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**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 2017**

**HIGHLIGHTS**

- Revenue of the Group for the six months ended 30 June 2017 amounted to approximately RMB1,040.98 million, representing an increase of 14.51% 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 2017 amounted to approximately RMB1,441.45 million, representing an increase of 75.23% as compared with the corresponding period of the previous year; and net profit of principal activities attributable to equity shareholders (excluding share of profit of an associate) amounted to RMB243.74 million, representing an increase of 4.29% as compared with the corresponding period of the previous year.
- Basic earnings per share for the six months ended 30 June 2017 amounted to RMB0.80.
- The Board of the Company has resolved not to declare any interim dividend for the six months ended 30 June 2017.

The board of directors (the “**Board**”) of China Conch Venture Holdings Limited (the “**Company**”) hereby presents the unaudited results of the Company and its subsidiaries (the “**Group**”) for the six months ended 30 June 2017 (the “**Reporting Period**”), together with comparative unaudited financial data for the corresponding period in 2016.

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2017 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 2017 – unaudited**(Expressed in Renminbi Yuan)*

		<b>Six months ended 30 June</b>	
	<i>Note</i>	<b>2017</b>	<b>2016</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<b>Revenue</b>	3	<b>1,040,977</b>	909,058
Cost of sales		<b>(652,262)</b>	(522,356)
<b>Gross profit</b>		<b>388,715</b>	386,702
Other income	4	<b>106,166</b>	82,570
Distribution costs		<b>(19,345)</b>	(10,109)
Administrative expenses		<b>(64,837)</b>	(57,915)
<b>Profit from operations</b>		<b>410,699</b>	401,248
Finance costs	5(a)	<b>(12,633)</b>	(12,434)
Share of profit of an associate	8	<b>1,197,706</b>	588,874
<b>Profit before taxation</b>	5	<b>1,595,772</b>	977,688
Income tax	6	<b>(79,767)</b>	(80,852)
<b>Profit for the period</b>		<b>1,516,005</b>	896,836
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>1,441,449</b>	822,582
Non-controlling interests		<b>74,556</b>	74,254
<b>Profit for the period</b>		<b>1,516,005</b>	896,836
<b>Earnings per share</b>			
Basic and diluted (RMB)	7	<b>0.80</b>	0.46

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

*For the six months ended 30 June 2017 – unaudited*

*(Expressed in Renminbi Yuan)*

	<b>Six months ended 30 June</b>	
	<b>2017</b>	<b>2016</b>
	<b>RMB'000</b>	<b>RMB'000</b>
<b>Profit for the period</b>	<b>1,516,005</b>	896,836
<b>Other comprehensive income for the period (after tax and reclassification adjustments)</b>		
Items that may be reclassified subsequently to profit or loss:		
Share of changes of reserves of an associate, net of tax	<u>(53,240)</u>	<u>(9,440)</u>
<b>Other comprehensive income for the period</b>	<u>(53,240)</u>	<u>(9,440)</u>
<b>Total comprehensive income for the period</b>	<u><b>1,462,765</b></u>	<u>887,396</u>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>1,388,209</b>	813,142
Non-controlling interests	<u>74,556</u>	<u>74,254</u>
<b>Total comprehensive income for the period</b>	<u><b>1,462,765</b></u>	<u>887,396</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017 – unaudited

(Expressed in Renminbi Yuan)

	<i>Note</i>	<b>At 30 June 2017 RMB'000</b>	<b>At 31 December 2016 RMB'000</b>
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,057,201</b>	1,029,576
Lease prepayments		<b>201,508</b>	203,524
Intangible assets		<b>431,429</b>	279,198
Interest in an associate	8	<b>14,917,659</b>	13,773,335
Non-current portion of trade and other receivables	9	<b>1,779,398</b>	1,519,694
Deferred tax assets		<b>63,116</b>	66,633
		<b>18,450,311</b>	16,871,960
<b>Current assets</b>			
Inventories		<b>122,879</b>	164,064
Trade and other receivables	9	<b>1,053,234</b>	993,234
Restricted bank deposits		<b>30,495</b>	18,175
Cash and cash equivalents		<b>2,019,450</b>	2,165,640
		<b>3,226,058</b>	3,341,113
<b>Current liabilities</b>			
Loans and borrowings		<b>368,392</b>	59,833
Trade and other payables	10	<b>1,791,049</b>	1,214,530
Income tax payables		<b>44,179</b>	56,853
		<b>2,203,620</b>	1,331,216
<b>Net current assets</b>		<b>1,022,438</b>	2,009,897
<b>Total assets less current liabilities</b>		<b>19,472,749</b>	18,881,857

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION (continued)***At 30 June 2017 – unaudited**(Expressed in Renminbi Yuan)*

	<b>At 30 June 2017 RMB'000</b>	At 31 December 2016 RMB'000
<b>Non-current liabilities</b>		
Loans and borrowings	<u>203,308</u>	<u>535,267</u>
<b>Net assets</b>	<u>19,269,441</u>	<u>18,346,590</u>
<b>Capital and reserves</b>		
Share capital	14,347	14,347
Reserves	<u>18,650,412</u>	<u>17,732,970</u>
<b>Equity attributable to equity shareholders of the Company</b>	<b>18,664,759</b>	17,747,317
<b>Non-controlling interests</b>	<u>604,682</u>	<u>599,273</u>
<b>Total equity</b>	<u>19,269,441</u>	<u>18,346,590</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 24 August 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 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 which 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 2016 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 CHANGE IN ACCOUNTING POLICIES

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments has 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.

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

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Energy preservation and environmental protection solutions</b>		
Residual heat power generation	<b>219,097</b>	418,889
Vertical mill	<b>98,499</b>	46,836
Waste incineration solutions(i)	<b>567,974</b>	327,580
Solid waste and hazardous waste solutions	<b>49,551</b>	29,455
	<hr/>	<hr/>
Subtotal	<b>935,121</b>	822,760
<b>Port logistics services</b>	<b>74,967</b>	68,547
<b>Sale of new building materials</b>	<b>30,889</b>	17,751
	<hr/>	<hr/>
<b>Total</b>	<b>1,040,977</b>	909,058
	<hr/> <hr/>	<hr/> <hr/>

- (i) Revenue of waste incineration solutions mainly represents the revenue for construction services under Build-Operate-Transfer (“**BOT**”) arrangements, revenue from waste incineration project operation services and finance income under the BOT arrangements. The amount of each significant category of revenue during the period is as follows:

	<b>Six months ended 30 June</b>	
	<b>2017</b>	2016
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Revenue from waste incineration project construction services	<b>509,277</b>	282,345
Revenue from waste incineration project operation services	<b>24,536</b>	19,860
Finance income	<b>34,161</b>	25,375
	<hr/>	<hr/>
<b>Total</b>	<b>567,974</b>	327,580
	<hr/> <hr/>	<hr/> <hr/>

**(b) Segment reporting**

- (i) The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group’s most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following reportable segments.

