China Conch Venture Holdings Limited
中國海螺創業控股有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 586)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

HIGHLIGHTS

- Turnover of the Group for the six months ended 30 June 2014 (the "Reporting Period") amounted to approximately RMB737.24 million, representing an increase of 12.26% as compared with the corresponding period of the previous year.
- Net profit attributable to equity shareholders of the Company for the six months ended 30 June 2014 amounted to approximately RMB1,165.68 million, representing an increase of 88.11% as compared with the corresponding period of the previous year.
- Basic earnings per share for the six months ended 30 June 2014 amounted to RMB0.65.
- The Board of the Company does not recommend the distribution of any interim dividend for the six months ended 30 June 2014.

The board of directors (the "Board") of China Conch Venture Holdings Limited (the "Company") hereby presents the unaudited results of operation and financial position for the six months ended 30 June 2014 of the Company and its subsidiaries (the "Group").

The unaudited consolidated financial statements of the Group for the six months ended 30 June 2014 have been approved by the Board and reviewed by the audit committee of the Board (the "Audit Committee").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2014 — unaudited
(Expressed in Renminbi Yuan)

		Six months ended 30 June	
		2014	2013
	Note	***RMB'000***	*RMB'000*
Turnover	*3*	**737,241**	656,708
Cost of sales		**(500,269)**	(422,040)
Gross profit		**236,972**	234,668
Other revenue	*4*	**60,937**	7,300
Other net (loss)/income		**(11,015)**	324
Distribution costs		**(13,052)**	(10,265)
Administrative expenses		**(45,398)**	(52,095)
Profit from operations		**228,444**	179,932
Finance costs	*5(a)*	**(35,278)**	(9,628)
Share of profit of an associate		**1,072,134**	547,411
Profit before taxation	*5*	**1,265,300**	717,715
Income tax	*6*	**(36,691)**	(36,435)
Profit for the period		**1,228,609**	681,280
Attributable to:			
Equity shareholders of the Company		**1,165,678**	619,688
Non-controlling interests		**62,931**	61,592
Profit for the period		**1,228,609**	681,280
Earnings per share			
Basic and diluted (RMB)	*7*	**0.65**	0.41

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2014 — unaudited
(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Profit for the period	**1,228,609**	681,280
Other comprehensive income for the period (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Change in fair value of available-for-sale securities, net of tax	**–**	60
Share of changes of reserves of an associate, net of tax	**(18,790)**	(147,275)
Exchange differences on translation of financial statements of overseas subsidiaries and the Company	**25,124**	–
	6,334	(147,215)
Total comprehensive income for the period:	**1,234,943**	534,065
Attributable to:		
Equity shareholders of the Company	**1,172,012**	472,473
Non-controlling interests	**62,931**	61,592
Total comprehensive income for the period	**1,234,943**	534,065

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2014 — unaudited
(Expressed in Renminbi Yuan)

	Note	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Non-current assets			
Property, plant and equipment		**876,031**	786,513
Lease prepayments		**153,818**	133,100
Intangible assets		**1,005**	1,193
Interest in an associate	8	**10,852,778**	9,806,938
Non-current portion of trade and other receivables	9	**126,704**	198,173
Finance lease receivable		**45,267**	52,098
Deferred tax assets		**50,962**	50,040
		12,106,565	11,028,055
Current assets			
Inventories		**167,085**	184,917
Trade and other receivables	9	**1,091,229**	1,029,643
Finance lease receivable within one year		**14,461**	14,461
Restricted bank deposits		**3,190**	3,662
Bank deposits with maturity over three months		**767,790**	17,790
Cash and cash equivalents		**2,305,419**	3,698,141
		4,349,174	4,948,614
Current liabilities			
Loans and borrowings		**328,804**	484,804
Trade and other payables	10	**1,312,915**	1,102,480
Income tax payables		**8,786**	8,263
		1,650,505	1,595,547
Net current assets		**2,698,669**	3,353,067
Total assets less current liabilities		**14,805,234**	14,381,122

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
At 30 June 2014 — unaudited
(Expressed in Renminbi Yuan)

	At 30 June 2014 *RMB'000*	At 31 December 2013 *RMB'000*
Non-current liabilities		
Loans and borrowings	**740,000**	1,104,000
Net assets	**14,065,234**	13,277,122
Capital and reserves		
Share capital	**14,347**	14,347
Reserves	**13,602,148**	12,786,664
Equity attributable to equity shareholders of the Company	**13,616,495**	12,801,011
Non-controlling interests	**448,739**	476,111
Total equity	**14,065,234**	13,277,122

NOTES TO UNAUDITED INTERIM FINANCIAL REPORT

(Expressed in Renminbi Yuan unless otherwise indicated)

1 BASIS OF PREPARATION

The interim financial report of the Group has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" adopted by the International Accounting Standards Board ("IASB"). It was authorised for issuance on 25 August 2014.

