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

**ANNOUNCEMENT OF
INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2015**

HIGHLIGHTS

- Turnover of the Group for the six months ended 30 June 2015 amounted to approximately RMB950.42 million, representing an increase of 28.92% as compared with the corresponding period of the previous year.
- Net profit attributable to equity shareholders of the Company for the six months ended 30 June 2015 amounted to RMB1,122.30 million, representing a decrease of 3.72% as compared with the corresponding period of the previous year; and net profits from principal businesses attributable to equity shareholders amounted to approximately RMB222 million, representing an increase of 137.57% as compared with the corresponding period of the previous year.
- Basic earnings per share for the six months ended 30 June 2015 amounted to RMB0.62.
- The Board of the Company does not recommend the distribution of any interim dividend for the six months ended 30 June 2015.

The board of directors (the “Board”) of China Conch Venture Holdings Limited (the “Company”) hereby presents the unaudited results of operation and financial position for the six months ended 30 June 2015 (the “Reporting Period”) of the Company and its subsidiaries (the “Group”).

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2015 have been approved by the Board and reviewed by its audit committee of the Board (the “Audit Committee”).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
for the six months ended 30 June 2015 — unaudited
(Expressed in Renminbi Yuan)

| | | Six months ended 30 June | |
|------------------------------------|-------------|---------------------------------|------------------|
| | <i>Note</i> | 2015 | 2014 |
| | | RMB'000 | RMB'000 |
| Turnover | 3 | 950,418 | 737,241 |
| Cost of sales | | <u>(592,098)</u> | <u>(500,269)</u> |
| Gross profit | | 358,320 | 236,972 |
| Other revenue | 4 | 108,231 | 60,937 |
| Other net income/(loss) | | 920 | (11,015) |
| Distribution costs | | (16,578) | (13,052) |
| Administrative expenses | | <u>(70,477)</u> | <u>(45,398)</u> |
| Profit from operations | | 380,416 | 228,444 |
| Finance costs | 5(a) | (22,330) | (35,278) |
| Share of profit of an associate | | <u>900,069</u> | <u>1,072,134</u> |
| Profit before taxation | 5 | 1,258,155 | 1,265,300 |
| Income tax | 6 | <u>(85,099)</u> | <u>(36,691)</u> |
| Profit for the period | | <u>1,173,056</u> | <u>1,228,609</u> |
| Attributable to: | | | |
| Equity shareholders of the Company | | 1,122,302 | 1,165,678 |
| Non-controlling interests | | <u>50,754</u> | <u>62,931</u> |
| Profit for the period | | <u>1,173,056</u> | <u>1,228,609</u> |
| Earnings per share | | | |
| Basic and diluted (RMB) | 7 | <u>0.62</u> | <u>0.65</u> |

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

for the six months ended 30 June 2015 — unaudited

(Expressed in Renminbi Yuan)

| | Six months ended 30 June | |
|--|---------------------------------|------------------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| Profit for the period | 1,173,056 | 1,228,609 |
| Other comprehensive income for the period (after tax and reclassification adjustments) | | |
| Items that may be reclassified subsequently to profit or loss: | | |
| Share of changes of reserves of an associate, net of tax | 54,819 | (18,790) |
| Exchange differences on translation of financial statements of overseas subsidiaries and the Company | — | 25,124 |
| | <u>54,819</u> | <u>6,334</u> |
| Total comprehensive income for the period: | <u>1,227,875</u> | <u>1,234,943</u> |
| Attributable to: | | |
| Equity shareholders of the Company | 1,177,121 | 1,172,012 |
| Non-controlling interests | 50,754 | 62,931 |
| Total comprehensive income for the period | <u>1,227,875</u> | <u>1,234,943</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015 — unaudited

(Expressed in Renminbi Yuan)

| | | At 30 June 2015 | At 31 December 2014 |
|---|-------------|--------------------|------------------------|
| | <i>Note</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| Non-current assets | | | |
| Property, plant and equipment | | 1,009,353 | 1,007,768 |
| Lease prepayments | | 200,013 | 202,215 |
| Intangible assets | | 664 | 830 |
| Interest in an associate | 8 | 12,628,077 | 11,668,343 |
| Non-current portion of trade and other receivables | 9 | 504,954 | 237,616 |
| Finance lease receivable | | 39,310 | 43,901 |
| Deferred tax assets | | 50,119 | 46,164 |
| | | <u>14,432,490</u> | <u>13,206,837</u> |
| Current assets | | | |
| Inventories | | 198,787 | 145,659 |
| Trade and other receivables | 9 | 1,207,496 | 1,132,327 |
| Finance lease receivable within one year | | 14,461 | 14,461 |
| Bank deposits with maturity over three months | | 300,000 | 650,000 |
| Cash and cash equivalents | | 2,653,002 | 2,057,583 |
| | | <u>4,373,746</u> | <u>4,000,030</u> |
| Current liabilities | | | |
| Loans and borrowings | | 1,310,000 | 670,000 |
| Trade and other payables | 10 | 1,227,120 | 1,067,051 |
| Income tax payables | | 55,520 | 39,365 |
| | | <u>2,592,640</u> | <u>1,776,416</u> |
| Net current assets | | <u>1,781,106</u> | <u>2,223,614</u> |
| Total assets less current liabilities | | <u>16,213,596</u> | <u>15,430,451</u> |

