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

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2016**

**HIGHLIGHTS**

- Revenue of the Group for 2016 amounted to approximately RMB2,032.21million (2015: RMB2,057.49 million), representing a decrease of 1.23% as compared to 2015.
- Net profit attributable to equity shareholders of the Group for 2016 amounted to approximately RMB1,980.61 million (2015: RMB1,944.34 million), representing an increase of 1.87% as compared to 2015.
- Net profit (excluding share of profit of an associate) of principal activities attributable to equity shareholders of the Group for 2016 amounted to approximately RMB445.11 million (2015: RMB404.48 million), representing an increase of 10.04% as compared to 2015.
- Basic earnings per share for 2016 amounted to RMB1.10 (2015: RMB1.08).
- The Board proposed the distribution of a final cash dividend of HKD0.30 per share for 2016 (2015: HKD0.30).

The board of directors (the “Board”) of China Conch Venture Holdings Limited (the “Company”) is pleased to announce the consolidated results and financial position for the year ended 31 December 2016 (the “Reporting Period”) of the Company and its subsidiaries (the “Group”).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS***For the year ended 31 December 2016**(Expressed in Renminbi Yuan)*

		<b>2016</b>	<b>2015</b>
	<i>Note</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Revenue</b>	3	<b>2,032,213</b>	2,057,494
Cost of sales		<u>(1,234,835)</u>	<u>(1,275,875)</u>
<b>Gross profit</b>		<b>797,378</b>	781,619
Other income	4	<b>147,610</b>	171,118
Distribution costs		<b>(25,931)</b>	(29,065)
Administrative expenses		<u>(147,500)</u>	<u>(198,422)</u>
<b>Profit from operations</b>		<b>771,557</b>	725,250
Finance costs	5(a)	<b>(25,225)</b>	(38,396)
Share of profit of an associate	9	<u><b>1,535,505</b></u>	<u>1,539,856</u>
<b>Profit before taxation</b>	5	<b>2,281,837</b>	2,226,710
Income tax	6(a)	<u><b>(154,402)</b></u>	<u>(166,899)</u>
<b>Profit for the year</b>		<u><b>2,127,435</b></u>	<u>2,059,811</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>1,980,612</b>	1,944,340
Non-controlling interests		<u><b>146,823</b></u>	<u>115,471</u>
<b>Profit for the year</b>		<u><b>2,127,435</b></u>	<u>2,059,811</u>
<b>Earnings per share</b>			
Basic and diluted (RMB)	7	<u><b>1.10</b></u>	<u>1.08</u>

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

*For the year ended 31 December 2016*

*(Expressed in Renminbi Yuan)*

	<b>2016</b>	2015
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit for the year</b>	<b>2,127,435</b>	2,059,811
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>		
Items that may be reclassified subsequently to profit or loss:		
Share of changes of reserves of an associate, net of tax	<u>(24,367)</u>	<u>37,663</u>
	<u>(24,367)</u>	<u>37,663</u>
<b>Total comprehensive income for the year:</b>	<b><u>2,103,068</u></b>	<b><u>2,097,474</u></b>
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>1,956,245</b>	1,982,003
Non-controlling interests	<b><u>146,823</u></b>	<u>115,471</u>
<b>Total comprehensive income for the year</b>	<b><u>2,103,068</u></b>	<b><u>2,097,474</u></b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2016

(Expressed in Renminbi Yuan)

	<i>Note</i>	<b>2016</b> <b>RMB'000</b>	2015 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>1,029,576</b>	998,151
Lease prepayments		<b>203,524</b>	204,091
Intangible assets		<b>279,198</b>	84,023
Interest in an associate	<i>9</i>	<b>13,773,335</b>	12,655,775
Non-current portion of trade and other receivables	<i>10</i>	<b>1,519,694</b>	790,870
Non-current prepayments		–	45,000
Deferred tax assets		<b>66,633</b>	65,349
		<b>16,871,960</b>	14,843,259
<b>Current assets</b>			
Inventories		<b>164,064</b>	246,116
Trade and other receivables	<i>10</i>	<b>993,234</b>	1,076,321
Restricted bank deposits		<b>18,175</b>	1,745
Cash and cash equivalents		<b>2,165,640</b>	2,332,268
		<b>3,341,113</b>	3,656,450
<b>Current liabilities</b>			
Loans and borrowings		<b>59,833</b>	50,000
Trade and other payables	<i>11</i>	<b>1,214,530</b>	1,172,166
Income tax payable		<b>56,853</b>	48,149
		<b>1,331,216</b>	1,270,315
<b>Net current assets</b>		<b>2,009,897</b>	2,386,135
<b>Total assets less current liabilities</b>		<b>18,881,857</b>	17,229,394
<b>Non-current liabilities</b>			
Loans and borrowings		<b>535,267</b>	480,000
<b>Net assets</b>		<b>18,346,590</b>	16,749,394
<b>Capital and reserves</b>			
Share capital		<b>14,347</b>	14,347
Reserves		<b>17,732,970</b>	16,244,099
<b>Equity attributable to equity shareholders of the Company</b>		<b>17,747,317</b>	16,258,446
<b>Non-controlling interests</b>		<b>599,273</b>	490,948
<b>Total equity</b>		<b>18,346,590</b>	16,749,394

## NOTES TO THE FINANCIAL STATEMENTS

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (“IAS”) and related interpretations, promulgated by the International Accounting Standards Board (“IASB”), and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

#### (b) Basis of preparation and presentation

The consolidated financial statements for the year ended 31 December 2016 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in an associate.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except that financial instruments classified as available-for-sale are stated at their fair value.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### 2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented.

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

### 3 REVENUE AND SEGMENT REPORTING

#### (a) Revenue

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

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

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Energy preservation and environmental protection solutions</b>		
Residual heat power generation	<b>631,680</b>	871,118
Vertical mill	<b>172,236</b>	203,840
Waste incineration solutions (i)	<b>974,343</b>	812,141
Solid and hazardous waste solutions	<b>61,975</b>	–
Subtotal	<b>1,840,234</b>	1,887,099
<b>Port logistics services</b>	<b>141,182</b>	149,793
<b>Sale of new building materials</b>	<b>50,797</b>	20,602
Total	<b>2,032,213</b>	2,057,494

- (i) Revenue of waste incineration solutions mainly represents the revenue for construction services under Build-Operate-Transfer (“BOT”) arrangements, revenue from waste incineration project operation services and finance income under the BOT arrangements. The amount of each significant category of revenue during the year is as follows:

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Revenue from waste incineration project construction services	<b>887,390</b>	787,807
Revenue from waste incineration project operation services	<b>35,203</b>	10,579
Finance income	<b>51,750</b>	13,755
Total	<b>974,343</b>	812,141

The Group has transactions with the PRC local government authorities which in aggregate exceeded 10% of the Group’s revenue. Revenue from provision of waste incineration project construction and operation services and finance income derived from local government authorities in the PRC for the year ended 31 December 2016 amounting to RMB920,497,000 (2015: RMB692,451,000). Furthermore, the Group has transactions with one individual customer the aggregate amount of which has exceeded 10% of the Group’s revenues in 2016 (2015: two). Revenues from the customer in 2016 amounted to RMB433,829,000. Revenue from two customers in 2015 amounted to RMB569,130,000.

**(b) Segment reporting**

The Group manages its businesses by divisions, which are organised by business lines. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following reportable segments.

- (1) Energy preservation and environmental protection solutions: this segment includes manufacturing and sales of residual heat power generation, vertical mill, waste incineration, solid waste and hazardous waste disposal and maintenance and related after sales services.
  - (2) Port logistics services: this segment mainly engages in cargo handling, transshipment and warehousing services.
  - (3) New building materials: this segment mainly engages in alternative wall building materials, such as the cellulose fiber cement sheets, autoclaved boards and wood wool cement boards and currently in initial expansion stage.
  - (4) Investments: this segment comprises investment in Anhui Conch Holdings Co., Ltd. ("Conch Holdings"). Details of the principal activities of Conch Holdings are set out in Note 9.
- (i) For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all current assets and non-current assets. Segment liabilities include trade and other payables, income tax payable and loans and borrowings managed directly for the segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments.