The measure used for reporting segment profit is the profit before taxation. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the periods ended 30 June 2017 and 2016 is set out below:

Six months ended 30 June 2017 (Unaudited)						
	Energy preservation and environmental protection solutions <i>RMB'000</i>	Port logistics services <i>RMB'000</i>	New building materials <i>RMB'000</i>	Investments <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment revenue	935,121	74,967	30,889	-	-	1,040,977
Reportable segment profit/(loss) before taxation	380,767	25,230	(7,455)	1,197,706	(476)	1,595,772
Interest income	28,824	152	3,555	-	215	32,746
Interest expenses	10,917	1,716	-	-	-	12,633
Depreciation and amortisation	11,949	21,336	7,599	-	-	40,884
Reversal of impairment losses on trade receivables	(12,151)	-	-	-	-	(12,151)
Reportable segment assets	5,474,870	539,497	671,644	14,917,659	72,699	21,676,369
Reportable segment liabilities	1,778,681	104,996	51,795	-	471,456	2,406,928
Six months ended 30 June 2016 (Unaudited)						
	Energy preservation and environmental protection solutions <i>RMB'000</i>	Port logistics services <i>RMB'000</i>	New building materials <i>RMB'000</i>	Investments <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment revenue	822,760	68,547	17,751	-	-	909,058
Reportable segment profit/(loss) before taxation	378,909	21,305	(11,812)	588,874	412	977,688
Interest income	20,608	59	16,378	-	1,528	38,573
Interest expenses	10,705	1,729	-	-	-	12,434
Depreciation and amortisation	9,271	21,330	7,178	-	-	37,779
Provision for impairment losses on trade receivables	70	-	-	-	-	70



Year ended 31 December 2016

	Energy preservation and environmental protection solutions <i>RMB'000</i>	Port logistics services <i>RMB'000</i>	New building materials <i>RMB'000</i>	Investments <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment assets	4,701,052	574,638	1,146,242	13,773,335	17,806	20,213,073
Reportable segment liabilities	1,668,383	107,374	90,580	–	146	1,866,483

(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	
	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
<b>Revenue</b>		
Mainland China	<b>848,021</b>	699,593
Asia (except Mainland China)	<b>192,089</b>	208,939
South America	–	325
Africa	<b>867</b>	201
	<b>1,040,977</b>	909,058

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

**4 OTHER INCOME**

	Six months ended 30 June	
	2017 <i>RMB'000</i>	2016 <i>RMB'000</i>
Interest income	<b>32,746</b>	38,573
Government grants	<b>72,551</b>	39,877
Net gain on disposal of property, plant and equipment	–	154
Net gain on acquisition of a subsidiary	–	3,999
Exchange gain/(loss)	<b>869</b>	(33)
	<b>106,166</b>	82,570

## 5 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
<b>(a) Finance costs:</b>		
Interest on loans and borrowings	<u>12,633</u>	<u>12,434</u>
<b>(b) Other items:</b>		
Depreciation	36,799	33,773
Amortisation of lease prepayments	2,375	2,290
Amortisation of intangible assets	1,710	1,716
Research and development costs	6,447	9,323
(Reversal of)/impairment losses on trade receivables	(12,151)	70
Staff costs	<u>57,725</u>	<u>41,184</u>

## 6 INCOME TAX

	Six months ended 30 June	
	2017	2016
	RMB'000	RMB'000
<b>Current tax:</b>		
Provision for PRC income tax for the period	76,250	80,008
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	<u>3,517</u>	<u>844</u>
	<u>79,767</u>	<u>80,852</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) No provision for Hong Kong Profits Tax was made for the subsidiary located in Hong Kong as this subsidiary did not have assessable profits subject to Hong Kong Profits Tax during the reporting periods. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

- (c) The provision for PRC income tax is based on a statutory rate of 25% of the assessable income of the Company's Mainland China subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC, except for:

<i>Name of companies (i)</i>	<i>Preferential income tax rate</i>
Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd. (“CK Equipment”) 安徽海螺川崎節能設備製造有限公司 (ii)	15%
Pingliang Conch Venture Environment Engineering Co., Ltd. 平涼海創環境工程有限責任公司 (iii)	15%
Yuping Conch Venture Environment Engineering Co., Ltd. 玉屏海創環境工程有限責任公司 (iii)	15%
Xishui Conch Venture Environment Engineering Co., Ltd. 習水海創環境工程有限責任公司 (iii)	15%
Shuicheng Conch Venture Environment Engineering Co., Ltd. 水城海創環境工程有限責任公司 (iii)	15%
Baoshan Conch Venture Environment Engineering Co., Ltd. 保山海創環境工程有限責任公司 (iii)	15%
Lingyun Conch Venture Environment Engineering Co., Ltd. 凌雲海創環境工程有限責任公司 (iii)	15%
Guiyang Conch Venture Environment Engineering Co., Ltd. 貴陽海創環境工程有限責任公司 (iii)	15%
Fusui Conch Venture Environment Engineering Co., Ltd. 扶綏海創環境工程有限責任公司 (iii)	15%

- (i) The English translation of the names is for reference only. The official names of these entities are in Chinese.
- (ii) CK Equipment was accredited as a “High and New Technology Enterprise” (“**HNTE**”) and was entitled to a preferential income tax rate of 15% for a period of three years from 2014 to 2016. CK Equipment was in the process of renewing the accreditation as at the date of this report. The management considers that it is possible that CK Equipment will obtain the renewed HNTE accreditation before the end of 2017, therefore, an income tax rate of 15% was applied for the six months ended 30 June 2017.
- (iii) Pursuant to Notice No. 4 issued by the State Administration of Taxation on 10 March 2015 and relevant local tax authorities’ notices, these companies are entitled to a preferential income tax rate of 15% as qualifying companies located in western areas in the PRC. These companies have obtained approval from local tax authorities and are entitled to a preferential income tax rate of 15% in 2017.
- (d) Pursuant to the PRC Enterprise Income Tax Law Implementing Regulations issued by State Council of the People’s Republic of China, certain subsidiaries engaged in waste incineration and solid waste disposal 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 2017 of RMB1,441,449,000 (six months ended 30 June 2016: RMB822,582,000) and 1,804,750,000 (six months ended 30 June 2016: 1,804,750,000) ordinary shares in issue during the six months ended 30 June 2017.