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)**At 30 June 2015 — unaudited**(Expressed in Renminbi Yuan)*

| | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|--|--|-----------------------------------|
| Non-current liabilities | | |
| Loans and borrowings | <u>350,000</u> | <u>130,000</u> |
| Net assets | <u>15,863,596</u> | <u>15,300,451</u> |
| Capital and reserves | | |
| Share capital | 14,347 | 14,347 |
| Reserves | <u>15,439,217</u> | <u>14,839,300</u> |
| Equity attributable to equity shareholders of the Company | 15,453,564 | 14,853,647 |
| Non-controlling interests | <u>410,032</u> | <u>446,804</u> |
| Total equity | <u>15,863,596</u> | <u>15,300,451</u> |

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION

These unaudited consolidated financial statements of China Conch Venture Holdings Limited (the “Company”) and its subsidiaries (the “Group”) have been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” adopted by the International Accounting Standards Board (“IASB”). It was authorised for issuance on 21 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 annual financial statements. Details of these 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 judgments, 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.

The 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 2014 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 are unaudited, but has been reviewed by the Audit Committee of the Company.

The financial information relating to the financial year ended 31 December 2014 that is included in the interim financial report as comparative information does not constitute the Group’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Group has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies in Hong Kong in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Group’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance (or under their equivalent requirements found in section 141 of the predecessor Companies Ordinance (Cap. 32)).

2 CHANGE IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

- *Annual Improvements to IFRSs 2010-2012 Cycle*
- *Annual Improvements to IFRSs 2011-2013 Cycle*

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

3 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 2015 and 2014 is set out below:

| Six months ended 30 June 2015 (Unaudited) | | | | | | |
|---|---|---|--|-------------------------------|-------------------------------|-------------------------|
| | Energy preservation and environmental protection solutions <i>RMB'000</i> | Port logistics services <i>RMB'000</i> | New building materials <i>RMB'000</i> | Investments <i>RMB'000</i> | Unallocated <i>RMB'000</i> | Total <i>RMB'000</i> |
| Reportable segment revenue | 870,601 | 72,790 | 7,027 | - | - | 950,418 |
| Reportable segment profit before tax | 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 | 8,205 | - | - | - | - | 8,205 |
| Reportable segment assets | 2,947,176 | 673,990 | 2,489,484 | 12,628,077 | 67,509 | 18,806,236 |
| Reportable segment liabilities | 1,660,343 | 134,503 | 582,220 | - | 565,574 | 2,942,640 |
| Six months ended 30 June 2014 (Unaudited) | | | | | | |
| | Energy preservation and environmental protection solutions <i>RMB'000</i> | Port logistics services <i>RMB'000</i> | New building materials <i>RMB'000</i> | Investments <i>RMB'000</i> | Total <i>RMB'000</i> | |
| Reportable segment revenue | 663,820 | 73,421 | - | - | 737,241 | |
| Reportable segment profit before tax | 184,668 | 22,335 | (13,837) | 1,072,134 | 1,265,300 | |
| Interest income | 39,082 | 181 | 8,092 | - | 47,355 | |
| Interest expenses | 11,011 | 5,165 | 19,102 | - | 35,278 | |
| Depreciation and amortisation | 7,299 | 19,279 | 255 | - | 26,833 | |
| Provision for impairment losses | 4,028 | - | - | - | 4,028 | |

| | Energy preservation and environmental protection solutions <i>RMB'000</i> | Port logistics services <i>RMB'000</i> | New building materials <i>RMB'000</i> | Investments <i>RMB'000</i> | Unallocated <i>RMB'000</i> | Total <i>RMB'000</i> |
|--------------------------------|---|---|--|-------------------------------|-------------------------------|-------------------------|
| Reportable segment assets | 2,606,567 | 649,154 | 2,201,881 | 11,668,343 | 80,922 | 17,206,867 |
| Reportable segment liabilities | 1,176,260 | 123,998 | 606,126 | – | 32 | 1,906,416 |

Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, lease prepayments, intangible assets, interest in an associate and other non-current assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. 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.

| | Six months ended 30 June | |
|----------------|--------------------------|------------------------|
| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
| Revenue | | |
| Mainland China | 645,898 | 613,466 |
| Myanmar | 276,929 | 12,204 |
| Indonesia | 21,858 | 50,124 |
| Brazil | 1,203 | 202 |
| Thailand | 381 | 1,203 |
| Japan | – | 527 |
| Vietnam | 4,149 | 59,515 |
| | 950,418 | 737,241 |

The specified non-current assets are all located in Mainland China during the period.

