

CONCH VENTURE

2015

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:

Anhui Conch Group:	Conch Holdings and its affiliates (primary Conch Cement and Wuhu Conch Profiles and Science Co., Ltd.)
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
BOO:	build-own-operate, a type of business arrangement used in the construction of a facility
BOT:	build-operate-transfer, a type of business arrangement used in the construction of a facility
Cambodia:	the Kingdom of Cambodia
CCA boards:	cellulose cement autoclaved boards
China or the PRC:	the People's Republic of China
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.*)
Conch Investment:	Anhui Conch Venture Investment Co., Ltd. (安徽海螺創業投資有限責任公司)
Confluence Investment:	Confluence Investment Holdings Limited (百匯投資控股有限公司)
Controlling Shareholder(s):	having the meanings as defined under the Listing Rules
Director(s):	the director(s) of the Company

DEFINITIONS

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
HK\$:	Hong Kong dollars, the lawful currency of Hong Kong
HLGH Investment:	HLGH Investment Limited
HLGH PTC:	HLGH Management (PTC) Limited
Hong Kong or HK:	the Hong Kong Special Administrative Region of the PRC
Indonesia:	The Republic of Indonesia
Laos:	the Lao People's Democratic Republic
Listing Rules:	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
Management:	the senior management of the Company
Myanmar:	the Republic of the Union of Myanmar
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
Remuneration and Nomination Committee:	the remuneration and nomination committee of the Board
Reporting Period:	the six-month period from 1 January 2015 to 30 June 2015



DEFINITIONS

RMB:	Renminbi, 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
Vietnam:	the Socialist Republic of Vietnam

* *Translation for identification purpose only*

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,

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China

(XI) POSTAL CODE:

241070

(XII) EMAIL ADDRESS OF THE COMPANY:

hlcy@conch.cn

(XIII) WEBSITE OF THE COMPANY:

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(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 2015)

1. Operating results

Item	January– June 2015 Amount RMB'000	January– June 2014 Amount RMB'000	Unit: RMB'000
			Changes between the Reporting Period and the corresponding period of the previous year (%)
Turnover	950,418	737,241	28.92
Gross profit	358,320	236,972	51.21
Profit before taxation	1,258,155	1,265,300	(0.56)
Share of profit of an associate	900,069	1,072,134	(16.05)
Net profit attributable to equity shareholders of the Company	1,122,302	1,165,678	(3.72)

2. Assets and liabilities

Item	As at 30 June 2015 RMB'000	As at 31 December 2014 RMB'000	Unit: RMB'000
			Changes between the Reporting Period and the end of the previous year (%)
Total assets	18,806,236	17,206,867	9.29
Total liabilities	2,942,640	1,906,416	54.35
Equity attributable to equity shareholders of the Company	15,453,564	14,853,647	4.04

3. BUSINESS REVIEW AND OUTLOOK

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 to 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 more 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.

3. BUSINESS REVIEW AND OUTLOOK

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 approximately RMB222 million, representing an increase of 137.57% as compared with the corresponding period of the previous year.

ENERGY CONSERVATION INDUSTRY

Residual Thermal 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 10 other 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.

3. BUSINESS REVIEW AND OUTLOOK

The following table sets out information on development of the environmental protection projects:

