

CONCH VENTURE

2016

中期報告  INTERIM
REPORT

Striving to focus on energy-preservation, environmental-friendly and new building materials industries to build a beautiful home for all people

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

This Interim Report, in both Chinese and English versions, is available on the Company's website at <http://www.conchventure.com> (the "Company Website"). Shareholders who have chosen or have been deemed consented to receive the corporate communications of the Company (the "Corporate Communications") via the Company Website and who for any reason have difficulty in receiving or gaining access to the Corporate Communications posted on the Company Website will promptly upon request be sent the Corporate Communications in printed form free of charge.

Shareholders may at any time change their choice of the means of receipt of the Corporate Communications (either in printed form or via the Company Website).

Shareholders may send their requests at any time to receive the Interim Report and/or to change their choice of the means of receipt of the Corporate Communications by notice in writing to the share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

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DEFINITIONS

In this report, unless the context otherwise requires, the following expressions shall have the following meanings:

associated corporation(s):	has the meaning ascribed thereto under the SFO
Audit Committee:	the audit committee of the Board
Board:	the board of Directors of the Company
BOT:	build-operate-transfer, a type of business arrangement used in the construction of a facility
Cambodia Battambang:	Cambodia Battambang Conch Cement Co., Ltd. (柬埔寨馬德望海螺水泥有限公司)
China or the PRC:	the People's Republic of China
CNBM:	China National Building Material Company Limited (中國建材股份有限公司)
Company or Conch Venture:	China Conch Venture Holdings Limited (中國海螺創業控股有限公司)
Conch Cement:	安徽海螺水泥股份有限公司 (Anhui Conch Cement Co., Ltd.*)
Conch Holdings:	安徽海螺集團有限責任公司 (Anhui Conch Holdings Co., Ltd.*)
Confluence Investment:	Confluence Investment Holdings Limited (百匯投資控股有限公司)
Director(s):	the director(s) of the Company
ENN Energy:	ENN Energy Holdings Limited (新奧能源控股有限公司)
EP:	engineering and procurement, a type of business arrangement used in the design and construction of a facility
EPC:	engineering, procurement and construction, a type of business arrangement used in the design and construction of a facility
Golden Convergence:	Golden Convergence Limited (金匯有限公司)
Group:	the Company and its subsidiaries

DEFINITIONS

HKD:	Hong Kong dollar, the lawful currency of Hong Kong
Hong Kong:	the Hong Kong Special Administrative Region of the PRC
Jidong Heilongjiang Cement:	Jidong Cement Heilongjiang Co., Ltd. (冀東水泥黑龍江有限公司)
JP SPCO:	JP Steel Plantech Co. (日本鋼鐵設備技術公司)
Listing Rules:	the Rules Governing the Listing of Securities on the Stock Exchange (as amended from time to time)
Management:	the senior management of the Company
Nippon Steel & Sumikin:	Nippon Steel & Sumikin Cement Co.,Ltd. (日鐵住金水泥株式会社)
PPP:	public-private partnership, a business relationship between government and one or more private sector companies based on a concession agreement for the purpose of building urban infrastructure or providing certain public goods and services. Through such model, governments build benefit sharing, risk pooling and long-term cooperating relationship with private sectors
PT. North Sulawesi:	Indonesia PT.Conch North Sulawesi Cement (印度尼西亞北蘇拉威西海螺水泥公司)
Remuneration and Nomination Committee:	the remuneration and nomination committee of the Board
Reporting Period:	the six-month period from 1 January 2016 to 30 June 2016
RMB:	the lawful currency of the PRC
SFO:	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
Shareholders:	shareholders of the Company
Splendor Court:	Splendor Court Holdings Limited (華廷控股有限公司)
Stock Exchange:	The Stock Exchange of Hong Kong Limited



DEFINITIONS

Substantial Shareholder(s):	has the meaning ascribed thereto under the Listing Rules
Taiwan Cement:	Taiwan Cement Corporation (台灣水泥股份有限公司)
Thailand SCCC:	Thailand Siam City Power Company Limited (泰國暹羅城電力有限公司)
Wuhu Conch Investment:	Wuhu Conch Investment Co., Ltd. (蕪湖海螺投資有限公司)
Yaobai Environmental:	Xi'an Yaobai Environmental Protection Technology Engineering Co., Ltd. (西安堯柏環保科技工程有限公司)

1. CORPORATE INFORMATION

(I) REGISTERED CHINESE NAME OF THE COMPANY:

中國海螺創業控股有限公司

CHINESE ABBREVIATION:

海螺創業

REGISTERED ENGLISH NAME OF THE COMPANY:

CHINA CONCH VENTURE HOLDINGS LIMITED

ENGLISH ABBREVIATION:

CONCH VENTURE

(II) EXECUTIVE DIRECTORS:

Mr. GUO Jingbin (*Chairman*)

Mr. JI Qinying (*Chief Executive Officer*)

Mr. LI Jian

Mr. LI Daming

(III) NON-EXECUTIVE DIRECTOR:

Ms. ZHANG Mingjing

(IV) INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. CHAN Chi On (Alias Derek CHAN)

Mr. CHAN Kai Wing

Mr. LAU Chi Wah, Alex

(V) AUDIT COMMITTEE:

Mr. CHAN Chi On (Alias Derek CHAN) (*Chairman*)

Mr. CHAN Kai Wing

Mr. LAU Chi Wah, Alex

(VI) REMUNERATION AND NOMINATION COMMITTEE:

Mr. LAU Chi Wah, Alex (*Chairman*)

Mr. CHAN Chi On (Alias Derek CHAN)

Mr. CHAN Kai Wing

Mr. JI Qinying

Ms. ZHANG Mingjing

(VII) JOINT COMPANY SECRETARIES:

Mr. SHU Mao

Ms. NG Sin Yee, Clare

(VIII) AUTHORISED REPRESENTATIVES:

Mr. GUO Jingbin

Mr. JI Qinying

(IX) REGISTERED OFFICE OF THE COMPANY:

Cricket Square, Hutchins Drive,

P.O. Box 2681,

Grand Cayman KY1-1111,

Cayman Islands

(X) ADDRESS OF THE HEAD OFFICE IN THE PRC:

1011 Jiuhua South Road,

Wuhu City, Anhui Province,

China

(XI) POSTAL CODE:

241070

(XII) EMAIL ADDRESS OF THE COMPANY:

hlcy@conch.cn

(XIII) WEBSITE OF THE COMPANY:

<http://www.conchventure.com>

(XIV) PRINCIPAL PLACE OF BUSINESS IN HONG KONG:

Suite 4018, 40/F Jardine House,

1 Connaught Place,

Central,

Hong Kong

(XV) HONG KONG LEGAL ADVISOR:

Chiu & Partners

(XVI) INTERNATIONAL AUDITOR:

KPMG



1. CORPORATE INFORMATION

(XVII) CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT:

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive,
P.O. Box 2681, Grand Cayman KY1-1111,
Cayman Islands

(XVIII) HONG KONG BRANCH SHARE REGISTRAR:

Computershare Hong Kong Investor
Services Limited
Shops 1712–1716,
17/F, Hopewell Centre,
183 Queen's Road East,
Wanchai,
Hong Kong

(XIX) STOCK CODE:

00586

2. FINANCIAL HIGHLIGHTS

FINANCIAL OVERVIEW (FOR THE SIX MONTHS ENDED 30 JUNE 2016)

1. Operating results

Item	Unit: RMB'000		
	January– June 2016 Amount RMB'000	January– June 2015 Amount RMB'000	Changes between the Reporting Period and the corresponding period of the previous year (%)
Revenue	909,058	950,418	–4.35
Profit before taxation	977,688	1,258,155	–22.29
Share of profit of an associate	588,874	900,069	–34.57
Net profit attributable to equity shareholders of the Company	822,582	1,122,302	–26.71
Net profit from principal businesses attributable to equity shareholder of the Company	233,708	222,233	5.16

Notes: Net profit from principal businesses attributable to equity shareholder of the Company represent net profit attributable to equity shareholders of the Company after deducting share of profit of an associate.

2. Assets and liabilities

Item	Unit: RMB'000		
	As at 30 June 2016 Amount RMB'000	As at 31 December 2015 Amount RMB'000	Changes between the Reporting Period and the end of the previous year (%)
Total assets	19,284,119	18,499,709	4.24
Total liabilities	2,153,201	1,750,315	23.02
Equity attributable to equity shareholders of the Company	16,604,214	16,258,446	2.13

3. BUSINESS REVIEW AND OUTLOOK

(I) MACRO ENVIRONMENT

In the first half of 2016, the macro-economic condition of China has shown signs of stabilization from continuous decline as a result of the proactive financial, monetary and real estate new policies. According to the statistics from China's National Bureau of Statistics, the growth of the gross domestic product of the PRC was 6.7% in the first half of 2016, which is basically constant to that in the same period of last year. Nevertheless, the economic environment in both China and overseas is still harsh and complicated, with a stronger downward economic pressure.

Facing the changing macro-economics in both China and overseas and the continuous downward pressure of real economic development, the Group continued to adhere to the three major industries, namely, energy-saving, environmental-protection and new building materials by focusing on raising quality, reducing costs and increasing efficiency to explore markets proactively, advance overseas development, raise industrial value, strengthen systematic control, innovate operation models and carry out various works in the first half of the year with great effort.