4 OTHER REVENUE

| | Six months ended 30 June | |
|-------------------|--------------------------|------------------------|
| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
| Interest income | 61,157 | 47,355 |
| Government grants | 47,074 | 13,582 |
| | 108,231 | 60,937 |

5 PROFIT BEFORE TAXATION

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

| | Six months ended 30 June | |
|--|--------------------------|---------------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| (a) Finance costs: | | |
| Interest on loans and borrowings | 22,407 | 35,757 |
| Less: interest expense capitalised into construction in progress | (77) | (479) |
| | <u>22,330</u> | <u>35,278</u> |

(b) Other items:

| | Six months ended 30 June | |
|--|--------------------------|---------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| Depreciation | 32,222 | 25,167 |
| Amortisation of lease prepayments | 2,202 | 1,478 |
| Amortisation of intangible assets | 166 | 188 |
| Research and development costs | 8,758 | 11,020 |
| Impairment losses on trade receivables | 8,205 | 4,028 |
| Staff costs | 38,790 | 27,840 |

6 INCOME TAX

| | Six months ended 30 June | |
|---|--------------------------|---------------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| Current tax: | | |
| Provision for PRC income tax for the period | 89,054 | 37,613 |
| Deferred tax: | | |
| Origination and reversal of temporary differences | (3,955) | (922) |
| | <u>85,099</u> | <u>36,691</u> |

- (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. A subsidiary obtained high technology enterprise certificate and is entitled to the preferential tax rate of 15% since 2008.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2015 of RMB1,122,302,000 (six months ended 30 June 2014: RMB1,165,678,000) and the weighted average number of shares in issue during the six months ended 30 June 2015 of 1,804,750,000 shares (six months ended 30 June 2014: 1,804,750,000 shares).

(b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding during the six months ended 30 June 2015 and 2014.

8 INTEREST IN AN ASSOCIATE

As at the date of this report, 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 2015, the Group recognised share of profit of an associate in the amount of RMB900,069,000 in the consolidated statement of profit or loss.

9 TRADE AND OTHER RECEIVABLES

| | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|---|-------------------------------|-----------------------------------|
| Trade receivables | 668,705 | 639,501 |
| Gross amounts due from customers for construction contract work | 94,118 | 93,428 |
| Bills receivable | 68,051 | 128,587 |
| Less: allowance for doubtful debts | (58,199) | (49,994) |
| | <hr/> | <hr/> |
| Trade and bills receivables | 772,675 | 811,522 |
| Deposits and prepayments | 102,588 | 29,601 |
| Other receivables | 109,872 | 41,597 |
| Interest receivables | 16,014 | 13,374 |
| | <hr/> | <hr/> |
| Amounts due from third parties | 1,001,149 | 896,094 |
| | <hr/> | <hr/> |
| Amounts due from related parties | 206,347 | 236,233 |
| | <hr/> | <hr/> |
| | 1,207,496 | 1,132,327 |
| | <hr/> | <hr/> |
| Non-current portion of gross amounts due from customers for construction contract work | 504,954 | 237,616 |
| | <hr/> | <hr/> |
| Total current and non-current trade and other receivables | <u>1,712,450</u> | <u>1,369,943</u> |

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

| | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|----------------------------------|--|-----------------------------------|
| Within 1 year | 555,508 | 626,818 |
| After 1 year but within 2 years | 146,248 | 157,703 |
| After 2 years but within 3 years | 70,919 | 21,955 |
| After 3 years but within 5 years | – | 5,046 |
| | <u>772,675</u> | <u>811,522</u> |

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.

10 TRADE AND OTHER PAYABLES

| | At 30 June 2015 RMB'000 | At 31 December 2014 RMB'000 |
|--------------------------------|--|-----------------------------------|
| Trade payables | 566,141 | 521,280 |
| Bills payable | 191,128 | 139,138 |
| | <u>757,269</u> | 660,418 |
| Receipts in advance | 188,250 | 117,382 |
| Other payables and accruals | 136,224 | 229,909 |
| | <u>1,081,743</u> | 1,007,709 |
| Amounts due to third parties | 1,081,743 | 1,007,709 |
| Dividends payable | 14,233 | – |
| Amounts due to related parties | 131,144 | 59,342 |
| | <u>1,227,120</u> | <u>1,067,051</u> |

All of the trade and bills payables are expected to be settled within one year.

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

11 DIVIDENDS

Pursuant to a resolution passed at the annual general meeting on 26 May 2015, a final dividend of HK\$0.4 per share totalling HK\$721,900,000 (equivalent to approximately RMB577,204,000) was approved (2014: RMB356,528,000), among which, HK\$704,102,000 (equivalent to RMB562,971,000) was subsequently paid during the six months ended 30 June 2015 (the six months ended 30 June 2014: RMB93,136,000).

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Macro Environment

During the Reporting Period, the macro-economic condition of China has demonstrated a significant decline and the endogenous impetus of the economic growth was not strong. According to the statistics from China's National Bureau of Statistics, the growth of the gross domestic product (GDP) of the PRC was 7% in the first half of 2015, down 0.4% as compared with that in the same period of 2014. The general decline in economic trend both in China and overseas has not yet affected the development speed of the environmental-protection industry. Based on the estimates by the Ministry of Environmental-Protection of China, the total investments to be placed in the environmental-protection industry during the "Twelfth Five-Year Plan" period will reach RMB5 trillion. Moreover, as there will be investments of RMB2 trillion to be placed in the environmental-protection industry every year during the "Thirteenth Five-Year Plan" period, and energy-saving and environmental-protection industry is expected to sustain rapid development, whereby becoming a new highlight of the China economic development.