The measure used by the Group's senior executive management to assess segment results 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 years ended 31 December 2016 and 2015 is set out below:

	Year ended 31 December 2016					
	Energy preservation and environmental protection solutions <i>RMB'000</i>	Port logistics services <i>RMB'000</i>	New building materials <i>RMB'000</i>	Investments <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment revenue	1,840,234	141,182	50,797	-	-	2,032,213
Reportable segment profit/(loss) before taxation	736,375	45,212	(34,684)	1,535,505	(571)	2,281,837
Interest income	45,865	94	24,997	-	1,957	72,913
Interest expenses	21,748	3,477	-	-	-	25,225
Depreciation and amortisation	20,512	42,703	14,583	-	-	77,798
Provision for impairment losses						
— trade and other receivables	4,648	-	-	-	-	4,648
— inventory	-	-	6,266	-	-	6,266
Reportable segment assets	4,701,052	574,638	1,146,242	13,773,335	17,806	20,213,073
Reportable segment liabilities	1,668,383	107,374	90,580	-	146	1,866,483



Year ended 31 December 2015

	Energy preservation and environmental protection solutions <i>RMB'000</i>	Port logistics services <i>RMB'000</i>	New building materials <i>RMB'000</i>	Investments <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment revenue	1,887,099	149,793	20,602	–	–	2,057,494
Reportable segment profit/(loss) before taxation	608,302	51,645	36,820	1,539,856	(9,913)	2,226,710
Interest income	47,237	197	61,469	–	823	109,726
Interest expenses	14,870	4,554	14,281	–	4,691	38,396
Depreciation and amortisation	14,553	42,153	13,451	–	–	70,157
Provision for impairment losses — trade and other receivables	58,715	–	–	–	–	58,715
Reportable segment assets	3,584,694	637,457	1,580,130	12,655,775	41,653	18,499,709
Reportable segment liabilities	1,543,044	123,862	83,324	–	85	1,750,315

(ii) *Geographic information*

The following table sets out information about the geographical location of the Group's revenue from external customers. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Revenue</b>		
Mainland China	<b>1,621,095</b>	1,199,387
Asia (except Mainland China)	<b>410,141</b>	850,241
Africa	<b>201</b>	6,502
South America	<b>776</b>	1,364
	<b><u>2,032,213</u></b>	<u>2,057,494</u>

The Group's property, plant and equipment, lease prepayments, intangible assets, interest in an associate and other non-current assets ("specified non-current assets") are all located in Mainland China. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of lease prepayments, property, plant and equipment, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interest in an associate.

#### 4 OTHER INCOME

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Interest income	72,913	109,726
Government grants	70,228	57,712
Net gain on disposal of property, plant and equipment	148	475
Net gain on disposal of financial lease receivable	–	2,192
Net gain on acquisition of a subsidiary ( <i>Note 12</i> )	3,999	–
Exchange gain	322	1,013
	<u>147,610</u>	<u>171,118</u>

#### 5 PROFIT BEFORE TAXATION

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

(a) **Finance costs:**

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Interest on loans and borrowings	25,225	38,473
Less: interest expense capitalised into construction in progress	–	(77)
	<u>25,225</u>	<u>38,396</u>

For the year ended 31 December 2015, the borrowing costs had been capitalised at a rate of 5.4% per annum.

(b) **Staff costs:**

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Salaries, wages and other benefits	94,459	93,144
Contributions to defined contribution plans (i)	12,034	10,184
	<u>106,493</u>	<u>103,328</u>

- (i) Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the scheme to fund the retirement benefits of the employees.

The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

(c) **Other items:**

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Cost of inventories	636,349	824,683
Cost of construction service	598,486	451,192
Depreciation	69,779	65,408
Amortisation of lease prepayments	4,621	4,404
Amortisation of intangible assets	3,398	345
Research and development costs	12,780	19,008
Impairment losses on trade receivables	4,648	58,715
Operating lease charges	5,521	3,204
Auditors' remuneration	1,943	1,887

**6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS**

(a) **Income tax in the consolidated statement of profit and loss represents:**

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
<b>Current tax:</b>		
Provision for PRC income tax for the year	156,588	188,205
Over provision in respect of prior years	(902)	(2,121)
Provision for current income tax	155,686	186,084
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	(1,284)	(19,185)
	<u>154,402</u>	<u>166,899</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (ii) No provision for Hong Kong Profits Tax was made for the subsidiary located in Hong Kong as this subsidiary did not have assessable profits subject to Hong Kong Profits Tax during the reporting periods. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.
- (iii) The provision for PRC income tax is based on a statutory rate of 25% of the assessable income of the Company's mainland China subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC. One of the subsidiaries, Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd. was accredited as a "High and New Technology Enterprise" ("HNTE") and was entitled to a preferential income tax rate of 15% for a period of three years from 2014 to 2016.
- (iv) Pursuant to the PRC Enterprise Income Tax Law Implementing Regulations issued by State Council of the People's Republic of China, certain subsidiaries engaged in waste incineration and solid waste disposal are eligible for a preferential tax treatment of income tax exemption for the first three years starting from which revenue is generated and 50% income tax reduction for the next three years.

**(b) Reconciliation between income tax expense and accounting profit at applicable tax rates:**

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Profit before taxation	<u><b>2,281,837</b></u>	<u>2,226,710</u>
Notional tax on profit before taxation, calculated at the rates applicable to profit in the tax jurisdictions concerned	<b>572,470</b>	556,517
PRC tax concessions	<b>(32,839)</b>	(12,621)
Additional deduction for research and development costs	<b>(762)</b>	(748)
Tax effect of non-deductible expenses	<b>311</b>	10,836
Over provision in respect of prior years	<b>(902)</b>	(2,121)
Share of profit of an associate	<u><b>(383,876)</b></u>	<u>(384,964)</u>
Income tax expense	<u><b>154,402</b></u>	<u>166,899</u>

**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 of RMB1,980,612,000 (2015: RMB1,944,340,000) and 1,804,750,000 (2015: 1,804,750,000) ordinary shares in issue during the year.

**(b) Diluted earnings per share**

There were no dilutive potential ordinary shares outstanding during the years ended 31 December 2016 and 2015.

**8 DIVIDENDS**

Pursuant to a resolution passed at the Directors' meeting on 24 March 2017, a final dividend of HKD0.30 (2015: HKD0.30) per ordinary share totalling HKD541,425,000 (equivalent to approximately RMB481,543,000; 2015: RMB467,374,000) was proposed for shareholders' approval at the annual general meeting. The dividend has not been provided for in the consolidated financial statements for the year ended 31 December 2016.