No.	Way of disposal	Status	Location	Business model	Size	Expected completion date	Remarks	
1	Disposal of household garbage by cement kiln	Completed	Tongling, Anhui Province	EPC	1×300t/d	Completed in January 2010		
2			Guiding, Guizhou Province	EPC	1×200t/d	Completed in November 2012		
3			Pingliang, Gansu Province	BOT	1×300t/d	Completed in November 2014		
4			Zunyi, Guizhou Province	EPC	1×400t/d	Completed in December 2014		
5			Zhong County, Chongqing	EPC	1×200t/d	Completed in April 2015		
6			Qingzhen, Guizhou Province	BOT	1×300t/d	Completed in May 2015		
7		Projects under construction	Projects under construction	Yangchun, Guangdong Province	BOT	1×200t/d	Pilot production to be commenced in August 2015	
8				Yuping County, Guizhou Province	BOT	1×100t/d	Pilot production to be commenced in August 2015	A joint operation with CNBM (中建材)
9				Qiyang County, Hunan Province	BOT	1×300t/d	October 2015	
10				Anshun, Guizhou Province	EPC	1×200t/d	October 2015	The project is built in cooperation with Taiwan Cement (台灣水泥)
11				Shimen County, Hunan Province	BOT	1×200t/d	October 2015	
12				Shuicheng County, Guizhou Province	BOT	1×200t/d	October 2015	
13				Xishui County, Guizhou Province	BOT	1×300t/d	November 2015	A joint operation with CNBM (中建材)
14				Shuangfeng County, Hunan Province	BOT	1×200t/d	November 2015	
15				Emeishan, Sichuan Province	EPC	1×400t/d	September 2015	The project is built in cooperation with Emeishan Fuhe (峨眉山富和)
16				Fusui County, Guangxi Province	BOT	1×200t/d	December 2015	
17				Baoshan, Yunnan Province	BOT	1×300t/d	December 2015	
18				Nanjiang County, Sichuan Province	BOT	1×200t/d	April 2016	
19				Linxia, Gansu Province	BOT	1×300t/d	September 2016	
20				Lingyun County, Guangxi Province	BOT	1×100t/d	June 2016	
21				Projects submitted for approval and pending construction	Tongling, Anhui Province	EPC	1×300t/d	June 2016
22	Disposal of solid waste by cement kiln	Projects under construction	Qian County, Shaanxi Province	Proprietary investment	1×200t/d	October 2015		
23	Grate furnace waste power generation	Projects under construction	Grate furnace waste-to-energy (Phase I) in Jinzhai County, Anhui Province	BOT	1×300t/d	September 2015		
24		Projects submitted for approval and pending construction	Grate furnace waste-to-energy in Yanshan County, Yunnan Province	BOT	1×300t/d	December 2016	A project newly contracted in July 2015	

Notes:

- The projects in Yuping County and Xishui County of Guizhou Province are joint operations between the Company and 貴州西南水泥有限公司 (Guizhou Southwest Cement Company Limited*), a subsidiary of 中國建材股份有限公司 (China National Building Material Company Limited*), and are built under the BOT model.
- The project in Anshun of Guizhou Province is funded by 台泥(安順)水泥有限公司 (TCC (Anshun) Cement Company Limited*), a subsidiary of Taiwan Cement Corporation (台灣水泥股份有限公司), and is built by the Company under the EPC model.
- The project in Emeishan of Sichuan Province is funded by 峨眉山富和環境工程有限公司 (Emeishan Fuhe Environmental Engineering Company Limited*), and is built by the Company under the EPC model.

3. BUSINESS REVIEW AND OUTLOOK

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.

New Building Materials Production Base of the Group



3. BUSINESS REVIEW AND OUTLOOK

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.



Garbage Treatment Production Line in Tongling, Anhui

4. MANAGEMENT DISCUSSION AND ANALYSIS

(I) 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.

1. Share of revenue and profit of Conch Cement

Item	January-June 2015		January-June 2014		Change in amount (%)	Change in percentage (percentage point)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
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%.

