CONCH VENTURE

Striving to focus on energy-preservation,
environmental-friendly and new building materials industries
to build a beautiful home for all people

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

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 586

This Annual Report, in both Chinese and English versions, is available on the Company's website at http://www.conchventure.com (the "Company Website"). Shareholders who have chosen or have been deemed consented to receive the corporate communications of the Company (the "Corporate Communications") via the Company Website and who for any reason have difficulty in receiving or gaining access to the Corporate Communications posted on the Company Website will promptly upon request be sent the Corporate Communications in printed form free of charge.

Shareholders may at any time change their choice of the means of receipt of the Corporate Communications (either in printed form or via the Company Website).

Shareholders may send their requests at any time to receive the Annual Report and/or to change their choice of the means of receipt of the Corporate Communications by notice in writing to the share registrar of the Company, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

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DEFINITIONS

In this report, unless the context otherwise requires, the following expressions shall have the following meanings:

2014 Annual General Meeting or 2014 AGM:	the annual general meeting of the Company held on 21 May 2014
2015 Annual General Meeting or 2015 AGM:	the forthcoming annual general meeting of the Company to be held on 26 May 2015
Articles of Association:	the articles of association of the Company
associate(s):	has the meaning ascribed thereto under the Listing Rules
associated corporation(s):	has the meaning ascribed thereto under the SFO
Board:	the board of Directors
Audit Committee:	the audit committee of the Board
BOT:	build-operate-transfer, a type of business arrangement used in the construction of a facility
Bozhou CV Green:	亳州海創新型節能建築材料有限責任公司 (Bozhou Conch Venture New Energy-saving Building Material Co., Ltd.*)
China or the PRC:	the People's Republic of China
CK Engineering:	安徽海螺川崎工程有限公司 (Anhui Conch Kawasaki Engineering Co., Ltd.*)
CK Equipment:	安徽海螺川崎節能設備製造有限公司 (Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd.*)
CKEM:	安徽海螺川崎裝備製造有限公司 (Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd.*)
close associate(s):	has the meaning ascribed thereto under the Listing Rules
Companies Law:	the Companies Law, Cap. 22 of the Cayman Islands (as amended from time to time)

DEFINITIONS

Company or Conch Venture:	China Conch Venture Holdings Limited (中國海螺創業控股有限公司)
Conch Cement Group:	Conch Cement and its subsidiaries
Conch Cement:	安徽海螺水泥股份有限公司 (Anhui Conch Cement Co., Ltd.*)
Conch Design Institute:	安徽海螺建材設計研究院 (Anhui Conch Building Materials Design and Research Institute*)
Conch Group:	Conch Holdings and its affiliates (primarily Conch Cement and Conch Profiles)
Conch Heat Energy:	蕪湖海螺熱能工程有限責任公司 (Wuhu Conch Heat Energy Engineering Co., Ltd.*)
Conch Holdings:	安徽海螺集團有限責任公司 (Anhui Conch Holdings Co., Ltd.*)
Conch IID Shanghai:	上海海螺國際投資發展有限公司 (Shanghai Conch International Investment Development Co., Ltd.*)
Conch IT Engineering:	安徽海螺信息技術工程有限責任公司 (Anhui Conch IT Engineering Co., Ltd.*)
Conch Profiles:	蕪湖海螺型材科技股份有限公司 (Wuhu Conch Profiles and Science Co., Ltd.*)
Conch Property Management:	蕪湖海螺物業管理有限公司 (Wuhu Conch Property Management Co., Ltd.*)
Conch Venture Green:	安徽海創新型節能建築材料有限責任公司 (Anhui Conch Venture New Energy-saving Building Material Co., Ltd.*)
Conch Venture HK	China Conch Venture Holdings (HK) Limited (中國海創控股（香港）有限公司)
Conch Venture Property:	蕪湖海創置業有限責任公司 (Wuhu Conch Venture Property Co., Ltd.*)
Conch Venture Wuhu:	蕪湖海創實業有限責任公司 (Wuhu Conch Venture Enterprise Limited*)

Confluence Investment:	Confluence Investment Holdings Limited (百匯投資控股有限公司)
connected person(s):	has the meaning ascribed thereto under the Listing Rules
Controlling Shareholder(s):	has the meaning ascribed thereto under the Listing Rules
CV Investment:	安徽海螺創業投資有限責任公司 (Anhui Conch Venture Investment Co., Ltd.*)
Director(s):	the director(s) of the Company
EPC:	engineering, procurement and construction, a type of business arrangement used in the design and construction of a facility
Global Offering:	the offer of shares for subscription by the public in Hong Kong and international investors on the terms and conditions described in the Prospectus
Golden Convergence:	Golden Convergence Limited (金匯有限公司)
Group, we, our, or us:	the Company and its subsidiaries
HC Port:	揚州海昌港務實業有限責任公司 (Yangzhou Haichang Port Industrial Co., Ltd.*)
HK$:	Hong Kong dollar, the lawful currency of Hong Kong
HLGH Discretionary Objects:	in respect of the HLGH Discretionary Trust, the employees from time to time of Conch Holdings, CV Investment, the Company and those of their respective direct or indirect subsidiaries and companies in which they have interests
HLGH Discretionary Trust:	the discretionary trust established with effect from 11 July 2013, (i) with Mr. Liu Yi as settlor and (ii) whose discretionary objects are the HLGH Discretionary Objects
HLGH Fixed Investment:	HLGH Fixed Investment Limited