## 9 INTEREST IN AN ASSOCIATE

	<b>2016</b> <b>RMB'000</b>	2015 <i>RMB'000</i>
Share of net assets	<b>13,773,335</b>	<u>12,655,775</u>

The particulars of the associate are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Proportion of ownership interest Group's effective interest	Principal activities
Conch Holdings (安徽海螺集團有限責任公司)	Incorporated	The PRC	RMB800,000,000	49%	Investment holding

The particulars of Conch Holdings' investment holdings as at 31 December 2016 are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Ownership interest held by Conch Holdings	Principal activities
Anhui Conch Cement Co., Ltd. ("Conch Cement") (安徽海螺水泥股份有限公司)	Incorporated	The PRC	5,299,302,579 ordinary shares of RMB1 each	36.78%	Manufacture and sale of cement related products
Wuhu Conch Profiles and Science Co., Ltd. (蕪湖海螺型材科技股份有限公司)	Incorporated	The PRC	360,000,000 ordinary shares of RMB1 each	32.62%	Manufacture of new chemical and building materials
Anhui Conch Building Materials Design and Research Institute (安徽海螺建材設計研究院)	Incorporated	The PRC	RMB60,000,000	100%	Design and contract cement/light steel construction
Yingde Conch International Hotel Co., Ltd. (英德海螺國際大酒店有限公司)	Incorporated	The PRC	RMB63,800,000	100%	Hotel service
Wuhu Conch International Hotel Co., Ltd. (蕪湖海螺國際大酒店有限公司)	Incorporated	The PRC	RMB168,500,000	100%	Hotel service
Anhui Conch IT Engineering Co., Ltd. (安徽海螺信息技術工程有限責任公司)	Incorporated	The PRC	RMB5,000,000	100%	Computer system design and development

Summarised financial information of the associate, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	<b>2016</b>	2015
	<b>RMB'000</b>	RMB'000
<i>Gross amounts of the associate</i>		
Current assets	<b>1,122,057</b>	1,198,151
Non-current assets	<b>29,998,617</b>	28,069,156
Current liabilities	<b>(458,528)</b>	(794,195)
Non-current liabilities	<b>(2,553,299)</b>	(2,645,000)
Net assets	<b>28,108,847</b>	25,828,112
Revenue	<b>833,019</b>	818,687
Profit after tax for the year	<b>3,131,363</b>	3,132,189
Other comprehensive income	<b>(49,729)</b>	76,863
Total comprehensive income	<b>3,081,634</b>	3,209,052
Dividend received from the associate	<b>392,000</b>	589,931
<i>Reconciled to the Group's interest in the associate</i>		
Gross amounts of net assets of the associate	<b>28,108,847</b>	25,828,112
Group's effective interest	<b>49%</b>	49%
Group's share of net assets of the associate	<b>13,773,335</b>	12,655,775
Carrying amount in the consolidated financial statements	<b>13,773,335</b>	12,655,775

## 10 TRADE AND OTHER RECEIVABLES

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Trade receivables	629,027	605,842
Bills receivable	117,527	102,129
Less: allowance for doubtful debts	<u>(113,357)</u>	<u>(108,709)</u>
Trade and bills receivables	633,197	599,262
Gross amounts due from customers for construction contract work	50,462	79,750
Deposits and prepayments	92,298	74,494
Other receivables	50,206	134,507
Interest receivables	<u>4,299</u>	<u>14,980</u>
Amounts due from third parties	830,462	902,993
Amounts due from related parties	<u>162,772</u>	<u>173,328</u>
Current portion of trade and other receivables	<u>993,234</u>	<u>1,076,321</u>
Non-current portion of gross amounts due from customers for construction contract work	1,378,572	790,870
Other receivables to be recovered after one year	<u>141,122</u>	<u>–</u>
Non-current portion of trade and other receivables	<u>1,519,694</u>	<u>790,870</u>
Total current and non-current trade and other receivables	<u>2,512,928</u>	<u>1,867,191</u>

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

As at 31 December 2016, the Group endorsed the undue bills receivable of RMB49,027,000 (2015: RMB176,715,000) to its suppliers to settle trade payables of the same amount and derecognised these bills receivable and the payables to suppliers in their entirety as the Group's management considered that the risks and rewards of ownership of these undue bills have been substantially transferred. The Group's continuous involvement in these derecognised undue bills receivable is limited to when the issuance banks of these undue bills are unable to settle the amounts to the holders of these bills. As at 31 December 2016, the maximum exposure to loss from its continuous involvement represents the amount of bills receivable of RMB49,027,000 (2015: RMB176,715,000) which the Group endorsed to its suppliers. These undue bills receivable were due within 6 months.

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

(a) Ageing analysis

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:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Within 1 year	419,817	362,518
After 1 year but within 2 years	71,712	164,401
After 2 years but within 3 years	101,001	63,184
After 3 years but within 5 years	40,667	9,159
	<u>633,197</u>	<u>599,262</u>

The amounts due from related parties are all aged within 1 year.

(b) Impairment of trade receivables and bills receivable

Impairment losses in respect of trade receivables and bills receivable are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables and bills receivable directly.

The movement in the allowance for doubtful debts during the reporting periods, including both specific and collective loss components, is as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
At the beginning of the year	108,709	49,994
Impairment losses recognised	4,648	58,715
	<u>113,357</u>	<u>108,709</u>

The Group's trade and other receivables of RMB25,021,000 was individually determined to be impaired by the management at 31 December 2016 (2015: RMB18,563,000).

The ageing analysis of trade receivables and bills receivable that are neither individually nor collectively considered to be impaired are as follows:

	2016 <i>RMB'000</i>	2015 <i>RMB'000</i>
Current	462,999	442,830
Less than 1 year past due	89,145	109,470
1 to 2 years past due	67,899	41,611
2 to 3 years past due	13,154	5,351
	<u>170,198</u>	<u>156,432</u>
Total amount past due	<u>633,197</u>	<u>599,262</u>



Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

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

*(i) Construction contracts*

The aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the gross amount due from customers for contract work at 31 December 2016 is RMB357,950,000 (2015: RMB381,114,000). The gross amounts due from customers for contract work are expected to be recovered upon contract term.

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Contract costs incurred plus recognised profits		
less anticipated losses	<b>357,950</b>	381,114
Less: Progress billings	<b>(292,364)</b>	(240,223)
	<u>                    </u>	<u>                    </u>
Net contract work	<b>65,586</b>	140,891
	<u>                    </u>	<u>                    </u>
<b>Representing:</b>		
Gross amounts due from customers for contract work		
— Non-current	<b>27,334</b>	67,026
— Current	<b>38,252</b>	73,865
	<u>                    </u>	<u>                    </u>
	<b>65,586</b>	140,891
	<u>                    </u>	<u>                    </u>

(ii) *BOT arrangement*

The aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the non-current gross amount due from customers for contract work in relation to BOT arrangements was RMB1,373,353,000 at 31 December 2016 (2015: RMB732,160,000). The amounts for BOT arrangements are settled by revenue to be generated during the operating periods of the arrangements.

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Contract costs incurred plus recognised profits		
less anticipated losses	<b>1,373,353</b>	732,160
Less: Progress billings	<b>(9,905)</b>	(2,431)
	<hr/>	<hr/>
Net contract work in relation to BOT arrangements	<b>1,363,448</b>	729,729
	<hr/> <hr/>	<hr/> <hr/>
<b>Representing:</b>		
Gross amounts due from customers for contract work in relation to BOT arrangements		
— Non-current	<b>1,351,238</b>	723,844
— Current	<b>12,210</b>	5,885
	<hr/>	<hr/>
	<b>1,363,448</b>	729,729
	<hr/> <hr/>	<hr/> <hr/>

## 11 TRADE AND OTHER PAYABLES

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Trade payables	<b>781,891</b>	669,972
Bills payable	<b>92,133</b>	177,965
	<hr/>	<hr/>
	<b>874,024</b>	847,937
Receipts in advance	<b>32,401</b>	24,863
Other payables and accruals	<b>169,748</b>	152,286
	<hr/>	<hr/>
Amounts due to third parties	<b>1,076,173</b>	1,025,086
Amounts due to related parties	<b>138,357</b>	147,080
	<hr/>	<hr/>
Trade and other payables	<b>1,214,530</b>	1,172,166
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2016, certain bills payable were secured by the following assets of the Group.

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Restricted bank deposits	<b>—</b>	1,745
	<hr/> <hr/>	<hr/> <hr/>

An ageing analysis of trade and bills payables of the Group is as follows:

	<b>2016</b> <i>RMB'000</i>	2015 <i>RMB'000</i>
Within 1 year	<b>836,666</b>	827,421
1 year to 2 years	<b>31,602</b>	17,565
2 years to 3 years	<b>2,922</b>	2,951
After 3 year but within 5 years	<b>2,834</b>	–
	<u><b>874,024</b></u>	<u>847,937</u>

The amounts due to related parties are all aged within 1 year, and are unsecured, non-interest bearing and repayable on demand.