4. MANAGEMENT DISCUSSION AND ANALYSIS

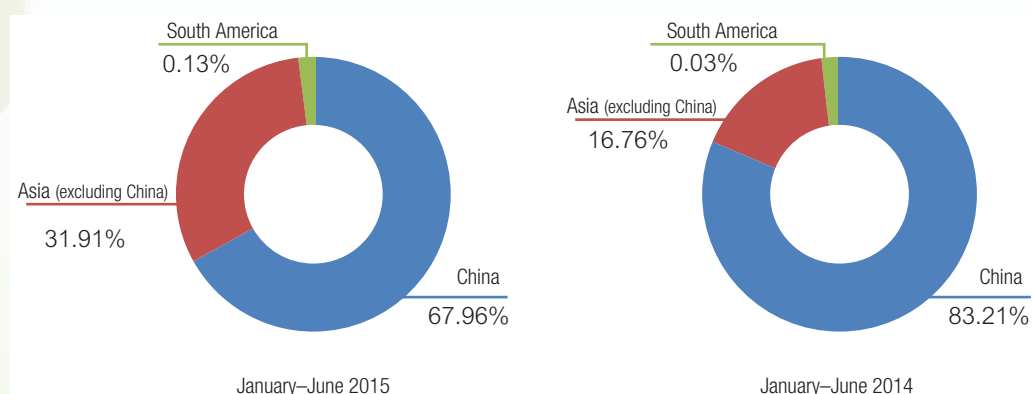
2. Turnover by business segments

Item	January-June 2015		January-June 2014		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
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.

4. MANAGEMENT DISCUSSION AND ANALYSIS

3. Turnover by geographical locations



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.

4. Gross profit and gross profit margin

Item	January-June 2015		January-June 2014		Change in gross profit margin	
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)	Change in amount (%)	Change in profit margin (percentage point)
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 which have 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.

4. MANAGEMENT DISCUSSION AND ANALYSIS

5. 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.

6. 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.

7. 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.

8. 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.

(II) 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.

1. 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.

2. 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.

4. MANAGEMENT DISCUSSION AND ANALYSIS

(III) 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	—	—
Total	1,660,000	800,000

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	January–June
	2015 (RMB'000)	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

1. Net cash generated from operating activities

During the Reporting Period, net cash generated from the operating activities of the Group amounted to RMB79.446 million, 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.

4. MANAGEMENT DISCUSSION AND ANALYSIS

2. 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.

3. 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.

(IV) COMMITMENTS

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

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

(V) 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.

(VI) CONTINGENT LIABILITIES

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

(VII) PLEDGE OF ASSETS

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

(VIII) 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.

4. MANAGEMENT DISCUSSION AND ANALYSIS

(IX) SIGNIFICANT INVESTMENTS

During the Reporting Period, for details of the Group's investments, please refer to Note 11 to the unaudited interim financial statements.

(X) 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, 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.

(XI) 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, details of which are set out in the section headed "Other Information — (VII) 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.

5. OTHER INFORMATION

(I) INTERIM DIVIDEND

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

(II) DISCLOSURE OF INTERESTS

1. Substantial Shareholders' Interests or Short Positions

As disclosed in the announcements of the Company dated 28 May 2015 and 19 June 2015 respectively (collectively, the "Announcements"), some Shareholders (including Controlling Shareholders) distributed the Shares held by them to the beneficiaries of the relevant trusts in accordance with the arrangement of the trusts. Capitalized terms used in this section shall have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, the respective trustees of the SA Trusts commenced the implementation of the Distributions in June 2015 in accordance with the terms of the respective trust deeds of the SA Trusts. As at 19 June 2015, 961,278,594 Shares have been distributed to the relevant fixed beneficiaries of the HLGH Fixed Trust, the NGGH Trust, the BMGH Trust and the XCGH Trust, while 85,101,075 Shares under the HLGH Discretionary Trust have been distributed to some of the HLGH Discretionary Objects. As at the aforesaid date, HLGH Fixed Investment was interested in 12,442,784 Shares, while HLGH Investment held 66,749,556 Shares, which in aggregate represented approximately 4.39% of the total issued Shares. In light of the above, the Company does not have any substantial Shareholder who holds more than 5 % of its issued Shares since 19 June 2015.

As at 30 June 2015, the Directors were not aware of any 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 which would fall to be disclosed to the Company under 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.