On 23 April 2015, the Ministry of Industry and Information Technology, the Ministry of Housing and Urban-Rural Development, the National Development and Reform Commission, the Ministry of Science and Technology, the Ministry of Finance and the Environmental-Protection of China jointly printed and issued the Notice on the Pilot Work for the Collaborative Treatment of Household Wastes by Cement Kilns (關於開展水泥窯協同處置生活垃圾試點工作的通知) to encourage and support the extension and application of household garbage treatment technology by cement kilns. On 14 July 2015, an industrial alliance in collaborative treatment of household garbage by cement kilns was officially established under the leadership of China Building Materials Federation and China Cement Associate, with the Group acting as the vice president unit. The establishment of the industrial alliance has built a good platform for policy communication between the Group and relevant national departments. The New Environmental-Protection Law officially implemented on 1 January 2015, which has set a more stringent standard for pollution control on the municipal solid waste incineration, will bring development opportunities to the Group with high standard incineration technology. The Green Building Action Plan jointly launched by the National Development and Reform Commission and the Ministry of Housing and Urban-Rural Development of China provides that the public building energy-saving management should be intensified, the research and development and promotion of the technologies related to the green building should be accelerated, and new building materials should be developed with efforts so as to advance the building industrialization and to promote the healthy development of green building industry.

As an emerging industry, the energy-saving, environmental-protection and new building materials industry covered by the Group with the concept of "Big Environmental Protection" is an industry or product with support and encouragement from relevant national industry policies and huge market potential. The Group will continue to leverage on the development opportunities brought by favorable policies and expedite the development of each industry segment.

Business Development

During the Reporting Period, the Group had steadily advanced the development of its three principal activities, namely, energy-saving, environmental-protection and new building materials segments, continued to research and develop innovative environmental-protection advanced technology, explored various business cooperation models, expanded foreign and domestic markets, and improved internal management, thus achieving obvious working effect and outstanding operational performance in many aspects, including technology research and reserve, energy-preservation equipment manufacturing, adjustment of the cooperation model and market expansion.

During the Reporting Period, the Group recorded a turnover of RMB950 million, representing an increase of 28.92% as compared with the corresponding period of the previous year; profits before tax from principal businesses amounted to RMB358 million, representing an increase of 85.38% as compared with the corresponding period of the previous year; and net profits from principal businesses attributable to equity shareholders were RMB222 million, representing an increase of 137.57% as compared with the corresponding period of the previous year.

Energy-Saving Industry

Residual Heat Power Generation Business

In addition to steadily enhancing its market share in domestic power generation market during the Reporting Period, the Group has proactively responded to the state strategic pattern of “One Belt, One Road”, and explored new growth in business performance by vigorously expanding overseas markets, such as Indonesia, Laos, Burma and Cambodia. Moreover, the Group has also conducted special investigations on the residual heat power generation markets in other industries including the domestic silicon-steel alloy industry, and currently has secured the contract order from Ningxia Zhongwei City Galaxy Smelting Co., Ltd.* (寧夏中衛市銀河冶煉有限公司) for the design of the silicon-steel residual heat power generation project. During the Reporting Period, the Group had constructed 36 power generation projects, including 5 overseas projects in Burma, Vietnam, Laos, Indonesia, etc., respectively.

Vertical Mill Business

During the Reporting Period, the Group sold a total of 3 highly-efficient vertical mills, the purchase orders of which were mainly from overseas projects in West Papua, Indonesia and Kyaukse, Burma.

During the Reporting Period, turnover from the energy-saving industry was RMB464 million, including a turnover of RMB305 million from overseas projects, which accounted for 32.04% of the total turnover of the Company, reflecting the Group’s outstanding performance in the overseas expansion strategy.

Environmental-Protection Industry

During the Reporting Period, the Group has entered into contracts for orders for garbage treatment projects in Emeishan of Sichuan, Linxia of Gansu and Lingyun of Guangxi. In July 2015, the Group has also entered into contracts for orders for a Phase 2 garbage treatment project in Tongling, Anhui and a garbage treatment project in Yanshan, Yunnan, and there are other ten projects, to which the parties have intention to enter into contracts. Just within two years after the listing of the Company, the number of projects has increased to 24 which cover 10 provinces. The projects of collaborative treatment of household garbage by cement kilns in Pingliang of Gansu, Zunyi of Guizhou, Zhong County of Chongqing, and Qingzhen of Guizhou had already been put into operation; the projects in Yangchun of Guangdong and Yuping of Guizhou are in the commissioning phase of the trial production; and other projects are under construction in an orderly manner. It is expected that these projects will be put into operation according to the schedule. The Group expects that these projects under construction will be financed by our own funds or bank loans.

The project in Jinzhai, Anhui, the first grate furnace waste power generation project of the Company, is now undergoing the preparation work for trial production and is expected to be officially put into operation in September this year. The project in Qian County, Shaanxi Province in respect of the treatment of solid waste by applying cement kilns is also expected to be put into operation this October. During the Reporting Period, the turnover derived from environmental-protection business amounted to RMB406 million, representing an increase of nearly 14 times as compared with the corresponding period of the previous year.