During the Reporting Period, the Group recorded a revenue of RMB909.06 million, representing a decrease of 4.35% as compared with the corresponding period of the previous year. Profit from principal businesses before taxation was RMB388.81 million, representing an increase of 8.58% as compared with the corresponding period of the previous year. Net profit of our principal activities attributable to equity shareholders of the Company amounted to RMB233.71 million, representing an increase of 5.16% as compared with the corresponding period of the previous year.

3. BUSINESS REVIEW AND OUTLOOK

(II) BUSINESS REVIEW

Commitment in developing diversification in energy-saving industry

During the Reporting Period, the Group increased its sales efforts in overseas markets and continued to promote its businesses such as cement residual heat power generation, coal-fired power plants and vertical mills in overseas markets. As for residual heat power generation business, overseas project orders including PT. North Sulawesi self-owned power plants and residual heat power generation, Thailand SCCC and Cambodia Battambang residual heat power generation were obtained. As for vertical mill business, orders for PT. North Sulawesi raw materials vertical mills, Nippon Steel & Sumikin mineral debris vertical mills were signed.

In addition, the Group's first residual heat boiler export project to JP SPCO has been completed successfully. The production capacity and quality of the Group's boiler products have shown to have reached the technical requirement for manufacturing special equipment boiler of developed countries. This has helped the Group to accumulate valuable experience for the sales of its products to other developed countries.

Meanwhile, the Group proactively captured the remaining market of residual heat power generation in China and successfully won the tender of Jidong Heilongjiang Cement 15MW residual heat power generation project; proactively commenced Huaibei Zhongcheng Cement 9MW residual heat power generation project EP contract budget assessment review and preparation works prior to the execution of the contract.

During the Reporting Period, the Group has contracted a total of 44 power generation projects, among which 11 were from overseas.



The Myanmar MCL self-owned power plants project contracted by the Group



The raw materials vertical mill built by the Group in Papua Barat, Indonesia

3. BUSINESS REVIEW AND OUTLOOK

Maintaining strong development lead in environmental-protection industry

The current environmental-protection business of the Group mainly consists of 3 segments, namely, disposal of municipal waste by cement kiln, grate furnace power generation and collaborative disposal of industrial solid waste by cement kiln.

From the year-to-date, the Group has newly entered into 11 projects, among which 6 were grate furnace power generation projects, namely, Susong and Huoqiu in Anhui Province, Shache and Bole in Xinjiang Province, Li County in Hunan Province, Tongren in Guizhou Province, and 5 were collaborative disposal of industrial solid waste by cement kiln projects, namely, Huaibei, Wuhu and Suzhou in Anhui Province, Shimen in Hunan Province, Zhong County in Chongqing. Yaobai Environmental Fuping industrial solid waste disposal project has been put into operation in the first half of the year. Other projects such as Mian County have been approved and under planning. The disposal capacity of the Company's industrial solid waste disposal project in Shaanxi Province has been further expanded.

During the Reporting Period, on the foundation of "Thirteen Five-Year" development plan, the Group commenced investigations on projects about collaborative disposal of industrial solid waste by cement kiln. On the foundation of understanding and gathering the industry development, the Group prepared plans for the projects about collaborative disposal of industrial solid waste by cement kiln.

Moreover, the Group proactively expanded the scope of environmental-protection business and explored new models of cooperation. On 5 July 2016, the Group successfully entered into a strategic cooperation agreement with ENN Energy. It is expected that both parties will explore cooperation on distributed energy projects, complimenting the strengths and weaknesses with each other to achieve a win-win situation.

During the Reporting Period, the Group recorded revenue of RMB822.76 million in the energy-saving and environmental-protection industries, representing a decrease of 5.50% as compared with the corresponding period of the previous year. Total profit before taxation was RMB378.91 million, representing an increase of 31.69% as compared with the corresponding period of the previous year.

As at the date of this interim report, the Group has secured in total 41 waste disposal projects, located across 13 provinces, cities and municipalities, among which 18 have been completed, 9 are under construction, 14 have been approved and under planning.



The Group's Yaobai Environmental Fuping Industrial solid waste disposal by cement kiln project has been put into operation



The full view of the grate furnace power generation project in Jinzhai County, Anhui Province

3. BUSINESS REVIEW AND OUTLOOK

Details of the projects are as follows:

No.	Way of disposal	Status	Location	Business model	Size	Remarks		
1	Disposal of municipal waste by cement kiln	Completed	Tongling, Anhui Province (Phase I)	EPC	1×300t/d			
2			Guiding, Guizhou Province	EPC	1×200t/d			
3			Pingliang, Gansu Province	BOT	1×300t/d			
4			Zhong County, Chongqing	EPC	1×200t/d			
5			Qingzhen, Guizhou Province	BOT	1×300t/d			
6			Zunyi, Guizhou Province	EPC	2×400t/d			
7			Yuping County, Guizhou Province	BOT	1×100t/d	A joint operation with CNBM		
8			Yangchun, Guangdong Province	BOT	1×200t/d			
9			Qiyang County, Hunan Province	BOT	1×300t/d			
10			Shimen County, Hunan Province	BOT	1×200t/d			
11			Xishui County, Guizhou Province	BOT	1×300t/d	A joint operation with CNBM		
12			Anshun, Guizhou Province	EPC	1×200t/d	The project is built in cooperation with Taiwan Cement		
13			Shuicheng County, Guizhou Province	BOT	1×200t/d			
14			Shuangfeng County, Hunan Province	BOT	1×200t/d			
15			Fusui County, Guangxi Province	BOT	1×200t/d			
16			Projects under construction		Emeishan, Sichuan Province	EPC	1×400t/d	
17					Baoshan, Yunnan Province	BOT	1×300t/d	
18					Nanjiang County, Sichuan Province	BOT	1×200t/d	
19					Lingyun County, Guangxi Province	BOT	1×100t/d	
20					Ningguo, Anhui Province	BOT	1×300t/d	
21					Shahe, Hebei Province	EPC	1×300t/d	
22					Linxia, Gansu Province	BOT	1×300t/d	
23					Longyan, Fujian Province	EPC	1×300t/d	
24			Projects submitted for approval and pending construction		Tongling, Anhui Province (Phase II)	EPC	1×300t/d	
25	Collaborative disposal of industrial solid waste by cement kiln	Completed	Lantian County, Shaanxi Province	BOO (Note1)	1×250t/d			
26			Fuping County, Shaanxi Province	BOO	1×450t/d			
27		Projects under construction		Qian County, Shaanxi Province	BOO	1×200t/d		
28		Projects submitted for approval and pending construction		Mian County, Shaanxi Province	BOO	1×150t/d		
29				Shimen County, Hunan Province	BOO	1×200t/d		
30				Huaibei, Anhui Province	BOO	1×300t/d		
31				Wuhu, Anhui Province	BOO	2×300t/d		
32				Suzhou, Anhui Province	BOO	2×300t/d		
33				Zhong County, Chongqing	BOO	2×300t/d		
34		Grate furnace power generation	Completed	Jinzhai County, Anhui Province (Phase I)	BOT	1×300t/d		
35				Yanshan County, Yunnan Province	BOT	1×300t/d		
36	Projects under construction			Shache County, Xinjiang Province (Phase I)	BOT	1×600t/d		
37				Tongren, Guizhou Province	BOT	1×600t/d		
38	Projects submitted for approval and pending construction			Susong County, Anhui Province (Phase I)	BOT	1×400t/d		
39				Li County, Hunan Province (Phase I)	BOT	1×400t/d		
40				Huoqiu County, Anhui Province (Phase I)	BOT	1×400t/d		
41				Bole, Xinjiang Province (Phase I)	BOT	1×300t/d		

Note:

1. building-owning-operation, a type of business arrangement used in the construction of a facility.

3. BUSINESS REVIEW AND OUTLOOK

As at the date of this interim report, the Group has completed 15 projects of disposal of municipal waste by cement kiln, achieving an annual disposal volume of 1.46 million tons. The Group has secured 9 projects, and will achieve an annual disposal volume of 0.91 million tons.

The Group has completed 2 projects of collaborative disposal of industrial solid waste by cement kiln, achieving an annual disposal capacity of 0.25 million tons. The Group has secured 7 projects, and will achieve an annual disposal capacity of 0.96 million tons.

The Group has completed 1 project of grate furnace power generation, achieving an annual disposal volume of 0.10 million tons. The Group has secured 7 projects, and will achieve an annual disposal volume of 1.09 million tons.

Steady advancement in various works in the new building materials industry

During the Reporting Period, the Group enhanced its efforts to expand its market, optimise the market distribution and pay close attention to sales work. Multi-channel building of product showcase platforms were adopted, increasing the pace of brands building to exert its influence in the industry. By further optimising manufacturing organisation, strengthening benchmarking management, implementing cost control, various indicators including production, sales volume, benefit and the number of customers all increased considerably.

The Group also proactively participated in industrial development and technology seminar activities, promoting exchanges with external parties. The Group joined industrial exchange and application promotion meetings in Beijing, Hefei etc., and was successfully elected as 結構與保溫裝飾一體化副組長單位 (deputy head unit of unison between structure and decorative insulation working group*) and 安徽省牆改協會常務理事單位 (executive director unit of Wall Reconstruction Association*). The Group successfully undertook cellulose cement autoclaved board industry annual meeting, and was elected as the vice chairman unit of the association.

During the Reporting Period, the Group has sold 1.74 million square meters in total fibre cement panels and achieved a revenue of RMB17.75 million, representing an increase of 182.51% and 152.61% as compared with the corresponding period of the previous year respectively. Anhui Conch Venture New Energy-saving Building Material Co.,Ltd. has reached a monthly sales volume of over 0.2 million square meters for six consecutive months. During the Reporting Period, the accumulated sales volume amounted to 1.13 million square meters, almost as same as compared to the total sales volume of 2015.