China Headquarter Building of the Company in Wuhu, Anhui

5. OTHER INFORMATION

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

As at 30 June 2015, 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	Capacity/nature of interests	Number of shares (note 1)	Shareholding (%)
Mr. Guo Jingbin (note 2)	Interest of controlled corporation	62,680,000	3.47
Mr. Ji Qinying (note 3)	Interest of controlled corporation	61,080,000	3.38
	Interest of spouse (note 3)	33,752	0.002
	Total	61,113,752	3.382
Mr. Li Jian (note 4)	Beneficial owner	7,646,370	0.42
	Interest of spouse (note 4)	105,346	0.006
	Total	7,751,716	0.426
Mr. Li Daming (note 5)	Beneficial owner	6,112,563	0.34
Ms. Zhang Mingjing (note 6)	Beneficial owner	17,457,675	0.97
	Interest of spouse (note 6)	32,020,909	1.77
	Total	49,478,584	2.74

Notes:

- All shareholdings are in long positions.
- 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 Zi.
- Mr. Li Jian was a fixed beneficiary of the HLGH Fixed Trust and is the beneficial owner of the shares upon distribution of the trust shares. As Ms. Wang Zhenying is the spouse of Mr. Li, Mr. Li is taken to be interested in the shares held by Ms. Wang.
- Mr. Li Daming was a fixed beneficiary of the HLGH Fixed Trust and is the beneficial owner of the shares upon distribution of the trust shares.
- Ms. Zhang Mingjing is a fixed beneficiary of the HLGH Fixed Trust and is the beneficial owner of the shares upon distribution of the trust shares. As Mr. Zhu Zhongping is the spouse of Ms. Zhang, Ms. Zhang is taken to be interested in the shares held by Mr. Zhu through his controlled corporation, Confluence Investment.

5. OTHER INFORMATION

B. Associated Corporations

Name of Directors	Name of Associated Corporation	Number of Shares (A shares)	Shareholdings (%)	Capacity
Mr. Li Jian	Conch Cement	100,000	0.003	Beneficial owner
Mr. Li Daming	Conch Cement	200,000	0.005	Beneficial owner

3. Interests and Short Positions of Senior Management

As at 30 June 2015, interests and short positions of the senior management of the Company were as follows:

Name of senior management member	Capacity/nature of interests	Number of Shares (note 1)	Shareholdings (%)
Mr. Zhu Zhongping (note 2)	Interest of controlled corporation	32,020,909	1.77
	Interest of spouse (note 3)	17,457,675	0.97
	Total	49,478,584	2.74
Mr. Wang Xuesen (note 4)	Beneficial owner	4,125,418	0.23

Notes:

- All shareholdings are in long positions.
- These shares are owned by Confluence Investment which is solely owned by Mr. Zhu Zhongping.
- Ms. Zhang Mingjing was a fixed beneficiary of the HLGH Fixed Trust and is the beneficial owner of the shares upon distribution of the trust shares. As Ms. Zhang is the spouse of Mr. Zhu Zhongping, Mr. Zhu is taken to be interested in the shares held by Ms. Zhang.
- Mr. Wang Xuesen was a fixed beneficiary of the HLGH Fixed Trust and is the beneficial owner of the shares upon distribution of the trust shares.

Save as disclosed above, as at 30 June 2015, 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.

5. OTHER INFORMATION

(III) EXPLANATION REGARDING CERTAIN COMPANIES NO LONGER BE THE COMPANY'S CONNECTED PERSONS

As disclosed in the Announcements, some Shareholders (including Controlling Shareholders) distributed the Shares held by them to the beneficiaries of the relevant trusts in accordance with the arrangement of the trusts. Capitalized terms used in this section shall have the same meanings as those defined in the Announcements.

As disclosed in the Announcements, the respective trustees of the SA Trusts commenced the implementation of the Distributions in June 2015 in accordance with the terms of the respective trust deeds of the SA Trusts. As at 19 June 2015, 961,278,594 Shares have been distributed to the relevant fixed beneficiaries of the HLGH Fixed Trust, the NGGH Trust, the BMGH Trust and the XCGH Trust, while 85,101,075 Shares under the HLGH Discretionary Trust have been distributed to some of the HLGH Discretionary Objects. As at the aforesaid date, HLGH Fixed Investment was interested in 12,442,784 Shares, while HLGH Investment held 66,749,556 Shares, which in aggregate represented approximately 4.39% of the total issued Shares.

