

**2017** <sup>1/2</sup>

**Interim Results**

# CONTENTS



**Financial  
Information**



**Business  
Review**



**Outlook**



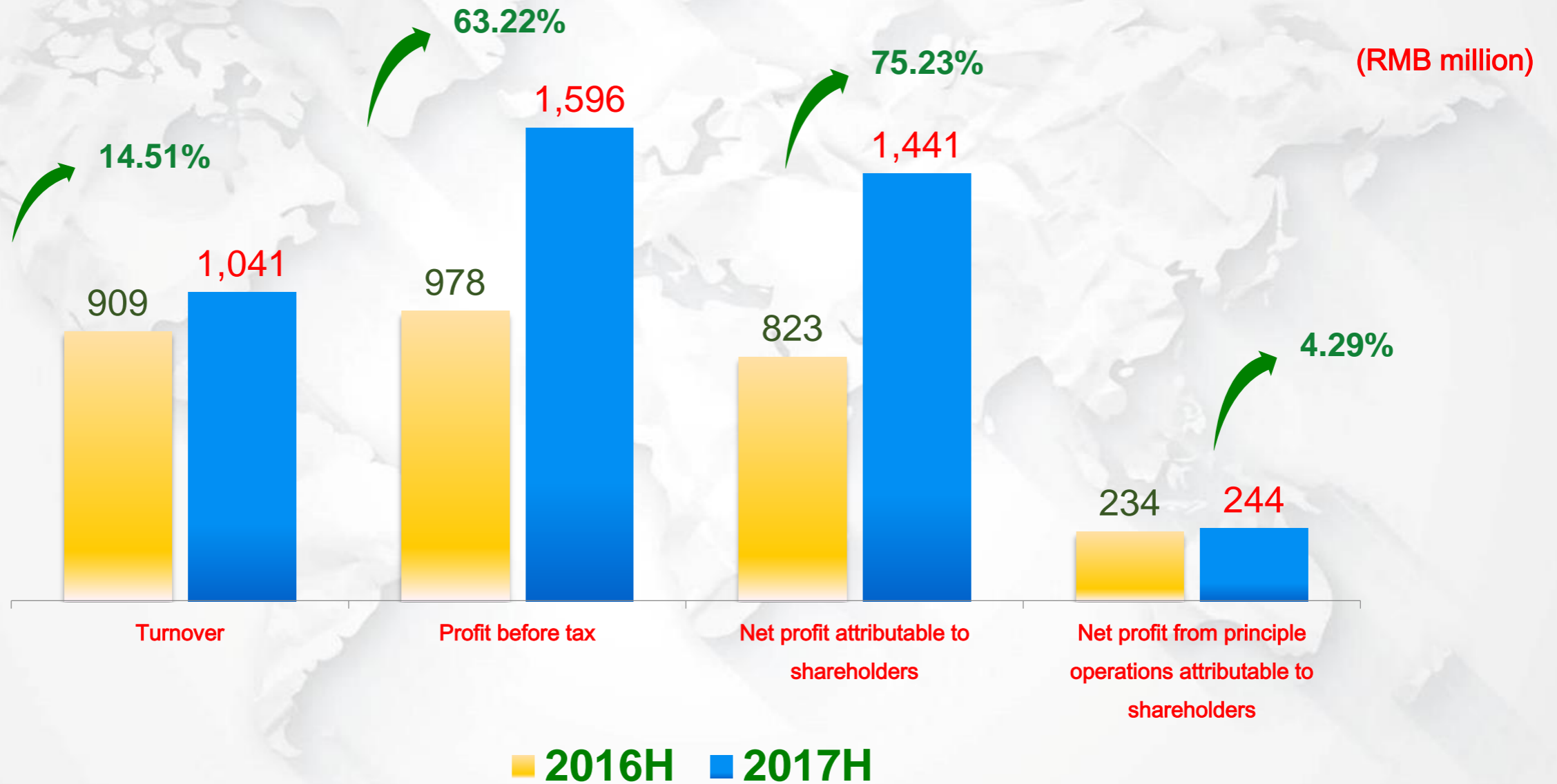
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01