DEFINITIONS

HLGH Fixed Trust:	the fixed trust established with effect from 11 July 2013, with Mr. Liu Yi as settlor and the SA Member Beneficiaries of the Conch Group Staff Association as fixed beneficiaries (but does not include any Individual Owners)
HLGH Investment:	HLGH Investment Limited
HLGH PTC:	HLGH Management (PTC) Limited
Hong Kong or HK:	the Hong Kong Special Administrative Region of the PRC
Independent Third Parties	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of the Directors' knowledge, information and belief, having made all reasonable enquiries, is/are independent of the Company and our connected persons
Individual Owners:	collectively, Messrs. Guo Wensan, Li Shunan, Wang Jun, Zhu Dejin, Zhu Zhongping (the chief accountant of the Company), Guo Jingbin (an executive Director of the Company) and Ji Qinying (an executive Director of the Company)
INEDs or our INEDs	the independent non-executive Directors
Kawasaki HI:	Kawasaki Heavy Industries Ltd. (川崎重工業株式會社)
Kawasaki Partner:	such member of the group comprising Kawasaki HI and its subsidiaries which held (or holds) equity interest in CK Engineering and CK Equipment
Listing Rules:	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time)
Management:	the members of the senior management of the Company
NGGH Investment:	NGGH Investment Limited
NGGH PTC:	NGGH Management (PTC) Limited

NGGH Trust:	the fixed trust established with effect from 11 July 2013, with Mr. Rao Peijun as settlor and the SA Member Beneficiaries of Ningguo Staff Association as fixed beneficiaries
Prospectus:	the prospectus of the Company dated 9 December 2013 in connection with the Global Offering
Prosperity Trading:	Prosperity Trading Limited (昌興建材有限公司)
Remuneration and Nomination Committee:	the remuneration and nomination committee of the Board
Reporting Period:	the year from 1 January 2014 to 31 December 2014
RMB:	Renminbi, the lawful currency of the PRC
SA Baimashan:	安徽省白馬山水泥廠工會委員會 (The Staff Association of Baimashan Cement Plant*)
SA Conch Group or Conch Group Staff Association:	安徽海螺集團有限責任公司工會委員會 (The Staff Association of Anhui Conch Holdings Company Co., Limited*)
SA Member Beneficiary(ies):	staff member(s) of SA Conch Group, SA Baimashan, SA Ningguo or SA Profiles who was (were) indirectly entitled to benefits to (i) CV Investment; and (ii) where applicable, save and except the Individual Owners, the Company whose capital is held through trust
SA Ningguo or Ningguo Staff Association:	安徽省寧國水泥廠工會委員會 (The Staff Association of Ningguo Cement Plant*)
SA Profiles:	蕪湖海螺型材科技股份有限公司工會委員會 (The Staff Association of Conch Profiles*)
SFO:	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (as amended from time to time)
Splendor Court:	Splendor Court Holdings Limited (華廷控股有限公司)
State Council:	the State Council of the People's Republic of China
Stock Exchange:	The Stock Exchange of Hong Kong Limited

1. CORPORATE INFORMATION

(I)	**REGISTERED CHINESE NAME OF THE COMPANY:**	中國海螺創業控股有限公司
	CHINESE ABBREVIATION:	海螺創業
	REGISTERED ENGLISH NAME OF THE COMPANY:	CHINA CONCH VENTURE HOLDINGS LIMITED
	ENGLISH ABBREVIATION:	CONCH VENTURE
(II)	**EXECUTIVE DIRECTORS:**	Mr. GUO Jingbin *(Chairman)* Mr. JI Qinying *(Chief Executive Officer)* Mr. LI Jian Mr. LI Daming
(III)	**NON-EXECUTIVE DIRECTOR:**	Ms. ZHANG Mingjing
(IV)	**INDEPENDENT NON-EXECUTIVE DIRECTORS:**	Mr. CHAN Chi On (alias Derek CHAN) Mr. CHAN Kai Wing Mr. LAU Chi Wah, Alex
(V)	**AUDIT COMMITTEE:**	Mr. CHAN Chi On (alias Derek CHAN) *(Chairman)* Mr. CHAN Kai Wing Mr. LAU Chi Wah, Alex
(VI)	**REMUNERATION AND NOMINATION COMMITTEE:**	Mr. LAU Chi Wah, Alex *(Chairman)* Mr. CHAN Chi On (alias Derek CHAN) Mr. CHAN Kai Wing Mr. JI Qinying Ms. ZHANG Mingjing
(VII)	**JOINT COMPANY SECRETARIES:**	Mr. SHU Mao Ms. NG Sin Yee, Clare
(VIII)	**AUTHORISED REPRESENTATIVES:**	Mr. GUO Jingbin Mr. JI Qinying
(IX)	**REGISTERED OFFICE OF THE COMPANY:**	Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands

(X)	**ADDRESS OF THE HEAD OFFICE IN THE PRC:**	1011 Jiuhua South Road, Wuhu City, Anhui Province, China
(XI)	**POSTAL CODE:**	241070
(XII)	**EMAIL ADDRESS OF THE COMPANY:**	hlcy@conch.cn
(XIII)	**WEBSITE OF THE COMPANY:**	http://www.conchventure.com
(XIV)	**PRINCIPAL PLACE OF BUSINESS IN HONG KONG:**	Suite 4018, 40/F Jardine House, 1 Connaught Place, Central, Hong Kong
(XV)	**HONG KONG LEGAL ADVISOR:**	Chiu & Partners
(XVI)	**COMPLIANCE ADVISOR:**	First Shanghai Capital Limited
(XVII)	**INTERNATIONAL AUDITOR:**	KPMG
(XVIII)	**CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER AGENT:**	Codan Trust Company (Cayman) Limited Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands
(XIX)	**HONG KONG SHARE REGISTRAR:**	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
(XX)	**STOCK CODE:**	00586

2. FINANCIAL HIGHLIGHTS

FINANCIAL OVERVIEW (FOR THE YEAR ENDED 31 DECEMBER 2014)

1.Operating results

Unit: RMB'000

Item	**2014**	2013	2012	2011
Turnover	**1,747,892**	1,591,382	1,250,435	1,581,995
Profit before taxation	**2,479,758**	2,051,201	1,482,742	2,462,772
Share of profit of an associate	**1,980,330**	1,722,804	1,176,249	2,062,894
Net profit attributable to equity shareholders of the Company	**2,238,504**	1,836,786	1,299,091	2,228,156

2. Assets and liabilities

Unit: RMB'000

Item	**2014**	2013	2012	2011
Total assets	**17,206,867**	15,976,669	10,804,688	9,794,761
Total liabilities	**1,906,416**	2,699,547	1,325,932	1,217,967
Equity attributable to equity shareholders of the Company	**14,853,647**	12,801,011	9,060,993	8,151,307

(1) MARCO-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".

