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 FOR THE YEAR ENDED 31 DECEMBER 2014

HIGHLIGHTS

- Turnover of the Group for 2014 amounted to approximately RMB1,747.9 million, representing an increase of 9.8% as compared with 2013.
- Net profit attributable to equity shareholders of the Company for 2014 amounted to approximately RMB2,238.5 million, representing an increase of 21.9% as compared with 2013.
- Basic earnings per share for 2014 amounted to RMB1.24.
- The Board proposes the distribution of final cash dividend of HK$0.4 per share for 2014.

The board of directors ("Board") of China Conch Venture Holdings Limited ("Company") hereby presents the audited consolidated annual results for the year ended 31 December 2014 ("Reporting Period") of the Company and its subsidiaries ("Group").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2014
(Expressed in Renminbi Yuan)

	Note	**2014** *RMB'000*	2013 *RMB'000*
Turnover	*3*	**1,747,892**	1,591,382
Cost of sales		**(1,174,251)**	(1,098,429)
Gross profit		**573,641**	492,953
Other revenue	*4*	**147,887**	17,532
Other net (loss)/income	*5*	**(29,695)**	1,272
Distribution costs		**(26,653)**	(27,040)
Administrative expenses		**(104,997)**	(102,718)
Profit from operations		**560,183**	381,999
Finance costs	*6(a)*	**(60,755)**	(53,602)
Share of profit of an associate	*10*	**1,980,330**	1,722,804
Profit before taxation	*6*	**2,479,758**	2,051,201
Income tax	*7(a)*	**(106,945)**	(72,651)
Profit for the year		**2,372,813**	1,978,550
Attributable to:			
Equity shareholders of the Company		**2,238,504**	1,836,786
Non-controlling interests		**134,309**	141,764
Profit for the year		**2,372,813**	1,978,550
Earnings per share			
Basic and diluted *(RMB)*	*8*	**1.24**	1.22

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2014
(Expressed in Renminbi Yuan)

	2014	2013
	RMB'000	*RMB'000*
Profit for the year	**2,372,813**	1,978,550
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Share of changes of reserves of an associate, net of tax	**181,423**	(145,769)
Exchange differences on translation of financial statements of overseas subsidiaries and the Company	**(680)**	680
	180,743	(145,089)
Total comprehensive income for the year:	**2,553,556**	1,833,461
Attributable to:		
Equity shareholders of the Company	**2,419,247**	1,691,697
Non-controlling interests	**134,309**	141,764
Total comprehensive income for the year	**2,553,556**	1,833,461

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014

(Expressed in Renminbi Yuan)

	Note	**2014**	2013
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**1,007,768**	786,513
Lease prepayments		**202,215**	133,100
Intangible assets		**830**	1,193
Interest in an associate	*10*	**11,668,343**	9,806,938
Non-current portion of trade and other receivables	*11*	**237,616**	198,173
Finance lease receivable		**43,901**	52,098
Deferred tax assets		**46,164**	50,040
		13,206,837	11,028,055
Current assets			
Inventories		**145,659**	184,917
Trade and other receivables	*11*	**1,132,327**	1,029,643
Finance lease receivable within one year		**14,461**	14,461
Restricted bank deposits		**–**	3,662
Bank deposits with maturity over three months		**650,000**	17,790
Cash and cash equivalents		**2,057,583**	3,698,141
		4,000,030	4,948,614
Current liabilities			
Loans and borrowings		**670,000**	484,804
Trade and other payables	*12*	**1,067,051**	1,102,480
Income tax payables		**39,365**	8,263
		1,776,416	1,595,547
Net current assets		**2,223,614**	3,353,067
Total assets less current liabilities		**15,430,451**	14,381,122
Non-current liabilities			
Loans and borrowings		**130,000**	1,104,000
Net assets		**15,300,451**	13,277,122
Capital and reserves			
Share capital		**14,347**	14,347
Reserves		**14,839,300**	12,786,664
Equity attributable to equity shareholders of the Company		**14,853,647**	12,801,011
Non-controlling interests		**446,804**	476,111
Total equity		**15,300,451**	13,277,122

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, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the new Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that 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. A summary of the significant accounting policies adopted by the Group is set out below.

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 2014 comprise the Company and its subsidiaries 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 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
- Amendments to IAS 39, Novation of derivatives and continuation of hedge accounting
- IFRS Interpretations Committee ("IFRIC") 21, Levies

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of new or amended IFRS are discussed below:

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 these financial statements 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 these financial statements 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 cash generating unit ("CGU") whose recoverable amount is based on fair value less costs of disposal. The amendments do not have an impact on these financial statements as the Group did not have any impaired non-financial asset or CGU.

Amendments to IAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to IAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on these financial statements as the Group has not novated any of its derivatives.

IFRS Interpretations Committee ("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 these financial statements as the guidance is consistent with the Group's existing accounting policies.

3 TURNOVER AND SEGMENT REPORTING

(a) Turnover

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

The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2014	2013
	RMB'000	*RMB'000*
Energy preservation and environmental protection solutions		
Residual heat power generation	**967,891**	1,174,970
Vertical mill	**314,454**	284,974
Waste incineration	**323,947**	645
Subtotal	**1,606,292**	1,460,589
Port logistics services	**141,600**	130,793
Total	**1,747,892**	1,591,382

The Group's customer base is diversified and includes one customer with whom transactions has exceeded 10% of the Group's revenues in 2014 (2013: three). Revenue to this customer in 2014 amounted to RMB729,893,000. Revenues to these three customers in 2013 amounted to RMB1,129,578,000.