The interim financial report have been prepared in accordance with the same accounting policies adopted in the 2013 annual consolidated financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 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 2013 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 2013 that is included in the interim financial report as being previously reported information does not constitute the Group's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements of the Group for the year ended 31 December 2013 are available from the Company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 27 March 2014.

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:

- Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*
- Amendments to IAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*
- IFRIC 21, *Levies*

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

Amendments to IFRS 10, IFRS 12 and IAS 27, Investment entities

The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended IFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group's interim financial report as the Group does not qualify to be an investment entity.

Amendments to IAS 32, Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments do not have an impact on the Group's interim financial report as they are consistent with the policies already adopted by the Group.

Amendments to IAS 36, Recoverable amount disclosures for non-financial assets

The amendments to IAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The amendments do not have an impact on the Group's interim financial report as the Group didn't have any impaired non-financial asset or CGU.

IFRIC 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on the Group's interim financial report as the guidance is consistent with the Group's existing accounting policies.

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 periods ended 30 June 2014 and 2013 is set out below:

	Six months ended 30 June 2014 (Unaudited)				
	Energy preservation and environmental protection solutions *RMB'000*	**Port logistics services** *RMB'000*	**Investments** *RMB'000*	**Green building materials** *RMB'000*	**Total** *RMB'000*
Reportable segment revenue	**663,820**	**73,421**	**–**	**–**	**737,241**
Reportable segment profit before tax	**184,668**	**22,335**	**1,072,134**	**(13,837)**	**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**
Reportable segment assets	**3,859,730**	**671,816**	**10,852,778**	**1,071,415**	**16,455,739**
Reportable segment liabilities	**1,444,697**	**410,936**	**–**	**534,872**	**2,390,505**

	Six months ended 30 June 2013			
	Energy preservation and environmental protection solutions	Port logistics services	Investments in construction material companies and other investments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue	592,994	63,714	–	656,708
Reportable segment profit before tax	147,655	22,649	547,411	717,715
Interest income	5,742	157	–	5,899
Interest expenses	1,689	7,939	–	9,628
Depreciation and amortisation	7,417	15,543	–	22,960
Provision for impairment losses	7,840	158	–	7,998

	Year ended 31 December 2013					
	Energy preservation and environmental protection solutions	Port logistics services	Investments	Green building materials	Unallocated	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment assets	2,087,338	671,816	9,806,938	320,364	3,090,213	15,976,669
Reportable segment liabilities	1,261,537	410,936	–	1,027,074	–	2,699,547

(i) 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	
	2014	2013
	RMB'000	*RMB'000*
Revenue		
Mainland China	**613,466**	528,756
Brazil	**202**	–
Thailand	**1,203**	26,414
Japan	**527**	6,089
Vietnam	**59,515**	62,369
Indonesia	**50,124**	33,080
Myanmar	**12,204**	–
	737,241	656,708

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

4 OTHER REVENUE

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Interest income	**47,355**	5,899
Government grants	**13,582**	1,401
	60,937	7,300

5 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
(a) Finance costs:		
Interest on loans and borrowings	**35,757**	9,628
Less: interest expense capitalised into construction in progress	**(479)**	–
	35,278	9,628

(b) Other items:

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Depreciation	**25,167**	21,289
Amortisation of lease prepayments	**1,478**	1,225
Amortisation of intangible assets	**188**	446
Research and development costs	**11,020**	5,027
Impairment losses on trade receivables	**4,028**	7,988
Staff costs	**27,840**	31,296

6 INCOME TAX

	Six months ended 30 June	
	2014	2013
	RMB'000	*RMB'000*
Current tax:		
Provision for PRC income tax for the period	**37,613**	39,789
Deferred tax:		
Origination and reversal of temporary differences	**(922)**	(3,354)
	36,691	36,435

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(ii) No provision for Hong Kong Profits Tax was made for the subsidiary located in Hong Kong as this subsidiary did not have assessable profits subject to Hong Kong Profits Tax during the reporting periods. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

(iii) The provision for PRC income tax is based on a statutory rate of 25% of the assessable income of the Company's mainland China subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC. A subsidiary obtained high technology enterprise certificate and is entitled to the preferential tax rate of 15% since 2008.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2014 of RMB1,165,678,000 (six months ended 30 June 2013: RMB619,688,000) and the weighted average number of shares in issue during the six months ended 30 June 2014 of 1,804,750,000 (six months ended 30 June 2013: 1,500,000,000 shares).