(2) RESULTS 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.

3. BUSINESS REVIEW AND OUTLOOK

During the Reporting Period, the Group recorded turnover of approximately RMB1.75 billion, representing an increase of 9.8% over the same period of last year. Profit before taxation amounted to RMB2.48 billion, representing an increase of 20.9% over the same period of last year. Profit before taxation of our principal activities was RMB499 million, representing an increase of 52.1% over the same period of last year. Net profit attributable to equity shareholders of the Company amounted to RMB2.24 billion, representing an increase of 21.9% over the same period of last year.

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.

2014, 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.

High-efficient energy-saving vertical mill constructed by the Group

Residual heat power generation project in India under construction

Environmental Protection Industry

In 2014, 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 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.

Conch Venture obtained Fusui Waste Disposal Project on 23 October 2014

3. BUSINESS REVIEW AND OUTLOOK

Details of the contracted waste disposal projects are as follows:

No.	Way of disposal	Status	Location	Business model	Size	Expected completion date
1	Disposal of household garbage by cement kiln	Completed	Tongling, Anhui Province	EPC	1×300t/d	
2			Guiding County, Guizhou Province	EPC	1×200t/d	
3			Pingliang, Gansu Province	BOT	1×300t/d	
4			Zunyi, Guizhou Province	EPC	2×400t/d	
5		Projects under construction	Zhong County, Chongqing	EPC	1×200t/d	April 2015
6			Qinzhen, Guizhou Province	EPC	1×300t/d	May 2015
7			Yangchun, Guangdong Province	BOT	1×200t/d	July 2015
8			Yuping County, Guizhou Province	BOT	1×100t/d	July 2015
9			Qiyang County, Hunan Province	BOT	1×300t/d	October 2015
10			Anshun, Guizhou Province	EPC	1×200t/d	October 2015
11			Shimen County, Hunan Province	BOT	1×200t/d	October 2015
12			Shuicheng County, Guizhou Province	BOT	1×200t/d	October 2015
13			Xishui County, Guizhou Province	BOT	1×300t/d	November 2015
14			Shuangfeng County, Hunan Province	BOT	1×200t/d	November 2015
15			Emeishan, Sichuan Province	EPC	1×400t/d	September 2015
16			Fusui County, Guangxi Province	BOT	1×200t/d	December 2015
17			Baoshan, Yunnan Province	BOT	1×300t/d	December 2015
18		Approved waste disposal projects under planning	Nanjiang County, Sichuan Province	BOT	1×200t/d	April 2016
19			Linxia, Gansu Province	BOT	1×300t/d	September 2016
20			Lingyun County, Guangxi Province	BOT	1×100t/d	June 2016
21	Disposal of solid waste by cement kiln	Projects under construction	Qian County, Shaanxi Province	Proprietary investment	1×200t/d	June 2015
22	Grate furnace waste power generation		Grate furnace waste-to-energy (Phase I) in Jinzhai County, Anhui Province	BOT	1×300t/d	September 2015

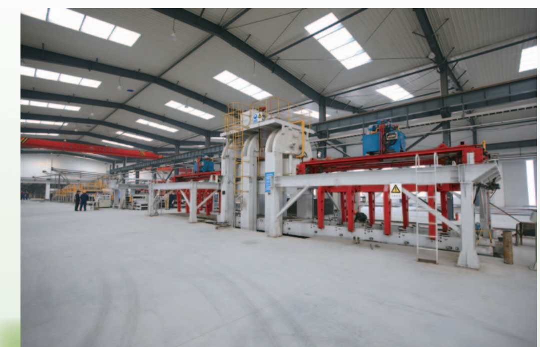
Waste incineration project in Pingliang were completed and put into operation in November 2014

The project regarding cement kiln co-processing of household garbage in Zunyi, Guizhou Province were completed and put into operation in December 2014

During the Reporting Period, turnover of the energy-preservation and environmental-protection industries amounted to RMB1.61 billion, representing an increase of 10.0% over 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.



Green Building Material Projects in Bozhou and Wuhu Commenced Operations Successively

Cellulose cement autoclaved boards showroom of the Company

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.

3. BUSINESS REVIEW AND OUTLOOK

OUTLOOK

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.

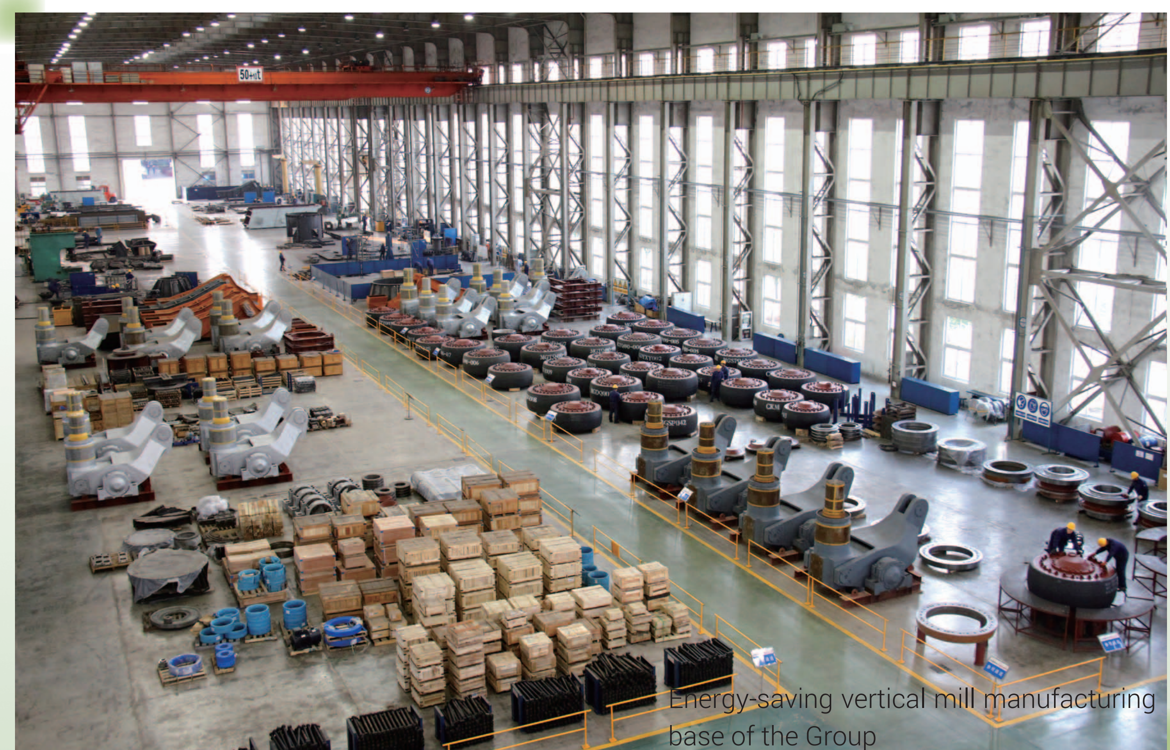
In respect of the environmental protection industry, the Group will strive to secure more than ten projects as well as expediting the project development. The Group will also aim to achieve breakthroughs in the development and promotion of new energy-saving and environmental protection technologies including 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.