(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 included manufacturing and sales of residual heat power generation, vertical mill and waste incineration, and maintenance and related after sales services.

(2) Port logistics services: this segment mainly engages in cargo handling, trans-shipment and warehousing services.

(3) Green 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 Conch Holdings. Details of the principal activities of Conch Holdings are set out in Note 10.

(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 payables 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 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 years ended 31 December 2014 and 2013 is set out below:

	Year ended 31 December 2014					
	Energy preservation and environmental protection solutions *RMB'000*	**Port logistics services** *RMB'000*	**Green building materials** *RMB'000*	**Investments** *RMB'000*	**Unallocated** *RMB'000*	**Total** *RMB'000*
Reportable segment revenue	**1,606,292**	**141,600**	**–**	**–**	**–**	**1,747,892**
Reportable segment profit before tax	**437,363**	**45,242**	**29,658**	**1,980,330**	**(12,835)**	**2,479,758**
Interest income	**41,007**	**271**	**44,176**	**–**	**20,669**	**106,123**
Interest expenses	**19,719**	**8,855**	**32,181**	**–**	**–**	**60,755**
Depreciation and amortisation	**14,634**	**38,769**	**1,943**	**–**	**–**	**55,346**
Provision for impairment losses	**12,822**	**–**	**–**	**–**	**–**	**12,822**
Reportable segment assets	**2,606,567**	**649,154**	**2,201,881**	**11,668,343**	**80,922**	**17,206,867**
Reportable segment liabilities	**1,176,260**	**123,998**	**606,126**	**–**	**32**	**1,906,416**

	Year ended 31 December 2013					
	Energy preservation and environmental protection solutions *RMB'000*	Port logistics services *RMB'000*	Green building materials *RMB'000*	Investments *RMB'000*	Unallocated *RMB'000*	Total *RMB'000*
Reportable segment revenue	1,460,589	130,793	–	–	–	1,591,382
Reportable segment profit before tax	324,896	44,223	(11,829)	1,722,804	(28,893)	2,051,201
Interest income	13,923	256	542	–	83	14,804
Interest expenses	24,879	16,642	12,081	–	–	53,602
Depreciation and amortisation	11,085	36,495	–	–	–	47,580
Provision for impairment losses	3,352	–	–	–	–	3,352
Reportable segment assets	2,087,338	671,816	320,364	9,806,938	3,090,213	15,976,669
Reportable segment liabilities	1,261,537	410,936	1,027,074	–	–	2,699,547

(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.

	2014 *RMB'000*	2013 *RMB'000*
Revenue		
Mainland China	**1,452,353**	1,321,382
Thailand	**2,603**	25,473
Japan	**1,244**	4,840
Vietnam	**61,371**	64,601
Indonesia	**58,212**	172,837
Burma	**138,801**	268
India	**17,090**	–
Tanzania	**16,016**	–
Brazil	**202**	–
Other countries in Asia	**–**	1,981
	1,747,892	1,591,382

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 in the year. 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 REVENUE

	2014 *RMB'000*	2013 *RMB'000*
Interest income	**106,123**	14,804
Government grants	**41,764**	2,728
	147,887	17,532

5 OTHER NET LOSS/(INCOME)

	2014 *RMB'000*	2013 *RMB'000*
Net loss on disposal of property, plant and equipment	**81**	342
Exchange loss/(gain)	**29,614**	(1,614)
	29,695	(1,272)

6 PROFIT BEFORE TAXATION

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

	2014 *RMB'000*	2013 *RMB'000*
(a) Finance costs:		
Interest on loans and borrowings	**62,233**	53,602
less: interest expense capitalised into construction in progress	**(1,478)**	–
	60,755	53,602

For the year ended 31 December 2014, the borrowing costs had been capitalised at a rate of 5.4% per annum (2013: Nil).

	2014 *RMB'000*	2013 *RMB'000*
(b) Staff costs:		
Salaries, wages and other benefits	**57,734**	53,078
Contributions to defined contribution plans (i)	**8,027**	6,105
	65,761	59,183

(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.

		2014	2013
		RMB'000	*RMB'000*
(c)	**Other items:**		
	Cost of inventories	**813,216**	830,108
	Depreciation	**51,502**	44,438
	Amortisation of lease prepayments	**3,444**	2,493
	Amortisation of intangible assets	**400**	649
	Research and development costs	**18,937**	11,266
	Impairment losses on trade receivables	**12,822**	3,352
	Operating lease charges	**1,839**	1,467
	Auditors' remuneration	**1,732**	6,300

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENTS

(a) Income tax in the consolidated income statements represents:

	2014	2013
	RMB'000	*RMB'000*
Current tax:		
Provision for PRC income tax for the year	**103,691**	82,463
(Over)/under provision in respect of prior years	**(622)**	1,216
Provision for current income tax	**103,069**	83,679
Deferred tax:		
Origination and reversal of temporary differences	**3,876**	(11,028)
	106,945	72,651

(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.