## 12 ACQUISITION OF A SUBSIDIARY

On 1 January 2016, the Group acquired 60% of equity interests of Xi'an Yaobai Environmental Protection Technology Engineering Co., Ltd. ("Yaobai Environmental") with the consideration of RMB90,000,000 through capital injection, in order to develop a business line for the treatment of hazardous and solid waste.

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

	<b>At 1 January 2016</b> <b>Fair value recognised on acquisition</b> <i>RMB'000</i>
Property, plant and equipment	39,607
Trade and other receivables	79,849
Cash and cash equivalents	40,097
Trade and other payables	<u>(2,888)</u>
Total identifiable net assets	156,665
Less: non-controlling interests, based on their proportionate interest in the total identifiable net assets acquired	<u>(62,666)</u>
Total identifiable net assets acquired by the Group	93,999
Total cash consideration through capital injection	<u>(90,000)</u>
Net gain from acquisition of a subsidiary ( <i>Note 4</i> )	<u><u>3,999</u></u>

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

For the year ended 31 December 2016, Yaobai Environmental contributed revenue of RMB61,975,000 and net profit of RMB47,657,000 to the Group's results.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Macro Environment

In 2016, along with the Central Government's increased efforts in reform, China's economy maintained a stable and healthy development, with the economy operating upheld within a reasonable range. The GDP recorded a year-on-year increase of 6.7%, basically the same as that in 2015, which showed a slow but steady trend, and set a good start for the "13th Five-Year" plan.

During the Reporting Period, facing the challenging and complicated economic conditions, management and staff of the Group, working under the strong leadership of the Board, grasped firmly the opportunities in the country's green development and increased ecological construction, through expanding vigorously in municipal waste treatment projects, deploying solid and hazardous waste treatment projects, striving to cultivate new building materials market, actively expanding overseas operations and continuing to strengthen internal management, which led to a steady and healthy growth in the principal businesses.

### Business Review

#### *Outstanding Achievement in Environmental Protection Industry*

At present, the Group's main technologies in environmental protection industry include: treatment of industrial solid and hazardous waste by cement kilns, grate furnace power generation and collaborative treatment of municipal waste by cement kilns, etc.

During the Reporting Period, the Group secured a total of 15 new environmental protection projects, which included 6 grate furnace power generation projects in Huoqiu and Anqing of Anhui Province, Shache and Bole of Xinjiang Province, Li County of Hunan Province and Tongren of Guizhou Province and 9 solid and hazardous waste treatment projects in Huaibei, Wuhu, Suzhou and Huaining of Anhui Province, Mian County of Shaanxi Province, Shimen of Hunan Province, Zhong County of Chongqing Municipality, Yiyang of Jiangxi Province and Guangyuan of Sichuan Province, and reserved certain project entities.

#### *Treatment of Solid and Hazardous Waste by Cement Kilns*

In 2016, the Group focused on facilitating the development of the business of treatment of solid and hazardous waste by cement kilns. During the Reporting Period, the Group formulated a project development plan for such business, which strived to implement the national market layout and secured 9 new projects. After the commencement of operation during the Reporting Period, the projects in operation actively developed the customer base, secured the sources of solid and hazardous waste and established a unified dispatching model, which led to stable efficiency of operating system and achieved good social and economic benefits.

Details of treatment of industrial solid and hazardous waste by cement kilns projects are set out in the following table:

No.	Status of Construction	Project Location	Business model	Size	Remarks
1	Completed	Lantian County, Shaanxi Province	Proprietary investment	1×250t/d	
2		Fuping County, Shaanxi Province		1×300t/d	
3		Qian County, Shaanxi Province		1×200t/d	
4	Under construction	Huaipei City, Anhui Province		1×300t/d	
5		Wuhu City, Anhui Province		1×300t/d	The same size to be planned in the second phase
6	Approved and under planning	Shimen County, Hunan Province		1×200t/d	
7		Suzhou City, Anhui Province		1×300t/d	The same size to be planned in the second phase
8		Zhong County, Chongqing		1×300t/d	The same size to be planned in the second phase
9		Yiyang County, Jiangxi Province		1×300t/d	The same size to be planned in the second phase
10		Mian County, Shaanxi Province		1×250t/d	
11		Huaining County, Anhui Province		1×200t/d	The same size to be planned in the second phase
12	Guangyuan City, Sichuan Province	1×300t/d		The same size to be planned in the second phase	

During the Reporting Period, 2 projects of treatment of industrial solid and hazardous waste by cement kilns were under construction, and 1 project has been completed and was put into operation, which had treated 70,400 tonnes of industrial solid and hazardous waste. As at the end of the Reporting Period, the annual treatment capacity of completed industrial solid and hazardous waste treatment projects is approximately 270,000 tonnes, and the annual treatment capacity of contracted projects under construction and to be constructed is approximately 1,500,000 tonnes.

#### *Grate Furnace Power Generation*

During the Reporting Period, the Group secured 6 new grate furnace power generation projects. Meanwhile, the Group also strengthened its expansion in overseas markets in order to explore cooperation opportunities. The Group conducted field research in the garbage power generation projects in Bali, Indonesia, and the Group communicated with the local government and energy enterprises in Morocco during the participation in United Nations Climate Change Conference, which laid a foundation for its promotion of grate furnace power generation technology overseas.

Details of the grate furnace power generation projects are set out in the following table:

No.	Status of Construction	Project Location	Business model	Size	Remarks
1	Completed	Jinzhai County, Anhui Province	BOT	1×300t/d	The same size to be planned in the second phase
2	Under construction	Yanshan County, Yunnan Province	BOT	1×300t/d	
3		Anqing City, Anhui Province	BOT	1×400t/d	The same size to be planned in the second phase
4		Li County, Hunan Province	BOT	1×300t/d	The same size to be planned in the second phase
5		Shache County, Xinjiang Province	BOT	1×600t/d	
6		Bole City, Xinjiang Province	BOT	1×300t/d	
7		Huoqiu County, Anhui Province	BOT	1×400t/d	The same size to be planned in the second phase
8		Tongren City, Guizhou Province	BOT	1×600t/d	

During the Reporting Period, 7 projects of grate furnace power generation were under construction, and 1 project has been completed and was put into operation, which had processed 93,000 tonnes of garbage with an on-grid power generation of 21,300,000 kWh. As at the end of the Reporting Period, the annual treatment capacity of the completed grate furnace power generation projects is approximately 100,000 tonnes, and the annual treatment capacity of contracted projects under construction and to be constructed is approximately 1,460,000 tonnes.

#### *Collaborative Treatment of Municipal Waste by Cement Kilns*

During the Reporting Period, 5 projects (3 of which are EPC) of collaborative treatment of municipal waste by cement kilns were under construction, and 7 projects (1 of which is EPC) have been completed and were put into operation, which had processed 361,000 tonnes of garbage. As at the end of the Reporting Period, the annual treatment capacity of the completed collaborative treatment of municipal waste by cement kilns projects is approximately 1,000,000 tonnes (excluding EPC), and the annual treatment capacity of the contracted projects under construction and to be constructed is approximately 200,000 tonnes (excluding EPC).

