMB9.21 million, or 22.75%, which was mainly due to an increase in the number of solid waste treatment companies of the Group that have been put into operation and an increase in the expenditure for market expansion.

Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB148.94 million, representing a period-on-period increase of RMB42.11 million, or 39.41%, which was mainly due to an increase in the number of operating companies and the increase in research and development costs.

Finance costs

During the Reporting Period, the Group's finance costs amounted to RMB108.42 million, representing a period-on-period increase of RMB22.56 million, or 26.28%, which was mainly due to the new bank loans raised by the Group.

Profit before taxation

During the Reporting Period, the Group's profit before taxation amounted to RMB3,658.01 million, representing a period-on-period increase of RMB356.22 million, or 10.79%, which was mainly due to the increase in net profits from principal businesses and the share of profits of associates mainly attributable to Conch Holdings. Share of profits of associates amounted to RMB2,910.25 million, representing a period-on-period increase of 7.32%, and profit before taxation from principal businesses amounted to RMB747.77 million, representing a period-on-period increase of 26.70%.

FINANCIAL POSITION

As at 30 June 2020, the Group's total assets amounted to RMB48,775.20 million, representing an increase of RMB6,603.64 million as compared to the end of the previous year. The equity attributable to equity shareholders of the Company amounted to RMB34,256.34 million, representing an increase of RMB2,403.38 million as compared to the end of the previous year. Gearing ratio of the Group (total liabilities/total assets) was 27.10%, representing an increase of 4.79 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 2020 (RMB'000)	As at 31 December 2019 (RMB'000)	Change between the end of the Reporting Period and the end of the previous year (%)
Property, plant and equipment	2,992,220	2,443,912	22.44
Non-current assets	42,310,279	36,706,956	15.27
Current assets	6,464,922	5,464,605	18.31
Current liabilities	5,999,181	3,878,313	54.69
Non-current liabilities	7,220,130	5,530,852	30.54
Net current assets	465,741	1,586,292	-70.64
Equity attributable to equity shareholders of the Company	34,256,335	31,852,952	7.55
Total assets	48,775,201	42,171,561	15.66
Total liabilities	13,219,311	9,409,165	40.49

Non-current assets and current assets

As at 30 June 2020, non-current assets of the Group amounted to RMB42,310.28 million, representing an increase of 15.27% as compared to the end of the previous year, which was mainly due to the increase in interests in associates, intangible assets, and non-current portion of service concession assets.

Current assets of the Group amounted to RMB6,464.92 million, representing an increase of 18.31% as compared to the end of the previous year, which was mainly due to the increase in cash and cash equivalents, trade and other receivables.

Non-current liabilities and current liabilities

As at 30 June 2020, non-current liabilities of the Group amounted to RMB7,220.13 million, representing an increase of 30.54% as compared to the end of the previous year, which was mainly due to the increase in bank loans raised by the Group during the Reporting Period.

Current liabilities of the Group amounted to RMB5,999.18 million, representing an increase of 54.69% as compared to the end of the previous year, which was mainly due to the Group's provision for outstanding dividend payable in 2019 and the increases in trade and other payables and bank loans.

As at 30 June 2020, current ratio (calculated by dividing total amount of current assets by current liabilities) and debt to equity ratio (calculated by dividing total amount of loans by total equity) of the Group were 1.08 and 0.13, respectively, as compared to 1.41 and 0.08, respectively, as at the end of the previous year.

Net current assets

As at 30 June 2020, net current assets of the Group amounted to RMB465.74 million, representing a decrease of RMB1,120.55 million as compared to the end of the previous year, which was mainly due to the increase in current liabilities of the Group resulting from the provision of dividend payable to equity shareholders of the Company in 2019.

Equity attributable to equity shareholders of the Company

As at 30 June 2020, the Group's equity attributable to equity shareholders amounted to RMB34,256.34 million, representing an increase of 7.55% as compared to the end of the previous year, which was mainly due to increases in the Group's interests in associates and net profit from principal businesses attributable to the equity shareholders.

LIQUIDITY AND CAPITAL SOURCES

During the Reporting Period, the Group took full advantage of the capital size and enhanced returns of the stock funds through enhancing capital planning and management and reasonable allocation of project loans, so as to fully satisfy the Company's capital needs. As at 30 June 2020, the Group's cash and cash equivalents amounted to RMB4,132.27 million, which were mainly denominated in RMB, Hong Kong dollars and US dollars.