(iv) Pursuant to the PRC Enterprise Income Tax Law Implementing Regulations issued by State Council of the People's Republic of China, certain subsidiaries with Build-Operate-Transfer ("BOT") projects running garbage disposal and sludge residue operation management are entitled to 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 tax expense and accounting profit at applicable tax rates:

	2014	2013
	RMB'000	*RMB'000*
Profit before taxation	**2,479,758**	2,051,201
Notional tax on profit before taxation, calculated at the rates applicable to profit in the tax jurisdictions concerned	**619,865**	518,480
PRC tax concessions	**(16,483)**	(16,313)
Additional deduction for research and development costs	**(1,201)**	(845)
Tax effect of non-deductible expense	**468**	814
(Over)/under provision in respect of prior years	**(622)**	1,216
Share of profit of an associate	**(495,082)**	(430,701)
Income tax	**106,945**	72,651

8 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 RMB2,238,504,000 (2013: RMB1,836,786,000) and the weighted average of 1,804,750,000 ordinary shares (2013: 1,509,795,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2014	2013
	'000	*'000*
Issued ordinary shares at 1 January	**1,804,750**	1,500,000
Effect of shares issued by initial public offering on 19 December 2013	**–**	9,261
Effect of shares issued by exercise of over-allotment option on 27 December 2013	**–**	534
Weighted average number of ordinary shares at 31 December	**1,804,750**	1,509,795

(b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding during at the years ended 31 December 2014 and 2013.

9 DIVIDENDS

Pursuant to a resolution passed at the Directors' meeting on 23 March 2015, a final dividend of HKD0.40 (2013: HKD0.25) per share totalling HKD721,900,000 (equivalent to approximately RMB572,885,000; 2013: RMB356,528,000) was proposed for shareholders' approval. The dividend has not been provided for in the consolidated financial statements for the year ended 31 December 2014.

10 INTEREST IN AN ASSOCIATE

	2014	2013
	RMB'000	*RMB'000*
Share of net assets	**11,668,343**	9,806,938

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	RMB 800,000,000	49%	Investment holding

The particulars of Conch Holdings's investment holdings as at 31 December 2014 are as follows:

Name of investee	**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. ("Conch Profiles") (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	32.07%	Manufacture of new chemical and building materials
Anhui Conch Building Materials Design and Research Institute ("Conch Design 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	RMB68,500,000	100%	Hotel service
Anhui Conch IT Engineering Co., Ltd. ("Conch IT Engineering") (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:

	2014	2013
	RMB'000	*RMB'000*
Gross amounts of the associate		
Current assets	**1,329,842**	5,321,932
Non-current assets	**26,189,942**	22,523,136
Current liabilities	**(1,752,239)**	(7,790,517)
Non-current liabilities	**(1,954,600)**	(40,392)
Equity	**23,812,945**	20,014,159
Revenue	**721,969**	309,088
Profit after tax for the year	**4,041,490**	3,515,926
Other comprehensive income	**370,251**	(297,488)
Total comprehensive income	**4,411,741**	3,218,438
Dividend received from the associate	**294,000**	114,170
Reconciled to the Group's interest in the associate		
Gross amounts of net assets of the associate	**23,812,945**	20,014,159
Group's effective interest	**49%**	49%
Group's share of net assets of the associate	**11,668,343**	9,806,938
Carrying amount in the consolidated financial statements	**11,668,343**	9,806,938

11 TRADE AND OTHER RECEIVABLES

	The Group		**The Company**	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables	**639,501**	537,104	**–**	–
Gross amounts due from customers for construction contract work	**93,428**	74,803	**–**	–
Bills receivable	**128,587**	238,467	**–**	–
Less: allowance for doubtful debts	**(49,994)**	(37,172)	**–**	–
Trade and bills receivables	**811,522**	813,202	**–**	–
Deposits and prepayments	**29,601**	19,738	**–**	–
Other receivables	**41,597**	45,522	**10**	–
Interest receivables	**13,374**	–	**–**	–
Amounts due from third parties	**896,094**	878,462	**10**	–
Amount due from a subsidiary	**–**	–	**2,003,490**	81,408
Amounts due from related parties	**236,233**	151,181	**–**	–
	1,132,327	1,029,643	**2,003,500**	81,408
Non-current portion of gross amounts due from customers for construction contract work	**237,616**	198,173	**–**	–
Total current and non-current trade and other receivables	**1,369,943**	1,227,816	**2,003,500**	81,408

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.

As at 31 December 2014, the Group endorsed the undue bills receivable of RMB140,010,000, (2013: RMB63,549,000) 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 2014, the maximum exposure to loss from its continuous involvement represents the amount of bills receivable of RMB140,010,000 (2013: RMB63,549,000) which the Group endorsed to its suppliers. These undue bills receivable were due within 6 months.

The amount due from a subsidiary is unsecured, non-interest bearing and repayable on demand.

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:

	2014	2013
	RMB'000	*RMB'000*
Within 1 year	**626,818**	727,954
After 1 year but within 2 years	**157,703**	72,032
After 2 years but within 3 years	**21,955**	7,869
After 3 years but within 5 years	**5,046**	5,347
	811,522	813,202

(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:

	2014	2013
	RMB'000	*RMB'000*
At the beginning of the year	**37,172**	33,820
Impairment losses recognised	**12,822**	3,352
At the end of the year	**49,994**	37,172

The Group's trade and other receivables of RMB5,705,000 was individually determined to be impaired by the management at 31 December 2014 (2013: RMB735,000).

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

	2014	2013
	RMB'000	*RMB'000*
Current	**550,292**	508,904
Less than 1 year past due	**174,780**	277,133
1 to 2 years past due	**71,892**	25,546
2 to 3 years past due	**13,952**	1,619
More than 3 years past due	**606**	–
Total amount past due	**261,230**	304,298
	811,522	813,202

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) 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 2014 is RMB374,049,680 (2013: RMB332,869,100). The gross amounts due from customers from contract work are expected to be recovered upon contract term.

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 RMB116,771,000 at 31 December 2014 (2013: Nil). The amounts for BOT arrangements are not yet due for payment and will be settled by revenue to be generated during the operating periods of the arrangements.

As at 31 December 2014, included in trade receivables are retention receivables in respect of construction contracts of RMB2,180,000 (2013: RMB8,230,000). These balances are expected to be recovered within one year.