### (b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding during the six months ended 30 June 2017 and 2016.

## 8 INTEREST IN AN ASSOCIATE

As at 30 June 2017, 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 2017, the Group recognised share of profit of an associate in the amount of RMB 1,197,706,000 in the consolidated statement of profit or loss (six months ended 30 June 2016: RMB 588,874,000).

## 9 TRADE AND OTHER RECEIVABLES

	At 30 June 2017 RMB'000	At 31 December 2016 RMB'000
Trade receivables	686,997	629,027
Bills receivable	94,747	117,527
Less: allowance for doubtful debts	(101,206)	(113,357)
	<hr/>	<hr/>
Trade and bills receivables	680,538	633,197
Gross amounts due from customers for construction contract work	38,920	50,462
Deposits and prepayments	114,473	92,298
Other receivables	91,770	50,206
Interest receivables	3,316	4,299
	<hr/>	<hr/>
Amounts due from third parties	929,017	830,462
Amounts due from related parties	124,217	162,772
	<hr/>	<hr/>
Current portion of trade and other receivables	1,053,234	993,234
	<hr/>	<hr/>
Non-current portion of gross amounts due from customers for construction contract work	1,620,193	1,378,572
Other receivables to be recovered after one year	159,205	141,122
	<hr/>	<hr/>
Non-current portion of trade and other receivables	1,779,398	1,519,694
	<hr/>	<hr/>
Total current and non-current trade and other receivables	2,832,632	2,512,928
	<hr/>	<hr/>

As of the end of the reporting periods, the ageing analysis of trade receivables, bills receivable (which are included in trade and other receivables), based on invoice date and net of allowance for doubtful debts, is as follows:

	<b>At 30 June 2017 RMB'000</b>	At 31 December 2016 RMB'000
Within 1 year	<b>446,114</b>	419,817
After 1 year but within 2 years	<b>105,659</b>	71,712
After 2 years but within 3 years	<b>71,849</b>	101,001
After 3 years but within 5 years	<b>56,916</b>	40,667
	<b><u>680,538</u></b>	<u>633,197</u>

The amounts due from related parties are all aged within 1 year. Except for the non-current portion of gross amounts due from customers for construction contract work and 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 all aged within one year, and the amounts are unsecured, non-interest bearing and repayable on demand.

## 10 TRADE AND OTHER PAYABLES

	<b>At 30 June 2017 RMB'000</b>	At 31 December 2016 RMB'000
Trade payables	<b>838,652</b>	781,891
Bills payable	<b>193,072</b>	92,133
	<b>1,031,724</b>	874,024
Receipts in advance	<b>40,342</b>	32,401
Other payables and accruals	<b>159,908</b>	169,748
Amounts due to third parties	<b>1,231,974</b>	1,076,173
Dividends payable to equity shareholders of the Company	<b>471,372</b>	–
Dividends payable to non-controlling interests	<b>17,710</b>	–
Amounts due to related parties	<b>69,993</b>	138,357
Trade and other payables	<b><u>1,791,049</u></b>	<u>1,214,530</u>

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

	<b>At 30 June 2017 RMB'000</b>	At 31 December 2016 RMB'000
Within 1 year	<b>948,719</b>	836,666
1 year to 2 years	<b>73,231</b>	31,602
2 years to 3 years	<b>6,067</b>	2,922
After 3 years	<b>3,707</b>	2,834
	<b><u>1,031,724</u></b>	<u>874,024</u>

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

## **11 DIVIDENDS**

Pursuant to a resolution passed at the annual general meeting held on 28 June 2017, a final dividend in respect of the previous financial year of HKD0.3 per share totalling HKD541,425,000 (equivalent to approximately RMB471,372,000) was approved (2016: RMB467,374,000), which was paid in July 2017.

The board of directors has resolved not to declare any interim dividend for the six months ended 30 June 2017 (six months ended 30 June 2016: Nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

According to the statistics from National Bureau of Statistics of China, the GDP of the PRC recorded a year-on-year increase of 6.9% in the first half of 2017, showing a resilient economic growth in the PRC. Nevertheless, the uncertainty and instability over the global economy continued to impact on the economy of the PRC, which has brought over not only opportunities for the China's economy to catch up, but also complex and ever-changing challenges. In the context of transformation and upgrading of the real economy, the Group has been facing many challenges. However, under the strong leadership of the Board, the Group adhered to our original mission and continued to put the Company's operation philosophy into practice, with a view to moving towards the goals of achieving steady growth in the energy-saving business, reaping fruitful results in the environmental protection business and being well poised for the new building materials business.

In the first half of 2017, the Group actively expanded in the domestic and overseas markets to secure more business orders, and increased its efforts in internal research and development, optimised management models and effectively accomplished various business targets.

#### **Building on the success of environmental protection business to accomplish half-year development goals**

The current major technologies of the Group's environmental protection business include: treatment of industrial solid and hazardous waste by cement kilns, grate furnace power generation and collaborative treatment of municipal waste by cement kilns, etc.

During the Reporting Period, the Group secured a total of 8 new environmental protection projects, among which, 4 were solid and hazardous waste treatment projects in Xingye, Guangxi Region, Qianyang, Shaanxi Province, Wenshan, Yunnan Province and Sishui, Shandong Province; 2 were grate furnace power generation projects in Songming, Yunnan Province and Yiyang, Jiangxi Province; and 2 were collaborative treatment of municipal waste by cement kilns projects in Xing'an, Guangxi Region and Yingjiang, Yunnan Province, and reserved certain project entities.

#### ***Treatment of Industrial Solid and Hazardous Waste by Cement Kilns***

During the Reporting Period, 4 project orders of treatment of industrial solid and hazardous waste by cement kilns were successfully secured by the Group. While actively securing orders, the Group has also committed to expanding its customer base to obtain sources of solid and hazardous waste for the projects under construction.