3. BUSINESS REVIEW AND OUTLOOK

Stable operation in port logistics services business

During the Reporting Period, through the mechanism of regular visits, the Group has formulated personalised service policies for each customer, gradually achieved customer diversification, and obtained many high-quality customer base such as large-scale corporations. Meanwhile, by further optimising economic indicators, enhancing autonomous technology renovation and securing equipment stability, the costs of operating equipment were lowered and hence, achieving cost efficiency.

During the Reporting Period, the Group has recorded a new historical high record of a throughput of 12.54 million tones, with a revenue of RMB68.55 million. Under the industry contraction, the port logistics services business rose against the fall, raising the risk-bearing ability and competitive advantages.

(III) BUSINESS OUTLOOK

The effort of the Group since its listing has gained widespread recognition from the international capital market and the society. In June 2016, Hang Seng Index announced the quarterly review results of its stock index. The Group was included as a constituent stock of “Hang Seng Mainland 100” which took effect after the trading hours of 6 June 2016. It was the second time the Group being incorporated as a constituent stock of such index since 9 June 2014.

During the Reporting Period, the policy development of environmental-protection industry was very proactive: the Central Government promulgated the reward over compensation policy for projects about collaborative disposal by cement kiln, with Guizhou Province as the trial point. All 7 projects contracted by the Company were selected. Such policy will also be promoted and implemented in other provinces, successfully solving the problem of the subsidy-less policy for projects about collaborative disposal by cement kiln. In May 2016, the State Council published “Clean Soil Action Plan”, pursuant to which all three action plans “atmosphere, water and soil” were promulgated. Apparently, the approach of the government towards environment regulation is clear, aiming to further increase the investment of environmental-protection industry during the “Thirteen Five-Year” period. Various policy developments have proactive promotional effect on the market trend and future development path of the entire energy-saving and environmental-protection industry.



The full view of Yangzhou Haichang Port Industrial Co., Ltd. of the Group



Terminal vessel of Yangzhou Haichang Port Industrial Co., Ltd.

3. BUSINESS REVIEW AND OUTLOOK

Looking forward, the Group will continue to work hard to seize opportunities and vigorously promote the three major industries segments (i.e. energy preservation, environmental protection and new building materials). While maintaining stable growth of operating results, the Group seeks to expand the scope of business, expand and enhance the principal businesses, in order to transform itself into the leading corporation of the environmental-protection industry.

The energy-saving industry continues to focus on overseas markets. The Group will consolidate its existing market shares of this industry in Southeast Asia and South Asia. On the foundation of early commencing business activities in regions such as West Asia and South America, the Group will proactively strive for project orders and expand overseas new markets.

Our environmental-protection industry will grasp the national environmental-protection policies and roll out marketing campaigns for collaborative disposal of municipal waste by cement kiln and grate furnace power generation technology, to make the existing projects good samples of demonstration and secure orders through the flexible use of business models such as EPC, BOT and PPP. The Group will continue to promote collaborative disposal of industrial solid waste by cement kiln projects, further refine project development plans, make full use of the advantages of geographical resources, accelerate the construction progress of contracted projects and accelerate the roll out of demonstration project construction. The Group will also proactively seek and push forward the cooperation between society-related corporations, build a wide source of industrial solid waste and strive to achieve new development of projects about collaborative disposal of industrial solid waste by cement kiln during the “Thirteen Five-Year” period.

Our new building material industry will leverage on the advantage of us being elected as the vice chairman unit of the industry association, proactively enhance industry exchange and strive for the right to speak in the industry. We will continue to strengthen the advantageous market construction, stabilise the core market shares, perform brand advertisement and sales services and further develop neighboring markets. We will make full use of internet marketing methods and plan foreign trade marketing promotion. Meanwhile, we will further stabilise the quality of production, reduce consumption of indicators, raise various basic management standards and put in high-quality products to the market in order to meet the demand from numerous customers.



On 18 May 2016, the Company has successfully entered into Wuhu solid waste treatment project agreement

4. MANAGEMENT DISCUSSION AND ANALYSIS

(I) PROFITS

Item	January– June 2016 Amount (RMB'000)	January– June 2015 Amount (RMB'000)	Changes between the Reporting Period and the corresponding period of the previous year (%)
Revenue	909,058	950,418	-4.35
Profit before taxation	977,688	1,258,155	-22.29
Share of profit of an associate	588,874	900,069	-34.57
Net profit attributable to equity shareholder of the Company	822,582	1,122,302	-26.71
Net profit from principal businesses attributable to equity shareholder of the Company	233,708	222,233	5.16

During the Reporting Period, the Group recorded a revenue of RMB909.06 million, representing a decrease of 4.35% as compared with the corresponding period of the previous year. Profit before taxation was RMB977.69 million, representing a decrease of 22.29% as compared with the corresponding period of the previous year, which was mainly due to the decrease in the profit from Conch Holdings. However, net profits of our principal activities attributable to equity shareholder of the Company amounted to RMB233.71 million, representing an increase of 5.16% as compared with the corresponding period of the previous year. Basic earnings per share amounted to RMB0.46.

1. Revenue by business segments

Item	January–June 2016		January–June 2015		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Residual heat power generation	418,889	46.08	377,095	39.67	11.08	6.41
Vertical mills	46,836	5.15	87,133	9.17	-46.25	-4.02
Waste incineration	357,035	39.28	406,373	42.76	-12.14	-3.48
Subtotal	822,760	90.51	870,601	91.60	-5.50	-1.09
Port logistics services	68,547	7.54	72,790	7.66	-5.83	-0.12
New building materials	17,751	1.95	7,027	0.74	152.61	1.21
Total	909,058	100.00	950,418	100.00	-4.35	-

During the Reporting Period, the Group saw a rapid year-on-year growth in the revenue from the residual heat power generation and new building materials while the revenue from vertical mills and waste incineration decreased as compared with the corresponding period of the previous year. In terms of business segments: (i) increasing marketing efforts were put into the residual heat power generation to maintain the revenue growth. As for the new building materials, the Group actively expanded new markets and achieved an increase of 152.61% for the revenue as compared with the corresponding period of the previous year; (ii) the revenue from waste incineration decreased as compared with the corresponding period of the previous year, which was mainly affected by the lagging progress of Tongling Phase II, Huoqiu and Tongren projects; (iii) the revenue from vertical mills decreased by 46.25% as compared with the corresponding period of the previous year, which was mainly due to the failure to deliver equipment on schedule resulted from the lagging progress of certain cement projects.

4. MANAGEMENT DISCUSSION AND ANALYSIS

2. Revenue by geographical locations

Item	January–June 2016		January–June 2015		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
China	699,593	76.96	645,898	67.96	8.31	9.00
Asia (excluding China)	208,939	22.98	303,317	31.91	-31.12	-8.93
South America	325	0.04	1,203	0.13	-72.98	-0.09
Africa	201	0.02	–	–	–	0.02
Total	909,058	100.00	950,418	100.00	-4.35	–

During the Reporting Period, the revenue from China market of the Group increased by 8.31% as compared with the corresponding period of the previous year, with its proportion in the total revenue going up by 9 percentage points, which was mainly due to the increase of the revenue from China market in the residual heat power generation and new building materials. For the current period, the Group achieved a revenue of RMB209.47 million from the overseas market, representing a decrease as compared with the corresponding period of the previous year, which was mainly affected by the lagging progress of overseas projects.

3. Gross profit and gross profit margin

Item	January–June 2016		January–June 2015		Change in amount (%)	Change in gross profit margin (percentage point)
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)		
Residual heat power generation	158,402	37.81	123,089	32.64	28.69	5.17
Vertical mills	10,548	22.52	31,241	35.85	-66.24	-13.33
Waste incineration	191,877	53.74	167,577	41.24	14.50	12.50
Subtotal	360,827	43.86	321,907	36.98	12.09	6.88
Port logistics services	32,959	48.08	37,826	51.97	-12.87	-3.89
New building materials	-7,084	-39.91	-1,413	-20.11	-401.34	-19.80
Total	386,702	42.54	358,320	37.70	7.92	4.84

4. MANAGEMENT DISCUSSION AND ANALYSIS

During the Reporting Period, the consolidated gross profit margin of products of the Group was 42.54%, representing an increase of 4.84 percentage points as compared with the corresponding period of the previous year. In terms of business segments, (i) the gross profit margin of residual heat power generation increased by 5.17 percentage points as compared with the corresponding period of the previous year, which was mainly due to the increase in gross profit margins of residual heat power generation projects both in domestic and overseas markets during the Reporting Period; (ii) the gross profit margin of vertical mills decreased by 13.33 percentage points as compared with the corresponding period of the previous year, which was affected by the failure of recognizing the equipment revenue as a result of lagging progress of certain cement projects, and the reduction of sales prices caused by fierce market competition in overlay welding and spare parts businesses of the vertical mills segment; (iii) the gross profit margin of waste incineration increased by 12.50 percentage points, which was mainly due to the increase of revenue in the operation period when the gross profit margin is higher than that in construction period; (iv) the gross profit margin of new building materials was negative, representing a decrease of 19.80 percentage points as compared with the corresponding period of the previous year. It was because of the failure to have the fixed costs effectively diluted and that the early stage of the inventory costs were higher as a result of the unfully utilised capacity due to development stage of the market .