12 TRADE AND OTHER PAYABLES

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables	**521,280**	491,427	**–**	–
Bills payable	**139,138**	95,448	**–**	–
	660,418	586,875	**–**	–
Receipts in advance	**117,382**	35,896	**–**	–
Other payables and accruals	**229,909**	174,039	**32**	–
Amounts due to third parties	**1,007,709**	796,810	**32**	–
Amounts due to subsidiaries	**–**	–	**592**	39,694
Amounts due to related parties	**59,342**	305,670	**–**	–
Trade and other payables	**1,067,051**	1,102,480	**624**	39,694

As at 31 December 2014, certain bills payable were secured by the following assets of the Group:

	2014	2013
	RMB'000	*RMB'000*
Restricted bank deposits	**–**	3,662

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

	2014	2013
	RMB'000	*RMB'000*
Within 1 year	**649,937**	586,875
1 year to 2 years	**10,481**	–
	660,418	586,875

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

MANAGEMENT DISCUSSION AND ANALYSIS

Macro Environment

China's economy development has demonstrated an overall slowdown trend in 2014. In 2015, the growth rate of China's gross domestic product is expected to continue to slow down to 7%, and the economy is undergoing a distinct period of "decelerating growth". This period of decelerating growth is one of the logics under the "new normality". In other words, by enduring the economic deceleration, time and space may be allowed for economic adjustment and reform. The significant adjustment under the "new normality" which adopts a two-pronged approach in terms of both magnitude and speed has presented new challenges as well as new opportunities. Under the "new normality", China's economy may seek and create opportunities that will fuel its development against this significant adjustment.

In the first half of 2014, several new laws and rules were promulgated, including the Opinions on Promoting Urban and Industrial Waste Treatment in Production Process by Way of Collaborative Resource Reuse (《關於促進生產過程協同資源化處理城市及產業廢棄物工作的意見》) jointly issued by seven ministries and commissions of the PRC central government to encourage and promote the utilization of existing cement kilns for co-processing urban garbage and solid waste, the new Environmental Law which has taken effect from 1 January 2015 and the more stringent Standards for Pollution Control on Municipal Solid Waste Incineration as revised by the PRC Ministry of Environmental Protection, which will be conducive to the healthy and sustainable development of the waste management industry. Mr. Li Keqiang, the current Premier of the State Council, stated in the 2015 Work Report of the Government that China enjoys significant advantages in developing the energy-preservation and environmental-protection industries and should build them into the pillar industries of the national economy. The introduction of these policies and standards not only demonstrates the central government's determination to tackle environmental pollutions and promote the growth of energy conservation and environmental protection industries, but also indicates more distinct direction for the development of energy conservation and environmental protection industries. In the long run, the energy preservation and environmental protection industries will definitely contribute to the economic benefit, comprehensive benefit and social benefit of China under the "new normality".

Business Review

Benefiting from the support of the national industrial policies, the Group has been adhering to the business philosophy of "developing new energy-saving and environmental-friendly materials industries to create a better living space for the future of mankind", comprehensively promoting the development in various industry segments and striving to accelerate the development of environmental protection industry by enhancing and improving leading energy-saving technologies and exploring and developing new business models in the Reporting Period. The Company has further improved its management standards, and achieved outstanding progress in internal controls, project development, project construction and technology research and development and other aspects and excellent operation results. Meanwhile, the Group continued its progressive efforts to explore new markets for environmental-friendly business and expand its business coverage, thereby maintaining and consolidating its leading role in the industry while laying a solid foundation for the healthy and sustainable development of the Group.

Energy-saving Industry

The Group has been continuing to explore the domestic residual heat power generation market, and concurrently gradually intensify its marketing efforts on exploring overseas residual heat power generation markets, such as India, Laos, Burma, and Vietnam. Meanwhile, the Group has carried out intensive investigation over regions with concentrated silicon iron alloy markets such as Ningxia and Inner Mongolia. Moreover, the Group has also made progress in the expansion of other residual heat power generation fields in the industry.

During the Reporting Period, the Group has also secured two overseas high-efficient energy-saving vertical mill supply contracts in Tanzania and Kyaukse, Burma with the Lafarge Group. The CK370 cement vertical mill employed in the cement project of the Lafarge Group in Tanzania was the first set of high-efficient energy-saving cement vertical mill exported by the Company to overseas markets, cementing solid foundation for the high-efficient energy-saving vertical mill business to have a global coverage. During the Reporting Period, the Group sold 18 sets of vertical mills, including 2 sets in overseas markets and 16 sets in the domestic market.

Environmental Protection Industry

During the Reporting Period, the Group swiftly seized the good opportunities arising from the implementation by local governments of China of the "No. 41 Document" issued by the State Council. The environmental protection industry is a major business segment of the Company and has been making contribution to the significant increase in the net profits of the Group's principal business.

The number of environmental protection projects increased rapidly from initially two in Tongling and Guiding to currently 22 in 10 provinces. Breakthroughs have been achieved in the grate furnace waste power generation project in Jinzhai, Anhui Province and the urban industrial solid waste disposal project in Qian County, Shaanxi Province. The projects regarding cement kiln co-processing of household garbage in Pingliang, Gansu Province and Zunyi, Guizhou Province were completed and put into operation in 2014. The projects in Qinzhen, Guizhou Province and Zhong County, Chongqing are expected to be put into operation in the second quarter of the year. Other projects have been smoothly constructed and are expected to be completed and put into operation as scheduled.