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

No.	Status of Construction	Project Location	Business Model	Annual Capacity	Expected Completion Date	Remarks
1	Completed	Lantian County, Shaanxi Province	Joint venture <i>Note 1</i>	90,000 tonnes	/	
2		Fuping County, Shaanxi Province		100,000 tonnes	/	
3		Qian County, Shaanxi Province		70,000 tonnes	/	
<b>Subtotal</b>				<b>260,000 tonnes</b>		
4	Under construction	Mian County, Shaanxi Province	Joint venture <i>Note 1</i>	18,000 tonnes	August 2017	
5		Huaining City, Anhui Province	Proprietary investment	70,000 tonnes	September 2017	
6		Wuhu City, Anhui Province		2×100,000 tonnes	Phase one: October 2017	To be constructed in two phases
7		Huaipei City, Anhui Province		70,000 tonnes	November 2017	
8		Yiyang County, Jiangxi Province		2×100,000 tonnes	Phase one: March 2018	To be constructed in two phases
<b>Subtotal</b>				<b>558,000 tonnes</b>		
9	Approved and under planning	Guangyuan City, Sichuan Province	Proprietary investment	100,000 tonnes	July 2018	
10		Wenshan City, Yunnan Province		2×100,000 tonnes	Phase one: July 2018	To be constructed in two phases
11		Xingye County, Guangxi Region		2×100,000 tonnes	Phase one: July 2018	
12		Suzhou City, Anhui Province		2×100,000 tonnes	Phase one: September 2018	
13		Shimen County, Hunan Province		100,000 tonnes	October 2018	
14		Zhong County, Chongqing City		2×100,000 tonnes	Phase one: November 2018	To be constructed in two phases
15		Qianyang County, Shaanxi Province		Joint venture <i>Note 1</i>	100,000 tonnes	November 2018
16	Sishui County, Shandong Province	Proprietary investment	100,000 tonnes	December 2018		
<b>Subtotal</b>				<b>1,200,000 tonnes</b>		
<b>Total</b>				<b>2,018,000 tonnes</b>		

*Note:*

- These projects are operated by the wholly-owned subsidiaries of Xi'an Yaobai Environmental Protection Technology Engineering Co., Ltd. ("Yaobai Environmental"), a joint venture of the Group. Yaobai Environmental is owned as to 60% equity interest by the Group.



As at the end of the Reporting Period, 5 treatment of industrial solid and hazardous waste by cement kilns projects were under construction, and 3 projects were completed and put into operation. The annual treatment capacity of completed projects was approximately 260,000 tonnes. The 4 projects in Huaining, Wuhu, Huaibei, Anhui Province and Mian County, Shaanxi Province are under preparation for trial production, which is expected to be put into operation in the second half of 2017. By that time, the Group's annual treatment capacity of completed projects put into operation would increase by 258,000 tonnes.

### ***Grate Furnace Power Generation***

During the Reporting Period, 2 new grate furnace power generation projects were secured. Projects under construction were in full swing. In order to promote the grate furnace power generation technology, the Group also actively visited and conducted field research on the conditions of cleaning, transportation, treatment of municipal waste and resources recycling in Bali, Indonesia and Morocco, North Africa. The Group has entered into memorandum of cooperation with the two local governments or relevant authorities.

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

No.	Status of Construction	Project Location	Business Model	Annual Capacity	Expected Completion Date	Remarks
1	Completed	Jinzhai County, Anhui Province	BOT	100,000 tonnes	/	
<b>Subtotal</b>				<b>100,000 tonnes</b>		
2	Under construction	Tongren City, Guizhou Province	BOT	2x100,000 tonnes	Phase one: July 2017 Phase two: September 2017	
3		Yanshan County, Yunnan Province		100,000 tonnes	September 2017	
4		Huoqiu County, Anhui Province		2x140,000 tonnes	Phase one: October 2017	To be constructed in two phases
5		Shache County, Xinjiang Region		2x100,000 tonnes	Phase one: December 2017 Phase two: March 2018	
6		Li County, Hunan Province		2x100,000 tonnes	Phase one: March 2018	To be constructed in two phases
7		Bole City, Xinjiang Region		100,000 tonnes	June 2018	
8		Songming County, Yunnan Province		2x100,000 tonnes	Phase one: September 2018	To be constructed in two phases
<b>Subtotal</b>				<b>1,280,000 tonnes</b>		
9	Approved and under planning	Susong County, Anhui Province	BOT	2x140,000 tonnes	/	
10		Yiyang County, Jiangxi Province		2x100,000 tonnes	/	
<b>Subtotal</b>				<b>480,000 tonnes</b>		
<b>Total</b>				<b>1,860,000 tonnes</b>		

As at the end of the Reporting Period, 7 grate furnace power generation projects were under construction, and 1 project was completed and put into operation. The annual treatment capacity of the completed grate furnace power generation projects was approximately 100,000 tonnes. The projects in Tongren, Guizhou Province, Yanshan, Yunnan Province and Huoqiu, Anhui Province were fully prepared for trial production, which will be put into operation in the second half of 2017. By that time, the Group's annual treatment capacity of completed projects put into operation would increase by 440,000 tonnes.

### ***Collaborative Treatment of Municipal Waste by Cement Kilns***

During the Reporting Period, 2 new collaborative treatment of municipal waste by cement kilns projects were secured. As at the end of the Reporting Period, 15 projects were completed and put into operation; and 3 projects were under construction (2 of which were EPC). The annual treatment capacity of completed projects was approximately 1,180,000 tonnes.

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

No.	Status of Construction	Project Location	Business Model	Annual Capacity	Remarks
1	Completed	Pingliang City, Gansu Province	BOT	100,000 tonnes	
2		Qingzhen City, Guizhou Province		100,000 tonnes	
3		Yangchun City, Guangdong Province		70,000 tonnes	
4		Yuping County, Guizhou Province		30,000 tonnes	A joint venture with China National Building Material Company Limited
5		Xishui County, Guizhou Province		100,000 tonnes	
6		Qiyang County, Hunan Province		100,000 tonnes	
7		Shimen County, Hunan Province		70,000 tonnes	
8		Shuicheng County, Guizhou Province		70,000 tonnes	
9		Fusui County, Guangxi Region		70,000 tonnes	
10		Shuangfeng County, Hunan Province		70,000 tonnes	
11		Baoshan City, Yunnan Province		100,000 tonnes	
12		Nanjiang County, Sichuan Province		70,000 tonnes	
13		Lingyun County, Guangxi Region		30,000 tonnes	
14		Ningguo City, Anhui Province		100,000 tonnes	
15		Linxia Prefecture, Gansu Province		100,000 tonnes	
<b>Subtotal</b>				<b>1,180,000 tonnes</b>	
16	Under construction	Shahe City, Hebei Province	EPC	/	
17		Longyan City, Fujian Province		/	
18		Xing'an County, Guangxi Region	BOT	100,000 tonnes	Expected to be put into operation in May 2018
<b>Subtotal</b>				<b>100,000 tonnes</b>	
19	Approved and under planning	Yingjiang County, Yunnan Province	BOT	70,000 tonnes	Expected to be put into operation in October 2018
<b>Subtotal</b>				<b>70,000 tonnes</b>	
<b>Total</b>				<b>1,350,000 tonnes</b>	

## **Seeking transformation in energy-saving business to curb decrease in revenue**

During the Reporting Period, affected by the shrinking domestic market and the progress of orders from overseas markets, the revenue generated from residual heat power generation business of the Group amounted to RMB219.10 million, representing a decrease of 47.7% as compared with the corresponding period of the previous year. The revenue generated from vertical mill business amounted to RMB98.50 million, representing an increase of 110.31% as compared with the corresponding period of the previous year.

