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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)

**SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO ANNUAL REPORT
FOR THE YEAR ENDED 31 DECEMBER 2018**

Reference is made to (i) the annual report of China Conch Venture Holdings Limited (the “**Company**”) for the year ended 31 December 2018 (the “**2018 Annual Report**”) published by the Company on 26 April 2019; (ii) the announcement of the Company dated 30 August 2018 (the “**August 2018 Announcement**”) regarding the issuance (the “**Issuance**”) of HK\$3,925.0 million aggregate principal amount of zero coupon guaranteed convertible bonds (the “**Bonds**”) by China Conch Venture Holdings International Limited (a subsidiary of the Company); and (iii) the announcement of the Company dated 5 September 2018 (the “**September 2018 Announcements**”) regarding completion of the Issuance. Capitalised terms used in this announcement shall have the same meanings as those defined in the 2018 Annual Report, the August 2018 Announcement and the September 2018 Announcement.

In addition to the information disclosed in the section headed “5. Management Discussion and Analysis” in the 2018 Annual Report, the Board would like to provide additional information pursuant to paragraphs 11(8)(a), (b) and (c) of Appendix 16 to the Listing Rules in relation to the use of net proceeds of approximately HK\$3,882.0 million (equivalent to approximately RMB3,376.4 million) (the “**Net Proceeds**”) raised from the Issuance.

USE OF PROCEEDS FROM THE ISSUANCE OF BONDS

As disclosed in the September 2018 Announcement, the Issuance and subscription of the Bonds with an aggregate principal amount of HK\$3,925.0 million under the Subscription Agreement was completed on 5 September 2018, and the Bonds has been listed on the Frankfurt Stock Exchange.

Based on the initial Conversion Price of HK\$40.18 per New Share and assuming full conversion of the Bonds at the initial Conversion Price, the Bonds will be convertible into 97,685,415 Shares, representing approximately 5.4% of the then existing issued ordinary share capital of the Company as at the date of the August 2018 Announcement. Save for the default interest at the rate of 4% per annum, the Bonds do not bear interest. Unless previously redeemed, converted or purchased and cancelled, the Issuer will redeem each Bond at 114.6% of its principal amount on the Maturity Date. The Issuer may, having given not less than 30 nor more than 90 days’ notice to the Bondholders, redeem the Bonds in whole but not in part at the Early Redemption Amount as at the date fixed for redemption:

(i) at any time after 5 September 2020 but prior to the Maturity Date, provided that the aggregate Closing Price of each of the Shares of the Guarantor and (if applicable) the Equity Distribution Securities, for any 20 out of 30 consecutive Trading Days, the last of such Trading Day shall occur not more than 10 days prior to the date upon which notice of such redemption is given, was, for each such 20 Trading Days, is at least 130 per cent. of the applicable Early Redemption Amount divided by the Conversion Ratio then in effect; or (ii) at any time if, prior to the date upon which notice of such redemption is given, at least 90% in principal amount of the Bonds originally issued has already been converted, redeemed or purchased and cancelled.

The holders of Bonds had not exercised the conversion rights and the Issuer had not redeemed any amounts of the Convertible Bonds during the year ended 31 December 2018.

As disclosed in the August 2018 Announcement, the raising of funds by the issuance of the Bonds was intended to be an opportunity for the Company to enhance its working capital and strengthen its capital base and financial position. No intention as to how the Net Proceeds were to be used was disclosed in the August 2018 Announcement or the September 2018 Announcement. The Net Proceeds from the issue of the Convertible Bonds were approximately RMB3,376.4 million. Approximately RMB200.0 million and RMB1,048.9 million had been utilized for the year ended 31 December 2018 and the six months ended 30 June 2019, respectively. Accordingly, the unutilized proceeds as at 30 June 2019 was approximately RMB2,127.5 million.

Set out below is a breakdown of the actual use of the Net Proceeds of approximately RMB3,376.4 million during the year ended 31 December 2018 and the intended use of unutilized Net Proceeds:

Actual use of Net Proceeds for the year ended 31 December 2018	Actual use of Net Proceeds for the six months ended 30 June 2019	Intended use of unutilized proceeds
(1) No Net Proceeds was utilized for the purpose of development of solid waste treatment projects for such year.	Approximately RMB337.6 million was utilized for the purpose of development of solid waste treatment projects in Anhui Province, Jiangxi Province, Hunan Province, etc. in the PRC during such period.	Approximately RMB448.7 million out of the unutilized proceeds as at 30 June 2019 will be allocated as follows: — Approximately RMB226.7 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 2019;

**Actual use of Net Proceeds
for the year ended
31 December 2018**

**Actual use of Net Proceeds
for the six months ended
30 June 2019**

**Intended use of
unutilized proceeds**

(2) No Net Proceeds was utilized for the purpose of development of grate furnace power generation projects for such year.

Approximately RMB711.3 million was utilized for development of grate furnace power generation projects in Shaanxi Province, Jiangxi Province, Yunnan Province, etc. in the PRC during such period.

- Approximately RMB111.0 million is intended to be utilized for investing in one to two solid waste treatment projects in the PRC during the year ending 31 December 2020; and
- Approximately RMB111.0 million is intended to be utilized for investing in one to two solid waste treatment projects in the PRC during the year ending 31 December 2021.

Approximately RMB1,478.8 million out of the unutilized proceeds will be allocated as follows:

- Approximately RMB961.6 million is intended to be utilized for investing in three to four grate furnace power generation projects in the PRC during the year ending 31 December 2019;
- Approximately RMB258.6 million is intended to be utilized for investing in one to two grate furnace power generation projects in the PRC during the year ending 31 December 2020; and
- Approximately RMB258.6 million is intended to be utilized for investing in one to two grate furnace power generation projects in the PRC during the year ending 31 December 2021.

Actual use of Net Proceeds for the year ended 31 December 2018	Actual use of Net Proceeds for the six months ended 30 June 2019	Intended use of unutilized proceeds
(3) Approximately RMB200.0 million (equivalent to approximately HK\$230.0 million) was utilized for repayment of loans previously borrowed for facilitating payment of dividends to the Shareholders in Hong Kong.	No Net Proceeds was utilized for general corporate purpose for such period.	The remaining unutilized proceeds of approximately RMB200.0 million as at 30 June 2019 will be allocated as follows: <ul style="list-style-type: none"> — Approximately RMB100.0 million is intended to be utilized for general corporate purpose during the year ending 31 December 2020; and — Approximately RMB100.0 million is intended to be utilized for general corporate purpose during the year ending 31 December 2021.
Total	A total of approximately RMB1,048.9 million was utilized for the abovementioned purposes during the six months ended 30 June 2019.	A total of approximately RMB2,237.2 million, RMB469.6 million and RMB469.6 million is intended to be utilized for the abovementioned purposes during the years ending 31 December 2019, 31 December 2020 and 31 December 2021 respectively.

The above additional information does not affect other information contained in the 2018 Annual Report and save as disclosed above, all other information in the 2018 Annual Report remains unchanged.

By Order of the Board
China Conch Venture Holdings Limited
GUO Jingbin
Chairman

Anhui Province, the People's Republic of China
14 November 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.