(1) 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.



Energy-saving vertical mill manufacturing base of the Group

4. MANAGEMENT DISCUSSION AND ANALYSIS

1. 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.

2. Turnover by geographical locations

Item	2014 Amount (RMB'000)	2014 Percentage %	2013 Amount (RMB'000)	2013 Percentage %	Change in amount (%)	Change in percentage (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.

3. Gross profit and gross profit margin

Item	**2014** Gross profit (RMB'000)	Gross profit margin (%)	2013 Gross profit (RMB'000)	Gross profit margin (%)	Change in amount (%)	Change in gross profit margin (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.

4. Share of revenue and profit of Conch Cement

Item	2014 Amount (RMB'000)	2014 Percentage (%)	2013 Amount (RMB'000)	2013 Percentage (%)	Change in amount (%)	Change in percentage (percentage point)
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.

5. 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.

6. 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.

7. 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.

8. 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.

9. 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.

10. 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.

Tongling conch cement Co. Ltd.

(2) 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, plant 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

1. 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.

2. 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.

3. 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.

4. 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.

5. 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.

(3) 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.

(4) 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

1. 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.

2. 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.

3. 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.

(5) 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

(6) CONTINGENT LIABILITIES

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

(7) ACQUISITIONS OR DISPOSALS

On 1 December 2014, Conch Venture HK, an indirect wholly-owned subsidiary of the Company, acquired 25% equity interest of HC Port for an amount of RMB83.398 million. Prior to completion of such acquisition, HC Port was held as to 75% by Conch Venture Wuhu, an indirect wholly-owned subsidiary of the Company and 25% by 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 Listing Rules, 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.

(8) 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 organized 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.

Yangzhou Haichang Port
operated by the Group

The Board is hereby pleased to present the corporate governance report of the Group for the year.

The Company is committed to achieving high standard of corporate governance in order to protect the interests of the Shareholders and improve corporate value and accountability. The Company acknowledges the importance of the Board in effectively leading and managing the business of the Company and ensuring the transparency and accountability of the Company's operation.

The Company has adopted the Corporate Governance Code ("**CG Code**") set out in Appendix 14 to the Listing Rules as the corporate governance code of the Company. The Board has confirmed that, except for the deviations disclosed in this annual report, the Company complied with the principles and code provisions of the CG Code 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.

The Company will regularly review and improve its corporate governance practices in order to be continuously in compliance with the CG Code.

(1) 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 set out in Appendix 10 of the Listing Rules ("**Model Code**"). At the board meeting held by the Company on 25 August 2014, a resolution to make amendments to the Securities Dealing Code was passed to accommodate certain change of terminology in the Listing Rules. Having made specific enquiries with the Directors, all the Directors confirmed that they complied with the Model Code and the Securities Dealing Code during the Reporting Period.

The Company has also issued warning ("**Insider Dealing Warning**") to employees about insider dealing for securities transactions by employees.

During the Reporting Period, the Company is not aware of any incident of non-compliance with the Model Code, the Securities Dealing Code and the Insider Dealing Warning by the relevant employees.

(2) THE BOARD

During the Reporting Period, the composition of the Board is as follows:

Name	Position
Mr. Guo Jingbin (Note 1)	Executive Director and Chairman of the Board
Mr. Ji Qinying (Note 1)	Executive Director and Chief Executive Officer
Ms. Zhang Mingjing (Note 2)	Non-executive Director
Mr. Li Jian (Note 1)	Executive Director and Deputy General Manager
Mr. Li Daming (Note 1)	Executive Director and Deputy General Manager
Mr. Chan Chi On (alias Derek Chan)	INED
Mr. Chan Kai Wing (Note 3)	INED
Mr. Lau Chi Wah, Alex	INED

Note:

1. Mr. Guo Jingbin, Mr. Ji Qinying, Mr. Li Jian and Mr. Li Daming were re-elected as Directors at the 2014 Annual General Meeting. On 1 July 2014, Mr. Guo Jingbin was officially re-designated from non-executive Director to executive Director.

2. Ms. Zhang Mingjing was nominated and elected as non-executive Director at the 2014 Annual General Meeting.

3. Mr. Chan Kai Wing was re-elected as Director at the 2014 Annual General Meeting.

Detailed biographies of the Directors are set out in the section headed "Biographies of Directors and Senior Management" of this report.

There is no financial, business, family or other material or relevant relationship among all members of the Board.

During the Reporting Period, the Board had complied with the requirements under Rules 3.10 and 3.10A of the Listing Rules, having at least three independent non-executive Directors (representing at least one-third of the Board) with at least one of whom possessing appropriate professional qualifications, or accounting and related financial management expertise. The Company has received written annual confirmations from the INEDs, namely Mr. Chan Chi On (alias Derek Chan), Mr. Chan Kai Wing and Mr. Lau Chi Wah, Alex, on their independence pursuant to Rule 3.13 and the Company considers all INEDs are independent. The three INEDs have duly performed their duties, protected shareholders' interests independently and objectively, and provided checks and balances in the decision-making of the Board in accordance with relevant laws and regulations.