Details of the collaborative treatment of municipal waste by cement kilns projects are set out in the following table:

No.	Status of Construction	Project Location	Business model	Size	Remarks
1	Completed	Pingliang City, Gansu Province	BOT	1×300t/d	
2		Qingzhen City, Guizhou Province	BOT	1×300t/d	
3		Yangchun City, Guangdong Province	BOT	1×200t/d	
4		Yuping County, Guizhou Province	BOT	1×100t/d	A joint venture with China National Building Material Company Limited
5		Qiyang County, Hunan Province	BOT	1×300t/d	
6		Shimen County, Hunan Province	BOT	1×200t/d	
7		Xishui County, Guizhou Province	BOT	1×300t/d	A joint venture with China National Building Material Company Limited
8		Shuicheng County, Guizhou Province	BOT	1×200t/d	
9		Fusui County, Guangxi Province	BOT	1×200t/d	
10		Shuangfeng County, Hunan Province	BOT	1×200t/d	
11		Baoshan City, Yunnan Province	BOT	1×300t/d	
12		Nanjiang County, Sichuan Province	BOT	1×200t/d	
13		Lingyun County, Guangxi Province	BOT	1×100t/d	
14	Completed	Tongling City, Anhui Province	EPC	1×300t/d	
15		Guiding County, Guizhou Province	EPC	1×200t/d	
16		Zunyi City, Guizhou Province	EPC	2×400t/d	
17		Zhong County, Chongqing	EPC	1×200t/d	
18		Anshun City, Guizhou Province	EPC	1×200t/d	A joint venture with Taiwan Cement Corporation
19		Emeishan City, Sichuan Province	EPC	1×400t/d	
20	Under construction	Ningguo City, Anhui Province	BOT	1×300t/d	
21		Linxia, Gansu Province	BOT	1×300t/d	
22	Under construction	Shahe City, Hebei Province	EPC	1×300t/d	
23		Longyan City, Fujian Province	EPC	1×300t/d	
24		Tongling City, Anhui Province (Phase II)	EPC	1×300t/d	

### ***New Breakthrough in Energy Saving Industry***

In 2016, the development of the Group's energy saving business was affected and constrained by certain factors such as the decrease in number of newly constructed production lines in cement industry and intensified price competition in residual heat power generation industry. Nevertheless, the Group made timely adjustment to its strategies, increased efforts on overseas market, and advanced the business of cement residual heat power generation, coal-fired power plants and vertical mills in overseas markets, so as to offset the effects from the loss in domestic market.

During the Reporting Period, the Group obtained overseas orders such as Indonesia PT. Conch North Sulawesi Cement and PT. Conch Barru Cement self-owned power plants and residual heat power generation, Thailand Siam City Power Co., Ltd., Vietnam Xuan Thanh Cement J.S.C, Cambodia Battambang Conch Cement Co., Ltd. and Laos Luang Prabang Conch Cement Co., Ltd., and won the bids of projects of Laos Luang Prabang Conch Cement Co., Ltd., Cambodia Battambang Conch Cement Co., Ltd. and Indonesia PT. Conch North Sulawesi Cement raw materials vertical mills and coal vertical mills. Meanwhile, the Group also actively seized the remaining market shares in domestic residual heat power generation market, and won the bids of residual heat power generation projects of Tangshan Jidong Mechanical and Electrical Equipment Co., Ltd., and Huaibei Zhongcheng Cement Co., Ltd.

In addition, the Group actively developed external markets, and obtained project orders such as Japan Sukagawa district new clean center residual heat boiler, power generation boilers in Ulanhot and Ulanqab Shengyun Environmental Protection Electricity Co., Ltd., Nippon Steel & Sumikin Cement Co., Ltd. mineral debris vertical mills, Indonesia PT. Antam TBK coal vertical mills, Anhui Panjing Cement Co., Ltd., Yangpu Landao Environmental Protection Materials Co., Ltd., and Tangshan Haigang Hengtai Building Materials Co., Ltd. vertical mills.

During the Reporting Period, the Group obtained a total of 12 orders for residual power heat generation, among which 10 came from overseas and 2 came from the cement industry in domestic market, and sold a total of 5 vertical mills.

### ***Increased Sales in New Building Materials Business***

During the Reporting Period, the Group continuously enhanced its brand influence and actively increased its presence in the new building materials industry by holding industry annual meeting and attending industry communication and promotion meetings. The Group also reduced its production cost significantly, improved the quality steadily and strengthened the market competitiveness gradually through a series of measures such as further strengthening the production organization and operation and focusing on improvement of cost index.

After a year of continuous market development and construction, a steady growth in sales volume was recorded. In particular, the monthly sales volume of the products of Anhui Conch Venture New Energy-saving Building Material Co., Ltd reached over 370,000 sq.m. for two consecutive months in November and December 2016, and the total aggregated sales volume for the year amounted to 3,060,000 sq.m., reaching 2.4 times of the sales level in 2015.



During the Reporting Period, the new building materials industry produced an aggregate of 5,750,000 sq.m. of ACA panels, sold 4,920,000 sq.m. of ACA panels and recorded a revenue of RMB50.80 million.

### ***Stable Income in Port Logistics Business***

During the Reporting Period, the Group carried out targeted marketing activities and customized sales services in port logistics business, expanded cargo sources volume from existing customers and strived for new customers. The development in external cargo sources became the major source of growth for the year.

During the Reporting Period, revenue from the port logistics business amounted to RMB141.18 million, and the throughput reached 27,680,000 tonnes.

### **Profits**

<b>Item</b>	<b>2016 Amount (RMB'000)</b>	<b>2015 Amount (RMB'000)</b>	<b>Changes between the Reporting Period and the Corresponding period of the previous year (%)</b>
Revenue	<b>2,032,213</b>	2,057,494	-1.23%
Profit before taxation	<b>2,281,837</b>	2,226,710	2.48%
Profit before taxation from principal businesses	<b>746,332</b>	686,854	8.66%
Share of profit of an associate	<b>1,535,505</b>	1,539,856	-0.28%
Net profit attributable to equity shareholders of the Company	<b>1,980,612</b>	1,944,340	1.87%
Net profit from principal businesses attributable to equity shareholders of the Company	<b><u>445,107</u></b>	<u>404,484</u>	<u>10.04%</u>

During the Reporting Period, the Group recorded a total revenue of RMB2,023.21 million, representing a year-on-year decrease of 1.23%. Profit before taxation amounted to RMB2,281.84 million, representing a year-on-year increase of 2.48%, among which, profit before taxation from principal businesses amounted to RMB746.33 million, representing a year-on-year increase of 8.66%, and share of profit of an associate amounted to RMB1,535.51 million, representing a year-on-year decrease of 0.28%. Net profit attributable to equity shareholders of the Company amounted to RMB1,980.61 million, representing a year-on-year increase of 1.87%, among which, net profit from principal businesses attributable to equity shareholders of the Company amounted to RMB445.11 million, representing a year-on-year increase of 10.04%. Basic earnings per share amounted to RMB1.10.

## Revenue by business

Item	2016		2015		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Waste incineration solutions	974,343	47.94	812,141	39.47	19.97	8.47
Solid and hazardous waste treatment	61,975	3.05	–	–	–	3.05
Residual heat power generation	631,680	31.08	871,118	42.34	–27.49	–11.26
Vertical mills	172,236	8.48	203,840	9.91	–15.50	–1.43
New building materials	50,797	2.50	20,602	1.00	146.56	1.50
Port logistics	141,182	6.95	149,793	7.28	–5.75	–0.33
<b>Total</b>	<b>2,032,213</b>	<b>100.00</b>	<b>2,057,494</b>	<b>100.00</b>	<b>–1.23</b>	<b>–</b>

During the Reporting Period, the revenue from waste incineration solutions and new building materials maintained a rapid growth, and the revenue from residual heat power generation, vertical mills and port logistics recorded a decrease. With a breakdown by business:

- (i) the revenue from waste incineration solutions amounted to RMB974.34 million, representing a year-on-year increase of 19.97%, which was mainly due to the fact that the Group increased its efforts in market expansion of waste incineration solutions business during the Reporting Period, which led to the increase in numbers of projects under construction and projects in operation, and thus, resulted in the significant increase in revenue.
- (ii) the revenue from solid and hazardous waste treatment amounted to RMB61.98 million, which was mainly due to the completion of acquisition of Yaobai Environmental by the Group during the Reporting Period, adding the revenue from solid and hazardous waste treatment market.
- (iii) the year-on-year decrease in revenue from residual heat power generation and vertical mills was attributable to decreased in orders which was affected by the decrease in number of newly added cement projects in China.
- (iv) the year-on-year increase of 146.56% in revenue from new building materials was mainly due to the fact that the Group actively developed the market, which led to the increase in sales volume, and thus, resulted in the rapid increase in revenue.
- (v) the Group actively developed the port logistics service market, and recorded a throughput of 27,680,000 tonnes, representing a year-on-year increase of 4,710,000 tonnes. However, affected by the downturn in shipping market and decrease in cargo handling price, the revenue recorded a year-on-year decrease of 5.75%.