In light of the above, Mr. Liu Yi, HLGH PTC, HLGH Fixed Investment and HLGH Investment have ceased to be controlling shareholders of the Company and are no longer connected persons of the Company since 19 June 2015. Accordingly, Conch Investment, a company controlled by Mr. Liu Yi, and its subsidiaries are no longer connected persons of the Company from the same date. For the purpose of clarification, the transactions occurring between the Group (as a party) and Conch Investment and its subsidiaries (as the other party) during the period from 1 January 2015 to 19 June 2015 are still connected transactions of the Company.

(IV) SUPPLEMENTAL STATEMENT ON DISCLOSURE OF CONTINUOUS CONNECTED TRANSACTIONS 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 statement concerning the disclosure of the relevant continuous 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 continuous connected transactions, whereby confirming that the auditor did not identify any findings causing them to believe that: (1) such transactions were not approved by the Board; (2) such transactions, in case of products or services as provided by the Group, failed to comply with the pricing policies of the Group in all material aspects; (3) such transactions failed to comply with their respective agreements in any material aspects; and (4) such transactions exceeded their respective caps.

(V) PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

(VI) CHANGE IN DIRECTORS AND SENIOR MANAGEMENT

During the Reporting Period, Mr. Zhu Zhongping has resigned as chief accountant of the Company due to personal reasons, which has been approved by the Board and took effect from 21 August 2015.

Save as disclosed above, there were no other changes in the Directors and senior management of the Company.

5. OTHER INFORMATION

(VII) 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 Group, no share option had been granted under the Share Option Scheme.

(VIII) 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 to formulate its operation, 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 will regularly review and improve its corporate governance practices in order to be continuously in compliance with the Corporate Governance Code.

(IX) 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 or relating to its securities) (“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 of the Company 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 of the Model Code, the Securities Dealing Code and the Insider Dealing Warning by the relevant employees.

5. OTHER INFORMATION

(X) 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 of the Company 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 internal control procedures 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 of the Company for the six months ended 30 June 2015. The Audit Committee has no disagreement with the accounting treatment methods adopted by the Company.

(XI) REMUNERATION AND NOMINATION COMMITTEE

The Remuneration and Nomination Committee is composed of 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 of the Company 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 on the Board.

(XII) 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 2015 and up to the date of this interim report.

(XIII) CHANGES TO THE INFORMATION OF DIRECTORS

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

- (1) Mr. GUO Jingbin no longer serves as the chairman and director of Conch Investment following the end of April 2015.
- (2) Mr. Ji Qinying no longer serves as the general manager of Conch Investment following the end of April 2015.
- (3) Mr. LI Jian no longer serves as the director and deputy general manager of Conch Investment following the end of April 2015.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2015 — unaudited
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Turnover	3	950,418	737,241
Cost of sales		(592,098)	(500,269)
Gross profit		358,320	236,972
Other revenue	4	108,231	60,937
Other net income/(loss)	5	920	(11,015)
Distribution costs		(16,578)	(13,052)
Administrative expenses		(70,477)	(45,398)
Profit from operations		380,416	228,444
Finance costs	6(a)	(22,330)	(35,278)
Share of profit of an associate	11	900,069	1,072,134
Profit before taxation	6	1,258,155	1,265,300
Income tax	7	(85,099)	(36,691)
Profit for the period		1,173,056	1,228,609
Attributable to:			
Equity shareholders of the Company		1,122,302	1,165,678
Non-controlling interests		50,754	62,931
Profit for the period		1,173,056	1,228,609
Earnings per share			
Basic and diluted (RMB)	9	0.62	0.65

The notes on pages 33 to 48 form part of this interim financial report. Details of dividends payable to equity shareholders of the company are set out in note 18(a).