During the Reporting Period, in terms of development of energy-saving business, the Group continued to focus on the overseas markets and advance the business of cement residual heat power generation, coal-fired power plants and vertical mills in the overseas markets so as to cover the loss in the domestic residual heat power generation market. Besides, the Group is committed to achieving the transformation and upgrade of energy-saving business by expediting technological advancements, such as kitchen and medical waste treatment, city watercourse and lake area sewage treatment and anaerobic decomposition of waste.

## **Applying multiple measures in new building materials business to achieve marked improvements**

During the Reporting Period, in-depth benchmarking management in new building materials business has been carried out by sharing internal resources. For product sales, the Group targeted to ‘elevate the quantity and raise the price’, implemented various measures for market expansion and continued to enhance its quality of sale services. Meanwhile, the Group emphasised on stable product quality and further enhanced the market competitiveness of its products accordingly. Accumulated sales of Anhui Conch Venture New Energy-saving Building Material Co. Ltd for the first half of the year has reached 1,640,000 sq.m., representing an increase of 44% as compared with the corresponding period of the previous year. In particular, the sales hit a record monthly high of over 400,000 sq.m. in June. Accumulated sales of Bozhou Conch Venture New Energy-saving Building Material Co. Ltd for the first half of the year has reached 1,020,000 sq.m., representing an increase of 70% as compared with the corresponding period of the previous year. Both companies have recorded an increase in quantity and price.

During the Reporting Period, the new building materials business sold an aggregate of 2,660,000 sq.m. of ACA panels and recorded a revenue of RMB30.89 million.

## **Stable Operation in Port Logistics Business**

During the Reporting Period, the Group kept abreast of updates in government policies and grasped the market trends so as to increase its market share. By providing quality services, the Group has been well recognised by both existing and new customers.

During the Reporting Period, the revenue from port logistics business amounted to RMB74.97 million, representing an increase of 9.37%, and the throughput hit a record high of 13,710,000 tonnes since the commencement of operation of the port.

## PROFITS

Item	January – June	January – June	Changes
	2017	2016	between the
	Amount	Amount	Reporting
	(RMB'000)	(RMB'000)	Period and the
			Corresponding
			period of the
			previous year
			(%)
Revenue	<b>1,040,977</b>	909,058	14.51
Profit before taxation	<b>1,595,772</b>	977,688	63.22
Profit before taxation from principal businesses	<b>398,066</b>	388,814	2.38
Share of profit of an associate	<b>1,197,706</b>	588,874	103.39
Net profit attributable to equity shareholders of the Company	<b>1,441,449</b>	822,582	75.23
Net profit from principal businesses attributable to equity shareholders of the Company	<b>243,743</b>	233,708	4.29

During the Reporting Period, the Group recorded a revenue of RMB1,040.98 million, representing an increase of 14.51% as compared with the corresponding period of the previous year. Profit before taxation amounted to RMB1,595.77 million, representing an increase of 63.22% as compared with the corresponding period of the previous year, among which, profit before taxation from principal businesses amounted to RMB398.07 million, representing an increase of 2.38% as compared with the corresponding period of the previous year, and share of profit of an associate amounted to RMB1,197.71 million, representing an increase of 103.39% as compared with the corresponding period of the previous year. Net profit attributable to equity shareholders of the Company amounted to RMB1,441.45 million, representing an increase of 75.23% as compared with the corresponding period of the previous year, among which, net profit from principal businesses attributable to equity shareholders of the Company amounted to RMB243.74 million, representing an increase of 4.29% as compared with the corresponding period of the previous year. Basic earnings per share amounted to RMB0.80.

## Revenue by business segments

Item	January – June 2017		January – June 2016		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Waste incineration solutions	<b>567,974</b>	<b>54.56</b>	327,580	36.04	73.38	18.52
Solid and hazardous waste treatment	<b>49,551</b>	<b>4.76</b>	29,455	3.24	68.23	1.52
Residual heat power generation	<b>219,097</b>	<b>21.05</b>	418,889	46.08	-47.70	-25.03
Vertical mills	<b>98,499</b>	<b>9.46</b>	46,836	5.15	110.31	4.31
New building materials	<b>30,889</b>	<b>2.97</b>	17,751	1.95	74.01	1.02
Port logistics	<b>74,967</b>	<b>7.20</b>	68,547	7.54	9.37	-0.34
<b>Total</b>	<b><u>1,040,977</u></b>	<b><u>100.0</u></b>	<u>909,058</u>	<u>100.00</u>	<u>14.51</u>	<u>-</u>

During the Reporting Period, the revenue from waste incineration solutions, solid and hazardous waste treatment and new building materials maintained a rapid growth. With a breakdown by segments:

- (i) the revenue from waste incineration solutions amounted to RMB567.97 million, representing an increase of 73.38% as compared with the corresponding period of the previous year, which was mainly due to the increase in numbers of waste power generation projects under construction and projects in operation;
- (ii) the revenue from solid and hazardous waste treatment amounted to RMB49.55 million, representing an increase of 68.23% as compared with the corresponding period of the previous year, which was mainly due to the commencement of operation of Xianyang Conch Venture Environment Engineering Co., Ltd. (咸陽海創環境工程有限公司) during the Reporting Period and the increase in composite prices as compared with the corresponding period of the previous year;
- (iii) the decrease in revenue from residual heat power generation as compared with the corresponding period of the previous year was attributable to the decrease in orders which was affected by the decrease in number of newly added cement projects in China;
- (iv) the increase of 110.31% in revenue from vertical mills as compared with the corresponding period of the previous year was mainly attributable to the increase in numbers of sales of vertical mills during the Reporting Period;
- (v) the increase of 74.01% in revenue from new building materials as compared with the corresponding period of the previous year was mainly attributable to the fact that the Group actively developed the market, which led to the increase in both sales volume and selling price as compared with the corresponding period of the previous year.