4. Source of revenue and composition of share of profit

Item	January–June 2016		January–June 2015		Change in amount (%)	Change in percentage (percentage point)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Revenue	909,058	100.00	950,418	100.00	-4.35	-
Other customers	694,527	76.40	804,039	84.60	-13.62	-8.20
Conch Cement	214,531	23.60	146,379	15.40	46.56	8.20
Profit for the period	896,836	100.00	1,173,056	100.00	-23.55	-
Share of profit of an associate	588,874	65.66	900,069	76.73	-34.57	-11.07
Profit attributable to operations	307,962	34.34	272,987	23.27	12.81	11.07

During the Reporting Period, revenue from sales to other customers was RMB694.53 million, representing a decrease of 13.62% as compared with the corresponding period of the previous year, and the proportion of the total revenue decreased by 8.2 percentage points. Revenue from sales to Conch Cement was increased by 46.56%. Profit for the period was RMB896.84 million, among which share of profit of Conch Holdings was RMB588.87 million, representing a decrease of 34.57% as compared with the corresponding period of the previous year. However, there was a steady growth in profit attributable to operations with an increased of 12.81% as compared with the corresponding period of the previous year, and the proportion of the total revenue increased by 11.07 percentage points.

4. MANAGEMENT DISCUSSION AND ANALYSIS

5. Distribution costs

During the Reporting Period, the distribution costs of the Group were RMB10.11 million, representing a decrease of RMB6.47 million or 39.02% as compared with the corresponding period of the previous year, which was mainly due to the decrease in the sales transportation costs of the Group.

6. Administrative expenses

During the Reporting Period, the Group's administrative expenses were RMB57.92 million, representing a decrease of RMB12.56 million or 17.82% as compared with the corresponding period of the previous year, which was mainly due to the decrease in provision for allowance for doubtful debts as compared with the corresponding period of the previous year.

7. Finance costs

During the Reporting Period, the Group's financial costs were RMB12.43 million, representing a decrease of RMB9.90 million or 44.32% as compared with the corresponding period of the previous year, which was mainly due to the decrease in the bank loans of the Group and the interest rate.

8. Profit before taxation

During the Reporting Period, the Group's profit before taxation was RMB977.69 million, representing a decrease of RMB280.47 million or 22.29% as compared with the corresponding period of the previous year, which was mainly due to the decrease of 34.57% in share of profits of an associate as compared with the corresponding period of the previous year. However, the profit before taxation from principal operations amounted to RMB388.81 million, representing an increase of 8.58% as compared with the corresponding period of the previous year.

(II) FINANCIAL POSITION

As at 30 June 2016, the total assets of the Group amounted to RMB19,284 million, representing an increase of RMB784.41 million as compared with the end of the previous year. The equity attributable to equity shareholders of the Company amounted to RMB16,604 million, representing an increase of RMB345.77 million as compared with the end of the previous year. Gearing ratio was 11.17% (total liabilities/total assets), representing an increase of 1.71 percentage points as compared with the end of the previous year.

1. Non-current assets and non-current liabilities

As at 30 June 2016, the non-current assets of the Group was RMB15,631 million, representing an increase of 5.30% as compared with the end of the previous year, primarily due to an increase in its interest in an associate and the account receivables of contracts. Non-current liabilities of the Group was RMB535.32 million, representing an increase of 11.52% as compared with the end of the previous year, primarily attributable to the increase in long-term bank loans raised by the Group during the Reporting Period.

2. Current assets and current liabilities

As at 30 June 2016, the current assets of the Group was RMB3,653 million, basically the same as compared with the end of the previous year. The current liabilities of the Group was RMB1,618 million, representing an increase of 27.36% as compared with the end of the previous year, primarily due to the provision for dividend payable which has not yet been paid in the Reporting Period. Current ratio was 2.26 (at the end of the previous year: 2.88) and debt to equity ratio (calculated by dividing total loans by total equity) was 0.04 (at the end of the previous year: 0.03).

4. MANAGEMENT DISCUSSION AND ANALYSIS

(III) LIQUIDITY AND CAPITAL RESOURCES

During the Reporting Period, the working capital of the Group was mainly sourced from cash from daily operating activities, cash from investments and bank loans. As at 30 June 2016, cash and cash equivalents of the Group amounted to approximately RMB1,892 million, which are mainly dominated in RMB, Hong Kong dollars and US dollars. The Group regularly monitors the liquidity requirements to ensure that its liquidity requirements can be satisfied.

1. Bank loans and other loans

As at 30 June 2016, the balance of bank loans and other loans of the Group was as follows:

Item	At 30 June 2016 (RMB'000)	At 31 December 2015 (RMB'000)
Repayable within one year	74,783	50,000
Repayable after one year but within two years	308,458	–
Repayable after two years but within five years	196,649	480,000
Repayable after five years	30,210	–
Total	610,100	530,000

As at 30 June 2016, the balance of bank loans of the Group amounted to RMB610.10 million, representing an increase of RMB80.10 million as compared with the end of the previous year, which was mainly due to the increase in the bank loans and other loans during the Reporting Period of the Group. As at 30 June 2016, all of the Group's loans were denominated in RMB, and most of loans are subject to variable interest rates.

2. The cash flows during the Reporting Period were analyzed as follows:

Item	January– June 2016 (RMB'000)	January– June 2015 (RMB'000)
Net cash (used in)/generated from operating activities	(42,275)	79,446
Net cash (used in)/generated from investing activities	(394,480)	327,628
Net cash (used in)/generated from financing activities	(3,440)	188,345
Net (decrease)/increase in cash and cash equivalents	(440,195)	595,419
Cash and cash equivalents at the beginning of the period	2,332,268	2,057,583
Cash and cash equivalents at the end of the period	1,892,073	2,653,002

4. MANAGEMENT DISCUSSION AND ANALYSIS

(1). Net cash used in operating activities

During the Reporting Period, net cash used in the operating activities of the Group amounted to RMB42.28 million, representing a decrease of RMB121.72 million as compared with the corresponding period of the previous year. The decrease was mainly attributable to the decrease in the revenue of the Group as compared with the corresponding period of the previous year and the effect of billing cycle of waste disposal fees during the operation period of certain waste incineration projects.

(2). Net cash used in investing activities

During the Reporting Period, net cash used in the investing activities of the Group amounted to RMB394.48 million, representing a decrease of RMB722.11 million as compared with the corresponding period of the previous year, primarily due to the maturity of a structural deposit of RMB650 million in the corresponding period of the previous year of the Group .

(3). Net cash used in financing activities

During the Reporting Period, net cash used in the financing activities of the Group amounted to RMB3.44 million, representing a decrease of RMB191.79 million as compared with the corresponding period of the previous year. The decrease was mainly attributable to the decrease in the borrowing of bank loans of the Group as compared with the corresponding period of the previous year.

(IV) COMMITMENTS

As at 30 June 2016, purchase commitments of the Group in connection with construction contracts were as follows:

Item	At 30 June 2016 (RMB'000)	At 31 December 2015 (RMB'000)
Contracted for	251,008	209,427
Authorised but not contracted for	1,147,560	846,320
Total	1,398,568	1,055,747

(V) FOREIGN EXCHANGE RISK

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

The Group adopted no financial derivatives to hedge against foreign exchange risks.

4. MANAGEMENT DISCUSSION AND ANALYSIS

(VI) CONTINGENT LIABILITIES

As at 30 June 2016, the Group had no material contingent liabilities.

(VII) PLEDGE OF ASSETS

As at 30 June 2016, the Group had no material pledge of assets.

(VIII) MATERIAL ACQUISITIONS OR DISPOSALS

During the Reporting Period, the Group, through its wholly-owned subsidiary Wuhu Conch Investment, entered into an investment agreement with Shaanxi Quanchuangke Industrial and Trading Co., Ltd. and Yaobai Special Cement Group Co., Ltd.. Wuhu Conch Investment and Shaanxi Quanchuangke Industrial and Trading Co., Ltd. injected RMB90 million and RMB30 million into Yaobai Environmental, respectively. Upon completion of the capital injection, Yaobai Environmental will be owned as to 60%, 20% and 20% by Wuhu Conch Investment, Shaanxi Quanchuangke Industrial and Trading Co., Ltd. and Yaobai Special Cement Group Co., Ltd., respectively. Pursuant to the terms of the agreement, the transaction was completed on 1 January 2016 and Yaobai Environmental became a 60% owned subsidiary of the Group.

Except for the above, neither the Company nor any of its relevant subsidiaries or associates had conducted any material acquisitions or disposals.

(IX) USE OF PROCEEDS FROM LISTING

The shares of the Company were listed for the first time on the Main Board of the Stock Exchange on 19 December 2013. The net proceeds from the global offering amounted to approximately HKD3,968.3 million (approximately RMB3,118.9 million) ("Net Proceeds").

In order to use the Net Proceeds more effectively and to promote the efficient allocation of the Company's financial resources, at the Board meeting convened on 17 June 2016, the Board determined: among the proceeds originally used for the establishment of production facilities of cellulose cement autoclaved boards in Wuhu and Bozhou, the amount of RMB713.6 million (approximately HKD849.5 million) would be reallocated to be used to carry out refuse and solid waste treatment and other environmental-protection business within the Company's business scope by applying various business models. The remaining amount of RMB150 million (approximately HKD178.5 million) in the cellulose cement autoclaved boards project would be used for the expansion of plants, procurement of raw materials, recruitment of staff and the establishment of sales market. For details, please refer to the announcement published on 21 June 2016 by the Company.