***Breakdown of revenue from waste incineration solutions***

Revenue breakdown	2016		2015		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
<b>Construction revenue</b>	<b>887,390</b>	<b>91.08</b>	787,807	97.00	12.64	-5.92
Waste treatment by cement kilns	423,171	43.43	661,889	81.50	-36.07	-38.07
Waste power generation	<u>464,219</u>	<u>47.65</u>	<u>125,918</u>	<u>15.50</u>	<u>268.67</u>	<u>32.15</u>
<b>Operation revenue</b>	<b>35,203</b>	<b>3.61</b>	10,579	1.30	232.76	2.31
Waste treatment by cement kilns	23,109	2.37	10,579	1.30	118.44	1.07
Waste power generation	<u>12,094</u>	<u>1.24</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1.24</u>
<b>Finance income</b>	<b>51,750</b>	<b>5.31</b>	13,755	1.70	276.23	3.61
Waste treatment by cement kilns	45,730	4.69	13,755	1.70	232.46	2.99
Waste power generation	<u>6,020</u>	<u>0.62</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>0.62</u>
Total	<u><b>974,343</b></u>	<u><b>100.00</b></u>	<u>812,141</u>	<u>100.00</u>	<u>19.97</u>	<u>-</u>

The waste incineration solutions business of the Group mainly includes waste treatment by cement kilns and waste power generation. During the Reporting Period, revenue from waste incineration solutions sector during the construction period amounted to RMB887.39 million, representing a year-on-year increase of 12.64%, which was mainly due to the fact that the Group actively facilitated the construction progress of waste incineration solutions projects, which led to the increase in project construction revenue. Operation revenue from waste incineration solutions sector amounted to RMB35.20 million, representing a year-on-year increase of 232.76%, which was mainly due to the increase in number of waste incineration solutions projects put into operation. During the Reporting Period, projects in Jinzhai, Baoshan, Fusui, Nanjiang and Lingyun were successively put into operation.

### Revenue by geographical locations

Item	2016		2015		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
China	1,621,095	79.77	1,199,387	58.29	35.16	21.48
Asia (excluding China)	410,141	20.18	850,241	41.32	-51.76	-21.14
Africa	201	0.01	6,502	0.32	-96.91	-0.31
South America	776	0.04	1,364	0.07	-43.11	-0.03
Total	<u>2,032,213</u>	<u>100.00</u>	<u>2,057,494</u>	<u>100.00</u>	<u>-1.23</u>	<u>-</u>

During the Reporting Period, the Group's revenue derived from the China market amounted to RMB1,621.10 million, representing a year-on-year increase of 35.16%, with its proportion in total revenue increased by 21.48 percentage points, which was mainly due to the rapid increase in revenue from waste incineration solutions in domestic market. The revenue derived from Asian market (excluding China) recorded a year-on-year decrease of 51.76%, with its proportion in total revenue decreased by 21.14 percentage points, which was mainly due to the decrease in number of overseas orders of residual heat power generation and vertical mills as well as the behind-schedule construction progress of certain contracted projects which affected the revenue recognition.

### Gross profit and gross profit margin

Item	2016		2015		Change in amount (%)	Change in percentage (percentage points)
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)		
Waste incineration solutions	389,475	39.97	360,949	44.44	7.90	-4.47
Solid and hazardous waste treatment	48,348	78.01	-	-	-	-
Residual heat power generation	264,215	41.83	279,391	32.07	-5.43	9.76
Vertical mills	40,634	23.59	68,696	33.70	-40.85	-10.11
New building materials	-13,900	-27.36	-5,980	-29.03	132.44	1.67
Port logistics	68,606	48.59	78,563	52.45	-12.67	-3.86
Total	<u>797,378</u>	<u>39.24</u>	<u>781,619</u>	<u>37.99</u>	<u>2.02</u>	<u>1.25</u>

During the Reporting Period, the consolidated gross profit margin of the Group's products was 39.24%, representing an increase of 1.25 percentage points as compared with the previous year. With a breakdown by segment, (i) the gross profit margin for solid and hazardous waste treatment was 78.01%, mainly affected by the relatively high unit price of solid and hazardous waste treatment; (ii) the gross profit margin for residual heat power generation recorded a year-on-year increase of 9.76 percentage points, mainly due to the strengthened management and control of cost of residual heat power generation by the Group as well as the relatively high gross profit from overseas residual heat power generation projects; (iii) the gross profit margin for vertical mills recorded a year-on-year decrease of 10.11 percentage points, mainly due to the decrease in consolidated gross profit margin affected by the increase in raw material price; and (iv) the new building materials sector recorded a negative gross profit margin, which was mainly due to the fact that the production capacity was not fully utilized, which led to the failure in diluting the fixed costs effectively.

### ***Revenue and share of profit***

Item	2016		2015		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
<b>Revenue</b>	<b>2,032,213</b>	<b>100.00</b>	2,057,494	100.00	-1.23	-
Other customers	1,598,384	78.65	1,718,124	83.51	-6.97	-4.86
Conch Cement	433,829	21.35	339,370	16.49	27.83	4.86
<b>Profit for the year</b>	<b>2,127,435</b>	<b>100.0</b>	2,059,811	100.00	3.28	-
Share of profit of an associate	1,535,505	72.18	1,539,856	74.76	-0.28	-2.58
Profit of principal businesses	591,930	27.82	519,955	25.24	13.84	2.58

During the Reporting Period, the Group's revenue from Conch Cement amounted to RMB433.83 million, accounted for 21.35% of the revenue, representing a year-on-year increase of 4.86 percentage points. Profit of principal businesses amounted to RMB591.93 million, representing a year-on-year increase of 13.84%, which was mainly due to the rapid growth in the Group's waste incineration solutions and solid and hazardous waste treatment businesses.

### ***Other income***

During the Reporting Period, the Group's other income amounted to RMB147.61 million, representing a year-on-year decrease of RMB23.51 million, or 13.74%, which was mainly due to the decrease in the Group's interest income.

### ***Distribution costs***

During the Reporting Period, the Group's distribution costs amounted to RMB25.93 million, representing a year-on-year decrease of RMB3.13 million, or 10.78%, which was mainly due to the decrease in costs such as the Group's transportation costs.

### ***Administrative expenses***

During the Reporting Period, the Group's administrative expenses amounted to RMB147.50 million, representing a year-on-year decrease of RMB50.92 million, or 25.66%, which was mainly due to the decrease in expenses such as provision for allowance of doubtful debts during the Reporting Period.

### ***Finance costs***

During the Reporting Period, the Group's finance costs amounted to RMB25.23 million, representing a year-on-year decrease of RMB13.17 million, or 34.30%, which was mainly due to the year-on-year decrease in the interest rate of the Group's bank loans.

### ***Profit before taxation***

During the Reporting Period, the Group's profit before taxation amounted to RMB2,281.84 million, representing a year-on-year increase of RMB55.13 million, or 2.48%, which was mainly due to the increase in profit before taxation from principal businesses. The Group's profit before taxation from principal businesses during the Reporting Period amounted to RMB746.33 million, representing a year-on-year increase of 8.66%; share of profit of an associate amounted to RMB1,535.51 million, representing a year-on-year decrease of 0.28%, which remained flat as compared with the previous year.