### Breakdown of revenue from waste incineration solutions

Revenue breakdown	January – June 2017		January – June 2016		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
<b>Construction revenue</b>	<b>509,277</b>	<b>89.67</b>	282,345	86.19	80.37	3.48
Waste treatment by cement kilns	99,669	17.55	266,239	81.27	-62.56	-63.72
Waste power generation	409,608	72.12	16,106	4.92	2,443.20	67.20
<b>Operation revenue</b>	<b>24,536</b>	<b>4.32</b>	19,860	6.06	23.54	-1.74
Waste treatment by cement kilns	16,876	2.97	14,668	4.48	15.05	-1.51
Waste power generation	7,660	1.35	5,192	1.58	47.53	-0.23
<b>Finance income</b>	<b>34,161</b>	<b>6.01</b>	25,375	7.75	34.62	-1.74
Waste treatment by cement kilns	31,170	5.49	22,870	6.98	36.29	-1.49
Waste power generation	2,991	0.52	2,505	0.77	19.40	-0.25
<b>Total</b>	<b>567,974</b>	<b>100.00</b>	327,580	100.00	73.38	-

During the Reporting Period, the revenue from waste incineration solutions segment during the construction period amounted to RMB509.28 million, representing an increase of 80.37% as compared with the corresponding period of the previous year, which was mainly due to the fact that the Group actively facilitated the construction progress of its projects, and projects in Shache County and Bole City, Xinjiang Province and Li County, Hunan Province have recognised their construction revenue. Operation revenue from waste incineration solutions segment amounted to RMB24.54 million, representing an increase of 23.54% as compared with the corresponding period of the previous year, which was mainly due to the fact that projects in Yangchun and Ningguo were successively put into operation and waste power generating capacity in Jinzhai increased during the Reporting Period.

### Revenue by geographical locations

Item	January – June 2017		January – June 2016		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
China	848,021	81.46	699,593	76.96	21.22	4.50
Asia (excluding China)	192,089	18.46	208,939	22.98	-8.06	-4.52
Africa	867	0.08	201	0.02	331.34	0.06
South America	-	-	325	0.04	-	-0.04
<b>Total</b>	<b>1,040,977</b>	<b>100.00</b>	909,058	100.00	14.51	-

During the Reporting Period, the Group's revenue derived from the China market recorded an increase of 21.22% as compared with the corresponding period of the previous year, with its proportion in total revenue increased by 4.5 percentage points, which was mainly due to the rapid increase in revenue from waste incineration solutions and vertical mills businesses. The revenue derived from overseas markets was RMB192.96 million, representing a decrease of 7.88% as compared with the corresponding period of the previous year, which was mainly due to the behind-schedule construction progress of certain overseas projects under the residual heat power generation segment which affected the revenue recognition.

### Gross profit and gross profit margin

Item	January – June 2017		January – June 2016		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Waste incineration solutions	<b>215,972</b>	<b>38.02</b>	167,130	51.02	29.22	-13.00
Solid and hazardous waste treatment	<b>37,665</b>	<b>76.01</b>	24,747	84.02	52.20	-8.01
Residual heat power generation	<b>75,393</b>	<b>34.41</b>	158,402	37.81	-52.40	-3.40
Vertical mills	<b>24,126</b>	<b>24.49</b>	10,548	22.52	128.73	1.97
New building materials	<b>-2,633</b>	<b>-8.52</b>	-7,084	-39.91	62.83	31.39
Port logistics	<b>38,192</b>	<b>50.95</b>	32,959	48.08	15.88	2.87
Total	<b>388,715</b>	<b>37.34</b>	386,702	42.54	0.52	-5.20

During the Reporting Period, the consolidated gross profit margin of the Group's products was 37.34%, representing a decrease of 5.20 percentage points as compared with the corresponding period of the previous year. With a breakdown by segments, (i) the gross profit margin for waste incineration solutions was 38.02%, representing a decrease of 13.00 percentage points as compared with the corresponding period of the previous year, which was mainly due to the increase in proportion in total revenue and low gross profit of waste power generation during the construction period; (ii) the gross profit margin for solid and hazardous waste treatment was 76.01%, representing a decrease of 8.01 percentage points as compared with the corresponding period of the previous year, which was mainly due to the increase in transportation costs and depreciation; (iii) the gross profit margin for residual heat power generation recorded a decrease of 3.4 percentage points as compared with the corresponding period of the previous year, which was mainly due to the intense competition of residual heat power generation market; (iv) the new building materials segment recorded a negative gross profit margin, among which, the gross profit margins of Anhui Conch Venture New Energy-saving Building Material Co. Ltd and Bozhou Conch Venture New Energy-saving Building Material Co. Ltd were 18.17% and -66.52% respectively, which was mainly due to the relatively high inventory costs at the early stage and low selling price.

## Revenue and share of profit

Item	January – June 2017		January – June 2016		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
<b>Revenue</b>	<b>1,040,977</b>	<b>100.00</b>	909,058	100.00	14.51	–
Other customers	<b>762,040</b>	<b>73.20</b>	694,527	76.40	9.72	–3.20
Conch Cement	<b>278,937</b>	<b>26.80</b>	214,531	23.60	30.02	3.20
<b>Profit for the period</b>	<b>1,516,005</b>	<b>100.00</b>	896,836	100.00	69.04	–
Share of profit of an associate	<b>1,197,706</b>	<b>79.00</b>	588,874	65.66	103.39	13.34
Profit attributable to operations	<b>318,299</b>	<b>21.00</b>	307,962	34.34	3.36	–13.34

During the Reporting Period, the Group's revenue from Conch Cement accounted for 26.80% of total revenue, representing an increase of 3.2 percentage points as compared with the corresponding period of the previous year. Share of profit of an associate accounted for 79.00%, representing an increase of 13.34 percentage points as compared with the corresponding period of the previous year, which was mainly due to the growth in profit in an associate, Conch Holdings.

## Other income

During the Reporting Period, the Group's other income amounted to RMB106.17 million, representing an increase of RMB23.60 million, or 28.58% as compared with the corresponding period of the previous year, which was mainly due to the increase in government grants received as compared with the corresponding period of the previous year.

## Distribution costs

During the Reporting Period, the Group's distribution costs amounted to RMB19.35 million, representing an increase of RMB9.24 million, or 91.36% as compared with the corresponding period of the previous year, which was mainly due to the increase in costs such as the Group's transportation costs and remuneration of employees.

## Administrative expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB64.84 million, representing an increase of RMB6.92 million, or 11.95% as compared with the corresponding period of the previous year, which was mainly due to the increase in costs such as staff remuneration and rental for office premises.



## Finance costs

During the Reporting Period, the Group's finance costs amounted to RMB12.63 million, representing an increase of RMB0.20 million, or 1.6% as compared with the corresponding period of the previous year, which was mainly due to the increase in average balance of interest-bearing loans during the Reporting Period.