Financial Information

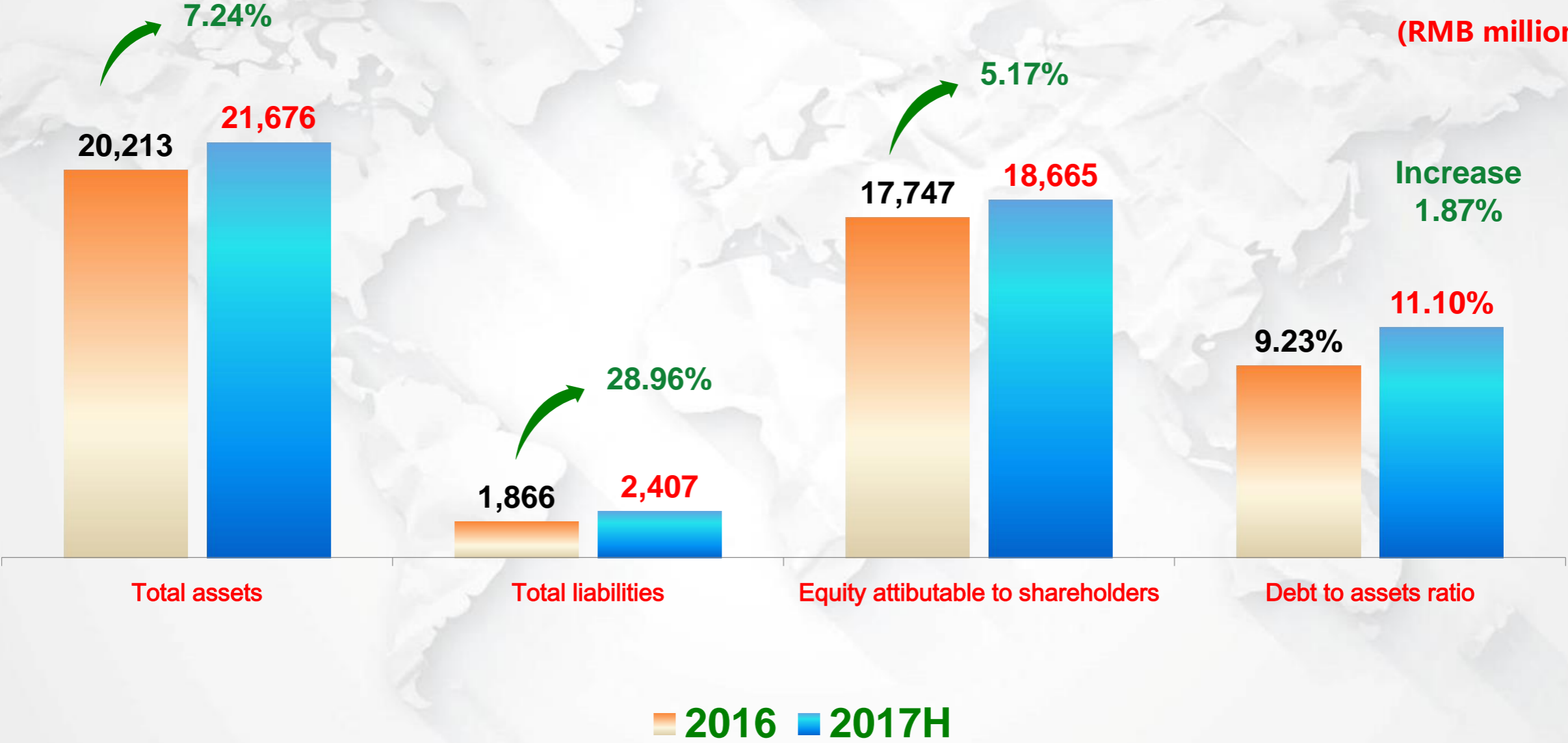
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# Business Performance

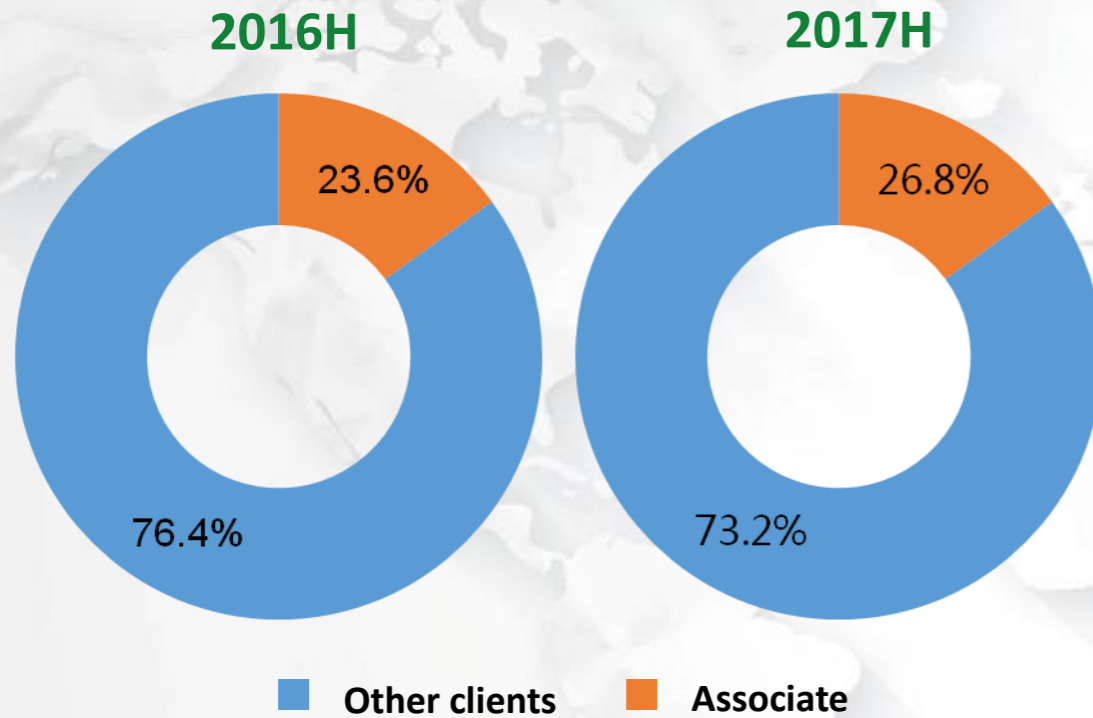


# Financial Situation

(RMB million; %)