Our business line has developed from applying the technology to disposal of urban garbage by cement kiln to being equipped with comprehensive capabilities for disposal of garbage with technologies such as grate furnace waste power generation and urban industrial solid waste disposal.

In addition, the Group has conducted proactive cooperation with the Company's cornerstone investors. The Group has entered into a strategic cooperation agreement with China National Building Material Group Corporation, and has launched a successful trial run in the waste disposal project in Yuping and Xishui, Guizhou Province. The Group has entered into an agreement with Taiwan Cement Corporation in the Engineering-Procurement-Construction ("EPC") business model in respect of the project for disposal of garbage in Anshun, Guizhou.

The Group has contracted 22 waste disposal projects, including 4 completed waste disposal projects, 15 waste disposal projects under construction, and 3 approved waste disposal projects under planning.

During the Reporting Period, turnover of the energy preservation and environmental protection industries amounted to RMB1.61 billion, representing an increase of 10.0% as compared with the corresponding period of the previous year.

Green Building Materials Industry

During the Reporting Period, the green building materials projects invested by the Group in Bozhou and Wuhu, Anhui Province have officially commenced operation in October and December 2014, respectively. The annual production capacity of cellulose cement autoclaved boards of the Group has reached 32.0 million square meters, and as a result the Group has become the largest producer and supplier of cellulose cement autoclaved boards in China. Upon the operation of the projects, the Group conducted research and survey on the building materials markets in 14 provinces and regions including Shandong, Jiangsu, Zhejiang, Shanghai, Anhui, Hunan, Guangdong, Sichuan and Guizhou, with the respondents comprising 20 production-oriented enterprises, 69 post-processing enterprises, 95 building-material markets of various regions and over 400 online outlets selling building boards. The Group then categorized and screened potential customers through a comprehensive analysis of their operational capability and development prospect, making meticulous preparations for the Group to tap into market.

Port Logistics Business

During the Reporting Period, the port logistics business continued to contribute stable turnover for the Group. Turnover from the port logistics business amounted to RMB142 million, representing an increase of 8.3% over the same period of 2013. The Group has completed 10.90 million physical tonnes on an accumulated basis with throughput of 21.70 million tonnes.

Profits

Item	2014 Amount *(RMB'000)*	2013 Amount *(RMB'000)*	Changes between the Reporting Period and the Corresponding period of the previous year *(%)*
Turnover	**1,747,892**	1,591,382	**9.8**
Profit before taxation	**2,479,758**	2,051,201	**20.9**
Share of profit of an associate	**1,980,330**	1,722,804	**14.9**
Net profit attributable to equity shareholder of the Company	**2,238,504**	1,836,786	**21.9**

During the Reporting Period, the Group expedited the development of the environmental protection industry while maintaining the healthy and sustainable development of all industry pillars, and recorded turnover of RMB1.75 billion and profit before taxation of RMB2.48 billion, representing increases of 9.8% and 20.9% as compared with the corresponding period of the previous year, respectively. Share of profit of an associate amounted to RMB1.98 billion, representing an increase of 14.9% as compared with the corresponding period of the previous year. The increase was mainly attributable to the profit growth of Conch Holdings, an associate of the Company, resulting in an increase in profit attributable to the Group. Net profit attributable to equity shareholders of the Company amounted to RMB2.24 billion, representing an increase of 21.9% as compared with the corresponding period of the previous year. Basic earnings per share amounted to RMB1.24.

Turnover by business segments

Item	2014 Amount *(RMB'000)*	2014 Percentage *(%)*	2013 Amount *(RMB'000)*	2013 Percentage *(%)*	Change in amount *(%)*	Change in percentage *(percentage point)*
Residual heat power generation	**967,891**	**55.4**	1,174,970	73.8	**–17.6**	**–18.4**
Vertical mills	**314,454**	**18.0**	284,974	17.9	**10.3**	**0.1**
Waste incineration	**323,947**	**18.5**	645	0.1	**50,124.3**	**18.4**
Subtotal	**1,606,292**	**91.9**	1,460,589	91.8	**10.0**	**0.1**
Port logistics services	**141,600**	**8.1**	130,793	8.2	**8.3**	**–0.1**
Total	**1,747,892**	**100.0**	1,591,382	100.0	**9.8**	**–**

During the Reporting Period, the percentage of turnover from waste incineration increased rapidly to 18.5%, mainly due to the accelerated progress of several waste incineration projects undertaken by the Group in Pingliang, Gansu, Zunyi, Guizhou and Guiyang, Guizhou, which have generated turnover; turnover from vertical mills and port logistics services increased by 10.3% and 8.3% respectively as compared with the corresponding period of the previous year, mainly due to the increase in the sales of vertical mills and the throughput capacity of ports; turnover from residual heat power generation decreased by 17.6%, mainly due to the fact that turnover of the domestic residual heat power generation decreased because the demand of the Chinese cement industry for residual heat power generation declined and the market competition was fierce.

Turnover by geographical locations

	2014		2013		**Change in**	**Change in**
Item	**Amount**	**Percentage**	Amount	Percentage	**amount**	**percentage**
	(RMB'000)	***(%)***	*(RMB'000)*	*(%)*	***(%)***	***(percentage point)***
China	**1,452,353**	**83.1**	1,321,382	83.0	**9.9**	**0.1**
Asia (excluding China)	**279,321**	**15.9**	270,000	17.0	**3.5**	**–1.1**
Africa	**16,016**	**0.9**	–	–	**–**	**0.9**
South America	**202**	**0.1**	–	–	**–**	**0.1**
Total	**1,747,892**	**100.0**	1,591,382	100.0	**9.8**	**–**

During the Reporting Period, turnover of the Group from the domestic market increased by 9.9%, representing an increase of 0.1 percentage point over the corresponding period of the previous year. Turnover from Asia (excluding China) increased by 3.5% as compared with the corresponding period of the previous year, because the Group endeavored to expand the overseas residual heat power generation markets. By proactively exploring overseas mill markets, the Group has commenced sales of vertical mills in regions such as Tanzania in Africa and India in Asia.