According to Code Provision A.1.1 of the CG 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 CG Code to discuss and, where applicable, approve matters in relation to, among other things, operating strategies, external expansion, financial planning.

The attendance records of each Director at the meetings of the Board, the audit committee and the remuneration and nomination committee and the general meetings are set forth as below:

	Number of attendance/Number of meetings during term of office				
Name of Director	**Board Meeting**	**Audit Committee**	**Remuneration and Nomination Committees**	**Annual General Meeting**	**Extraordinary General Meeting**
Mr. Guo Jingbin	3/3	N/A	N/A	1/1	1/1
Mr. Ji Qinying	3/3	N/A	2/2	1/1	1/1
Ms. Zhang Mingjing (appointed on 21 May 2014)	1/1	N/A	1/1	N/A	N/A
Mr. Li Jian	3/3	N/A	N/A	1/1	1/1
Mr. Li Daming	3/3	N/A	N/A	1/1	1/1
Mr. Chan Chi On (Alias Derek Chan)	3/3	2/2	2/2	1/1	1/1
Mr. Chan Kai Wing	3/3	2/2	2/2	1/1	1/1
Mr. Lau Chi Wah, Alex	3/3	2/2	2/2	0/1	0/1

During the year, the Chairman met with the INEDs without executive Directors present.

For the year ended 31 December 2014, the Board had also passed two written resolutions.

5. CORPORATE GOVERNANCE REPORT

The Company held the fifth meeting of the first session of the Board

(3) FUNCTIONS AND OPERATION OF THE BOARD AND MANAGEMENT

The Board is responsible for the leadership, control and management of the Company. Its primary role is to provide strategic guidance for the Company and effectively supervise the administrative staff of the Company. Each Director shall perform their duties objectively and prudently in the interest of the Company and shall be accountable to Shareholders.

The Board reserves its right to make decisions on all major matters of the Company, including to approve and supervise the policies, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those which may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

The Management is responsible for the daily management of the business operation of the Company, the implementation of strategies and plans, achieving business targets of the Company, and the formulation of business plans and budgets and making recommendation on such issues to the Board.

All Directors have full and timely access to all relevant information as well as the advice and services from the company secretaries, with a view to ensuring that Board procedures and all applicable rules and regulations are followed. Besides, each Director may seek independent professional advice in appropriate circumstances at the Company's expenses, upon making request to the Board.

(4) CONTINUOUS TRAINING AND DEVELOPMENT OF DIRECTORS

On 10 April 2014, part of the senior management of the Company participated in the training seminar held by the Stock Exchange regarding the amendments to the Listing Rules in Shanghai, and the related written information was delivered to the Directors of the Company to ensure that the Directors are timely briefed about important amendments to the Listing Rules. The Company properly arranges continuous professional training and development programs for the Directors by various ways, like providing seminars, learning materials, etc.

In compliance with the requirements of Code Provision A.6.5 of the CG Code, all Directors are consistently provided with the latest information regarding legal and regulatory developments as well as business and market environment for their performance of duties.

(5) CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The roles of the Chairman and Chief Executive Officer of the Company should be divided. In other words, the duties and responsibilities of the Chairman to manage the Board should be clearly separated from those of the Chief Executive Officer to manage the business operation of the Company.

In order to have clear division of the duties between the Chairman of the Board and the Chief Executive Officer of the Company (i.e. general manager), Mr. Guo Jingbin and Mr. Ji Qinying has been appointed as the Chairman of the Board and the Chief Executive Officer (i.e. general manager) of the Company respectively. Mr. Guo Jingbin is mainly responsible for formulating the overall strategic development of the Group, leading the Board and ensuring the effectiveness of the Board when performing his duties as the Chairman of the Board. Mr. Ji Qinying is mainly responsible for the daily operation and management of the Company and the implementation of the Board's resolutions, strategies, plans and business targets of the Company.

(6) APPOINTMENT AND RE-ELECTION OF DIRECTORS

The procedures of appointment, re-election and removal of Directors were provided in the Articles of Association.

As at the date of this report, the Company has entered into service contracts with all executive Directors and appointment letters with the non-executive Director and all INEDs respectively, all for a term of not more than three years. Such appointment may be terminated by not less than three months' written notice from either party.

Pursuant to the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or if their number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years. Retiring Directors are eligible to offer themselves for re-election. The Directors to retire in every year shall be those who have been longest in office since their last re-election or appointment but as between persons who became Directors on the same day, those to retire shall (unless otherwise agreed among themselves) be determined by lot. Any Director appointed by the Board shall hold office only until the next following general meeting and shall then be eligible for re-election at the meeting, but shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at such meeting.

The Board is currently comprised of eight Directors. In accordance with the Articles of Association, one third of the Directors (i.e. three Directors) must retire from office by rotation at the forthcoming 2015 Annual General Meeting. As Mr. Chan Chi On (alias Derek Chan) and Mr. Lau Chi Wah, Alex both serve for the longest period following their appointment as Director, they shall be subject to retirement by rotation at the forthcoming 2015 Annual General Meeting. Amongst the remaining six Directors, Mr. Ji Qinying shall also be subject to the retirement by rotation at the forthcoming 2015 Annual General Meeting following a decision made by Directors of the Company. All retiring Directors are eligible for re-election.

(7) COMMITTEES OF THE BOARD

The Board of the Company has established two committees, namely the Audit Committee and the Remuneration and Nomination Committee and formulated the relevant written terms of references for overseeing particular aspects of the Company's affairs. The terms of reference of all committees under the Board are in writing. The terms of reference of the committees of the Board are posted on the website of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and the website of the Company (www.conchventure.com) and are available to Shareholders.

1. Audit Committee

(1) Members

The Audit Committee comprises the three INEDs and their positions are as follows:

Name	Position
Mr. Chan Chi On	Chairman
Mr. Chan Kai Wing	Member
Mr. Lau Chi Wah, Alex	Member

None of the members of the Audit Committee is a former partner of the current external auditors of the Company.