(b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding during the six months ended 30 June 2014 and 2013.

8 INTEREST IN AN ASSOCIATE

As at the date of this announcement, interest in an associate represented share of net assets of the associate, namely Anhui Conch Holdings Co., Ltd. ("Conch Holdings"). For the six months ended 30 June 2014, the Group recognised the share of profit of an associate in the amount of RMB1,072,134,000 in the consolidated statement of profit or loss.

9 TRADE AND OTHER RECEIVABLES

	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Trade receivables	**632,768**	537,104
Gross amounts due from customers for construction contract work	**112,687**	74,803
Bills receivable	**89,188**	238,467
Less: allowance for doubtful debts	**(41,200)**	(37,172)
Trade and bills receivables	**793,443**	813,202
Deposits and prepayments	**87,073**	19,738
Other receivables	**40,727**	45,522
Amounts due from third parties	**921,243**	878,462
Amounts due from related parties	**169,986**	151,181
	1,091,229	1,029,643
Non-current portion of gross amounts due from customers for construction contract work	**126,704**	198,173
Total current and non-current trade and other receivables	**1,217,933**	1,227,816

As of the end of the Reporting Period, 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 2014 RMB'000	At 31 December 2013 RMB'000
Within 1 year	**707,476**	727,954
After 1 year but within 2 years	**77,295**	72,032
After 2 years but within 3 years	**4,045**	7,869
After 3 years but within 5 years	**4,627**	5,347
	793,443	813,202

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

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

10 TRADE AND OTHER PAYABLES

	At 30 June 2014	At 31 December 2013
	RMB'000	*RMB'000*
Trade payables	**473,220**	491,427
Bills payable	**166,612**	95,448
	639,832	586,875
Receipts in advance	**47,178**	35,896
Other payables and accruals	**126,206**	174,039
Amounts due to third parties	**813,216**	796,810
Dividends payable	**263,392**	–
Amounts due to related parties	**236,307**	305,670
Trade and other payables	**1,312,915**	1,102,480

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Macro environment

In the first half of 2014, the global economy maintained its steady recovery, and the economic development of China remained stable in general. China's gross domestic product and the total investment in fixed assets increased by 7.4% and 17.3% respectively, as compared with the corresponding period in the previous year. As a major player in the world economy, while maintaining steady economic growth, China is provocatively restructuring its economy, and will prioritise the development of green economy and environmental protection industries in future economic reforms.

According to the National Bureau of Statistics of China, the urbanisation rate of China reached 53.7% in 2013 and is still increasing rapidly. In response to the acceleration of urbanisation and demand for economic restructuring, the State Council issued various policies including the Air Pollution Prevention and Control Plan (2013–2017) (《大氣污染防治行動計劃2013-2017》) and the Opinions on Promoting the Development of Energy-Preservation and Environmental-Protection Industries (《關於加快發展節能環保產業的意見》) to promote the development of energy-preservation and environmental-protection industries and industry upgrade and transformation. Local governments have also formulated implementation measures. All of these efforts have fully demonstrated the Chinese government's determination and long-term plan to promote environment protection. By capitalising on the opportunities arising from the favourable policies, development of the energy-preservation and environmental-protection industries will be promising.

In addition, infrastructure investment will switch from traditional building materials to new urban building materials as urbanisation carries forward. Under the favourable policies, industries such as new building materials will also benefit from the new urbanisation and grow rapidly. Development potential of the industry is huge.