Gross profit and gross profit margin

Item	2014 Gross profit	2014 Gross profit margin	2013 Gross profit	2013 Gross profit margin	Change in amount	Change in gross profit margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(%)*	*(percentage point)*
Residual heat power generation	**282,703**	**29.2**	353,745	30.1	**–20.1**	**–0.9**
Vertical mills	**88,017**	**28.0**	62,311	21.9	**41.3**	**6.1**
Waste incineration	**127,294**	**39.3**	–	–	**–**	**39.3**
Subtotal	**498,014**	**31.0**	416,056	28.5	**19.7**	**2.5**
Port logistics services	**75,627**	**53.4**	76,897	58.8	**–1.7**	**–5.4**
Total	**573,641**	**32.8**	492,953	31.0	**16.4**	**1.8**

During the Reporting Period, the consolidated gross profit margin of products of the Group was 32.8%, representing an increase of 1.8 percentage points as compared with the corresponding period of the previous year, primarily due to the fact that the Group ramped up its sales efforts and enlarged technological application area; meanwhile, the Group also expedited the exploration of the waste incineration market, moreover, profits and gross profit margin of both businesses maintained fast growth, driving the growth of the consolidated gross profit margin of products of the Group. Gross profit margin from residual heat power generation business decreased by 0.9 percentage points as compared with the corresponding period of the previous year, mainly due to the intensified competition in the residual heat power generation market and the decrease in selling price. Gross profit margin for port logistics services decreased by 5.4 percentage points as compared with the corresponding period of the previous year, which was attributable to (i) the decreased prices of loading and unloading coal as a result of the pullback in prices of coal; and (ii) the decrease of consolidated unit price was affected by the changes in the structure of cargo source.

Share of revenue and profit of Conch Cement

Item	2014 Amount	2014 Percentage	2013 Amount	2013 Percentage	Change in amount	Change in percentage *(percentage point)*
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(%)*	
Turnover	**1,747,892**	**100.0**	1,591,382	100.0	**9.8**	**–**
Other customer	**1,017,999**	**58.2**	792,505	49.8	**28.5**	**8.4**
Conch Cement	**729,893**	**41.8**	798,877	50.2	**–8.6**	**–8.4**
Profit for the year	**2,372,813**	**100.0**	1,978,550	100.0	**19.9**	**–**
Share of profit of an associate	**1,980,330**	**83.5**	1,722,804	87.1	**14.9**	**–3.6**
Profit attributable to operations	**392,483**	**16.5**	255,746	12.9	**53.5**	**3.6**

During the Reporting Period, revenue from sales to Conch Cement was RMB730 million and accounted for 41.8% of total turnover, representing a decrease of 8.6% and 8.4 percentage points as compared with the corresponding period of the previous year, respectively, primarily because the Group intensified the market expansion, resulting in an increase in the turnover from customers other than Conch Cement.

Other revenue

During the Reporting Period, the Group's other revenue was RMB147.887 million, representing an increase of RMB130.355 million over the same period last year. Such increase was mainly due to an increase in the deposit interest and subsidies of the Group.

Distribution costs

During the Reporting Period, the distribution costs of the Group were RMB26.653 million, representing a decrease of RMB387,000 or 1.4% as compared with the corresponding period of the previous year, primarily due to the decrease in port logistics service fee.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group were RMB104.997 million, representing an increase of RMB2.279 million or 2.2% as compared with the corresponding period of the previous year, primarily due to the increase in research and development costs and provision of bad debts in 2014.

Finance costs

During the Reporting Period, the finance costs of the Group were RMB60.755 million, representing an increase of RMB7.153 million or 13.3% as compared with the corresponding period of the previous year, primarily due to the longer interest-bearing period of loans of the Group in the year than that of loans taken up by the Group as a result of its restructuring last year.

Profit before taxation

During the Reporting Period, profit before taxation of the Group was RMB2.48 billion, representing an increase of RMB429 million or 20.9% as compared with the corresponding period of the previous year, primarily attributable to (i) the significant increase in profits from principal operations with profits from principal operations before taxation during the year being RMB499 million, representing an increase of RMB171 million or 52.1% as compared with the corresponding period of the previous year; and (ii) the increase in share of profit of an associate with share of profit of an associate during the year being RMB1.98 billion, representing an increase of RMB258 million or 14.9% as compared with the corresponding period of the previous year.

Income tax expenses

During the Reporting Period, income tax expenses of the Group were RMB106.945 million, representing an increase of RMB34.294 million or 47.2% as compared with the corresponding period of the previous year, primarily due to the rise of income tax expenses as a result of the growth in profits from principal operations before taxation.