The terms of reference of the Audit Committee clearly defines the duties and rules of the committee. In accordance with the terms of reference of the Audit Committee, the chairman of the committee shall be an INED.

(2) Summary of Functions and Works

The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information, provide advice in respect of financial reporting and oversee the internal control procedures of the Company and consider any significant or unusual matters and report to the Board for consideration.

For the year ended 31 December 2014, the work done by the Audit Committee was set forth as below:

a. reviewed the audited consolidated annual results for the year ended 31 December 2013 and the interim results for the period ended 30 June 2014, together with the announcement and documents related to the results, and other matters or issues as proposed by the external auditor;

b. reviewed the audit results as submitted by the external auditor;

c. reviewed the independence of the external auditor and consider the appointment of an external auditor for the annual audit services;

d. reviewed the effectiveness of the internal control system of the Group, including all material controls in particular financial, operational, and compliance controls and risk management functions; and

e. reviewed and approved of connected transactions and continuing connected transactions of the Group.

During the year, the Audit Committee met the auditors twice without executive Directors and the Management being present.

2. Remuneration and Nomination Committee

(1) Members

The Remuneration and Nomination Committee comprises the Chief Executive Officer, the non-executive Director, and the three INEDs of the Company, and their positions are as follows:

Name	Position
Mr. Lau Chi Wah, Alex	Chairman
Mr. Ji Qinying	Member
Mr. Chan Chi On	Member
Mr. Chan Kai Wing	Member
Ms. Zhang Mingjing (Note 1)	Member

Note:

1. At the board meeting and the meeting of the Remuneration and Nomination Committee held on 25 August 2014, the Board on recommendations from the Remuneration and Nomination Committee, approved the appointment of Ms. Zhang Mingjing as member of the Remuneration and Nomination Committee by resolution.

The terms of reference of the Remuneration and Nomination Committee clearly defines the duties and rules of the committee. In accordance with the terms of reference of the Remuneration and Nomination Committee, the chairman of the committee shall be an INED.

(2) Summary of Functions and Work

The primary functions of the Remuneration and Nomination Committee are to make recommendation to the Board on the overall remuneration policy and the structure relating to all Directors and senior management of the Group, make recommendation to the Board on the remuneration packages for each of the executive Directors and senior management; and review performance based remuneration and ensure none of the Directors participate in deciding their own remuneration; to review the structure, size and composition (including the skills, knowledge and experiences) of the Board at least annually; to make recommendation to the Board on any proposed changes to the Board to complement the Company's corporate strategy; to identify individuals suitably qualified as potential board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; to assess the independence of INEDs; and to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning of Directors, in particular that of the chairman/chief executive officer/general manager.

As the Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance, the Board adopts the board diversity policies, whereby setting forth principles adopted to realize the board diversity. In determining the optimal composition of the Board, the Company takes into consideration differences in the skills, regional and industry experience, background, race, gender, and other qualities. The Remuneration and Nomination Committee annually discusses and approves of the measurable targets that promote the board diversity, and recommends that the Board should adopt such measurable targets.

The skills, regions, genders, and other qualities of the current Board of the Company are consistent with the diversity principles under the board diversity policies. The number and composition can accommodate the operation and development needs of the Company. To cope with the future development, the Company will consider the aforesaid differences when considering changes to the composition and the portfolio of the Board. The appointment of a board member is dependent on merit, and the diversity is also taken into consideration.

For the year ended 31 December 2014, the work done by the Remuneration and Nomination Committee was set forth as below:

a. reviewed the remuneration policies and structure of the Directors and senior management of the Company;

b. reviewed and evaluated the independence of the INEDs;

c. reviewed the structure, number, and composition of the Board (including the skills, knowledge, and experience);

d. recommended the appointment and reappointment of eligible candidates as members to the Board; and

e. reviewed and approved of the appointment of members of the Remuneration and Nomination Committee.

(8) CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing the functions set out in code provision D.3.1 of the CG Code.

The Board has reviewed the corporate governance policies and practices of the Company, the training and continuous professional development of the Directors and senior management, the policies and practices of the Company on compliance with legal and regulatory requirements, the compliance by the Directors and employees of the Model Code and Securities Dealing Code, and the compliance of the Company with the CG Code and the disclosure in this corporate governance report.

(9) AUDITOR'S REMUNERATION

For the year ended 31 December 2014, the statement of the external auditor of the Company about its reporting responsibilities on the consolidated financial statements of the Group is set out in the section headed "Independent Auditor's Report" on Page 66 to 67.

The remuneration paid or payable to KPMG, the auditor, for the year ended 31 December 2014 is set out below:

Services	**Fee paid/payable** (RMB'000)
Audit Services — audit fee for 2014	1,732
Non-audit services	–
Total	1,732

(10) DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for each financial year and for ensuring that the financial statements have truly and fairly reflected the financial position of the Group and the Company and the results of operation and cash flow of the Group in the year. During the preparation of the financial statements for the year ended 31 December 2014, the Board has adopted suitable accounting policies and ensured consistent application of such accounting policies , made prudent, fair and reasonable judgements and estimates, and prepared the accounts on a going concern basis. The Directors believe after making reasonable inquiries that the Group has sufficient fund to meet the constant operations in the foreseeable future, therefore the ongoing basis is suitable for the preparation of the financial statements.

(11) INTERNAL CONTROLS

The Board is fully in charge of the internal control system of the Group so as to protect the interests of the Shareholders and the assets of the Group. The Audit Committee is delegated to review the effectiveness of the internal control system annually. At the meeting of the Audit Committee held on 21 March 2014, the Audit Committee had examined the effectiveness of the internal control system of the Group, including controls of all important aspects especially financial control, operation control, compliance control, and risk management, and consider the adequacy of resources, staff qualifications and experience, training programmes in respect of the Company's accounting and financial reporting function. The Group will continue to enhance its internal control system.

(12) JOINT COMPANY SECRETARIES

Mr. Shu Mao has been appointed as the internal joint company secretary of the Company.