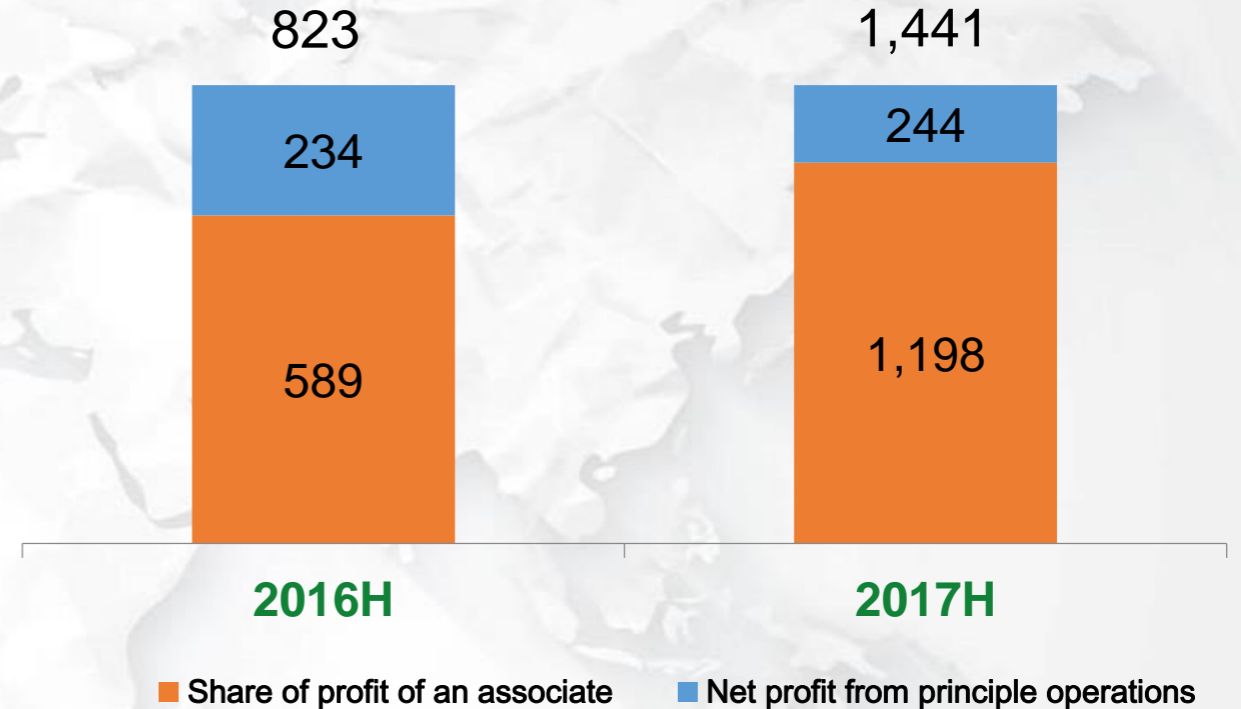
## Revenue from an Associate



- Revenue from other clients amounted to **RMB762 million**, and amounted to **RMB279 million** for the revenue from an associate.
- Proportion of revenue from other clients amounted to **73.2%**; proportion of revenue from an associate amounted to **26.8%**.

## Net Profit Attributable to Shareholders

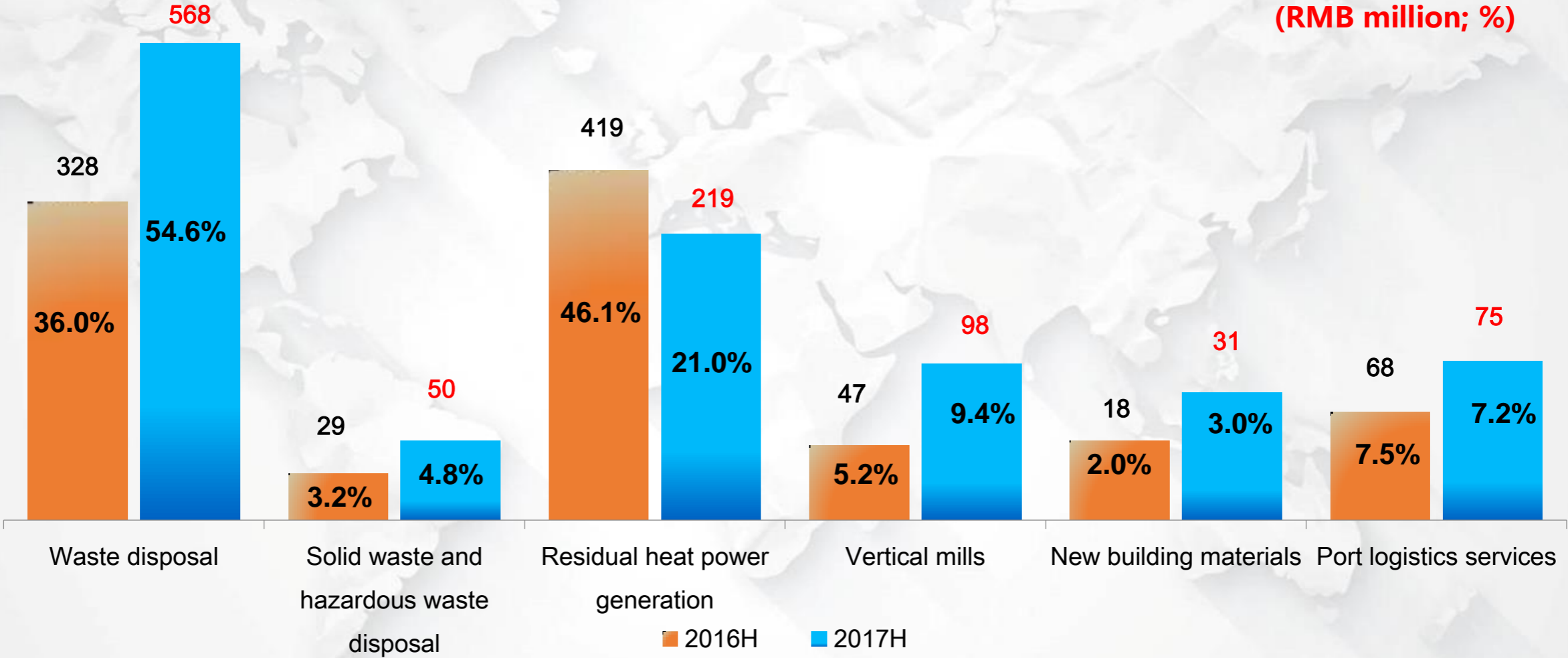
(RMB million)



- Net profit attributable to shareholders of the Group amounted to approximately **RMB1.441 billion**, representing an increase of **75.23%** YOY; share of profit of an associate amounted to **RMB1.198 billion**, representing an increase of **103.39%** YOY;
- Net profit from principal operations of the Group amounted to approximately **RMB244 million**, representing an increase of **4.29%** YOY