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2015 — unaudited
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
Profit for the period		1,173,056	1,228,609
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		54,819	(18,790)
Exchange differences on translation of financial statements of overseas subsidiaries and the Company		—	25,124
		54,819	6,334
Total comprehensive income for the period:		1,227,875	1,234,943
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		1,227,875	1,234,943

The notes on pages 33 to 48 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015 — unaudited
(Expressed in Renminbi Yuan)

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Non-current assets			
Property, plant and equipment	10	1,009,353	1,007,768
Lease prepayments		200,013	202,215
Intangible assets		664	830
Interest in an associate	11	12,628,077	11,668,343
Non-current portion of trade and other receivables	13	504,954	237,616
Finance lease receivable	14	39,310	43,901
Deferred tax assets		50,119	46,164
		14,432,490	13,206,837
Current assets			
Inventories	12	198,787	145,659
Trade and other receivables	13	1,207,496	1,132,327
Finance lease receivable within one year	14	14,461	14,461
Bank deposits with maturity over three months		300,000	650,000
Cash and cash equivalents	15	2,653,002	2,057,583
		4,373,746	4,000,030
Current liabilities			
Loans and borrowings	16	1,310,000	670,000
Trade and other payables	17	1,227,120	1,067,051
Income tax payables		55,520	39,365
		2,592,640	1,776,416
Net current assets		1,781,106	2,223,614
Total assets less current liabilities		16,213,596	15,430,451

The notes on pages 33 to 48 form part of this interim financial report.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2015 — unaudited
(Expressed in Renminbi Yuan)

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Non-current liabilities			
Loans and borrowings	16	350,000	130,000
Net assets		15,863,596	15,300,451
Capital and reserves	18		
Share capital		14,347	14,347
Reserves		15,439,217	14,839,300
Equity attributable to equity shareholders of the Company		15,453,564	14,853,647
Non-controlling interests		410,032	446,804
Total equity		15,863,596	15,300,451

The notes on pages 33 to 48 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015 — unaudited
(Expressed in Renminbi Yuan)

Attributable to equity shareholders of the Company									
	Share capital	Share premium	Capital reserve	PRC statutory reserves	Exchange reserve	Retained earnings	Sub-total	Non-controlling interests	Total equity
Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 18(b))		(Note 18(c)(i))	Note 18(c)(ii)	(Note 18(c)(iii))				
Balance at 1 January 2014	14,347	3,146,587	1,851,910	265,496	680	7,521,991	12,801,011	476,111	13,277,122
Changes in equity for the six months ended 30 June 2014:									
Profit for the period	-	-	-	-	-	1,165,678	1,165,678	62,931	1,228,609
Other comprehensive income	8	-	(18,790)	-	25,124	-	6,334	-	6,334
Total comprehensive income	-	-	(18,790)	-	25,124	1,165,678	1,172,012	62,931	1,234,943
Appropriation to reserves	18(c)(ii)	-	-	40,280	-	(40,280)	-	-	-
Dividends approved in respect of the previous year		-	(356,528)	-	-	-	(356,528)	-	(356,528)
Profit distribution to non-controlling interests		-	-	-	-	-	-	(90,302)	(90,302)
Balance at 30 June 2014 and 1 July 2014	14,347	2,790,059	1,833,120	305,776	25,804	8,647,389	13,616,495	448,740	14,065,235
Changes in equity for the six months ended 31 December 2014:									
Profit for the period	-	-	-	-	-	1,072,826	1,072,826	71,378	1,144,204
Other comprehensive income	8	-	200,213	-	(25,804)	-	174,409	-	174,409
Total comprehensive income	-	-	200,213	-	(25,804)	1,072,826	1,247,235	71,378	1,318,613
Acquisition of non-controlling interests		-	(10,083)	-	-	-	(10,083)	(73,314)	(83,397)
Appropriation to reserves	18(c)(ii)	-	-	54,257	-	(54,257)	-	-	-
Balance at 31 December 2014	14,347	2,790,059	2,023,250	360,033	-	9,665,958	14,853,647	446,804	15,300,451

The notes on pages 33 to 48 form part of this interim financial report.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2015 — unaudited
(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company								Non-controlling interests	Total equity
	Share capital	Share premium	Capital reserve	PRC statutory reserves	Exchange reserve	Retained earnings	Sub-total			
	Note	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000		
	(Note 18(b))		(Note 18(c)(i))	Note 18(c)(ii)	(Note 18(c)(iii))					
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
Appropriation to reserves	18(c)(ii)	-	-	-	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		14,347	2,212,855	2,078,069	393,132	-	10,755,161	15,453,564	410,032	15,863,596

The notes on pages 33 to 48 form part of this interim financial report.