4. MANAGEMENT DISCUSSION AND ANALYSIS

Out of the Net Proceeds, for the year ended 31 December 2015, the Group had utilized an aggregate amount of approximately RMB1,914.6 million of the Net Proceeds and the remaining balance of the Net Proceeds amounted to RMB1,204.3 million. During the Reporting Period, the Company further utilized an amount of RMB419.4 million in the ways set out in the table below.

Usage	Utilized amount during the Reporting Period (RMB million)	Balance as at 30 June 2016 (RMB million)	Actual business progress as at 30 June 2016
To be used for the establishment of production facilities of cellulose cement autoclaved boards in Wuhu, Anhui Province	13.1	95.6	Establishment of production facilities of new construction material 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	4.6	46.2	Establishment of production facilities of new construction material industry, procurement of raw materials and establishment of sales markets
To be used to carry out refuse and solid waste treatment projects within the Company's business scope by applying various business models	397.5	605.9	Construction and operation of waste incineration projects in Ningguo, Anhui Province and Linxia, Gansu Province etc.
General corporate purposes	4.2	37.2	
Subtotal	419.4	784.9	

As at 30 June 2016, the Company has utilized an aggregate amount of approximately RMB2,334 million of the Net Proceeds and the remaining balance of the Net Proceeds amounted to RMB784.9 million was deposited in the banks and financial institutions recognized in Hong Kong and the PRC.

4. MANAGEMENT DISCUSSION AND ANALYSIS

(X) HUMAN RESOURCES

The Group highly values the management of human resources by providing its employees with competitive remuneration packages and various training programs. During the Reporting Period, the Group organized professional and technical seminars and trainings relating to municipal waste treatment technology, basic knowledge of grate furnace technology, marketing and promotion of new building materials, special types of work, production safety and financial literacy. Some of the executive management attended the operating management training organized by the University of Science and Technology of China. The Group helped the management and staff to learn, understand and master various production and operation management techniques and knowledge, so as to raise the overall quality and maintain the healthy development of the Company. The Group continued to strengthen team building through means such as in-house training, social recruitment and campus recruitment.

As at 30 June 2016, the Group had approximately 1,231 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 2016 the total remuneration of employees (including the remuneration of the Company's directors) was approximately RMB 41.18 million (for the same period of 2015: RMB 38.79 million).

The Company adopted a share option scheme, details of which are set out in the section headed "Other Information — (V) 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.

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5. OTHER INFORMATION

(I) INTERIM DIVIDEND

The Board of the Company resolved not to declare any interim dividend for the six months ended 30 June 2016.

(II) DISCLOSURE OF INTERESTS

1. Directors' and Chief Executive's Interests and Short Positions

As at 30 June 2016, the interests of the Directors and chief executive of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules were set out below:

A. The Company

Name of Directors	Nature of interests	Number of shares (long positions)	Percentage shareholding (%)
Mr. Guo Jingbin	Interest of controlled corporation (note 1)	62,680,000	3.47
Mr. Ji Qinying	Interest of controlled corporation (note 2)	61,080,000	3.38
	Interest of spouse (note 2)	33,752	0.002
	Total	61,113,752	3.382
Mr. Li Jian	Beneficial owner	7,646,370	0.42
	Interest of spouse (note 3)	105,346	0.006
	Total	7,751,716	0.426
Mr. Li Daming	Beneficial owner	6,112,563	0.34
Ms. Zhang Mingjing	Beneficial owner	17,457,675	0.97
	Interest of spouse (note 4)	32,020,909	1.77
	Total	49,478,584	2.74

Notes:

- These shares are owned by Splendor Court which is solely owned by Mr. Guo Jingbin.
- These shares are owned by Golden Convergence which is solely owned by Mr. Ji Qinying. As Ms. Yan Zi is the spouse of Mr. Ji, Mr. Ji is taken to be interested in the shares held by Ms. Yan.
- Mr. Li Jian is taken to be interested in the shares held by his spouse, Ms. Wang Zhenying.
- Ms. Zhang Mingjing is taken to be interested in the shares held by her spouse, Mr. Zhu Zhongping, through his controlled corporation, Confluence Investment.

B. Associated Corporation

Name of Directors	Name of Associated Corporation	Number of shares (A shares) (long positions)	Percentage shareholding (%)	Nature of interests
Mr. Li Jian	Conch Cement	100,000	0.003	Beneficial owner
Mr. Li Daming	Conch Cement	200,000	0.005	Beneficial owner

5. OTHER INFORMATION

2. Substantial Shareholders' Interests or Short Positions

As at 30 June 2016, there were no other persons other than the Directors and chief executive of the Company who had interests or short positions in the shares or underlying shares of the Company pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register of substantial shareholders required to be kept under section 336 of the SFO.

3. Interests and Short Positions of Senior Management

As at 30 June 2016, interests of the senior management of the Company were as follows:

Name of senior management	Nature of interests	Number of shares (long positions)	Percentage shareholding (%)
Mr. Wang Xuesen	Beneficial owner	4,125,418	0.23

Save as disclosed above, as at 30 June 2016, none of the Directors and chief executive of the Company had interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required, pursuant to section 352 of the SFO, to be entered into the register referred to in that section, or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

(III) 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.

(IV) CHANGES IN DIRECTORS AND SENIOR MANAGEMENT

During the Reporting Period, there were no changes in the Directors and senior management of the Company.

(V) SHARE OPTION SCHEME

The Company has conditionally adopted a share option scheme (the "Share Option Scheme") pursuant to a resolution in writing passed by all Shareholders on 3 December 2013 for the purpose of granting options to selected participants as incentives or rewards for their contributions to the Group.

Since the listing of the Company, no share option had been granted under the Share Option Scheme.

5. OTHER INFORMATION

(VI) CORPORATE GOVERNANCE

The Company is committed to achieving high standard of corporate governance in order to protect the interests of the Shareholders and improve corporate value and accountability. The Company acknowledges the importance of the Board in effectively leading and managing the business of the Company and ensuring the transparency and accountability of the Company's operation.

The Company has adopted the Corporate Governance Code set out in Appendix 14 to the Listing Rules of the Stock Exchange as the corporate governance code of the Company. The Board has confirmed that, during the Reporting Period, the Company complied with the principles and code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules, and the Company has further refined the corporate governance structure and enhanced its corporate governance under the guidance of the regulatory documents including the Listing Rules and the Articles of Association.

The Company regularly reviews and improves its corporate governance practices in order to be continuously in compliance with the Corporate Governance Code.

(VII) MODEL CODE FOR SECURITIES TRANSACTIONS

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. Having made specific enquiries by the Company, all Directors confirmed that they complied with the Model Code and the Securities Dealing Code during the Reporting Period.

The Company has also issued warning to employees about insider dealing ("Insider Dealing Warning") for securities transactions by employees.

During the Reporting Period, the Company is not aware of any incident of non-compliance with the Model Code, the Securities Dealing Code and the Insider Dealing Warning by the relevant employees.

(VIII) AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Chan Chi On (alias Derek Chan), Mr. Chan Kai Wing and Mr. Lau Chi Wah, Alex. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information, provide advice in respect of financial reporting and oversee and review the risk management system and internal control system of the Company. The "Terms of Reference of the Audit Committee of the Board of Directors" of the Company clearly defines the duties and rules of the committee.

The Audit Committee has reviewed the unaudited interim results and interim report of the Company for the six months ended 30 June 2016. The Audit Committee has no disagreement with the accounting treatment methods adopted by the Company.

5. OTHER INFORMATION

(IX) REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee comprises Mr. Ji Qinying, executive Director and chief executive officer, Ms. Zhang Mingjing, non-executive Director, and Mr. Chan Chi On (alias Derek Chan), Mr. Chan Kai Wing and Mr. Lau Chi Wah, Alex, independent non-executive Directors. The primary functions of the Remuneration and Nomination Committee are to make recommendation to the Board on the overall remuneration policy and the structure relating to all Directors and senior management of the Group, make recommendation to the Board on the remuneration packages for each of the executive Directors and senior management; and review performance based remuneration and ensure none of the Directors participate in deciding their own remuneration; to review the structure, size and composition (including the skills, knowledge and experiences) of the Board at least annually. The “Terms of Reference of the Remuneration and Nomination Committee of the Board of Directors” of the Company clearly defines the duties and rules of the committee.

The Remuneration and Nomination Committee of the Company has formulated a board diversity policy which sets out the approach to achieve diversity of the Board.

(X) EVENTS SUBSEQUENT TO THE REPORTING PERIOD

None of the Company or the Group had any material events subsequent to the Reporting Period since 30 June 2016 and up to the date of this interim report.