# Revenue By Segments

(RMB million; %)



Note: Percentage figures represent the proportion of income

# Breakdown of Revenue from Waste Disposal Business

Revenue Breakdown	Jan-Jun 2017		Jan-Jun 2016		Amount Change (%)	Proportion Change (%)
	Amount (RMB'000)	Proportion (%)	Amount (RMB'000)	Proportion (%)		
<b>Construction Revenue</b>	<b>509,277</b>	<b>89.67</b>	<b>282,345</b>	<b>86.19</b>	<b>80.37</b>	<b>3.48</b>
Waste disposal by cement kiln	99,669	17.55	266,239	81.27	-62.56	-63.72
Waste power generation	409,608	72.12	16,106	4.92	2,443.20	67.20
<b>Operation revenue</b>	<b>24,536</b>	<b>4.32</b>	<b>19,860</b>	<b>6.06</b>	<b>23.54</b>	<b>-1.74</b>
Waste disposal by cement kiln	16,876	2.97	14,668	4.48	15.05	-1.51
Waste power generation	7,660	1.35	5,192	1.58	47.53	-0.23
<b>Finance income</b>	<b>34,161</b>	<b>6.01</b>	<b>25,375</b>	<b>7.75</b>	<b>34.62</b>	<b>-1.74</b>
Waste disposal by cement kiln	31,170	5.49	22,870	6.98	36.29	-1.49
Waste power generation	2,991	0.52	2,505	0.77	19.40	-0.25
<b>Total</b>	<b>567,974</b>	<b>100.0</b>	<b>327,580</b>	<b>100.0</b>	<b>73.38</b>	<b>-</b>

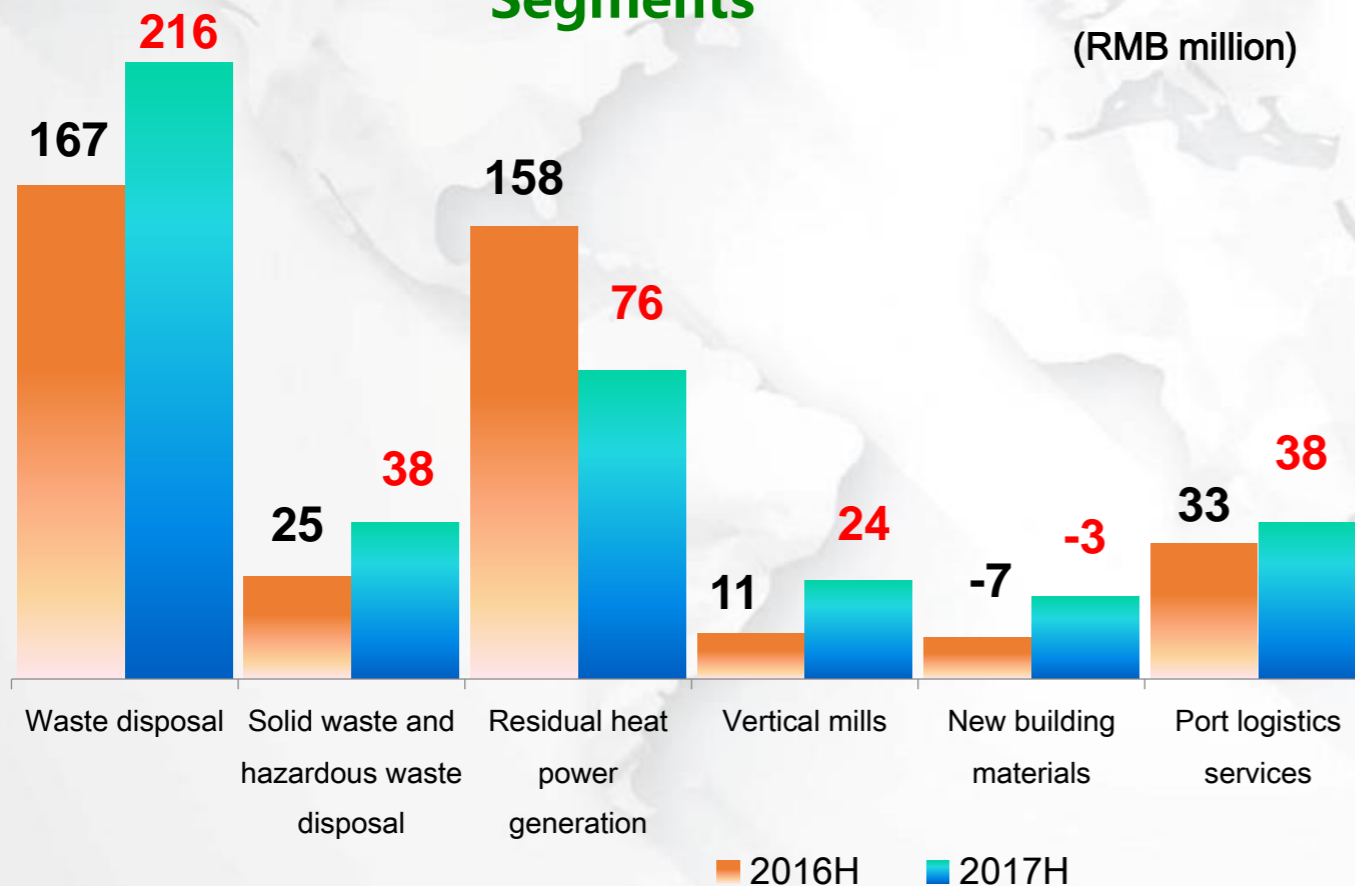


# Gross Profit and Gross Profit Margin

● The Group's consolidated gross profit margin in the first half of 2017 was **37.3%**, representing a decrease of **5.2%** YOY. Gross profit and gross profit margin by segments are as follows:

## Gross Profit by Segments

(RMB million)



## Gross Profit Margin by Segments

Gross Profit Margin	2016H	2017H
Waste disposal	51.0%	38.0%
Solid waste and hazardous waste disposal	84.0%	76.0%
Residual heat power generation	37.8%	34.4%
Vertical mills	22.5%	24.5%
New building materials	-39.9%	-8.5%
Port logistics services	48.1%	51.0%



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**Business Review**

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# Flourishing Environmental Protection Business

## ---Project Overview in 1H 2017

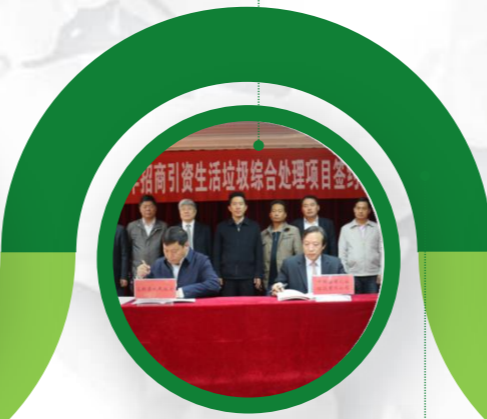
### First Project in 2017

In January 2017, the Company obtained the first project of the year – the solid waste disposal project in Xingye, Guangxi

On 5 January 2017, the Company obtained the solid waste disposal project in Qianyang, Shaanxi



On 16 January 2017, the Company obtained the waste power generation project in Songming, Yunnan



On 11 May 2017, the Company obtained the waste power generation project in Yiyang, Jiangxi



On 2 June 2017, the Company signed the CKK waste disposal project in Yingjiang, Yunnan



On 10 January 2017, the Company obtained the CKK waste disposal project in Xing'an, Guangxi

On 22 February 2017, the Company obtained the solid waste disposal project in Wenshan, Yunnan

On 13 May 2017, the Company obtained the waste power generation and solid waste disposal project in Sishui, Shandong

On 16 July 2017, the Company signed the waste power generation project in Aral, Xinjiang

# Flourishing Environmental Protection Business

## --- Development of Solid and Hazardous Waste Disposal Projects

In the first half of 2017, the Group has intensified the efforts to develop the solid and hazardous waste disposal business, and successfully acquired 4 projects in **Xingye Guangxi**, **Qianyang Shaanxi**, **Wenshan Yunnan** and **Sishui Shandong**

During the reporting period, the Group processed a total of **44,400 tons** of solid and hazardous waste and recorded a revenue of **RMB49.55 million**.

Projects in **Huaining, Wuhu and Huaibei of Anhui** and **Mian County, Shaanxi** are expected to be put into operation in the second half of 2017. Annual processing capacity of **250,000 tons** will be installed.



The Company obtained the solid waste disposal projects in Sishui, Shandong and Wenshan, Yunnan



Solid waste disposal projects under construction in Wuhu and Huaining

# Flourishing Environmental Protection Business

## ---Performance Review of Solid and Hazardous Waste Disposal Projects

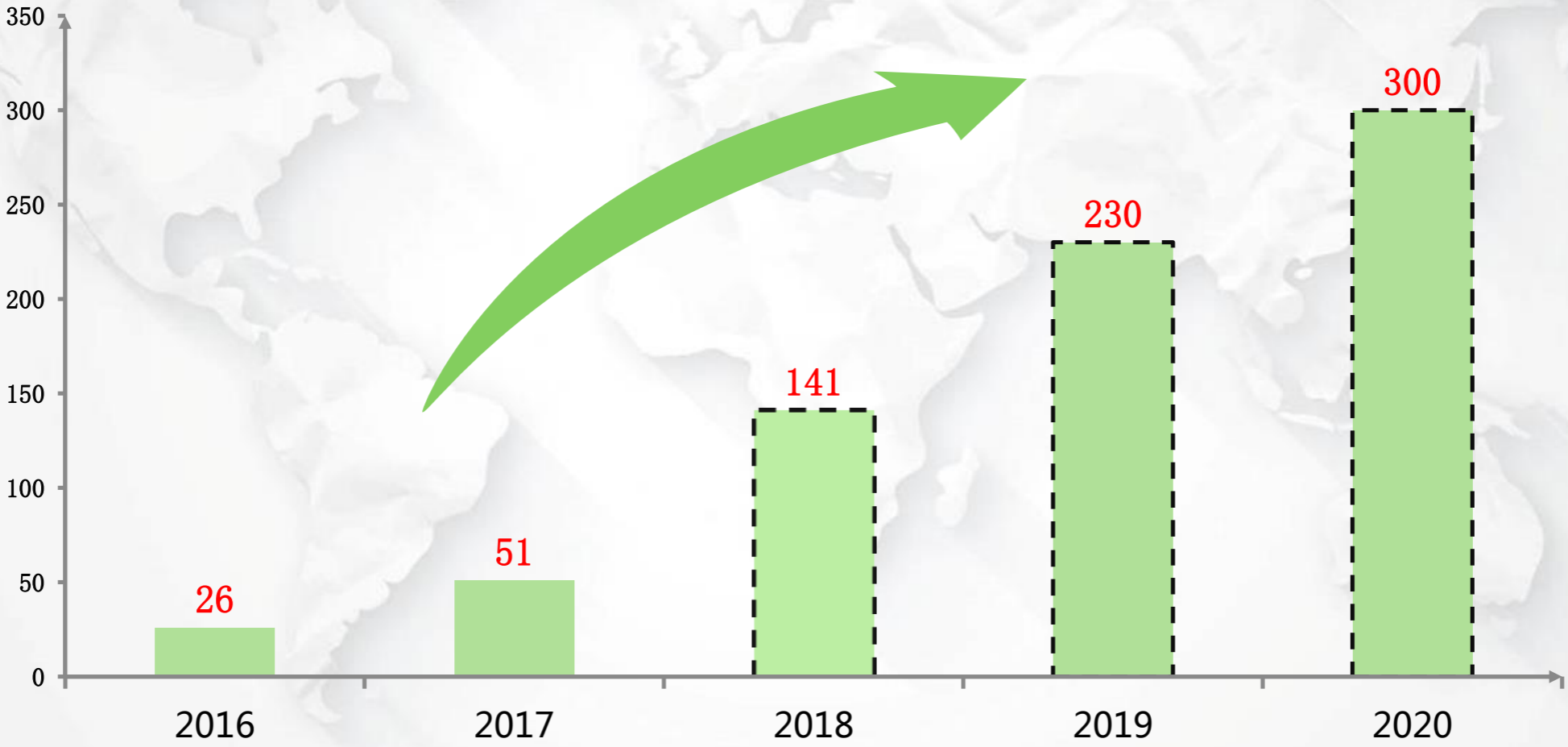
Number	Status	Location	Business Model	Size	Estimated Completion Time	Remark
1	Completed	Lantian, Shaanxi	Joint venture	90,000t/a	/	
2		Fuping, Shaanxi		100,000t/a	/	
3		Qian County, Shaanxi		70,000t/a	/	
<b>subtotal</b>				260,000t/a		
4	Under construction	Mianxian, Shaanxi	Joint venture	18,000t/a	Aug 2017	
5		Huaining, Anhui	Equity fund investment	70,000t/a	Sep 2017	
6		Wuhu, Anhui		2×100,000t/a	Phase 1 Oct 2017	Two phases
7		Huaibei, Anhui		70,000t/a	Nov 2017	
8		Yiyang, Jiangxi		2×100,000t/a	Phase 1 March 2018	Two phases
<b>subtotal</b>				550,000t/a		
9	Approved	Guangyuan, Sichuan	Equity fund investment	100,000t/a	July 2018	
10		Wenshan, Yunnan		2×100,000t/a	Phase 1 July 2018	Two phases
11		Xingye, Guangxi		2×100,000t/a	Phase 1 July 2018	
12		Suzhou, Anhui		2×100,000t/a	Phase 1 Sep 2018	
13		Shimen, Hunan		100,000t/a	Oct 2018	
14		Zhongxian, Chongqing		2×100,000t/a	Phase 1 Nov 2018	Two phases
15		Qianyang, Shaanxi	Joint venture	100,000t/a	Nov 2018	
16		Sishui, Shandong	Equity fund investment	100,000t/a	Dec 2018	
<b>Subtotal</b>				120,000,000t/a		
<b>Total</b>				201,000,000t/a		