FINANCIAL POSITION

As at 31 December 2014, total assets and equity attributable to equity shareholders of the Company amounted to RMB17.21 billion and RMB14.85 billion, representing increases of RMB1.23 billion and RMB2.05 billion, respectively, as compared with the end of the previous year. Gearing ratio of the Group was 11.1%, representing a decrease of 5.8 percentage points as compared with the end of the previous year. The balance sheet items of the Group are as follows:

Item	**At 31 December 2014** *(RMB'000)*	At 31 December 2013 *(RMB'000)*	**Change between the end of the Reporting Period and the end of the previous year** *(%)*
Property, plants and equipment	**1,007,768**	786,513	**28.1**
Non-current assets	**13,206,837**	11,028,055	**19.8**
Current assets	**4,000,030**	4,948,614	**–19.2**
Current liabilities	**1,776,416**	1,595,547	**11.3**
Non-current liabilities	**130,000**	1,104,000	**–88.2**
Net current assets	**2,223,614**	3,353,067	**–33.7**
Equity attributable to equity shareholders of the Company	**14,853,647**	12,801,011	**16.0**
Total assets	**17,206,867**	15,976,669	**7.7**
Total liabilities	**1,906,416**	2,699,547	**–29.4**

Non-current assets and non-current liabilities

As at 31 December 2014, the non-current assets of the Group was RMB13.21 billion, representing an increase of 19.8% as compared with the end of the previous year, primarily due to an increase of equities in its associates. Non-current liabilities of the Group was RMB130 million, representing a decrease of 88.2% as compared with the end of the previous year, primarily because the Group repaid some long-term borrowings during the year and long-term borrowings due within one year were reclassified into current liabilities.

Current assets and current liabilities

As at 31 December 2014, the current assets of the Group was RMB4.00 billion, representing a decrease of 19.2% as compared with the end of the previous year, primarily because the Group accelerated the construction of its works and repaid some borrowings. Current liabilities of the Group were RMB1.78 billion, representing an increase of 11.3% as compared with the end of the previous year. Current ratio and debt to equity ratio (calculated by dividing total loans by total equity) were 2.25 and 0.05 respectively, as compared to 3.1 and 0.12 of the corresponding period of the previous year respectively.

Net current assets

As at 31 December 2014, net current assets of the Group were RMB2.22 billion, representing a decrease of RMB1.13 billion as compared with the end of the previous year, primarily because the Group accelerated the construction of its works and repaid some borrowings.

Equity attributable to equity shareholders of the Company

As at 31 December 2014, equity attributable to equity shareholders of the Group was RMB14.85 billion, representing an increase of 16.0% as compared with the end of the previous year, primarily due to the increase in equity in associates attributable to the Group and profits from principal operations before taxation.

Bank loans

Item	**At 31 December 2014** ***(RMB'000)***	At 31 December 2013 *(RMB'000)*
Due within one year	**670,000**	484,804
Due after one year but within two year	**130,000**	904,000
Due after two years but within five years	**–**	200,000
Due after five years	**–**	–
Total	**800,000**	1,588,804

As at 31 December 2014, total loans of the Group amounted to RMB800 million, representing a decrease of RMB789 million as compared to the end of the previous year, primarily because the Group repaid bank loans during the year.

Foreign Exchange Risk

Foreign exchange risks faced by the Group mainly derive 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.

Cash Flow

Item	**2014** *(RMB'000)*	2013 *(RMB'000)*
Net cash generated from operating activities	**336,768**	308,825
Net cash (used in)/generated from investing activities	**(677,254)**	58,687
Net cash (used in)/generated from financing activities	**(1,299,392)**	3,053,561
Net (decrease)/increase in cash and cash equivalents	**(1,639,878)**	3,421,073
Cash and cash equivalents at the beginning of the year	**3,698,141**	276,388
Effect of changes in foreign exchange rate on cash and cash equivalents	**(680)**	680
Cash and cash equivalents at the end of the year	**2,057,583**	3,698,141

Net cash generated from operating activities

During the Reporting Period, net cash generated from the operating activities of the Group amounted to RMB336.768 million, representing an increase of RMB27.943 million as compared with the corresponding period of the previous year. The increase was mainly attributable to an increase in turnover and a decrease in the balance of bank acceptance notes due from customers.

Net cash used in investing activities

During the Reporting Period, net cash used in the investing activities of the Group amounted to RMB677.254 million, representing an increase of RMB735.941 million as compared with the corresponding period of the previous year. The increase was mainly due to the fact that the Group expedited the technical upgrading projects of new building materials and port logistics services and made term deposits with banks for the purpose of improving capital efficiency.

Net cash used in financing activities

During the Reporting Period, net cash used in the financing activities of the Group amounted to RMB1,299.392 million, representing an increase of RMB4,352.953 million as compared with the corresponding period of the previous year, mainly because of the repayment of some bank loans, payment of dividends and proceeds from issue of shares by the Group in 2013.

Commitments

As at 31 December 2014, the Group had purchase commitments of outstanding in connection with construction contractors were as follows:

Item	**At 31 December 2014** *(RMB'000)*	At 31 December 2013 *(RMB'000)*
Contracted for	**476,459**	69,863
Authorized but not contracted for	**510,600**	163,142
Total	**987,059**	233,005

CONTINGENT LIABILITIES

As at 31 December 2014, the Group had no material contingent liabilities.

ACQUISITIONS OR DISPOSALS

On 1 December 2014, China Conch Venture Holdings (HK) Limited ("Conch Venture HK"), an indirect wholly-owned subsidiary of the Company acquired 25% equity interest of 揚州海昌港務實業有限責任公司 (Yangzhou Haichang Port Industrial Co Ltd.*) ("HC Port") for an amount of RMB83.398 million. Prior to completion of such acquisition, HC Port was held as to 75% by 蕪湖海創實業有限責任公司 (Wuhu Couch Venture Enterprise Limited*) ("Conch Venture Wuhu"), an indirect wholly-owned subsidiary of the Company and 25% by Prosperity Trading Limited ("Prosperity Trading"). Upon completion, HC Port was held as to 75% by Conch Venture Wuhu and as to 25% by Conch Venture HK. As a result, HC Port became an indirect wholly-owned subsidiary of the Company. Pursuant to Rule 14A.09 of the Rules Governing the Listing of Securities ("Listing Rules") on The Stock Exchange of Hong Kong Limited ("Stock Exchange"), since the total assets, profits and revenue of HC Port for each of the three financial years ended 31 December 2013 are less than 10% of that of the Group, HC Port is an "insignificant subsidiary" of the Company, hence Prosperity Trading was not a connected person of the Company and the transaction between the Group and Prosperity Trading did not constitute a connected transaction under Chapter 14A of the Listing Rules.