Bank loans

Item	As at 30 June 2020 (RMB'000)	As at 31 December 2019 (RMB'000)
Due within one year	1,146,737	664,700
Due after one year but within two years	1,136,330	816,737
Due after two years but within five years	1,208,800	732,090
Due after five years	1,150,420	369,710
Total	<u>4,642,287</u>	<u>2,583,237</u>

As at 30 June 2020, the balance of bank loans of the Group amounted to RMB4,642.29 million, representing an increase of RMB2,059.05 million as compared to the end of the previous year, which was mainly due to the increase in bank loans raised by the Group during the Reporting Period. As at 30 June 2020, the Group's bank loans were denominated in RMB, and most of the loan interests were subject to variable interest rate.

Cash flows

Item	January — June 2020 (RMB'000)	January — June 2019 (RMB'000)
Net cash generated from operating activities	69,530	142,942
Net cash used in investing activities	-1,103,338	-877,551
Net cash generated from financing activities	2,160,010	856,962
Net increase in cash and cash equivalents	1,126,202	122,353
Effect of foreign exchange rate changes	43,870	13,470
Cash and cash equivalents at the beginning of the period	2,962,200	2,673,845
Cash and cash equivalents at the end of the period	<u>4,132,272</u>	<u>2,809,668</u>

Net cash generated from operating activities

During the Reporting Period, net cash generated from operating activities of the Group amounted to RMB69.53 million, representing a period-on-period decrease of RMB73.41 million, which was mainly due to an increase in the trade and other receivables of the Group.

Net cash used in investing activities

During the Reporting Period, net cash used in investing activities of the Group amounted to RMB1,103.34 million, representing a period-on-period increase of RMB225.79 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 RMB2,160.01 million, representing a period-on-period increase of RMB1,303.05 million, which was mainly due to the increase in proceeds from new bank loans of the Group.

COMMITMENTS

As at 30 June 2020, the Group's commitments for purchases in connection with construction contracts were as follows:

Item	As at 30 June 2020 (RMB'000)	As at 31 December 2019 (RMB'000)
Contracted for	2,462,613	1,976,373
Authorized but not contracted for	3,709,652	2,345,775
Total	6,172,265	4,322,148

FOREIGN EXCHANGE RISK

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

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

CONTINGENT LIABILITIES

As at 30 June 2020, the Group did not have any material contingent liabilities.

PLEDGE OF ASSETS

On 30 June 2020, the Group did not have any pledged assets.

MATERIAL INVESTMENTS, ACQUISITIONS OR DISPOSALS

On 8 June 2020, the Group acquired 70% of equity interests in Shaanxi Bangda Environmental Protection Engineering Co., Ltd.* (陝西邦達環保工程有限公司) located in Yulin, Shaanxi Province at an aggregate consideration of RMB216,020,000 in order to develop a new business line for the treatment of hazardous and solid waste.

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

CONVERTIBLE BONDS

On 5 September 2018, China Conch Venture Holding International Limited (“**Conch Venture BVI**”), a wholly owned subsidiary of the Company, issued zero coupon guaranteed convertible bonds (“**Bonds**”) with aggregate amount of HKD3,925,000,000, the net proceeds from which amounted to approximately RMB3,376.40 million (“**Net Proceeds**”). As at 30 June 2020, out of the Net Proceeds, the Company had accumulatively used approximately RMB3,090.90 million, and the remaining Net Proceeds raised amounted to approximately RMB285.50 million. During the Reporting Period, the Company had further utilized the Net Proceeds of approximately RMB349.80 million in the manners set out in the table below.

Intended use of the unutilized Net Proceeds as disclosed in the annual report for the year ended 31 December 2019 issued by the Company previously

Actual use of the Net Proceeds during the Reporting Period

Intended use of the unutilized Net Proceeds

Note

- | | | | |
|--|---|---|---|
| (i) Approximately RMB222.00 million is intended to be utilized for investing in two to three solid waste treatment projects in the PRC during the year ending 31 December 2020, so as to coordinate with the actual development and progress of solid waste treatment projects in the same year. | Approximately RMB157.60 million was utilized for the purpose of development of solid waste treatment projects in Anhui Province, Guangdong Province, etc. in the PRC during the Reporting Period. | Approximately RMB64.40 million is intended to be utilized for investing in one to two solid waste treatment projects in the PRC during the year ended 31 December 2020. | There were no material change or delay in the intended use plan of the Net Proceeds previously disclosed. |
|--|---|---|---|

Intended use of the unutilized Net Proceeds as disclosed in the annual report for the year ended 31 December 2019 issued by the Company previously	Actual use of the Net Proceeds during the Reporting Period	Intended use of the unutilized Net Proceeds	Note
(ii) Approximately RMB413.30 million is intended to be utilized for investing in one to two grate furnace power generation projects in the PRC during the year ended 31 December 2020, so as to coordinate with the actual development and progress of grate furnace power generation projects.	Approximately RMB192.20 million was utilized for development of grate furnace power generation projects in Shaanxi Province, Yunnan Province, Guizhou Province, etc. in the PRC during the Reporting Period.	Approximately RMB221.10 million is intended to be utilized for investing in one to two grate furnace power generation projects in the PRC during the year ended 31 December 2020.	There were no material change or delay in the intended use plan of the Net Proceeds previously disclosed.
(iii) No Net Proceeds is intended to be utilized for general corporate purpose.	No Net Proceeds was utilized for general corporate purpose during the Reporting Period.	N/A.	There were no material change or delay in the intended use plan of the Net Proceeds previously disclosed.