(XI) CHANGES TO THE INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, below were changes in the information of directors:

- (1) Mr. Guo Jingbin no longer served as the non-executive director of Conch Cement (a company listed on the Shanghai Stock Exchange (stock code: 600585) and the Stock Exchange (stock code: 00914)) since 2 June 2016. Mr. Guo is currently an independent non-executive director of China Logistics Property Holdings Co., Ltd (a company listed on the Stock Exchange (stock code: 01589) on 15 July 2016). He also served as an independent non-executive director of City e-Solutions Limited (a company listed on the Stock Exchange (stock code: 00557)) since 19 August 2016.
- (2) Ms. Zhang Mingjing no longer served as the executive director of Conch Cement since 2 June 2016.
- (3) Mr. Chan Chi On (alias Derek CHAN) served as the independent non-executive director of Tianli Holdings Group Limited (a company listed on the Stock Exchange (stock code: 00117)) since 14 July 2016.
- (4) Mr. Lau Chi Wah, Alex retired as the independent non-executive director of Man Sang International Limited (a company listed on the Stock Exchange (stock code: 00938)) on 15 July 2016.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016 — unaudited
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Revenue	3	909,058	950,418
Cost of sales		(522,356)	(592,098)
Gross profit		386,702	358,320
Other revenue	4	78,450	108,231
Other net income	5	4,120	920
Distribution costs		(10,109)	(16,578)
Administrative expenses		(57,915)	(70,477)
Profit from operations		401,248	380,416
Finance costs	6(a)	(12,434)	(22,330)
Share of profit of an associate	12	588,874	900,069
Profit before taxation	6	977,688	1,258,155
Income tax	7	(80,852)	(85,099)
Profit for the period		896,836	1,173,056
Attributable to:			
Equity shareholders of the Company		822,582	1,122,302
Non-controlling interests		74,254	50,754
Profit for the period		896,836	1,173,056
Earnings per share			
Basic and diluted (RMB)	9	0.46	0.62

The notes on pages 35 to 56 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 19(a).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2016 — unaudited
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2016 RMB'000	2015 RMB'000
Profit for the period		896,836	1,173,056
Other comprehensive income for the period (after tax and reclassification adjustments)	8		
Items that may be reclassified subsequently to profit or loss:			
Share of changes of reserves of an associate, net of tax		(9,440)	54,819
		(9,440)	54,819
Total comprehensive income for the period		887,396	1,227,875
Attributable to:			
Equity shareholders of the Company		813,142	1,177,121
Non-controlling interests		74,254	50,754
Total comprehensive income for the period		887,396	1,227,875

The notes on pages 35 to 56 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016 — unaudited
(Expressed in Renminbi Yuan)

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Non-current assets			
Property, plant and equipment	10	1,026,374	998,151
Lease prepayments		201,801	204,091
Intangible assets	11	88,956	84,023
Interest in an associate	12	13,232,464	12,655,775
Non-current portion of trade and other receivables	15	1,016,558	790,870
Non-current prepayments	13	—	45,000
Deferred tax assets		64,505	65,349
		15,630,658	14,843,259
Current assets			
Inventories	14	190,655	246,116
Trade and other receivables	15	1,107,298	1,076,321
Restricted bank deposits		13,435	1,745
Bank deposits with maturity over three months		450,000	—
Cash and cash equivalents	16	1,892,073	2,332,268
		3,653,461	3,656,450
Current liabilities			
Loans and borrowings	17	74,783	50,000
Trade and other payables	18	1,495,939	1,172,166
Income tax payables		47,162	48,149
		1,617,884	1,270,315
Net current assets		2,035,577	2,386,135
Total assets less current liabilities		17,666,235	17,229,394

The notes on pages 35 to 56 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2016 — unaudited
(Expressed in Renminbi Yuan)

	Note	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Non-current liabilities			
Loans and borrowings	17	535,317	480,000
Net assets		17,130,918	16,749,394
Capital and reserves	19		
Share capital		14,347	14,347
Reserves		16,589,867	16,244,099
Equity attributable to equity shareholders of the Company		16,604,214	16,258,446
Non-controlling interests		526,704	490,948
Total equity		17,130,918	16,749,394

The notes on pages 35 to 56 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016 — unaudited
(Expressed in Renminbi Yuan)

Attributable to equity shareholders of the Company									
Note	Share	Share	Capital	PRC	Retained	Sub-total	Non-	Total	
	capital	premium	reserves	statutory	earnings		controlling		equity
	RMB'000	RMB'000	RMB'000	reserves	RMB'000		interests		RMB'000
	(Note 19(b))	(Note 19(c)(i))	(Note 19(c)(ii))	(Note 19(c)(iii))	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2015	14,347	2,790,059	2,023,250	360,033	9,665,958	14,853,647	446,804	15,300,451	
Changes in equity for the six months ended 30 June 2015:									
Profit for the period	–	–	–	–	1,122,302	1,122,302	50,754	1,173,056	
Other comprehensive income	8	–	54,819	–	–	54,819	–	54,819	
Total comprehensive income	–	–	54,819	–	1,122,302	1,177,121	50,754	1,227,875	
<hr style="border-top: 1px dashed black;"/>									
Appropriation to reserves	19(c)(iii)	–	–	33,099	(33,099)	–	–	–	
Dividends approved in respect of the previous year		–	(577,204)	–	–	(577,204)	–	(577,204)	
Profit distribution to non-controlling interests		–	–	–	–	–	(87,526)	(87,526)	
Balance at 30 June 2015 and 1 July 2015	14,347	2,212,855	2,078,069	393,132	10,755,161	15,453,564	410,032	15,863,596	
Changes in equity for the six months ended 31 December 2015:									
Profit for the period	–	–	–	–	822,038	822,038	64,716	886,754	
Other comprehensive income	8	–	(17,156)	–	–	(17,156)	–	(17,156)	
Total comprehensive income	–	–	(17,156)	–	822,038	804,882	64,716	869,598	
<hr style="border-top: 1px dashed black;"/>									
Non-controlling interests arising from establishment of new subsidiaries		–	–	–	–	–	16,200	16,200	
Appropriation to reserves	19(c)(iii)	–	–	3,755	(3,755)	–	–	–	
Balance at 31 December 2015	14,347	2,212,855	2,060,913	396,887	11,573,444	16,258,446	490,948	16,749,394	

The notes on pages 35 to 56 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016 — unaudited
(Expressed in Renminbi Yuan)

Note	Attributable to equity shareholders of the Company						Non-controlling interests	Total equity	
	Share capital	Share premium	Capital reserves	PRC statutory reserves	Retained earnings	Sub-total			
	RMB'000 (Note 19(b))	RMB'000 (Note 19(c)(i))	RMB'000 (Note 19(c)(ii))	RMB'000 (Note 19(c)(iii))	RMB'000	RMB'000			
Balance at 1 January 2016	14,347	2,212,855	2,060,913	396,887	11,573,444	16,258,446	490,948	16,749,394	
Changes in equity for the six months ended 30 June 2016:									
Profit for the period	-	-	-	-	822,582	822,582	74,254	896,836	
Other comprehensive income	8	-	(9,440)	-	-	(9,440)	-	(9,440)	
Total comprehensive income			(9,440)	-	822,582	813,142	74,254	887,396	
Non-controlling interests arising from acquisition of a subsidiary	21	-	-	-	-	-	62,666	62,666	
Appropriation to reserves	19(c)(iii)	-	-	45,126	(45,126)	-	-	-	
Dividends approved in respect of the previous year	19(a)	-	(467,374)	-	-	(467,374)	-	(467,374)	
Profit distribution to non-controlling interests		-	-	-	-	-	(101,164)	(101,164)	
Balance at 30 June 2016		14,347	1,745,481	2,051,473	442,013	12,350,900	16,604,214	526,704	17,130,918

The notes on pages 35 to 56 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2016 — unaudited
(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Operating activities:		
Cash generated from operations	38,720	152,345
Income tax paid	(80,995)	(72,899)
Net cash (used in)/generated from operating activities	(42,275)	79,446
Investing activities:		
Payment for purchase of property, plant and equipment, construction in progress and intangible assets	(33,333)	(39,729)
Cash received from acquisition of a subsidiary	40,097	—
Payment for bank deposits with maturity over three months	(450,000)	(300,000)
Proceeds from bank deposits with maturity over three months	—	650,000
Other cash flows arising from investing activities	48,756	17,357
Net cash (used in)/generated from investing activities	(394,480)	327,628
Financing activities:		
Dividends paid to equity shareholders of the Company	—	(562,971)
Profit distribution and paid to non-controlling interests	(101,164)	(87,526)
Proceeds from loans and borrowings	111,100	930,000
Repayment of loans	(31,000)	(70,000)
Other cash flows arising from financing activities	17,624	(21,158)
Net cash (used in)/generated from financing activities	(3,440)	188,345
Net (decrease)/increase in cash and cash equivalents	(440,195)	595,419
Cash and cash equivalents at 1 January	2,332,268	2,057,583
Cash and cash equivalents at 30 June	1,892,073	2,653,002

The notes on pages 35 to 56 form part of this interim financial report.

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 2016.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2015 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2016 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 2015 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 a number of amendments to IFRSs that are first effective for the current accounting period of the Group. Of these, the following amendments are relevant to the Group:

- *Annual Improvements to IFRSs 2012–2014 Cycle*
- *Amendments to IAS 1, Presentation of financial statement: Disclosure initiative*

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

Annual Improvements to IFRSs 2012–2014 Cycle

This cycle of annual improvements contains amendments to four standards. Among them, IAS 34, Interim financial reporting, has been amended to clarify that if an entity discloses the information required by the standard outside the interim financial statements by a cross-reference to the information in another statement of the interim financial report, then users of the interim financial statements should have access to the information incorporated by the cross-reference on the same terms and at the same time. The amendments do not have an impact on the Group’s interim financial report as the Group does not present the relevant required disclosures outside the interim financial statements.