# Flourishing Environmental Protection Business

---Target of Solid and Hazardous Waste Disposal Capacity

Target of Solid and Hazardous Waste Disposal Capacity for the Next 3 years

Unit:10000t/a



# Flourishing Environmental Protection Business

## ---Development of Grate Furnace Waste Power Generation Projects

From the beginning of 2017 to now, the Group has obtained **3** Grate Furnace Waste Power Generation projects in **Songming Yunnan**, **Yiyang Jiangxi** and **Aral Xinjiang**. The Company also actively visited and conducted field research on the conditions of cleaning, transportation, treatment of municipal waste and resources recycling in **Bali, Indonesia** and **Morocco, North Africa**. The Group has entered into memorandum of cooperation with the two local governments or relevant authorities.

In the first half of 2017, completed projects have been disposed a total of 56.4 thousand tons of waste; the grid power generation achieved 12.4 million kWh. The construction of grate furnace waste power generation projects is progressing in an orderly manner. Among them, the projects in **Tongren Guizhou**, **Yanshan Yunnan** and **Huoqiu Anhui** have been fully prepared to be put into operation in the second half of 2017. An annual processing capacity of **440,000 tons** will be newly installed.



Signing ceremonies of grate furnace waste power generation projects in Yiyang, Jiangxi and Songming Yunnan



Furnace grate waste power generation projects under construction in Yanshan and Tongren

# Flourishing Environmental Protection Business

## --- Performance Review of Grate Furnace Waste Power Generation Projects

Number	Status	Location	Business Model	Size	Estimated Completion Time	Remark
1	Completed	Jinzhai, Anhui	BOT	100,000t/a	/	
<b>Subtotal</b>				<b>100,000t/a</b>		
2	Under construction	Tongren, Guizhou	BOT	2×100,000t/a	Phase 1 July 2017 Phase 2 Sep 2017	
3		Yanshan, Yunnan		100,000t/a	Sep 2017	
4		Huoqiu, Anhui		2×140,000/a	Phase 1 Oct 2017	Two phases
5		Shache, Xinjiang		2×100,000t/a	Phase 1 Dec 2017 Phase 2 March 2018	
6		Lixian, Hunan		2×100,000t/a	Phase 1 March 2018	Two phases
7		Bole, Xinjiang		100,000t/a	June 2018	
8		Songming, Yunnan		2×100,000t/a	Phase 1 Sep 2018	Two phases
<b>Subtotal</b>				<b>1,280,000t/a</b>		
9	Approval	Susong, Anhui	BOT	2×140,000t/a	/	
10		Yiyang, Jiangxi		2×100,000t/a	/	
11		Aral, Xinjiang		2×100,000t/a	/	
<b>Subtotal</b>				<b>680,000t/a</b>		
<b>Total</b>				<b>2,060,000t/a</b>		