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

HUMAN RESOURCES

The Group has always highly valued the management of human resources by providing its employees with competitive remuneration packages and various training programs. During the Reporting Period, the Group carried out online training seminars for the solid waste treatment segment and grate furnace power generation segment, and held professional technical seminars such as safety training to enhance the core competitiveness of the corporate Health, Safety, and Environment (HSE) and online training on financial information systems. The Company's subsidiaries also organized pre-job training for new college students and rotational training for the improvement of skills of basic-level managements in combination with the actual operation. Meanwhile, the Group also continued to strengthen talents team building through in-house training, social recruitment and campus recruitment.

As at 30 June 2020, the Group had approximately 4,374 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 2020, the total remuneration of employees (including the remuneration of the directors) was approximately RMB156.98 million (for the corresponding period of 2019: RMB113.79 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.

FUTURE PLAN AND OUTLOOK

In the first half of 2020, against the backdrop of the normalization of epidemic prevention and control and the intensification of trade frictions between major countries, the Group focused on the environmental protection businesses and resolved various difficulties during the overall slowdown in global economic growth. As a result, the overall business showed a good momentum of accelerated recovery and stability. In the second half of the year, the Group will continue to focus on the dual wheel drive of “solid waste treatment plus grate furnace power generation” and take the five-year development plan as the outline to promote the in-depth development of the environmental protection businesses. The Group will focus on the following aspects:

Strengthen the development of environmental protection projects and win the “initiative” of high-quality and rapid development

For the solid waste treatment business, on the one hand, the Group will focus on development of cement kilns collaborative projects, actively seeking high-quality project resources, in particular making full use of the platforms of joint ventures such as CNBM and Mengxi Cement, to achieve strategically significant project locations, accelerate the construction of projects under construction, and strive for early construction, early production and early benefit. On the other hand, the Group will formulate a development plan for non-kiln technology and actively promote the implementation of projects, including fly ash treatment, oil-bearing sludge treatment, dry distillation and pyrolysis projects, and greatly enrich the Group’s business in environmental protection industry segment.

For the grate furnace power generation business, the Group will strive to achieve regional development, fully leverage on the effects of regional demonstration projects, enhance corporate reputation and win more contracts of large projects. In addition, the Group will also carry out overseas project development with purpose, focus, and confidence, and make every effort to accelerate the application for approval and construction.

To improve production capacity, reduce cost and increase efficiency, and further improve the operation quality of environmental protection projects

For the solid waste treatment business, the Group will continue to develop the market for solid waste treatment business, sort out the list of waste-producing companies, and track the tendering and bidding of key waste-producing customers to increase the success rate of bidding. Meanwhile, Group will take advantage of the Group's categories license to implement differentiated competition strategies by coping with the competitive pressure in the solid hazardous waste treatment market positively and analyzing the strengths and weaknesses of each other comprehensively. For project operation, the Group will take technological transformation as the starting point, actively communicate and coordinate with cooperative entities, and implement technological transformation measures under the premise of maintaining stable cement kilns conditions to further reduce operating costs and increase the utilization of its production capacity.

For the waste power generation business, the Group will enhance the economic effects of projects that have been put into operation, adhere to the principle of maximizing benefits, take the initiative, and strive to increase the on-grid electricity. In addition, the Group will draw upon the strengths of others, summarize and optimize the process technology and equipment of grate furnace, summarize operating experience, consolidate the application of results, and further improve the overall operating indicators of the projects.

For the new building materials and port logistics businesses, the Group will continue to strengthen confidence in development and achieve steady improvement in operating performance

For the new building materials business, the Group will deeply explore the potential of core market, continue to expand sales channels, develop new regions and new markets to further improve the quality of products and services, and enhance the core competitiveness of products.

For the port logistics business, the Group will increase efforts to acquire high-quality resources, increase the transit volume, deeply explore the potential volume, optimize the structure of the customer base, and maintain continuous and stable development of the business.

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2020.

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, which 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 2020. 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 2020 will be dispatched to the shareholders of the Company and published on the above websites in due course.

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

China, 25 August 2020

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.