## Profit before taxation

During the Reporting Period, the Group's profit before taxation amounted to RMB1,595.77 million, representing an increase of RMB618.08 million, or 63.22% as compared with the corresponding period of the previous year, which was mainly due to the growth in profit from its associate, Conch Holdings. During the Reporting Period, share of profit of an associate amounted to RMB1,197.71 million, representing an increase of 103.39% as compared with the corresponding period of the previous year. Profit before taxation from principal businesses amounted to RMB398.07 million, representing an increase of 2.38% as compared with the corresponding period of the previous year.

## FINANCIAL POSITION

As at 30 June 2017, the Group's total assets amounted to RMB21,676.37 million, representing an increase of RMB1,463.30 million as compared with the end of the previous year. The equity attributable to equity shareholders of the Company amounted to RMB18,664.76 million, representing an increase of RMB917.44 million as compared with the end of the previous year. Gearing ratio of the Group (total liabilities/total assets) was 11.10%, representing an increase of 1.87 percentage points as compared with the end of the previous year, which was mainly due to the provision for undistributed dividends payable during the Reporting Period. The balance sheet items of the Group were as follows:

Item	As at 30 June 2017 (RMB'000)	As at 31 December 2016 (RMB'000)	Change between the end of the Reporting Period and the end of the previous year (%)
Property, plant and equipment	1,057,201	1,029,576	2.68
Non-current assets	18,450,311	16,871,960	9.35
Current assets	3,226,058	3,341,113	-3.44
Current liabilities	2,203,620	1,331,216	65.53
Non-current liabilities	203,308	535,267	-62.02
Net current assets	1,022,438	2,009,897	-49.13
Equity attributable to equity shareholders of the Company	18,664,759	17,747,317	5.17
<b>Total assets</b>	<b>21,676,369</b>	<b>20,213,073</b>	<b>7.24</b>
<b>Total liabilities</b>	<b>2,406,928</b>	<b>1,866,483</b>	<b>28.96</b>

## **Non-current assets and non-current liabilities**

As at 30 June 2017, the non-current assets of the Group amounted to RMB18,450.31 million, representing an increase of 9.35% as compared with the end of the previous year, which was mainly due to the increase in interests in an associate attributable to the Group and receivables for the construction work. The non-current liabilities of the Group amounted to RMB203.31 million, representing a decrease of 62.02% as compared with the end of the previous year, which was mainly due to the transfer of long-term loans of the Group into current liabilities due within one year during the Reporting Period.

## **Current assets and current liabilities**

As at 30 June 2017, the current assets of the Group amounted to RMB3,226.06 million, representing a decrease of 3.44% as compared with the end of the previous year. The current liabilities of the Group amounted to RMB2,203.62 million, representing an increase of 65.53% as compared with the end of the previous year, which was mainly due to the provision for undistributed dividends payable in 2016 and the transfer of long-term loans into current liabilities due within one year. Current ratio and debt to equity ratio (calculated by dividing total amount of loans by total equity) were 1.46 and 0.03, as compared with 2.51 and 0.03 at the end of the previous year respectively.

## **Net current assets**

As at 30 June 2017, net current assets of the Group amounted to RMB1,022.44 million, representing a decrease of RMB987.46 million as compared with the end of the previous year, which was mainly due to the provision for undistributed dividends payable in 2016 and the transfer of long-term loans into current liabilities due within one year, which led to a decrease in current assets.

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

As at 30 June 2017, equity attributable to equity shareholders of the Group amounted to RMB18,664.76 million, representing an increase of 5.17% as compared with the end of the previous year, which was mainly due to the increase in interests in an associate attributable to the Group and profit before taxation from principal businesses.

## **LIQUIDITY AND CAPITAL RESOURCES**

During the Reporting Period, the Group made good use of its own working capital and short-term and long-term bank loans to formulate a reasonable planning of capital use, so as to fully meet the Company's needs for daily operation and investment. Furthermore, by fully utilising the integration advantage of stock funds, the Group has been able to obtain capital benefits while reducing the cost of funds utilisation. As at 30 June 2017, the Group's cash and cash equivalents amounted to RMB2,019.45 million, with the main currencies being RMB, Hong Kong dollars and US dollars.

## Bank loans and other loans

As at 30 June 2017, the balance of bank loans of the Group was as follows:

<b>Item</b>	<b>As at 30 June 2017 (RMB'000)</b>	<b>As at 31 December 2016 (RMB'000)</b>
Due within one year	<b>368,392</b>	59,833
Due after one year but within two years	<b>157,733</b>	485,833
Due after two years but within five years	<b>15,999</b>	31,499
Due after five years	<b>29,576</b>	17,935
<b>Total</b>	<b><u>571,700</u></b>	<b><u>595,100</u></b>

As at 30 June 2017, the balance of bank loans of the Group amounted to RMB571.70 million, representing a decrease of RMB23.4 million as compared with the end of the previous year, which was mainly due to the repayment of bank loans by the Group during the Reporting Period. As at 30 June 2017, the Group's bank loans were denominated in RMB, and most of the loan interests were subject to variable interest rates.

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

<b>Item</b>	<b>January – June 2017 (RMB'000)</b>	<b>January – June 2016 (RMB'000)</b>
Net cash generated from/(used in) operating activities	<b>18,886</b>	–42,275
Net cash used in investing activities	<b>–78,291</b>	–394,480
Net cash used in financing activities	<b>–86,785</b>	–3,440
Net decrease in cash and cash equivalents	<b>–146,190</b>	–440,195
Cash and cash equivalents at the beginning of the period	<b>2,165,640</b>	2,332,268
Effect of exchange rate changes on cash and cash equivalents	<b>–</b>	<b>–</b>
Cash and cash equivalents at the end of the period	<b><u>2,019,450</u></b>	<b><u>1,892,073</u></b>

### *Net cash generated from operating activities*

During the Reporting Period, net cash generated from operating activities of the Group amounted to RMB18.89 million, representing an increase of RMB61.16 million as compared with the corresponding period of the previous year, which was mainly due to the increase in revenue of the Group and government grants received.

### *Net cash used in investing activities*

During the Reporting Period, net cash used in investing activities of the Group amounted to RMB78.29 million, representing a decrease of RMB316.19 million as compared with the corresponding period of the previous year, which was mainly due to the maturity of RMB450 million structured deposit with a term of over three months in the previous year.

### *Net cash used in financing activities*

During the Reporting Period, net cash used in financing activities of the Group amounted to RMB86.79 million, representing an increase of RMB83.35 million as compared with the corresponding period of the previous year, which was mainly due to the repayments of bank loans by the Group.