Business development

During the Reporting Period, under the support of the government's policies and fast growth of the industry, the Group strived to focus on energy-preservation, environmental-friendly and new building materials industries to build a beautiful home for all people. The Group's residual heat power generation and energy-saving vertical mills manufacturing businesses developed steadily, and it has exerted great efforts in the promotion of its waste incineration projects. Leveraging on its comprehensive advantages in technology, capital and management, the Group further consolidated its capability in technological research and development, process design, construction, operation management and equipment manufacturing to provide integrated energy-preservation and environmental-protection solutions in timely response to the market changes while maximising its profit. The scale and efficiency of its operation continued to grow, and its market shares increased significantly. Projects under construction and under planning also achieved satisfactory progress.

In order to support the healthy and sustainable development of the Group, the Group strengthened its cooperation with China National Building Material Group Corporation by entering into a strategic cooperation agreement for the cooperation in waste incineration projects with its technological strength in waste incineration projects and the nation-wide cement production lines of China National Building Material Group Corporation. Besides, the Group also entered into a strategic cooperation agreement with New World Environmental Services Group in respect of the disposal project of solid waste by cement kilns and such project will be first constructed in Qian County, Shaanxi Province.

During the Reporting Period, the Group facilitated the development of energy-preservation and environmental-protection industries and accelerated the construction progress of new building materials projects in Bozhou and Wuhu. The two projects are expected to commence operation in September and December of 2014, respectively. While ensuring the project progress, the Group also carried out various preparatory works such as formulating marketing strategies, recruiting staff and training employees.

Operating results

During the Reporting Period, the Group had 21 revenue-generating residual heat power generation projects and 10 orders for residual heat power generation projects, while 10 and 12 sets of its energy-saving vertical mills were sold and contracted, respectively.

As at 30 June 2014, the Group had 14 contracted waste incineration projects, including 6 waste incineration projects under construction, 8 approved waste incineration projects under planning and 3 waste incineration projects under negotiation with intention to sign contracts.

During the Reporting Period, the Group explored cargo sources for its port logistics business. With rising investment in technological transformation, it maintained stable growth in turnover of its port logistics business with throughput of 10.80 million tonnes, representing an increase of 1.88 million tonnes as compared with the corresponding period in the previous year.

PROFITS

During the Reporting Period, the Group recorded turnover of RMB737 million and profit before taxation of RMB1.265 billion, representing increases of 12.26% and 76.30% 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 RMB1.166 billion, representing an increase of 88.11% as compared with the corresponding period of the previous year. Basic earnings per share amounted to RMB0.65.

Share of revenue and profit of Anhui Conch Cement Company Limited ("Conch Cement")

Item	January–June 2014 Amount (RMB'000)	January–June 2014 Percentage (%)	January–June 2013 Amount (RMB'000)	January–June 2013 Percentage (%)	Change in amount (%)	Change in percentage (percentage point)
Turnover	**737,241**	**100.00**	656,708	100.00	**12.26**	**–**
Other customers	**364,531**	**49.45**	290,472	44.23	**25.50**	**5.22**
Conch Cement	**372,710**	**50.55**	366,236	55.77	**1.77**	**(5.22)**
Profit for the period	**1,228,609**	**100.00**	681,280	100.00	**80.34**	**–**
Share of profit of an associate	**1,072,134**	**87.26**	547,411	80.35	**95.86**	**6.91**
Profit attributable to operations	**156,475**	**12.74**	133,869	19.65	**16.89**	**(6.91)**

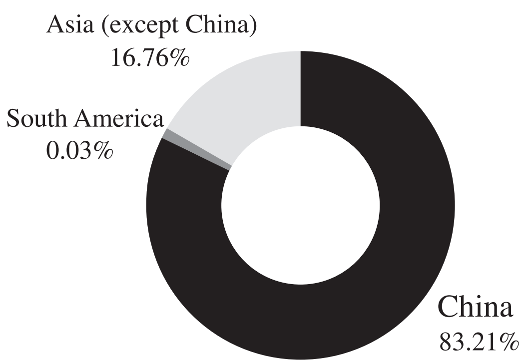
During the Reporting Period, the Group strived to explore new markets. Turnover from other customers was RMB365 million and accounted for 49.45% of total turnover, representing increases of 25.50% and 5.22 percentage points as compared with the corresponding period of the previous year, respectively. Turnover from Conch Cement was RMB373 million, representing an increase of 1.77% as compared with the corresponding period of the previous year. Its proportion to total turnover decreased by 5.22 percentage points as compared with the corresponding period of the previous year. Share of profit of an associate amounted to RMB1.072 billion, representing an increase of 95.86% as compared with the corresponding period of the previous year. The increase was mainly attributable to the significant profit growth in Conch Cement, whose 36.78% equity interest was held by Conch Holdings which in turn was held as to 49% by the Group, resulting in an increase of profit attributable to the Group from Conch Holdings.