New Building Materials Industry

During the Reporting Period, the new building materials bases of the Group in Bozhou and Wuhu launched its sanding system, optimized and improved the production process of products and increased the added value of CCA boards in light of the demand of coating enterprise customers for the flatness of CCA boards, while ensuring the stabilization of the production and operation. In addition, the Company also entered into the strategic cooperation agreement with Anhui Creek Thermal Insulation Materials Co., Ltd.* (安徽科瑞克保温材料有限公司), providing strong support for the marketing of our products. With the optimization of production process, we have changed the situation of single variety of baseboards in the past, and achieved breakthroughs in the customers in the fields such as composite wallboards, integrated-insulation-and-decoration boards, inorganic pre-coating plates and containers.

During the Reporting Period, the Group has continuously intensified the expansion of the new building materials market, publicized the enterprise and products through building a multi-channel propaganda platform, completed the establishment of the Atlas of Product Application Technologies and the Sales Information, and built the network propaganda links to the “Anhui Channel of www.people.com.cn”. Meanwhile, the Group has also organized and established its marketing departments gradually in the relevant regions nationwide under the sales principle of “refining market area management and strengthening market tracking service”, and strengthened market tracking service through its regular video conference tracking mechanism and unified coordination.

During the Reporting Period, the Group has accumulatively sold 615,900 square meters standard CCA boards and achieved a turnover of RMB7.027 million.

Port Logistics Business

During the Reporting Period, the Group has explored cargo sources for its port logistics business. With rising investment in technological transformation, the Group has recorded a throughput of 10.76 million tonnes and a turnover of RMB72.79 million.

PROFITS

During the Reporting Period, the Group recorded a turnover of RMB950 million and profit before taxation of RMB1,258 million, representing an increase of 28.92% and a decrease of 0.56% as compared with the corresponding period of the previous year, respectively. During the Reporting Period, net profit attributable to the equity shareholders of the Company amounted to RMB1,122 million, representing a decrease of 3.72% as compared with the corresponding period of the previous year. Basic earnings per share amounted to RMB0.62.

Share of revenue and profit of Conch Cement

| Item | January–June 2015 | | January–June 2014 | | Change in amount (%) | Change in percentage (percentage point) |
|-----------------------------------|-------------------|---------------|-------------------|------------|-------------------------|--|
| | Amount | Percentage | Amount | Percentage | | |
| | (RMB'000) | (%) | (RMB'000) | (%) | | |
| Turnover | 950,418 | 100.00 | 737,241 | 100.00 | 28.92 | – |
| Other customers | 804,039 | 84.60 | 364,531 | 49.45 | 120.57 | 35.15 |
| Conch Cement | 146,379 | 15.40 | 372,710 | 50.55 | (60.73) | (35.15) |
| Profit for the period | 1,173,056 | 100.00 | 1,228,609 | 100.00 | (4.52) | – |
| Share of profit of an associate | 900,069 | 76.73 | 1,072,134 | 87.26 | (16.05) | (10.53) |
| Profit attributable to operations | 272,987 | 23.27 | 156,475 | 12.74 | 74.46 | 10.53 |

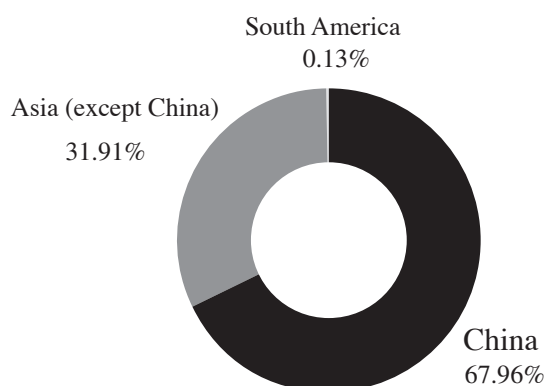
During the Reporting Period, the Group's turnover derived from other customers was RMB804 million and accounted for 84.60% of total turnover, representing increases of 120.57% and 35.15 percentage points as compared with the corresponding period of the previous year, respectively. Turnover derived from Conch Cement declined by 60.73% as compared with the corresponding period of the previous year. Share of profit of an associate amounted to RMB900 million, representing a decrease of 16.05 % as compared with the corresponding period of the previous year. Benefiting from the fast-growing environmental-protection industry, profit attributable to operations increased by 74.46% as compared with the corresponding period of the previous year, with its proportion to total revenue going up by 10.53 percentage points to 23.27%.