## **COMMITMENTS**

As at 30 June 2017, the Group's commitments for purchase in connection with construction contracts were as follows:

<b>Item</b>	<b>As at 30 June 2017 (RMB'000)</b>	<b>As at 31 December 2016 (RMB'000)</b>
Contracted for	<b>557,320</b>	566,772
Authorised but not contracted for	<b>963,000</b>	980,140
<b>Total</b>	<b><u>1,520,320</u></b>	<b><u>1,546,912</u></b>

## **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 denominated in foreign currencies, mainly 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 was not exposed to significant foreign exchange risks.

The Group had not adopted any financial derivatives to hedge against any foreign exchange risks.

## **CONTINGENT LIABILITIES**

As at 30 June 2017, the Group did not have any material contingent liabilities.

## **PLEDGE OF ASSETS**

As at 30 June 2017, there was no pledge on the assets of the Group.

## **MATERIAL INVESTMENTS, ACQUISITIONS OR DISPOSALS**

Neither the Company nor any of its relevant subsidiaries or associates had conducted any material investments, acquisitions or disposals.

## **HUMAN RESOURCES**

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

As at 30 June 2017, the Group had approximately 1,526 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 2017, the total remuneration of employees (including the remuneration of the directors) was approximately RMB57.73 million (for the same period of 2016: RMB41.18 million).

The Company adopted a share option scheme so that the Group may grant options to selected 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.

## **USE OF PROCEEDS FROM LISTING**

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 19 December 2013. The net proceeds from the global offering amounted to approximately HK\$3,968.3 million (approximately RMB3,118.9 million).

Out of the net proceeds, for the year ended 31 December 2016, the Company had utilised an aggregate amount of approximately RMB2,996.3 million of the net proceeds and the remaining net proceeds amounted to RMB122.6 million. During the Reporting Period, the Company further utilised approximately RMB80.8 million in the manner set out in the table below:

<b>Usage</b>	<b>Utilised amount during the Reporting Period (RMB million)</b>	<b>Balance as at 30 June 2017 (RMB million)</b>	<b>Actual business progress as at 30 June 2017</b>
To be used for the establishment of production facilities of cellulose cement autoclaved boards in Wuhu, Anhui Province	41.3	26.9	Establishment of production facilities of new building materials industry, procurement of raw materials and establishment of sales markets
To be used for the establishment of production facilities of cellulose cement autoclaved boards in Bozhou, Anhui Province	21.6	—	Establishment of production facilities of new building materials industry, procurement of raw materials and establishment of sales markets
General corporate purposes	<u>17.9</u>	<u>14.9</u>	
Subtotal	<u><u>80.8</u></u>	<u><u>41.8</u></u>	

As at 30 June 2017, the Company utilised an aggregate of RMB3,077.1 million of the net proceeds. The remaining net proceeds amounted to RMB41.8 million. The remaining net proceeds were deposited in the banks and recognised financial institutions in Hong Kong and China.

## **OUTLOOK FOR THE SECOND HALF OF THE YEAR**

In the second half of the year, the Group will continue to focus on three main businesses, i.e. energy-saving, environmental protection and new building materials, and seize opportunities for expanding into both the domestic and overseas markets. In the meantime, the Group will strive for stable growth in operating results through innovating its operation system and strengthening its internal management with an aim to reap excellent operating results in return for the support and recognition from the shareholders of the Group.

First of all, the Group will use its best endeavour to advance the development of environmental protection business and enhance the quality of the operation of its environmental protection projects. First, the Group will concentrate on the optimisation of the management and debugging trial production of solid and hazardous waste treatment projects and market expansion of such projects. Second, strengthen the operation and management of collaborative treatment of municipal waste by cement kilns and grate furnace power generation projects. Third, accelerate the promotion of environmental protection projects to ensure that contract-signing target of environmental protection projects for the year could be accomplished.

Secondly, the Group will strive to bring about a stability in operation of the energy-saving segment by means of transformation and upgrading as follows: (i) further modify the technological solutions of the existing territory, so as to reduce cost, enhance efficiency, and increase the Group's core competitiveness; (ii) continue to provide construction design, equipment manufacturing and construction installation for environmental protection projects; (iii) increase the effort of expanding the external market of equipment manufacturing industry so as to broaden the Company's business scope; (iv) by fully leveraging on the technologies provided by Kawasaki Japan, so as to introduce technologies with promotional values and conduct research and analysis of the PRC market; continue to promote the application technologies in kitchen and medical waste treatment, anaerobic decomposition technology and sewage treatment of city watercourse and lake areas; and (v) continue to pay close attention to the progress of overseas projects under construction and follow up on major projects and potential markets.

Thirdly, the Group will keep its new building materials business moving in a positive trend. Concurrent with the prolonged sales breakthrough, the Group will ride the tide and ensure further increase in sales through maintaining its relationship with existing customers and soliciting more new customers. The Group will also continue to strengthen its internal benchmarking management to identify the differences between the companies set up in Wuhu and Bozhou, Anhui, so as to implement remedial measures and jointly analyse the operation of production and organisation with an aim to take the management standards of new building materials business to the next level.

Fourthly, the Group will maintain the stable operation of its port logistics business. The Group will step up its effort in market analysis, optimisation of the cargo sources structure, enhancement of the service quality, enlargement of the diversified operations and enhancement of the loading and unloading efficiency to comprehensively improve the operation quality. Meanwhile, the Group will seek for new development channels by making use of the opportunities when the country remediates the small docks of river basins.

## **INTERIM DIVIDEND**

The Board of the Company resolved not to declare any interim dividend for the six months ended 30 June 2017.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Board confirmed that the Company complied with the 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) (“**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 comprising three independent non-executive directors, namely Mr. Chan Chi On (alias Derek Chan), being the chairman of the Audit Committee, Mr. Chan Kai Wing and Mr. Lau Chi Wah, Alex, has reviewed the unaudited interim results of the Group for the six months ended 30 June 2017. 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 2017 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  
**China Conch Venture Holdings Limited**  
中國海螺創業控股有限公司  
**GUO Jingbin**  
*Chairman*

China, 24 August 2017

*As at the date of this announcement, the Board comprises Mr. GUO Jingbin (Chairman), Mr. JI Qinying (Chief Executive Officer), Mr. LI Jian and Mr. LI Daming as executive Directors; and Mr. CHAN Chi On (alias Derek CHAN), Mr. CHAN Kai Wing and Mr. LAU Chi Wah, Alex as independent non-executive Directors.*