Turnover by business segments

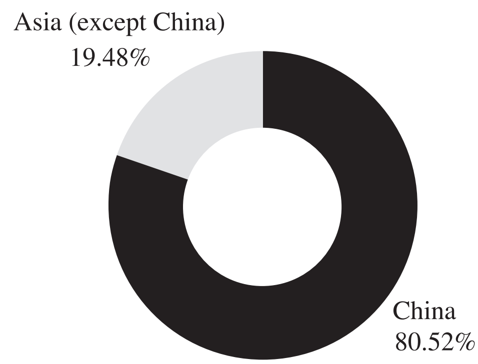
Item	January–June 2014 Amount (RMB'000)	January–June 2014 Percentage (%)	January–June 2013 Amount (RMB'000)	January–June 2013 Percentage (%)	Change in amount (%)	Change in percentage (percentage point)
Residual heat power generation	**471,068**	**63.90**	499,170	76.01	**(5.63)**	**(12.11)**
Vertical mills	**164,839**	**22.36**	93,824	14.29	**75.69**	**8.07**
Waste incineration	**27,913**	**3.78**	–	–	**–**	**3.78**
Subtotal	**663,820**	**90.04**	592,994	90.30	**11.94**	**(0.26)**
Port logistics services	**73,421**	**9.96**	63,714	9.70	**15.24**	**0.26**
Total	**737,241**	**100.00**	656,708	100.00	**12.26**	**–**

During the Reporting Period, the turnover of vertical mill, waste incineration and port logistics services of the Group maintained steady growth while the turnover of residual heat power generation experienced a slight decrease. In terms of turnover segments: (i) the turnover of waste incineration amounted to RMB27.913 million, which was mainly attributable to the recognition of partial revenue from waste incineration in Chongqing, Zunyi in Guizhou and Pingliang in Gansu; (ii) the turnover of vertical mills and port logistics services increased by 75.69% and 15.24% as compared with the corresponding period of pervious year, respectively. The increase in the turnover of vertical mills was mainly attributable to the increase in orders as compared with the corresponding period of previous year while the increase in the turnover of port logistics services was mainly due to the increase in cargo source and throughput capacity of ports; (iii) the turnover of residual heat power generation decreased by 5.63% as compared with the corresponding period of the previous year, which was mainly attributable to decrease in operating revenue resulting from the delay in some construction projects due to the funding problem of project owners.

Turnover by geographical locations
Unit: RMB'000



January-June 2014



January-June 2013

During the Reporting Period, the turnover of the Group was largely generated from Chinese market, which accounted for 83.21% of the total turnover. Its proportion to total turnover increased by 2.69 percentage points as compared with the corresponding period of the previous year. Turnover increased by 16.02% as compared with the corresponding period of last year.

Gross profit and gross profit margin

Item	January–June 2014		January–June 2013			
	Gross profit	**Gross profit margin**	Gross profit	Gross profit margin	**Change in amount**	**Change in gross profit margin**
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*	***(%)***	***(percentage point)***
Residual heat power generation	**137,028**	**29.09**	173,436	34.74	**(20.99)**	**(5.65)**
Vertical mills	**46,078**	**27.95**	21,926	23.37	**110.15**	**4.58**
Waste incineration	**13,541**	**48.51**	–	–	**–**	**–**
Subtotal	**196,647**	**29.62**	195,362	32.95	**0.66**	**(3.33)**
Port logistics services	**40,325**	**54.92**	39,306	61.69	**2.59**	**(6.77)**
Total	**236,972**	**32.14**	234,668	35.73	**0.98**	**(3.59)**

During the Reporting Period, the consolidated gross profit margin of products of the Group was 32.14%, representing a decrease of 3.59 percentage points as compared with the corresponding period of the previous year, primarily due to the decrease in prices as a result of intensified competition in the residual heat power generation market. Higher gross profit margin was recorded for waste incineration projects mainly because the projects for which income was recognised were at their design stage with higher gross profit margin. Gross profit margin for port logistics services experienced a decrease of 6.77 percentage points, which was attributable to the changes in the structure of cargo source.