Turnover by business segments

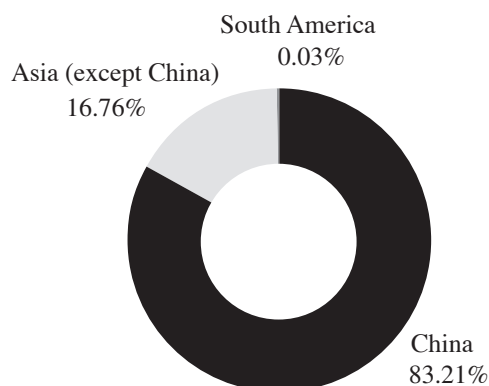
| Item | January–June 2015 | | January–June 2014 | | Change in amount (%) | Change in percentage (percentage point) |
|--------------------------------|-------------------|------------|-------------------|------------|-------------------------|--|
| | Amount | Percentage | Amount | Percentage | | |
| | (RMB'000) | (%) | (RMB'000) | (%) | | |
| Residual heat power generation | 377,095 | 39.67 | 471,068 | 63.90 | (19.95) | (24.23) |
| Vertical mills | 87,133 | 9.17 | 164,839 | 22.36 | (47.14) | (13.19) |
| Waste incineration | 406,373 | 42.76 | 27,913 | 3.78 | 1,355.86 | 38.98 |
| Subtotal | 870,601 | 91.60 | 663,820 | 90.04 | 31.15 | 1.56 |
| Port logistics services | 72,790 | 7.66 | 73,421 | 9.96 | (0.86) | (2.30) |
| New building materials | 7,027 | 0.74 | – | – | – | – |
| Total | 950,418 | 100.00 | 737,241 | 100.00 | 28.92 | – |

During the Reporting Period, though experiencing a drop in turnover from residual heat power generation and vertical mills, the Group saw a rapid growth in turnover from waste incineration, maintained steady growth in turnover from port logistics services and realization of turnover for the first time from new building materials business. In terms of business segments: (i) the turnover from waste incineration at a proportion to total turnover saw a remarkable increase of 38.98 percentage points as compared with the corresponding period of the previous year, which was mainly attributable to the recognition of revenue from waste incineration projects in Jinzhai of Anhui, Yangchun of Guangdong, Yuping of Guizhou and Anshun of Guizhou in the Reporting Period; (ii) turnover from residual heat power generation decreased by 19.95%, mainly attributable to the delay in recognition of revenue as a result of the slowdown of project progress due to the financial strain of certain project owners; turnover from vertical mills decreased by 47.14% as compared with the corresponding period of previous year, mainly attributable to the decrease in orders resulting from weakened demand of the cement market; (iii) new building materials business, which was still under initial market development, generated a turnover of RMB7.027 million.

Turnover by geographical locations



January–June 2015



January–June 2014

As the Group proactively explored overseas markets, turnover from Asia (excluding China) for the Reporting Period increased by 145.46% as compared with the corresponding period of the previous year, with its proportion to total turnover going up by 15.15 percentage points.

Gross profit and gross profit margin

| Item | January–June 2015 | | January–June 2014 | | Change in amount (%) | Change in gross profit margin (percentage point) |
|--------------------------------|-------------------|---------------------|-------------------|---------------------|-------------------------|---|
| | Gross profit | Gross profit margin | Gross profit | Gross profit margin | | |
| | (RMB'000) | (%) | (RMB'000) | (%) | | |
| Residual heat power generation | 123,089 | 32.64 | 137,028 | 29.09 | (10.17) | 3.55 |
| Vertical mills | 31,241 | 35.85 | 46,078 | 27.95 | (32.20) | 7.90 |
| Waste incineration | 167,577 | 41.24 | 13,541 | 48.51 | 1,137.55 | (7.27) |
| Subtotal | 321,907 | 36.98 | 196,647 | 29.62 | 63.70 | 7.36 |
| Port logistics services | 37,826 | 51.97 | 40,325 | 54.92 | (6.20) | (2.95) |
| New building materials | (1,413) | (20.11) | – | – | – | – |
| Total | 358,320 | 37.70 | 236,972 | 32.14 | 51.21 | 5.56 |

During the Reporting Period, the consolidated gross profit margin of products of the Group was 37.70%, representing an increase of 5.56 percentage points as compared with the corresponding period of the previous year. In terms of business segments, (i) the gross profit margins of residual heat power generation and vertical mills increased by 3.55 and 7.90 percentage points respectively as compared with the corresponding period of the previous year, mainly due to the increase in turnover from overseas projects with higher gross profit margins; (ii) the gross profit margin of waste incineration decreased by 7.27 percentage points as compared with the corresponding period of the previous year, mainly due to the fact that revenue was mainly derived from the construction period during the Reporting Period, as compared with that from the design period in the previous year; (iii) the gross profit margin of new building materials was negative, mainly due to the failure to effectively dilute fixed costs as the segment was at initial market development with its production capacity not yet to be fully utilized.

Distribution costs

During the Reporting Period, the distribution costs of the Group were RMB16.578 million, representing an increase of RMB3.526 million, or 27.02%, as compared with the corresponding period of the previous year, primarily due to the increases in transportation charges and market development costs of the Group.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group were RMB70.477 million, representing an increase of RMB25.079 million, or 55.24%, as compared with the corresponding period of the previous year, primarily due to the increases in impairment loss on assets, depreciation and amortization and staff wages.

Finance costs

During the Reporting Period, the finance costs of the Group were RMB22.33 million, representing a decrease of RMB12.948 million, or 36.70%, as compared with the corresponding period of the previous year, primarily due to the partial repayment of bank loans and decrease in loan interest rates.

Profit before taxation

During the Reporting Period, the profit before taxation of the Group was RMB1,258 million, representing a decrease of RMB7.145 million, or 0.56%, as compared with the corresponding period of the previous year, primarily due to the decrease in the Group's share of profit of an associate.