The Company has appointed Ms. Ng Sin Yee, Clare of Tricor Services Limited as the external joint company secretary. Mr. Shu Mao (as the internal joint company secretary of the Company) is the primary contact person between the Company and Ms. Ng Sin Yee, Clare.

Pursuant to Rule 8.17 of the Listing Rules, the Company must appoint a company secretary who satisfies the requirements under Rule 3.28 of the Listing Rules. Pursuant to Rule 3.28 of the Listing Rules, the Company must appoint an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Stock Exchange, capable of discharging the functions of company secretary as its company secretary.

As the qualifications of Mr. Shu Mao do not satisfy the requirements as stipulated in Rule 3.28 of the Listing Rules, the Company has applied to the Stock Exchange for, and the Stock Exchange has granted the Company, a waiver from strict compliance with the requirements of Rule 3.28 and Rule 8.17 of the Listing Rules. Upon the expiry of the initial three-year period, the qualifications of Mr. Shu Mao will be re-evaluated to determine whether the requirements as stipulated in Note 2 to Rule 3.28 of the Listing Rules can be satisfied. In the event that Mr. Shu Mao has obtained relevant experience under Note 2 to Rule 3.28 of the Listing Rules at the end of the initial three-year period, the above joint company secretaries arrangement would no longer be necessary.

During the year ended 31 December 2014, Mr. Shu Mao and Ms. Ng Sin Yee, Clare had taken no less than 15 hours of relevant professional training in accordance with Rule 3.29 of the Listing Rules.

(13) SHAREHOLDERS' RIGHTS

Procedures for Shareholders to convene an extraordinary general meeting

The following procedures for Shareholders to convene an extraordinary general meeting ("EGM") of the Company are prepared in accordance with article 64 of the Articles of Association.

1. One or more Shareholders ("Requisitionist(s)") holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings shall have the right, by written notice, to require an EGM to be called by the Directors for the transaction of any business specified in such requisition.

2. Such requisition shall be made in writing to the Board or the company secretary of the Company at the following:

Address:	No. 1011 Jiuhua South Road, Wuhu City, Anhui Province, the People's Republic of China
Email:	shumao@conch.cn
Attention:	The Board of Directors/Company Secretary

3. The EGM shall be held within two months after the deposit of such requisition.

4. If the Directors fail to proceed to convene such meeting within twenty-one (21) days of such deposit, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the Requisitionist(s) by the Company.

Procedures for raising enquiries

1. Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar in Hong Kong, details of which are as follows:

Computershare Hong Kong Investor Services Limited

Address:	Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Email:	hkinfo@computershare.com.hk
Tel:	(852) 2862 8555
Fax:	(852) 2865 0990/2529 6087

2. Shareholders may at any time raise any enquiry in respect of the Company at the following designated contacts, correspondence address, email address and enquiry hotlines of the Company:

Address:	N0. 1011 Jiuhua South Road, Wuhu City, Anhui Province, the People's Republic of China
Email:	shumao@conch.cn
Tel:	86-553-8399461/8399135
Fax:	86-553-8399065
Attention:	The Board of Directors/Company Secretary

3. Shareholders of the Company are encouraged to make enquires via the online enquiry form available on the Company's website at www.conchventure.com.

4. Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

Procedures and contact details for putting forward proposals at shareholders' meetings

1. To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal ("Proposal") with his/her/its detailed contact information at the Company's principal place of business at Suite 4018, 40/F, Jardine House, 1 Connaught Place, Central, Hong Kong.

2. The request will be verified with the Company's branch share registrar in Hong Kong and upon their confirmation that the request is proper and in order, the Board will be asked to include the Proposal in the agenda for the general meeting.

3. The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:

   (1) Notice of not less than 21 clear days and not less than 20 clear business days in writing if the Proposal requires an ordinary resolution or a special resolution of the Company at an annual general meeting of the Company;

   (2) Notice of not less than 21 clear days and not less than 10 clear business days in writing if the Proposal requires approval by way of a special resolution of the Company at an extraordinary general meeting of the Company;

   (3) Notice of not less than 14 clear days and not less than 10 clear business days in writing if the Proposal requires approval by way of an ordinary resolution of the Company at an extraordinary general meeting of the Company.

At the Annual General Meeting and the Extraordinary General Meeting held by the Company on 21 May 2014, all resolutions were approved by the Shareholders by vote. The resolutions in relation to the payment of final dividends, re-election of retiring Directors, appointment of Directors, and others were approved at the 2014 Annual General Meeting of the Company, while the resolution in relation to the connected transaction under the equipment supply agreement dated 26 March 2014 entered into between CK Engineering and Kawasaki HI was approved at the 2014 Extraordinary General Meeting of the Company.

The 2014 General Meeting

(14) CONSTITUTIONAL DOCUMENTS

The existing Articles of Association has been adopted pursuant to a written resolution passed by the Shareholders on 3 December 2013. During the Reporting Period, no change has been made to the Articles of Association. The latest version of the Articles of Association is available on the websites of the Company (www.conchventure.com) and Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk).

(15) COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company recognizes the importance of transparent and timely disclosure of corporate information, which enables Shareholders and investors to make investment decisions in their best interests. The Company believes that effective communication with Shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies.

The Company maintains a website at www.conchventure.com as a communication platform with Shareholders and investors, where the financial information and other relevant information of the Company are available for public access. Shareholders and investors may send written enquiries or requests to the Company through the following channels:

Address:	**Office and Correspondence Address:** No. 1011 Jiuhua South Road, Yijiang District, Wuhu City, Anhui Province, China **Representative Office in Hong Kong:** Suite 4018, 40/F, Jardine House, 1 Connaught Place, Central, Hong Kong
Tel No.:	86-553-8399461/8399135
Fax No.:	86-553-8399065
Email:	hlcy@conch.cn

In order to be valid, Shareholder(s) shall deposit and send the duly signed original written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification. Information of Shareholders may be disclosed as required by law.

Results conference was held by the Company

(16) NON-COMPETE UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

For details, please refer to the section headed "Report of the Directors — (26) Non-Compete Undertakings by Controlling Shareholders".

The Board hereby presents the annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2014.