Amendments to IAS 1, Presentation of financial statements: Disclosure initiative

The amendments to IAS 1 introduce narrow-scope changes to various presentation requirements. The amendments do not have a material impact on the presentation and disclosure of the Group’s interim financial report.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

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

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

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Energy preservation and environmental protection solutions		
Residual heat power generation	418,889	377,095
Vertical mill	46,836	87,133
Waste incineration (i)	357,035	406,373
Subtotal	822,760	870,601
Port logistics services	68,547	72,790
Sale of new building materials	17,751	7,027
Total	909,058	950,418

- (i) Revenue of waste incineration solutions represents the revenue for construction services under Build-Operate-Transfer ("BOT") and Build-Transfer ("BT") 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:

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Revenue from waste incineration project construction services	282,345	399,934
Revenue from waste incineration project operation services	49,315	3,084
Finance income	25,375	3,355
Total	357,035	406,373

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting

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 period ended 30 June 2016 and 2015 is set out below:

	Six months ended 30 June 2016 (Unaudited)					
	Energy preservation and environmental protection solutions RMB'000	Port logistics services RMB'000	New building materials RMB'000	Investments RMB'000	Unallocated RMB'000	Total RMB'000
Reportable segment revenue	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
Reportable segment assets	3,784,735	623,008	1,511,466	13,232,464	132,446	19,284,119
Reportable segment liabilities	1,504,954	103,537	77,251	–	467,459	2,153,201

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

	Six months ended 30 June 2015 (Unaudited)					
	Energy preservation and environmental protection solutions RMB'000	Port logistics services RMB'000	New building materials RMB'000	Investments RMB'000	Unallocated RMB'000	Total RMB'000
Reportable segment revenue	870,601	72,790	7,027	–	–	950,418
Reportable segment profit/(loss) before taxation	287,724	24,034	50,293	900,069	(3,965)	1,258,155
Interest income	21,309	38	39,583	–	227	61,157
Interest expenses	5,072	2,656	13,262	–	1,340	22,330
Depreciation and amortisation	7,269	20,846	6,475	–	–	34,590
Provision for impairment losses on trade receivables	8,205	–	–	–	–	8,205

	Year ended 31 December 2015					
	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	3,584,694	637,457	1,580,130	12,655,775	41,653	18,499,709
Reportable segment liabilities	1,543,044	123,862	83,324	–	85	1,750,315

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING *(Continued)*

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	
	2016 RMB'000	2015 RMB'000
Revenue		
Mainland China	699,593	645,898
Asia (excluding Mainland China)	208,939	303,317
South America	325	1,203
Africa	201	–
	909,058	950,418

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 REVENUE

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Interest income	38,573	61,157
Government grants	39,877	47,074
	78,450	108,231

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

5 OTHER NET INCOME

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Net income on disposal of property, plant and equipment	154	325
Net gain on acquisition of a subsidiary (Note 21)	3,999	–
Exchange (loss)/gain	(33)	595
	4,120	920

6 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
(a) Finance costs:		
Interest on loans and borrowings	12,434	22,407
Less: interest expense capitalised into construction in progress	–	(77)
	12,434	22,330
(b) Other items:		
Depreciation	33,773	32,222
Amortisation of lease prepayments	2,290	2,202
Amortisation of intangible assets	1,716	166
Research and development costs	9,323	8,758
Impairment losses on trade receivables	70	8,205
Staff costs	41,184	38,790

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

7 INCOME TAX

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Current tax:		
Provision for PRC income tax for the period	80,008	89,054
Deferred tax:		
Origination and reversal of temporary differences	844	(3,955)
	80,852	85,099

- (i) 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.
- (ii) 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.
- (iii) 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. One of the subsidiaries, Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd ("CK Equipment") was accredited as a "High and New Technology Enterprise" ("HNTE") in 2008 and was entitled to a preferential income tax rate of 15% for a period of three years from 2008 to 2010. CK Equipment subsequently renewed its HNTE qualification in 2011 and 2014, and is currently entitled to the preferential tax rate of 15% from 2014 to 2016.
- (iv) 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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

8 OTHER COMPREHENSIVE INCOME

Components of other comprehensive income:

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Share of changes of reserves of an associate, net of tax (i)	(9,440)	54,819
Net movement during the period recognised in other comprehensive income	(9,440)	54,819

- (i) Share of changes of reserves of an associate represented the share of changes in fair value of available-for-sale equity securities of the associate.

9 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 2016 of RMB822,582,000 (six months ended 30 June 2015: RMB1,122,302,000) and 1,804,750,000 (six months ended 30 June 2015: 1,804,750,000) ordinary shares in issue during the six months ended 30 June 2016.

(b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding during the six months ended 30 June 2016 and 2015.

10 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2016, the Group acquired items of plant and machine with a cost of RMB62,414,000 (six months ended 30 June 2015: RMB34,022,000). Items of plant and machine with a net book value of RMB418,000 were disposed of during the six months ended 30 June 2016 (six months ended 30 June 2015: RMB215,000), resulting in a gain on disposal of RMB154,000 (six months ended 30 June 2015: RMB325,000).

As at the date of this report, the Group was in the process of applying for registration of the ownership certificates for plant and buildings. The aggregate carrying amount of such plant and buildings of the Group as at 30 June 2016 was approximately RMB94,974,000 (31 December 2015: RMB80,089,000). The directors are of the opinion that the Group is entitled to legally occupy or use these plant and buildings.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

11 INTANGIBLE ASSETS

Intangible assets consist of software and waste incineration project operating rights. The cost of waste incineration project operating rights represented the fair value of operating rights acquired. During the six months ended 30 June 2016, additions of software and waste incineration project operating rights made by the Group amounted to RMB6,649,000 (six months ended 30 June 2015: Nil). The operating rights was deemed to be definite life intangible assets and the operation period of the BOT arrangement is 30 years.

12 INTEREST IN AN ASSOCIATE

As at 30 June 2016, 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 2016, the Group recognised share of profit of an associate in the amount of RMB588,874,000 in the consolidated statement of profit or loss (six months ended 30 June 2015: RMB900,069,000).

13 NON-CURRENT PREPAYMENT

The Group entered into an agreement with two other independent third parties to inject capital of RMB90,000,000 into Xi'an Yaobai Environmental Protection Technology Engineering Co., Ltd. ("Yaobai Environmental") on 1 November 2015 to acquire 60% of equity interest of Yaobai Environmental. The first instalment of capital injection paid by the Group of RMB45,000,000 was recorded as non-current prepayments as at 31 December 2015. Yaobai Environmental became the subsidiary of the Group after the completion of the acquisition on 1 January 2016 (see Note 21).

14 INVENTORIES

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Raw materials	55,930	45,814
Work in progress	62,677	39,431
Finished goods	72,048	160,871
	190,655	246,116

No inventory provision was made as at 30 June 2016 (31 December 2015: Nil). The inventories as at 30 June 2016 and 31 December 2015 were stated at cost.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

15 TRADE AND OTHER RECEIVABLES

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Trade receivables	702,745	605,842
Bills receivable	63,550	102,129
Less: allowance for doubtful debts	(108,779)	(108,709)
Trade and bills receivables	657,516	599,262
Gross amounts due from customers for construction contract work	66,894	79,750
Deposits and prepayments	44,159	74,494
Other receivables	139,759	134,507
Interest receivables	5,370	14,980
Amounts due from third parties	913,698	902,993
Amounts due from related parties (Note 22(b))	193,600	173,328
Current portion of trade and other receivables	1,107,298	1,076,321
Non-current portion of gross amounts due from customers for construction contract work	1,016,558	790,870
Total current and non-current trade and other receivables	2,123,856	1,867,191

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

15 TRADE AND OTHER RECEIVABLES *(Continued)*

(a) Ageing analysis

As of the end of the reporting periods, the ageing analysis of trade receivables, bills receivable and amounts due from related parties, based on the invoice date and net of allowance for doubtful debts, is as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Within 1 year	551,645	503,723
After 1 year but within 2 years	192,937	192,707
After 2 years but within 3 years	87,768	66,964
After 3 years but within 5 years	18,766	9,196
	851,116	772,590

Except for the non-current portion of gross amounts due from customers for construction contract work, all of the trade and other receivables are expected to be recovered within one year.

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

(b) Gross amounts due from customers for construction contract work

(i) Construction contracts

The aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the non-current gross amount due from customers for contract work at 30 June 2016 is RMB359,360,000 (31 December 2015: RMB359,314,000). The gross amounts due from customers from contract work are expected to be recovered upon contract term.

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Contract costs incurred plus recognised profits less anticipated losses	359,360	359,314
Less: Progress billings	(269,789)	(218,423)
Net contract work	89,571	140,891
Representing:		
Gross amounts due from customers for contract work		
— Non-current	30,277	67,026
— Current	59,294	73,865
	89,571	140,891

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

15 TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Gross amounts due from customers for construction contract work *(Continued)*

(ii) BOT arrangement

The aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the non-current gross amount due from customers for contract work in relation to BOT arrangements was RMB1,000,647,000 at 30 June 2016 (31 December 2015: RMB732,160,000). The amounts for BOT arrangements are settled by revenue to be generated during the operating periods of the arrangements.