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

For the six months ended 30 June 2015 — unaudited
(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2015 RMB'000	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 1 January	2,057,583	3,698,141
Effect of foreign exchange rate changes	—	14,190
Cash and cash equivalents at 30 June	2,653,002	2,305,419

The notes on pages 33 to 48 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 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 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.

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 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 section 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)).

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

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 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 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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

3 SEGMENT REPORTING *(Continued)*

Six months ended 30 June 2014 (Unaudited)					
	Energy preservation and environmental protection solutions RMB'000	Port logistics services RMB'000	New building materials RMB'000	Investments RMB'000	Total RMB'000
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

Year ended 31 December 2014						
	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	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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

3 SEGMENT REPORTING *(Continued)*

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 RMB'000	2014 RMB'000
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 RMB'000	2014 RMB'000
Interest income	61,157	47,355
Government grants	47,074	13,582
	108,231	60,937

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

5 OTHER NET INCOME/(LOSS)

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Net income/(loss) on disposal of property, plant and equipment	325	(81)
Exchange gain/(loss)	595	(10,934)
	920	(11,015)

6 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)
	22,330	35,278

(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

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

7 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)
	85,099	36,691

- (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.

8 OTHER COMPREHENSIVE INCOME

Components of other comprehensive income:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Share of changes of reserves of an associate, net of tax (i)	54,819	(18,790)
Exchange differences on translation of financial statements of overseas subsidiaries and the Company	—	25,124
Net movement during the period recognised in other comprehensive income	54,819	6,334

- (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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

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 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.

10 PROPERTY, PLANT AND EQUIPMENT

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 2015 was approximately RMB81,513,000. The directors are of the opinion that the Group is entitled to legally occupy or use these plant and buildings.

11 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.

12 INVENTORIES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Raw materials	55,407	61,282
Work in progress	49,703	41,854
Finished goods	93,677	42,523
	198,787	145,659

No inventory provision was made as at 30 June 2015 (31 December 2014: Nil). The inventories as at 30 June 2015 and 31 December 2014 were stated at cost.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

13 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)
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
Amounts due from third parties	1,001,149	896,094
Amounts due from related parties (Note 20(b))	206,347	236,233
	1,207,496	1,132,327
Non-current portion of gross amounts due from customers for construction contract work	504,954	237,616
Total current and non-current trade and other receivables	1,712,450	1,369,943

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
	772,675	811,522

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

13 TRADE AND OTHER RECEIVABLES *(Continued)*

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.

14 FINANCE LEASE RECEIVABLE

At 30 June 2015, the Group had finance lease receivable as follows:

	Present value of the minimum lease receipts	Total minimum lease receipts
	RMB'000	RMB'000
Within 1 year	14,461	16,200
After 1 year but within 2 years	12,909	16,200
After 2 years but within 5 years	26,401	40,500
	53,771	72,900
Less: total future interest income		(19,129)
Present value of lease receivable		53,771

15 CASH AND CASH EQUIVALENTS

	At 30 June 2015	At 31 December 2014
	RMB'000	RMB'000
Bank deposits with maturity within three months	1,432,060	1,649,706
Cash at bank and in hand	1,220,942	407,877
	2,653,002	2,057,583

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

16 LOANS AND BORROWINGS

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within one year		
Bank loans	1,310,000	670,000
After one year but within two years		
Bank loans	50,000	130,000
After two year but within five years		
Bank loans	300,000	–
Subtotal	350,000	130,000
Total	1,660,000	800,000

17 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
	757,269	660,418
Receipts in advance	188,250	117,382
Other payables and accruals	136,224	229,909
Amounts due to third parties	1,081,743	1,007,709
Dividends payable	14,233	–
Amounts due to related parties (Note 20(b))	131,144	59,342
Trade and other payables	1,227,120	1,067,051

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

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)

18 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	
	2015 RMB'000	2014 RMB'000
Final dividend in respect of the previous financial year, approved during the interim period, of HK\$0.4 per share (six months ended 30 June 2014: HK\$0.25 per share)	577,204	356,528

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).