Financial Position

As at 30 June 2015, the financial position of the Group remained sound and stable. Total assets and equity attributable to equity shareholders of the Company amounted to RMB18,806 million and RMB15,454 million, representing increases of RMB1,599 million and RMB600 million, respectively, as compared with the end of the previous year. Gearing ratio was 15.65%, representing an increase of 4.57 percentage points as compared with the end of the previous year.

Non-current assets and non-current liabilities

As at 30 June 2015, the non-current assets of the Group was RMB14,432 million, representing an increase of 9.28% as compared with the end of the previous year, primarily due to an increase in its interest in an associate. Non-current liabilities of the Group was RMB350 million, representing an increase of 169.23% as compared with the end of the previous year, primarily attributable to the additional long-term bank loans raised by the Group in the Reporting Period.

Current assets and current liabilities

As at 30 June 2015, the current assets of the Group was RMB4,374 million, representing an increase of 9.34% as compared with the end of the previous year, primarily due to the increases in the Group's cash and inventories. The current liabilities of the Group was RMB2,593 million, representing an increase of 45.95% as compared with the end of the previous year, primarily due to the additional bank loans raised by the Group in the Reporting Period. Current ratio and debt to equity ratio (calculated by dividing total loans by total equity) of the Group were 1.69 and 0.10, respectively, as compared with 2.25 at the end of the previous year and 0.05 at the end of the previous year, respectively.

Liquidity and source of funds

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 2015, cash and cash equivalents of the Group amounted to approximately RMB2,653 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 in the short and longer term can be satisfied.

As at 30 June 2015, the balance and maturity profile of bank loans of the Group was as follows:

| Item | At 30 June 2015 (RMB'000) | At 31 December 2014 (RMB'000) |
|---|--|--|
| Due within one year | 1,310,000 | 670,000 |
| Due after one year but within two years | 50,000 | 130,000 |
| Due after two years but within five years | 300,000 | – |
| Due after five years | – | – |
| | <hr/> | <hr/> |
| Total | 1,660,000 | 800,000 |
| | <hr/> <hr/> | <hr/> <hr/> |

As at 30 June 2015, the balance of bank loans of the Group amounted to RMB1,660 million, representing an increase of RMB860 million as compared with the end of the previous year. As at 30 June 2015, all of the Group's bank loans were denominated in RMB, and most of loans are subject to variable interest rates.

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

| Item | January–June 2015 (RMB'000) | January–June 2014 (RMB'000) |
|---|--|--|
| Net cash generated from operating activities | 79,446 | 204,703 |
| Net cash generated from/(used in) investing activities | 327,628 | (871,748) |
| Net cash generated from/(used in) financing activities | 188,345 | (739,867) |
| Net increase/(decrease) in cash and cash equivalents | 595,419 | (1,406,912) |
| Cash and cash equivalents at the beginning of the period | 2,057,583 | 3,698,141 |
| Effect of changes in foreign exchange rate on cash and cash equivalents | – | 14,190 |
| Cash and cash equivalents at the end of the period | 2,653,002 | 2,305,419 |
| | <hr/> <hr/> | <hr/> <hr/> |

Net cash generated from operating activities

During the Reporting Period, net cash generated from the operating activities of the Group amounted to RMB79.446million, representing a decrease of RMB125 million as compared with the corresponding period of the previous year. The decrease was mainly attributable to the increase in the cash used in the operating activities of the Group relating to the construction of waste incineration projects.

Net cash generated from investing activities

During the Reporting Period, net cash generated from the investing activities of the Group amounted to RMB328 million, representing an increase of RMB1,199 million as compared with the corresponding period of the previous year. The increase was mainly attributable to the structured deposits of the Group which fell due successively in the Reporting Period.

Net cash generated from financing activities

During the Reporting Period, net cash generated from the financing activities of the Group amounted to RMB188 million, representing an increase of RMB928 million as compared with the corresponding period of the previous year. The increase was mainly attributable to the additional bank loans raised by the Group.

COMMITMENTS

As at 30 June 2015, purchase commitments of the Group in connection with construction contracts were as follows:

| Items | At 30 June 2015 (RMB'000) | At 31 December 2014 (RMB'000) |
|-----------------------------------|---------------------------------|-------------------------------------|
| Authorised and contracted for | 439,725 | 476,459 |
| Authorised but not contracted for | 434,640 | 510,600 |
| Total | <u>874,365</u> | <u>987,059</u> |

FOREIGN EXCHANGE RISK

The foreign exchange risks faced by the Group derived mainly from account receivables and payables and cash balance arising from sales and procurement which are denominated in US dollars, Hong Kong dollars and Japanese Yen. The Group adopted no financial derivatives to hedge against foreign exchange risks as it believes such risks are controllable.

CONTINGENT LIABILITIES

At the end of the period, the Group had no material contingent liabilities.

PLEDGE OF ASSETS

At the end of the period, the Group had no material pledge of assets.

MATERIAL ACQUISITIONS OR DISPOSALS

During the Reporting Period, neither the Company nor any of its relevant subsidiaries or associates had conducted any material acquisitions or disposals.