## Financial position

As at 31 December 2016, the Group's total assets amounted to RMB20,213.07 million, representing an increase of RMB1,713.36 million as compared with the end of the previous year. The equity attributable to equity shareholders of the Company amounted to RMB17,747.32 million, representing an increase of RMB1,488.87 million as compared with the end of the previous year. Gearing ratio of the Group was 9.23%, representing a decrease of 0.23 percentage point as compared with the end of the previous year. The balance sheet items of the Group are as follows:

<b>Item</b>	<b>As at 31 December 2016 (RMB'000)</b>	<b>As at 31 December 2015 (RMB'000)</b>	<b>Change between the end of the Reporting Period and the end of the previous year (%)</b>
Property, plant and equipment	<b>1,029,576</b>	998,151	3.15
Non-current assets	<b>16,871,960</b>	14,843,259	13.67
Current assets	<b>3,341,113</b>	3,656,450	-8.62
Current liabilities	<b>1,331,216</b>	1,270,315	4.79
Non-current liabilities	<b>535,267</b>	480,000	11.51
Net current assets	<b>2,009,897</b>	2,386,135	-15.77
Equity attributable to equity shareholders of the Company	<b>17,747,317</b>	16,258,446	9.16
Total assets	<b>20,213,073</b>	18,499,709	9.26
Total liabilities	<b>1,866,483</b>	1,750,315	6.64

### *Non-current assets and non-current liabilities*

As at 31 December 2016, the non-current assets of the Group amounted to RMB16,871.96 million, representing an increase of 13.67% as compared with the end of the previous year, which was mainly due to the increase in receivables for the construction contract work and interest in its associate. The non-current liabilities of the Group amounted to RMB535.27 million, representing an increase of 11.51% as compared with the end of the previous year, which was mainly due to the newly added long-term loans of the Group during the Reporting Period.

### ***Current assets and current liabilities***

As at 31 December 2016, the current assets of the Group amounted to RMB3,341.11 million, representing a decrease of 8.62% as compared with the end of the previous year, which was mainly due to the acceleration in the construction of the Group's projects. The current liabilities of the Group amounted to RMB1,331.22 million, representing an increase of 4.79% as compared with the end of the previous year. Current ratio and debt to equity ratio (calculated by dividing total amount of loans by total equity) were 2.51 and 0.03, as compared with 2.88 and 0.03 of the previous year respectively.

### ***Net current assets***

As at 31 December 2016, net current assets of the Group amounted to RMB2,009.90 million, representing a decrease of RMB376.24 million as compared with the end of the previous year, which was mainly due to the acceleration in the construction of the Group's projects which led to a decrease in current assets.

### ***Equity attributable to equity shareholders of the Company***

As at 31 December 2016, equity attributable to equity shareholders of the Group amounted to RMB17,747.32 million, representing an increase of 9.16% as compared with the end of the previous year, which was mainly due to the increase in interests in the associate attributable to the Group and profit before taxation from principal businesses.

### **Liquidity and Capital Resources**

During the Reporting Period, the Group's working capital mainly came from the cash derived from daily operations, investments and bank loans. The Group adopted prudential principles to increase the capital income and lower the capital costs so as to guarantee sufficient funds in meeting the operation needs. As at 31 December 2016, the Group's cash and cash equivalents amounted to RMB2,165.64 million, with the main currencies being RMB, Hong Kong dollars and US dollars.

### ***Bank loans and other loans***

<b>Item</b>	<b>As at 31 December 2016 (RMB'000)</b>	<b>As at 31 December 2015 (RMB'000)</b>
Due within one year	<b>59,833</b>	50,000
Due after one year but within two years	<b>485,833</b>	–
Due after two years but within five years	<b>31,499</b>	480,000
Due after five years	<b>17,935</b>	–
<b>Total</b>	<b>595,100</b>	530,000



As at 31 December 2016, the balance of bank loans and other loans of the Group amounted to RMB595.10 million, representing an increase of RMB65.10 million as compared with the end of the previous year, which was mainly due to the newly added bank loans and other loans of the Group during the Reporting Period. As at 31 December 2016, the Group's bank loans and other loans were both denominated in RMB, and most of the loan interests are subject to variable interest rates.

### ***Cash Flows***

<b>Item</b>	<b>2016</b> <b>(RMB'000)</b>	<b>2015</b> <b>(RMB'000)</b>
Net cash generated from operating activities	<b>46,331</b>	65,020
Net cash generated from investing activities	<b>285,787</b>	1,167,249
Net cash used in financing activities	<b>(498,746)</b>	(957,584)
Net (decrease)/increase in cash and cash equivalents	<b>(166,628)</b>	274,685
Cash and cash equivalents at the beginning of the year	<b>2,332,268</b>	2,057,583
Cash and cash equivalents at the end of the year	<b><u>2,165,640</u></b>	<b><u>2,332,268</u></b>

#### ***Net cash generated from operating activities***

During the Reporting Period, net cash generated from operating activities of the Group amounted to RMB46.33 million, representing a year-on-year decrease of RMB18.69 million, which was mainly due to the increase in the construction of waste incineration solutions projects and the decrease in revenue of the Group.

#### ***Net cash generated from investing activities***

During the Reporting Period, net cash generated from investing activities of the Group amounted to RMB285.79 million, representing a year-on-year decrease of RMB881.46 million, which was mainly due to the year-on-year decrease in dividends received by the Group from its associate, Conch Holdings, as well as the maturity of RMB650 million structured deposit with a term of over three months in the previous year.

#### ***Net cash used in financing activities***

During the Reporting Period, net cash used in financing activities of the Group amounted to RMB498.75 million, representing a year-on-year decrease of RMB458.84 million, which was mainly due to the year-on-year increase in net repayment of bank loans of the Group and the year-on-year decrease in dividends distribution.

## Commitments

As at 31 December 2016, the Group's commitments for purchase in connection with construction contracts and capital commitments were as follows:

<b>Item</b>	<b>As at 31 December 2016 (RMB'000)</b>	<b>As at 31 December 2015 (RMB'000)</b>
Contracted for	<b>566,772</b>	209,427
Authorized but not contracted for	<b>980,140</b>	846,320
Total	<b><u>1,546,912</u></b>	<b><u>1,055,747</u></b>

## Foreign Exchange Risk

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

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

## Contingent Liabilities

As at 31 December 2016, the Group did not have any material contingent liabilities.

## Pledge of Assets

As at 31 December 2016, the Group did not have any pledged assets.

## **Material Investments, Acquisitions or Disposals**

In 2015, the Group, through its wholly-owned subsidiary, Wuhu Conch Investment Co., Ltd. (“Conch Investment”), entered into an investment agreement with Shaanxi Quanchuang Scientific Industrial and Trading Co., Ltd. (“Shaanxi Quanchuang”) and Yaobai Special Cement Group Co., Ltd. (“Yaobai Special Cement”). Conch Investment and Shaanxi Quanchuang injected RMB90 million and RMB30 million into Yaobai Environmental, respectively. Upon completion of the capital injection, Yaobai Environmental was owned as to 60%, 20% and 20% by Conch Investment, Shaanxi Quanchuang and Yaobai Special Cement respectively. Pursuant to the terms of the agreement, the transaction was completed on 1 January 2016 and Yaobai Environmental became a 60%-owned subsidiary of the Group.

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

## **Use of Proceeds from Listing and Change in Use of Proceeds**

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

In order to utilize the net proceeds more effectively and to facilitate the efficient allocation of the Company’s financial resources, the Board held a meeting on 17 June 2016 to determine: to reallocate an amount of RMB713.6 million (approximately HKD849.5 million), which was originally used for the establishment of production facilities of cellulose cement autoclaved boards in Wuhu and Bozhou, to be used to carry out refuse and solid waste treatment and other environmental-protection business within the Company’s business scope by various business models. The remaining amount of RMB150 million (approximately HKD178.5 million) in the cellulose cement autoclaved boards project would be used for the expansion of plants, procurement of raw materials, recruitment of staff and the establishment of sales market. For details, please refer to the announcement of the Company dated 21 June 2016.