Distribution costs

During the Reporting Period, the distribution costs of the Group were RMB13.052 million, representing an increase of RMB2.787 million, or 27.15%, as compared with the corresponding period of the previous year, primarily due to the increase in transportation charges as a result of higher sales of vertical mills of the Group.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group were RMB45.398 million, representing a decrease of RMB6.697 million, or 12.86%, as compared with the corresponding period of the previous year, primarily due to the listing expenses of the corresponding period of last year and the decrease in the provision for asset impairment of trade receivables for the period as compared with the corresponding period of the previous year.

Finance costs

During the Reporting Period, the finance costs of the Group were RMB35.278 million, representing an increase of RMB25.650 million as compared with the corresponding period of the previous year, primarily due to the increase in interest expenses as a result of the taking up of loans by the Group as part of its restructuring.

Profit before taxation

During the Reporting Period, the profit before taxation of the Group was RMB1.265 billion, representing an increase of RMB548 million, or 76.30%, as compared with the corresponding period of the previous year, primarily due to the profit growth of its principal business and the increase in its share of profit of an associate.

Financial Position

As at 30 June 2014, the financial position of the Group remained sound and stable. Total assets and equity attributable to equity shareholders of the Company amounted to RMB16.456 billion and RMB13.616 billion, representing increases of RMB479 million and RMB815 million, respectively, as compared with the end of the previous year. The increases were mainly due to the profit growth of the principal business of the Group and the increase in its share of profit of an associate. Gearing ratio was 14.53%, representing a decrease of 2.37 percentage points as compared with the end of the previous year.

Non-current assets and non-current liabilities

As at 30 June 2014, the non-current assets of the Group was RMB12.107 billion, representing an increase of 9.78% 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 RMB740 million, representing a decrease of 32.97% as compared with the end of the previous year, primarily due to the early repayment of long-term bank loans by the Group.

Current assets and current liabilities

As at 30 June 2014, the current assets of the Group was RMB4.349 billion, representing a decrease of 12.11% as compared with the end of the previous year, primarily due to the accelerated project investment and the repayment of certain bank loans. Current liabilities of the Group was RMB1.651 billion, representing an increase of 3.44% as compared with the end of the previous year, primarily due to the increase in the balance of dividend payable of the Group. Current ratio and debt to equity ratio (calculated by dividing total loans by total equity) of the Group were 2.64 and 0.08, respectively, as compared with 3.10 and 0.12 at the end of the previous year respectively.

Bank loans

Item	**At 30 June 2014** ***(RMB'000)***	At 31 December 2013 *(RMB'000)*
Due within one year	**328,804**	484,804
Due after one year but within two years	**690,000**	904,000
Due after two years but within five years	**50,000**	200,000
Total	**1,068,804**	1,588,804

As at 30 June 2014, the balance of bank loans of the Group amounted to RMB1,068.804 million, representing a decrease of RMB520 million as compared with the end of the previous year, primarily due to the repayment of certain loans by the Group during the Reporting Period.

CASH FLOW

Item	**January–June 2014** ***(RMB'000)***	January–June 2013 *(RMB'000)*
Net cash generated from operating activities	**204,703**	150,318
Net cash used in investing activities	**(871,748)**	(140,129)
Net cash used in financing activities	**(739,867)**	(39,864)
Net decrease in cash and cash equivalents	**(1,406,912)**	(29,675)
Cash and cash equivalents at the beginning of the period	**3,698,141**	276,388
Effect of foreign exchange rate changes	**14,190**	–
Cash and cash equivalents at the end of the period	**2,305,419**	246,713

Net cash generated from operating activities

During the Reporting Period, net cash generated from the operating activities of the Group amounted to RMB204.703 million, representing an increase of RMB54.385 million as compared with the corresponding period of the previous year. The increase was mainly attributable to the increase in the revenue of the Group and the decrease in the balance of bank acceptance notes due from customers.

Net cash used in investing activities

During the Reporting Period, net cash outflow used in the investing activities of the Group amounted to RMB871.748 million, representing an increase of RMB731.619 million as compared with the corresponding period of the previous year. The increase was mainly attributable to the time deposit made by the Group for better use of funds.

Net cash used in financing activities

During the Reporting Period, net cash outflow used in the financing activities of the Group amounted to RMB739.867 million, representing an increase of RMB700.003 million as compared with the corresponding period of the previous year. The increase was mainly attributable to the repayment of bank loans and payment of dividends by the Group during the Reporting Period.