(b) Share capital

Authorised and issued share capital

	No. of shares ('000)	Amount HK\$'000	
Authorised:			
Ordinary shares of HK\$0.01 each at 30 June 2015 and 31 December 2014	15,000,000	150,000	
		Amount	
	No. of shares ('000)	HK\$'000	Equivalent to RMB'000
Issued and fully paid:			
At 30 June 2015 and 31 December 2014	1,804,750	18,048	14,347

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

18 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 reserve

Capital reserves as at 31 December 2014 and 30 June 2015 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.

(iv) Exchange reserve

Exchange reserve comprises foreign exchange differences arising from the translation of the financial statements of operations outside mainland China.

19 COMMITMENTS

(a) Purchase commitments outstanding at 30 June 2015 not provided for in the interim financial report were as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Contracted for	439,725	476,459
Authorised but not contracted for	434,640	510,600
	874,365	987,059

(b) As at 30 June 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 year	304	609

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.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

20 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") 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	(a) Certain directors of Conch Cement are also directors and shareholders of the Company; (b) the employees (primarily middle and senior management) of Conch Cement are the beneficial owners of the Company; (c) Conch Cement was one of the largest customers of the Group
Shanghai Conch International Investment Development Co., Ltd. ("Conch IID Shanghai") 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") 蕪湖海螺物業管理有限公司	Subsidiary of CV Investment
Conch Holding 安徽海螺集團有限責任公司	Associate of the Company
Conch Design Institute 安徽海螺建材設計研究院	Subsidiary of Conch Holdings
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
Wuhu Conch Thermal Power Engineering Co., Ltd. ("CTPE") 蕪湖海螺熱能工程有限責任公司	Subsidiary of CV Investment
Conch Profiles 蕪湖海螺型材科技股份有限公司	Associate of Conch Holdings

⁽ⁱ⁾ The English translation of the names is for reference only. The official names of these entities are in Chinese.

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

20 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(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	
	2015 RMB'000	2014 RMB'000
Sales of goods		
Conch Cement	101,527	331,903
Kawasaki HI	164,338	98
CKEM	2,351	2,518
Conch Design Institute	308	20,427
CV Investment	7	–
Conch Holdings	218	–
	268,749	354,946

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Service rendered		
Conch Cement	44,852	40,807
Kawasaki HI	3	347
Conch Design Institute	–	760
	44,855	41,914

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

20 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(a) Significant related party transactions *(Continued)*

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Purchase of Goods		
Conch Cement	5,363	9,194
Conch IT Engineering	5,617	5,645
Kawasaki HI	23	2,082
Conch IID Shanghai	22,446	34,640
CKEM	2,269	1,413
Conch Profiles	215	–
CV Investment	197	–
Conch Design Institute	–	25
	36,130	52,999

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Services received		
Conch Cement	1,468	–
Conch Design Institute	3,593	5,287
Conch IT Engineering	846	720
Conch IID Shanghai	562	1,177
CV Investment	1,048	1,698
Kawasaki HI	7,021	444
Conch Property Management	1,382	740
CKEM	33	18
CTPE	335	–
Conch Holdings	–	4
	16,288	10,088

NOTES TO THE UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

20 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 2015 RMB'000	At 31 December 2014 RMB'000
Amounts due from		
Conch Cement	132,841	211,388
Conch IID Shanghai	–	4
CKEM	743	2,773
Kawasaki HI	69,184	19,070
Conch IT Engineering	1,605	704
Conch Design Institute	1,897	1,645
Conch Holdings	13	–
CV Investment	64	649
	206,347	236,233

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Amounts due to		
Conch Cement	99,295	31,763
Kawasaki HI	105	1,762
Conch IID Shanghai	9,043	2,909
Conch IT Engineering	2,173	4,289
CV Investment	158	–
Conch Profiles	199	–
Conch Design Institute	20,171	18,619
	131,144	59,342