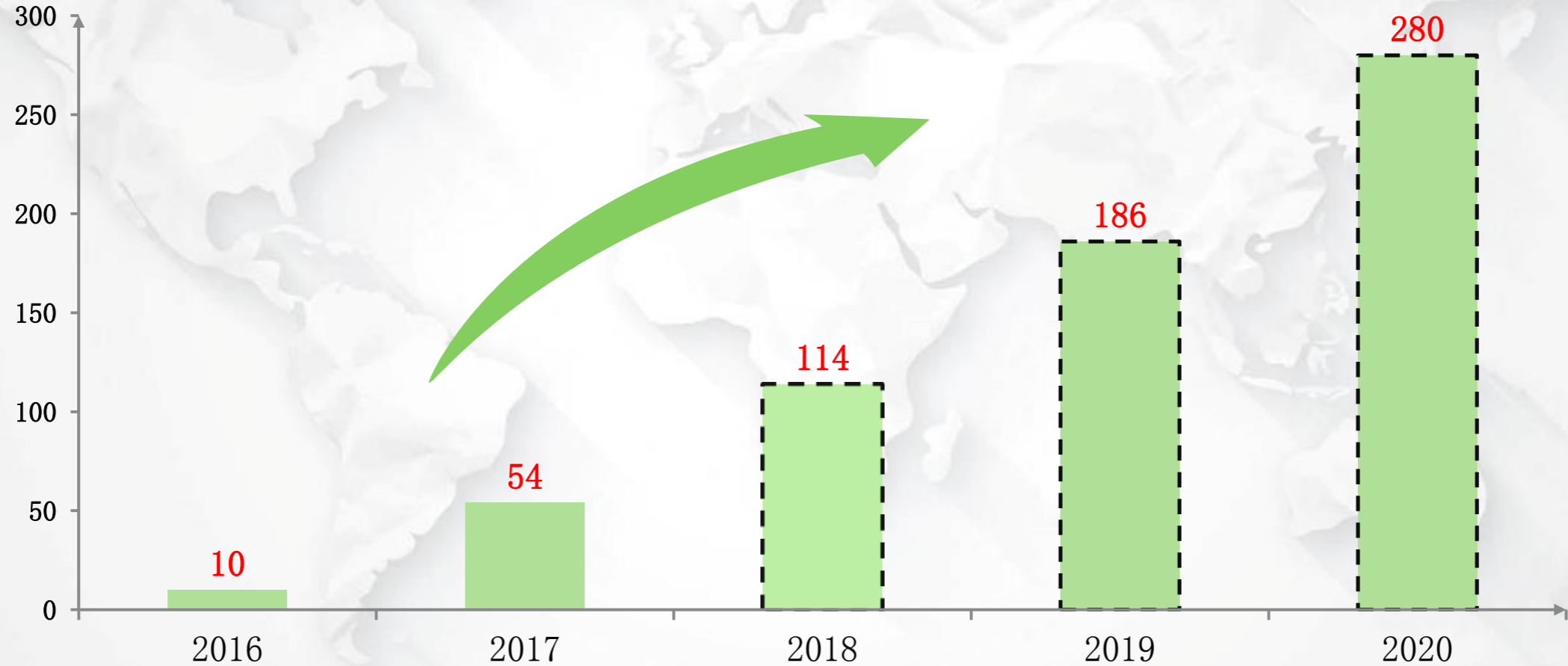


# Flourishing Environmental Protection Business

---Target of Grate Furnace Waste Power Generation Capacity

Target of Grate Furnace Waste Power Generation Capacity for the Next 3 Years

Unit: 10000t/a



# Flourishing Environmental Protection Business

## ---Disposal of Municipal Waste by Cement Kilns Projects

During the reporting period, the Company successfully acquired two CKK waste disposal projects in **Xing'an Guangxi** and **Yingjiang Yunnan** by strengthening project marketing.



The Company successfully signed the CKK waste disposal project in Xingan, Guangxi



The Company obtained the CKK waste disposal project in Yingjiang, Yunnan

# Flourishing Environmental Protection Business

## ---Performance Review of Municipal Waste Disposal by Cement Kilns

Number	Status	Location	Business Model	Size	Remark
1	Completed	Pingliang, Gansu	BOT	100,000t/a	
2		Qingzhen, Guizhou		100,000t/a	
3		Yangchun, Guangdong		70,000t/a	
4		Yuping, Guizhou		30,000t/a	Joint construction with China National Building Material Company Limited
5		Xishui, Guizhou		100,000t/a	
6		Qiyang, Hunan		100,000t/a	
7		Shimen, Hunan		70,000t/a	
8		Shuicheng, Guizhou		70,000t/a	
9		Fusui, Guangxi		70,000t/a	
10		Shuangfeng, Hunan		70,000t/a	
11		Baoshan, Yunnan		100,000t/a	
12		Nanjiang, Sichuan		70,000t/a	

# Flourishing Environmental Protection Business

---Performance Review of Municipal Waste Disposal by Cement Kilns (Cont.)

Number	Status	Location	Business Model	Size	Remark
13	<b>Completed</b>	Lingyun, Guangxi	BOT	30,000t/a	
14		Ningguo, Anhui		100,000t/a	
15		Linxia, Gansu		100,000t/a	
<b>Subtotal</b>				<b>1,180,000t/a</b>	
16	<b>Under construction</b>	Shahe, Hebei	EPC	/	
17		Longyan, Fujian		/	
18		Xingan, Guangxi	BOT	100,000t/a	Estimated to come into operation in May 2018
<b>Subtotal</b>				<b>100,000t/a</b>	
19	<b>Approval</b>	Yingjiang, Yunnan	BOT	70,000	Estimated to come into operation in Oct 2018
<b>Subtotal</b>				<b>70,000t/a</b>	
<b>Total</b>				<b><u>1,350,000t/a</u></b>	