Out of the net proceeds, for the year ended 31 December 2015, the Group had utilized an aggregate amount of approximately RMB1,914.6 million of the net proceeds and the remaining balance of the net proceeds amounted to RMB1,204.3 million. During the Reporting Period, the Company further utilized RMB1,081.7 million in the manner set out in the table below:

Usage	Utilized amount during the Reporting Period <i>(RMB million)</i>	Balance as at 31 December 2016 <i>(RMB million)</i>	Actual business progress as at 31 December 2016
To be used for the establishment of production facilities of cellulose cement autoclaved boards in Wuhu, Anhui Province	40.5	68.2	Establishment of production facilities of new building materials industry, procurement of raw materials and establishment of sales markets
To be used for the establishment of production facilities of cellulose cement autoclaved boards in Bozhou, Anhui Province	29.1	21.6	Establishment of production facilities of new building materials industry, procurement of raw materials and establishment of sales markets
To be used to carry out environmental protection businesses including refuse and solid waste treatment within the Company's business scope by applying various business models	1,003.4	–	Construction and operation of waste incineration solutions projects in Ningguo of Anhui Province, Linxia of Gansu Province, Tongren of Guizhou Province and Yanshan of Yunnan Province etc.
General corporate purposes	<u>8.7</u>	<u>32.8</u>	
Subtotal	<u><u>1,081.7</u></u>	<u><u>122.6</u></u>	

As at 31 December 2016, the Company utilized an aggregate of RMB2,996.3 million of the net proceeds. The remaining net proceeds amounted to RMB122.6 million. The remaining net proceeds were deposited in the banks and recognized financial institutions in Hong Kong and China.

## **Human Resources**

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

As at 31 December 2016, the Group had approximately 1,334 employees. The remuneration of employees is based on qualifications, experience, work performance and market conditions. As required by the PRC regulations on social insurance, the Group participated in the social insurance schemes operated by local government authorities which include pension insurance, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance. For the year ended 31 December 2016, the total remuneration of employees (including the remuneration of the directors) was approximately RMB106.49 million (2015: RMB103.33 million).

The Company adopted a 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.

## **Future Plans and Outlook**

Facing with the pressure from continuous economic downturn, the achievement of the above results was not easy and took a solid stride towards the leap-forward development of the Group. Despite this, there are still problems existed in the course of the actual work such as slowdown in growth rate of the principal businesses; constraints on newly contracted projects from issues related to ownership certificate and environment affected the construction progress and the continuing loss of the new building materials business affected the profit growth of the principal businesses. The Group will take targeted measures to solve such problems effectively, thereby continuously improving the standard of operation management.

2017 is a critical year for the implementation of “13th Five-Year” plan, and also an important year in strengthening the supply side reform in economic sector. The five development concepts of “Innovation, Balancing, Greening, Opening up and Sharing” have become an important part of the national strategy. With the issue of “13th Five-Year” plan for national environmental protection industry and relevant policies, environmental protection industry will gradually become one of the supporting industries in national economy. PRC’s regulations and requirements for “green and harmless treatment” of building materials will also become more stringent. Through several years of rapid development and accumulation of management experiences since listing, the advantages of the Company’s technology, management and resources become more prominent. Various favourable policies and factors will have positive enhancement on the market trend and future development of the energy-saving, environmental protection and the new building materials industries as a whole.

In 2017, the Group will continue to focus on quality improvement, cost reduction and efficiency enhancement, intensify the system management and control, innovate the operation model and carry out research and development of new technologies and open up the internationalization progress so as to strive for achieving a steady rise in the performance of the energy-saving industry, a continuous growth in the environmental protection industry and a new breakthrough in the development of the new building materials industry.

Firstly, to achieve continuous growth in environmental protection industry. On one hand, the Group will put efforts in enhancing the operation quality and management level of projects in operation, mainly by developing and exploring the management model of solid and hazardous waste treatment projects, striving to increase the economic benefits from grate furnace power generation projects and strengthening the operation management of completed collaborative treatment of municipal waste by cement kilns projects. On the other hand, the Group will continuously facilitate the rapid development of environmental protection industry effectively, carefully study and understand the policies of environmental protection industry, continue to strengthen the communication with governmental authorities and relevant national industry development alliances and gather updates in policy development in a timely manner, to ensure the completion of 15 newly contracted orders. Meanwhile, the Group will increase its efforts in research and development of other relevant technologies in environmental protection industry such as medical and kitchen waste treatment and soil remediation, and actively strive for winning these projects.

Secondly, to achieve stable operation with growing momentum in energy-saving industry. The Group will focus on residual heat power generation modification market, endeavor to develop the overseas market and follow up on major projects and potential markets with the aim of making the overseas market an important driving force for the stable operation and development of energy-saving business in the next few years.

Thirdly, to endeavor in achieving profit contribution from new building materials industry during the year. The Group will increase its efforts in market construction and brand promotion, comprehensively develop the customer base and secure stable growth in sales; continue to strengthen cost management and control, further optimize the production techniques and improve the quality control standard; rely on the nearly built product research and development centre, extend into the deep processing sector in downstream of the industrial chain and increase the additional value of products.

Fourthly, to maintain stable operation in port business, the Group will step up its efforts in policy study and market research and judgment, continuously strengthen the development of external customers, optimize the cargo sources structure, increase the share of quality cargoes and improve the risk resistance capacity. The Group will also diversify its operation, expand the scope of vessel supply service, enhance the loading and unloading efficiency and comprehensively improve the operation quality.

The performance brings us joy but won't stop our pace; the market competition cultivates our resolute will, the harmonious environment and enriched corporate culture nourish our infinite potential to continuously explore, innovate and act bravely. Looking forward, the Group will actively carry out the work on the basis of "13th Five-Year" plan: insisting on innovation, further enlarging and strengthening the principal businesses of energy-saving, environmental protection and new building materials, realizing the further improvement of the environmental protection industry; optimizing the overseas projects and modern service industry to perfect the strategic layout; continuously seizing opportunities and accelerating development to gather strength and lay the foundation for realizing the Group's leaping development. In the future development, we not only inherit the aim of "creating a better living environment for the mankind in the future", but also commit ourselves to "beautifying our homes and cherishing the earth" and accomplish a business that "contributes to contemporary times and brings benefit to future centuries".

## **FINAL DIVIDENDS**

At the Board meeting held on 24 March 2017, the directors proposed to declare a final cash dividend of HKD0.30 per share for the year ended 31 December 2016. The proposed final dividend is subject to the approval of shareholders at the forthcoming annual general meeting ("AGM"). Final dividend is expected to be paid on Monday, 17 July 2017.

## **ANNUAL GENERAL MEETING**

The AGM of the Company will be held on Wednesday, 28 June 2017. The notice of the AGM, which will be incorporated into the circular to the shareholders, will be sent together with the Company's annual report for the year ended 31 December 2016 ("2016 Annual Report").

## **CLOSURE OF REGISTER OF MEMBERS**

For determining the qualification of shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 22 June 2017 to Wednesday, 28 June 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify as shareholders to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 21 June 2017.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 4 July 2017 to Thursday, 6 July 2017, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfers of shares accompanied by the relevant share certificates investors are required to lodge with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 3 July 2017.

## **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.

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Board confirmed that during the Reporting Period, the Company has 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 during the Reporting Period, 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.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

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 ("Model Code") set out in Appendix 10 of the Listing Rules. Having made specific enquiries by the Company, all the directors of the Company confirmed that they complied with the Model Code and the Securities Dealing Code during the Reporting Period.

## **REVIEW OF ANNUAL RESULTS**

The annual results of the Company for the year ended 31 December 2016 have been reviewed by the audit committee of the Company.



## **PUBLICATION OF RESULTS ANNOUNCEMENT**

This results announcement is available on the website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.conchventure.com](http://www.conchventure.com)). The 2016 Annual Report containing all the 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  
**China Conch Venture Holdings Limited**  
中國海螺創業控股有限公司  
**GUO Jingbin**  
*Chairman*

The People's Republic of China, 24 March 2017

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