COMMITMENTS

During the Reporting Period, the capital expenditure of the Group amounted to RMB156.599 million, which was mainly the expenditure for the investment in new building materials in Bozhou and Wuhu, Haichang Port and waste incineration projects in progress.

As at 30 June 2014, outstanding purchase commitments of the Group were as follows:

Items	**At 30 June 2014** ***(RMB'000)***	At 31 December 2013 *(RMB'000)*
Authorised and contracted for	**224,682**	69,863
Authorised but not contracted for	**590,995**	163,142
Total	**815,677**	233,005

FOREIGN EXCHANGE RISK

The foreign exchange risk faced by the Group mainly derives from account receivables and payables arising from sales and procurement and proceeds from the issue of new shares which are denominated in foreign currencies, mainly including US dollars, Hong Kong dollars and Japanese Yen. The Group adopted effective management and control measures to control the risk within acceptable range.

CONTINGENT LIABILITIES

During the Reporting Period, the Group had no material contingent liabilities.

MATERIAL ACQUISITIONS OR DISPOSALS

During the Reporting Period, the Company and its relevant subsidiaries or associates had not conducted any material acquisitions or disposals.

USE OF PROCEEDS FROM LISTING

The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 19 December 2013. Total proceeds from the global offering amounted to approximately HK$3,968.3 million. The Company currently has no intention to change the plan of use of proceeds as disclosed in the prospectus of the Company dated 9 December 2013.

HUMAN RESOURCES

The Group always 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 seminars relating to domestic waste treatment technology, project technology and marketing of new building materials, highlights of commercial contracts and basic knowledge of grate incinerator technology. In order to strengthen team building, the Group recruited graduates of universities and vocational schools across China through numerous channels.

As at 30 June 2014, the Group had approximately 815 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 (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 contribution to the Group.

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

Outlook for the second half of 2014

The business growth and efforts of the Group have gained widespread recognition from the capital market and the society. The Group being included as a Constituent Stock of Hang Seng Mainland 100 Index on 9 June 2014 also demonstrates its outstanding performance and long term development potential.

Looking forward, the Group is determined to capture new development opportunities and overcome challenges. The Group will consolidate its achievements in energy-saving industry to boost the steady growth of environmental-protection industry. In addition, the Group will proactively carry out preparatory works before the new building materials projects in Wuhu and Bozhou commence operation. Subsequent to the commencement of operation, the annual production capacity of cellulose cement autoclaved boards of the Group will reach 32.0 million square meters, making the Group the largest producer and supplier of cellulose cement autoclaved boards in China and generating additional revenue for the Group. New projects in other regions of China will be deployed in line with sales conditions in the market. The Group will selectively seek opportunities of merger and acquisition and explore new businesses while developing its principal businesses, with an aim to expand to the international market, develop into a world-class enterprise and achieve better financial results for its shareholders.

INTERIM DIVIDEND

The Board of the Company does not recommend the distribution of any interim dividend for the six months ended 30 June 2014.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board confirmed that the Company complied with the principles and code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") during the period of the six months ended 30 June 2014.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the transactions of securities of the Company by the directors and the relevant employees (who likely possess inside information of the Company) ("Securities Dealing Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Listing Rules. Having made specific enquiries by the Company, all directors of the Company confirmed that they complied with the Model Code and the Securities Dealing Code during the Reporting Period.

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

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

REVIEW OF THE INTERIM RESULTS

The unaudited interim results of the Company for the six months ended 30 June 2014 has been reviewed by the Audit Committee of the Company comprising three independent non-executive directors, namely Mr. Chan Chi On (alias Derek Chan), being the chairman of the Audit Committee, Mr. Chan Kai Wing and Mr. Lau Chi Wah, Alex. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT

This interim results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the website of the Company (http://www.conchventure.com). The interim report of the Company for the six months ended 30 June 2014 containing all information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in due course.

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

China, 25 August 2014

As at the date of this announcement, the Board of the Company comprises Mr. GUO Jingbin, Mr. JI Qinying, Mr. LI Jian and Mr. LI Daming, being the executive directors; Ms. ZHANG Mingjing, being the non-executive director; and Mr. CHAN Chi On (alias Derek CHAN), Mr. CHAN Kai Wing and Mr. LAU Chi Wah, Alex, being the independent non-executive directors.