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Contract costs incurred plus recognised profits less anticipated losses	1,000,647	732,160
Less: Progress billings	(6,766)	(2,431)
Net contract work in relation to BOT arrangements	993,881	729,729
Representing:		
Gross amounts due from customers for contract work in relation to BOT arrangements		
— Non-current	986,281	723,844
— Current	7,600	5,885
	993,881	729,729

“Gross amounts due from customers for contract work in relation to BOT arrangements” mainly represent part of the revenue from construction under BOT arrangements and bear interest at rates of ranging primarily from 6.94% to 9.68% per annum for the six months ended 30 June 2016. Among the total of RMB993,881,000 (31 December 2015: RMB729,729,000), RMB682,262,000 (31 December 2015: RMB333,117,000) relates to BOT arrangements with operation commenced. The amounts for BOT arrangements are not yet due for payment and will be settled by revenue to be generated during the operating periods of the BOT arrangements.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

16 CASH AND CASH EQUIVALENTS

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Bank deposits with maturity within three months	1,026,418	1,712,451
Cash at bank and in hand	865,655	619,817
	1,892,073	2,332,268

17 LOANS AND BORROWINGS

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Current		
Bank loans	74,450	50,000
Other loans	333	–
	74,783	50,000
Non-current		
Bank loans	532,650	480,000
Other loans	2,667	–
	535,317	480,000
Total	610,100	530,000

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

17 LOANS AND BORROWINGS *(Continued)*

As at 30 June 2016, the loans and borrowings were repayable as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Within one year	74,783	50,000
After one year but within two years	308,458	–
After two years but within five years	196,649	480,000
After five years	30,210	–
Total	610,100	530,000

As at 30 June 2016, the loans and borrowings were secured as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Bank loans		
Secured	17,430	–
Unsecured	589,670	530,000
Unsecured other loans	3,000	–
Total	610,100	530,000

As at 30 June 2016, bank loans of the Group amounting to RMB17,430,000 (31 December 2015: nil) was guaranteed by a non-controlling shareholder.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

18 TRADE AND OTHER PAYABLES

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Trade payables	604,300	669,972
Bills payable	156,020	177,965
	760,320	847,937
Receipts in advance	47,973	24,863
Other payables and accruals	104,144	152,286
Amounts due to third parties	912,437	1,025,086
Dividends payable (Note19(a))	467,374	–
Amounts due to related parties (Note 22(b))	116,128	147,080
Trade and other payables	1,495,939	1,172,166

An ageing analysis of trade and bills payables and amount due to related parties of the Group is as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Within 1 year	829,722	943,878
1 year to 2 years	39,943	48,188
2 years to 3 years	4,432	2,951
After 3 years	2,351	–
	876,448	995,017

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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

19 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

	Six months ended 30 June	
	2016	2015
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved during the interim period, of HKD 0.3 per share (six months ended 30 June 2015: HKD 0.4 per share)	467,374	577,204

Pursuant to a resolution passed at the annual general meeting held on 21 June 2016, a final dividend of HKD 0.3 per share totaling HKD 541,425,000 (equivalent to approximately RMB467,374,000) was approved (2015: RMB577,204,000), the dividend has not been paid during the six months ended 30 June 2016 (the six months ended 30 June 2015: RMB562,971,000).

The board of directors has resolved not to declare any interim dividend for the six months ended 30 June 2016 (six months ended 30 June 2015: Nil).

(b) Share capital

Authorised and issued share capital

	No. of shares ('000)	Amount HKD'000
Authorised:		
Ordinary shares of HKD 0.01 each at 30 June 2016 and 31 December 2015	15,000,000	150,000

	No. of shares ('000)	Amount	
		HKD'000	Equivalent to RMB'000
Issued and fully paid:			
At 30 June 2016 and 31 December 2015	1,804,750	18,048	14,347

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

19 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Nature and purpose of reserves

(i) Share premium and distributability of reserves

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

(ii) Capital reserves

Capital reserves as at 31 December 2015 and 30 June 2016 represent the share of non-distributable reserves of an associate at the respective dates.

(iii) PRC statutory reserves

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC. Appropriations to the reserves were approved by the respective boards of directors' meeting.

For the entity concerned, PRC statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

20 COMMITMENTS

- (a) Purchase commitments outstanding related to BOT construction contracts and capital commitments at 30 June 2016 not provided for in the interim financial report were as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Contracted for	251,008	209,427
Authorised but not contracted for	1,147,560	846,320
	1,398,568	1,055,747

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(Expressed in Renminbi Yuan unless otherwise indicated)

20 COMMITMENTS *(Continued)*

(b) As at 30 June 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2016		At 31 December 2015	
	Properties RMB'000	Others RMB'000	Properties RMB'000	Others RMB'000
Within one year	5,892	711	5,869	813
After 1 year but within 2 years	5,630	711	5,803	813
Above 2 years	1,758	356	4,271	813
Total	13,280	1,778	15,943	2,439

The Group leases a number of properties under operating leases in respect of offices. The leases typically run for a period of one to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

21 ACQUISITION OF A SUBSIDIARY

On 1 January 2016, the Group acquired 60% of equity interests of Yaobai Environmental with the consideration of RMB90,000,000 through capital injection, in order to develop a business line for the treatment of hazardous and solid waste.

The fair value of the identifiable assets and liabilities of Yaobai Environmental as at the date of acquisition was as below:

	At 1 January 2016 Fair value recognised on acquisition RMB'000
Property, plant and equipment	39,607
Trade and other receivables	79,849
Cash and cash equivalents	40,097
Trade and other payables	(2,888)
Total identifiable net assets	156,665
Less: non-controlling interests, based on their proportionate interest in the total identifiable net assets acquired	(62,666)
Total identifiable net assets acquired by the Group	93,999
Total cash consideration through capital injection	(90,000)
Net gain from acquisition of a subsidiary (Note 5)	3,999

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(Expressed in Renminbi Yuan unless otherwise indicated)

21 ACQUISITION OF A SUBSIDIARY *(Continued)*

The net gain from acquisition of a subsidiary represents the excess of the net fair value of the acquiree's identifiable net assets as at the acquisition date over the fair value of the consideration to be transferred, and has been recognised immediately in profit or loss.

During the six months ended 30 June 2016, Yaobai Environmental contributed revenue of RMB29,454,000 and net profit of RMB25,834,000 to the Group's results.

22 MATERIAL RELATED PARTY TRANSACTIONS

During the period, transactions with the following parties are considered as related party transactions.

Name of party (i)	Relationship
Anhui Conch Venture Investment Co., Ltd. ("CV Investment") (ii) 安徽海螺創業投資有限責任公司	Fellow subsidiary and then equity holder
Kawasaki Heavy Industry Ltd. ("Kawasaki HI") 川崎重工業株式會社	Investor of CK Engineering and CK Equipment
Conch Cement 安徽海螺水泥股份有限公司	Associate of Conch Holdings
Wuhu Conch Profiles and Science Co., Ltd. ("Conch Profiles") 蕪湖海螺型材科技股份有限公司	Associate of Conch Holdings
Shanghai Conch International Investment Development Co., Ltd. ("Conch IID Shanghai") (ii) 上海海螺國際投資發展有限公司	Subsidiary of CV Investment
Wuhu Conch Venture Property Management Co., Ltd. ("Conch Property Management") (ii) 蕪湖海螺物業管理有限公司	Subsidiary of CV Investment
Wuhu Conch Thermal Power Engineering Co., Ltd. ("CTPE") (ii) 蕪湖海螺熱能工程有限責任公司	Subsidiary of CV Investment
Conch Holdings 安徽海螺集團有限責任公司	Associate of the Company
Anhui Conch Design & Research Institute of Building Materials ("Conch Design Institute") 安徽海螺建材設計研究院	Subsidiary of Conch Holdings
Anhui Conch Information Technology Engineering Co., Ltd. ("Conch IT Engineering") 安徽海螺信息技術工程有限責任公司	Subsidiary of Conch Design Institute
Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd. ("CKEM") 安徽海螺川崎裝備製造有限公司	Joint venture of Conch Cement and Kawasaki HI

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(Expressed in Renminbi Yuan unless otherwise indicated)

22 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

- (i) The English translation of the names is for reference only. The official names of these entities are in Chinese.
- (ii) Due to the change of equity shareholders of the Group, CV Investment and its subsidiaries ceased to be related parties of the Group since 19 June 2015.

(a) Significant related party transactions

Particulars of significant transactions between the Group and the above related parties during the period are as follows:

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Sales of goods		
Conch Cement	209,016	101,527
Kawasaki HI	7,149	164,338
CKEM	377	2,351
Conch Design Institute	15,985	308
CV Investment	–	7
Conch Holdings	–	218
Conch Profiles	79	–
	232,606	268,749

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Service rendered		
Conch Cement	5,515	44,852
Kawasaki HI	–	3
CKEM	317	–
	5,832	44,855

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(Expressed in Renminbi Yuan unless otherwise indicated)

22 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)* (a) Significant related party transactions *(Continued)*

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Purchase of goods		
Conch Cement	4,526	5,363
Conch IT Engineering	9,866	5,617
Kawasaki HI	–	23
Conch IID Shanghai	–	22,446
CKEM	610	2,269
Conch Profiles	2	215
CV Investment	–	197
	15,004	36,130

	Six months ended 30 June	
	2016 RMB'000	2015 RMB'000
Services received		
Conch Cement	9,497	1,468
Conch Design Institute	2,575	3,593
Conch IT Engineering	1,205	846
Conch IID Shanghai	–	562
CV Investment	–	1,048
Kawasaki HI	2,985	7,021
Conch Property Management	–	1,382
CKEM	459	33
CTPE	–	335
	16,721	16,288

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(Expressed in Renminbi Yuan unless otherwise indicated)

22 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(b) Balances with related parties

Balances with related parties at the end of each reporting period are as follows:

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Amounts due from		
Conch Cement	133,881	120,353
CKEM	7,760	352
Kawasaki HI	30,675	25,844
Conch Design Institute	21,284	26,654
Conch Holdings	–	14
Conch Profiles	–	111
	193,600	173,328

	At 30 June 2016 RMB'000	At 31 December 2015 RMB'000
Amounts due to		
Conch Cement	96,625	133,593
Kawasaki HI	6,211	–
Conch IT Engineering	8,838	8,185
CKEM	4,283	5,220
Conch Design Institute	163	73
Conch Profiles	8	9
	116,128	147,080