Save for the above transaction, none of the Company or its subsidiaries or associated companies had entered into any material acquisitions or disposals during the Reporting Period.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The shares in the Company became first listed on the Main Board of the Stock Exchange on 19 December 2013.

The net proceeds raised from the global offering was approximately HK$3,968.3 million. During the Reporting Period, all relevant net proceeds were extensively applied in accordance with the use of proceeds as disclosed in the prospectus of the Company dated 9 December 2013. Such proceeds were mainly applied to land acquisition, construction of production facilities, purchase of raw materials, and sales and market development of the green construction material industry in Wuhu and Bozhou, Anhui Province. A portion of such proceeds were applied to the construction and operation of incineration projects, the construction of port facilities of HC Port, and the business operation and general corporate purposes of the Company. The remaining portion of such proceeds were deposited with banks and financial institutions recognized in Hong Kong and the PRC.

The Company currently has no intention to change the planned 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. In 2014, 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 31 December 2014, the Group had approximately 997 employees. The remuneration of employees is based on qualifications, experience, work performance and market conditions. As required by the PRC regulations on social insurance, the Group participated in the social insurance schemes operated by local government authorities which include pension insurance, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance.

The Company has adopted a share option scheme ("Share Option Scheme") 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. The Group has not granted any share option under the Share Option Scheme ever since its adoption.

OUTLOOK FOR 2015

Future abounds with both expectations and heavy responsibilities. The Group will rely on favourable industrial policies and seize the opportunity to develop the three major business segments, i.e. energy saving, environmental protection and green building materials. The Group endeavours to enhance the profit from the Group's principal business such that it shall account for 30% or more of the net profit attributable to the equity shareholders of the Company and will also strive to achieve the leading position in the industry within the next three to five years and reward the shareholders with excellent operating results.

In respect of the residual heat power generation segment in the energy-saving industry, the Group will maintain its controlling share in the domestic residual market and will take full advantage of its technological edge to obtain upgrade and modification orders for residual heat power generation. The Group will also strive to obtain more orders by exploring markets in Turkey, India, Pakistan and Vietnam etc.

In respect of the environmental protection industry, the Group will strive to secure more than ten projects as well as expediting the project development. The Group will also aim to achieve breakthroughs in the development and promotion of new energy-saving and environmental protection technologies including waste recycling and conversion of waste into energy and resources, by capitalising on the resource advantage available from the Group's business collaboration with different parties.

In respect of the environmental protection industry, the Group will continue to intensify its marketing efforts, accelerate the establishment of sales team and enhance the popularity and influence of its brand name in the industry, so that the green building material segment will become the principal business segment of the Group which will make substantial contribution to the future growth in the operating results of the Group.

REVIEW OF ANNUAL RESULTS

The audited consolidated annual results of the Group for the year ended 31 December 2014 have been approved by the Board and reviewed by the audit committee of the Board.

ANNUAL GENERAL MEETING

The annual general meeting of the Company ("AGM") for 2015 will be held on Tuesday, 26 May 2015. The notice of the AGM, which will be incorporated in the circular to the shareholders, will be sent together with the annual report of the Company for the year ended 31 December 2014 ("2014 Annual Report").

FINAL DIVIDENDS

At the Board meeting held on 23 March 2015, the Directors proposed to declare a final cash dividend of HK$0.4 per share for the year ended 31 December 2014 (2013: HK$0.25 per share). The proposed final dividend is subject to the approval of shareholders at the forthcoming AGM. Final dividend, if so approved, is expected to be paid on 11 June 2015.

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, 21 May 2015 to Tuesday, 26 May 2015, 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, 20 May 2015.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 1 June 2015 to Wednesday, 3 June 2015, 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 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 Friday, 29 May 2015.

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 listed securities of the Company.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board confirmed that during the Reporting Period, saved for the deviation discussed below, the Company has complied with all the code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules.

According to Code Provision A.1.1 of the Corporate Governance Code, the board of directors of any listed company should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the Reporting Period, the Board had held three meetings, two of which were routine meetings to approve of the final results for the year ended 31 December 2013 and the interim results for the six months ended 30 June 2014. Nevertheless, during the year, a majority of the members of the Board regularly attended management discussion meetings of the Company in addition to the said Board meetings, on a quarterly basis, to discuss or approve of matters in relation to, among other things, operating strategies, external expansion, financial planning. Discussions and matters approved during such meetings would be reported to the Directors that were absent from such meetings through telephone, email, and other means. In 2015, the Company will hold at least one Board meeting for each quarter to comply with Code Provision A.1.1 of the Corporate Governance Code to discuss and, where applicable, approve matters in relation to, among other things, operating strategies, external expansion, financial planning.

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

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is available on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.conchventure.com). The 2014 Annual Report 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
China Conch Venture Holdings Limited
中國海螺創業控股有限公司
GUO Jingbin
Chairman

Auhui Province, the People's Republic of China
23 March 2015

As at the date of this announcement, the Board comprises Mr. GUO Jingbin, Mr. JI Qinying, 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.