SIGNIFICANT INVESTMENTS

During the Reporting Period, for details of the Group's investments, please refer to Note 8 to the unaudited consolidated financial statements as set forth in the interim results announcement.

SUPPLEMENTAL STATEMENT ON DISCLOSURE OF CONTINUOUS CONNECTED TRANSACTION AS SET OUT IN THE 2014 ANNUAL REPORT

Reference is made to the 2014 Annual Report published by the Company on 13 April 2015. The Company wishes to provide the following supplemental statements concerning the disclosure of the relevant continuing connected transactions. According to Rule 14A.56 of the Listing Rules, prior to the publication of the said annual report, KPMG, the independent auditor of the Company, had implemented necessary procedures and issued a confirmation letter to the Board of the Company regarding the relevant continuing connected transactions, whereby ascertaining that the auditor was not aware of any matters causing them to believe that: (1) such transactions were not approved by the Board; (2) such transaction failed to comply with the pricing policies of the Group in all material aspects in case of products or services as provided by the Group involved such transaction; (3) such transaction failed to proceed with its related agreement in all material aspects; and (4) such transaction exceeds the cap.

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 HK\$3,968.3 million. As at 30 June 2015, the net proceeds were used according to the intended use of the proceeds as disclosed in the prospectus, approximately RMB78.6 million of which was used for repayment of shareholder loans of HLGH Investment Limited, approximately RMB360 million was used for acquisition of land, establishment of production facilities, purchase of raw materials and establishment of sales and marketing network for the new building materials business in Wuhu and Bozhou of Anhui Province, approximately RMB570 million was used for the construction and operation of waste incineration projects, approximately RMB160 million was used for the

establishment of port facilities of Yangzhou Haichang Port Industrial Co. Ltd., and approximately RMB270 million was used to provide funding for the Company's working capital and other general corporate purposes. The remaining amount was deposited to banks and other licensed financial institutions in Hong Kong and China.

The Company currently has no intention to change the planned use of such proceeds as disclosed in the prospectus.

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 organised professional and technical seminars and trainings relating to domestic 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. Meanwhile, the Group continued to strengthen team building through in-house training, social recruitment, campus recruitment and other means.

As at 30 June 2015, the Group had approximately 1,105 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.

The Company has adopted a share option scheme ("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.

OUTLOOK

The business growth and efforts of the Group have gained widespread recognition from the international capital market and the society. The Company was included into the China Index of the global standard index series of Morgan Stanley Capital International ("MSCI") in May 2015, demonstrating its outstanding performance and long term development potential.

Looking forward, the Company is determined to capture new development opportunities and overcome challenges, leverage on the favorable policy of the industry, and seize opportunities to enlarge and strengthen the three industry segments, namely, energy-saving, environmental-protection and new building materials. In addition, the Company strives to build the Group into a leading enterprise in the environmental-protection industry so as to bring considerable returns to shareholders with more excellent performance.

Under the guidance of the national policy of "One Belt, One Road" set for the energy-saving industry, the Company will continue to energetically expand the overseas and domestic markets, seek to obtain business orders, improve after-sale services, and cement market presence, thereby ensuring a steady growth of turnover of the energy-saving industry.

The environmental-protection industry will try to secure more project orders by fully using the brand advantages and influence of the Group, exerting the demo effect of the projects that were built and put into operation, analyzing local demand, flexibly applying BOT, BOO, EPC and EP and attempting PPP and other various business models to vigorously promote and apply the technology for treatment of household garbage with cement kilns and the grate furnace waste-to-energy technology, while reinforcing the organization and management of the production of completed projects and proactively advancing the construction progress of the projects under construction to ensure the timely production of all projects.

The new building materials industry will continue to optimize and adjust the technological process according to the demand of different customer base, and diversify the product categories to continuously increase the added value of products. For the expansion of the sales market, it will adapt to the development trend of “Internet Plus”, increase investments in media advertisement, and attempt network marketing exercise; meanwhile, it will also maximize business order volume and strive to make profit as soon as possible by conducting market survey and reserving potential post-processing enterprise customers.

INTERIM DIVIDEND

The Board of the Company does not recommend the distribution of any interim dividend for the six months ended 30 June 2015.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board confirmed that the Company complied with the principles and code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the stock Exchange (the “listing rules”) during the Reporting Period.

MODEL CODE FOR SECURITIES TRANSACTIONS

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 regarding the Company or its securities) (“Securities Dealing Code”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) set out in Appendix 10 to the Listing Rules. Having made specific enquiries by the Company, all directors of the Company confirmed that they complied with the Model Code and the Securities Dealing Code during the Reporting Period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

During the Reporting Period, neither the Company nor its subsidiaries had purchased, sold or redeemed any of the Company’s listed securities.

REVIEW OF THE INTERIM RESULTS

The unaudited interim results of the Company for the six months ended 30 June 2015 has been reviewed by the Audit Committee of the Company comprising three independent non-executive directors, namely Mr. Chan Chi On (alias Derek Chan), being the chairman of the Audit Committee, Mr. Chan Kai Wing and Mr. Lau Chi Wah, Alex. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT

This results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.conchventure.com). The interim report of the Company for the six months ended 30 June 2015 containing all information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above websites in due course.

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

China, 24 August 2015

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