# Flourishing Environmental Protection Business

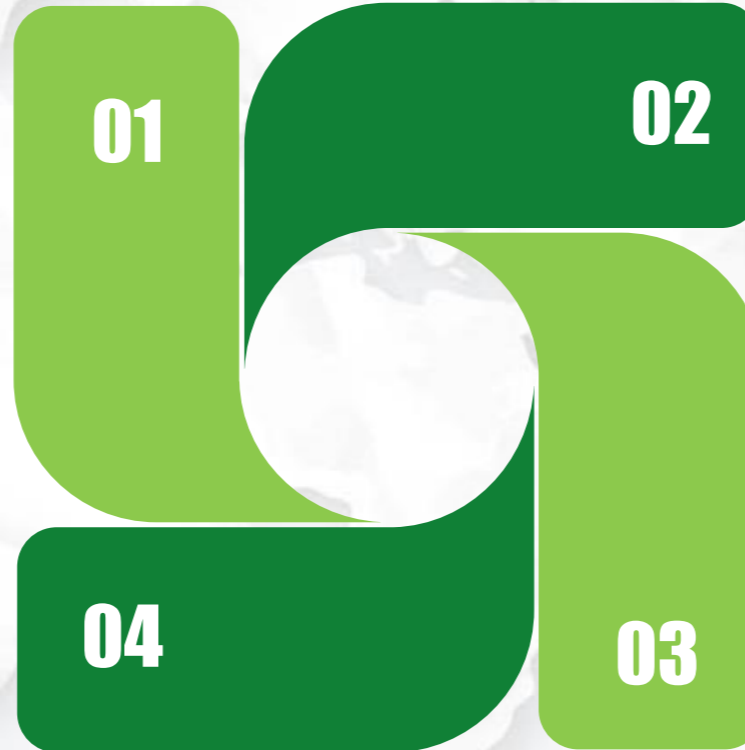
## ---Advantages of Environmental Protection Business

### Complementary Advantages, Two-Wheel Model

For different regional characteristics, the Company designed two waste disposal technologies for regions with and without cement factories and provided the best solutions to meet regional demand.

### Formal Management

The Company fully learnt from advanced operation and management concepts, adhered to the "unity, innovation, devotion and dedication" corporate culture, and fully undertook the social responsibility as a listed company to turn each environmental project into a high-quality demonstration project.



### Proven Financial strength

The company's asset-liability ratio is only 11.1%, which makes the Company capable to guarantee the implementation and operation of the projects.

### Advanced Technology

The Company cooperated with Kawasaki Heavy Industry and introduced the advanced waste processing technology from Japan, which can fully degrade dioxin and solidify heavy metals to make full use of waste.

# Energy Saving Business Strived for Transformation

## ---Transformation and Upgrading

In face of the grim situation, the performance of the Company's energy saving business has declined, the Group will adjust its business strategy to explore transformation of the energy saving business in the next step:



1

Provide engineering design, equipment manufacturing and civil engineering for energy saving projects.

2

Further optimize the existing technical solutions to reduce cost, improve efficiency and enhance the core competitiveness of the Group.

3

Increase the efforts in expanding the external markets of equipment manufacturing industry, so as to broaden the Company's business scope.

4

Promote the application of technologies such as kitchen and medical waste disposal, anaerobic decomposition, and urban river/lake sewage treatment.

# Accumulated Advantages of New Building Material Business

## ---Business Expansion

For product sales, as the Company's goal was to "improve both the quantity the quality", the Company conducted various measures to open up the market and improve the quality of sales services. At the same time, the Company placed more emphasis on stabilizing product quality, and therefore its competitiveness in the product markets was further strengthened.



The Company was invited to the "China Concrete and Cement Products Association Annual Meeting"



The Company organized professional sales training

In the first half of the year, the Company produced a total of **3.34 million sq. m.** ACA boards, and the sales of ACA boards was **2.66 million sq. m.** Recorded a revenue of **RMB30.89 million.**

# Accumulated Advantages of New Building Material Business

## --- Highlights

### Sales Increased Significantly YoY

The Company's subsidiaries in Wuhu and Bozhou recorded significantly improvement in sales in the first half of 2017, of which the sales of Wuhu new materials company exceeded **400,000 square meters** in June.

### Gross Profit Margin Gradually Normalized

Focusing on "cost and efficiency", the Company introduced various measures to facilitate the healthy development of the Company, of which the gross profit margin of Wuhu new materials company reached **19.96%** in June. But mainly due to the higher inventory cost of Bozhou new materials company in early stages, the consolidated gross profit margin is still negative.

### Selling Price Increased Steadily

In the first half of the year, the Company actively respond to the continual rise in raw material cost and logistics cost. With its effort in product price adjustment, the selling price increased **14.08%** YOY.

### Product Quality Gradually Stabilized

According to the overall requirement of "guaranteeing safety, checking quality and improving production capacity", the Company implemented supply ensuring measures and optimized production organization flows. As a result, the quality of products was stabilized and customer satisfaction level was improved.



# Steady Revenue of Port Logistics Services Business

In the first half of the year, the Company followed policy trends and market dynamics, and strived to gain more market shares. Through the provision of quality services, the Company received the recognition of a number of new and old clients.



Yangzhou Haichang Port Terminal

In the first half of the year, the port logistics services business realized revenue of **RMB74.97 million** with a throughput capacity of **13.71 million tons**, which was a **record high** since the commencement of operation.



The Company diversified markets and attract more high-quality customers



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Outlook

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# Outlook



## **Use the Company' s best endeavour to advance the development of environmental protection business and enhance the quality of the operation of its environmental protection projects**

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



## **Promote the stable operation of the energy-saving business by transformation and upgrading**

The Company will continue to pay close attention to the progress of overseas projects under construction and follow up on major projects and potential markets; strive to obtain more projects. At the same time, it will fully leverage on the technologies provided by Kawasaki Japan, so as to introduce technologies with promotional values, conduct research and analysis of the PRC market, research and analyze new environmental technologies and accelerate the transformation and upgrading of the energy-saving industry.



## **Keep the new building materials business moving in a positive trend**

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



## **Maintain the stable operation of its port logistics business**

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

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