(1) PRINCIPAL ACTIVITIES

The Company is an investment holding company. Details of the activities of the subsidiaries of the Company are set out in notes 3 and 16 to the financial statements.

(2) RESULTS

The results of the Group during the Reporting Period are set out in the consolidated statement of profit or loss and other comprehensive income on page 69 of this report.

(3) RESERVES AND DIVIDEND

Other changes in reserves are set out in note 25 to the financial statements and the consolidated statement of changes in equity on page 73 of this report.

As at 31 December 2014, the Company's reserves available for distribution to its shareholders amounted to approximately RMB 2,748.3 million (31 December 2013: RMB3,117.6 million).

The Directors recommend the distribution of final dividend of HK$0.4 per share for the year ended 31 December 2014 (2013: HK$0.25 per share) to those Shareholders whose names are recorded on the register of members of the Company on 3 June 2015.

(4) 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 from the Global Offering amounted to approximately HK$3,968.3 million. During the Reporting Period, the net proceeds were used according to the intended use of the proceeds as disclosed in the Prospectus, approximately RMB78.6 million of which was used for repayment of shareholder loans of HLGH Investment, approximately RMB320 million was used for acquisition of land, establishment of production facilities, purchase of raw materials and establishment of sales and marketing network for the green building materials business in Wuhu and Bozhou of Anhui Province, approximately RMB240 million was used for the construction and operation of waste incineration projects, approximately RMB160 million was used for the establishment of port facilities of HC Port, approximately RMB230 million was used to provide funding for the Company's working capital and other general corporate purposes. The remaining amount was deposited to banks and other licensed financial institutions in Hong Kong and China.

The Company currently has no intention to change the planned use of such proceeds as disclosed in the Prospectus.

(5) PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2014, the property, plant and equipment of the Group amounted to approximately RMB1,007.8 million. Details of the changes in property, plant and equipment of the Group during the Reporting Period are set out in note 13 to the financial statements.

(6) SUBSIDIARIES AND ASSOCIATED COMPANIES

Details of the major subsidiaries and associated companies of the Company are set out in notes 16 and 17 to the financial statements.

(7) SHARE CAPITAL (AS AT 31 DECEMBER 2014)

The Company was incorporated as an exempted limited company in Cayman Islands in accordance with the Companies Law on 24 June 2013. The authorized share capital of the Company on incorporation was HK$15 million, divided into 1.5 billion ordinary shares of a nominal value of HK$0.01 each. The Company has issued a total of 1.5 billion ordinary shares to its Shareholders on 24 June 2013.

On 13 July 2013, a resolution was passed by Shareholders to increase the authorized share capital of the Company to HK$150 million by the creation of 13.5 billion additional ordinary shares.

On 18 December 2013 and 19 December 2013, the Company issued 265 million new ordinary shares to Hong Kong and overseas investors by offering and placing.

On 27 December 2013, the Company further issued 39.75 million new ordinary shares upon the exercise of over-allotment option in full by Deutsche Bank AG, Hong Kong Branch and Goldman Sachs (Asia) L.L.C., the joint global coordinators in respect of the listing of the Company on behalf of the international underwriters.

As at 31 December 2014, the Company had 1,804.75 million ordinary shares in issue.

(8) DISCLOSURE OF INTERESTS

1. Substantial Shareholders' Interests or Short Positions

As at 31 December 2014, so far as is known to the Directors, the interests of persons other than the Directors and chief executive of the Company in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of part XV of the SFO as recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Name of shareholders	Number of Shares (note 1)	Percentage shareholding (%)	Capacity/ nature of interest
HLGH PTC (notes 2 and 3)	855,015,837	47.38	Interest of controlled corporation and trustee
HLGH Fixed Investment (note 2)	703,165,206	38.96	Beneficial owner
HLGH Investment (note 3)	151,850,631	8.41	Beneficial owner
Mr. Liu Yi (note 4)	855,015,837	47.38	Sole shareholder and director of HLGH PTC, and settlor of both the HLGH Fixed Trust and the HLGH Discretionary Trust
Ms. Wang Ning (note 4)	855,015,837	47.38	Interest of spouse (spouse of Mr. Liu Yi)
NGGH PTC (note 5)	136,344,891	7.55	Interest of controlled corporation and trustee
NGGH Investment (note 5)	136,344,891	7.55	Beneficial owner
Mr. Rao Peijun (note 6)	136,344,891	7.55	Sole shareholder and director of NGGH PTC, and settlor of the NGGH Trust
Ms. Chen Lijun (note 6)	136,344,891	7.55	Interest of spouse (spouse of Mr. Rao Peijun)

Notes:

1. All shareholdings are in long positions.

2. HLGH Fixed Investment is a wholly owned subsidiary of HLGH PTC. HLGH Fixed Investment and the shares owned by it form part of the trust assets of the HLGH Fixed Trust, which was established by Mr. Liu Yi as settlor and whose trustee is HLGH PTC. The HLGH Fixed Trust is a fixed trust and, as at 31 December 2013, it had 3,593 fixed beneficiaries, each of whose attributable interest in the Company ranged from less than 0.01% to 2.05%. All these fixed beneficiaries are SA Member Beneficiaries of SA Conch Group.

3. HLGH Investment is a wholly owned subsidiary of HLGH PTC. HLGH Investment and the shares owned by it form part of the trust assets of the HLGH Discretionary Trust, which was established by Mr. Liu Yi as settlor and whose trustee is HLGH PTC. The HLGH Discretionary Trust is a discretionary trust and its discretionary objects are the HLGH Discretionary Objects.

4. HLGH PTC is a trustee company incorporated in BVI. Mr. Liu Yi is the sole shareholder of HLGH PTC. He is the sole director of each of HLGH PTC, HLGH Fixed Investment and HLGH Investment. He is also the settlor of both the HLGH Fixed Trust and the HLGH Discretionary Trust. Mr. Liu is deemed to be interested in 151,850,631 shares in his capacity of settlor of the HLGH Discretionary Trust, and is deemed to be interested in 703,165,206 shares in his capacity of the sole director of HLGH PTC and HLGH Fixed Investment. Ms. Wang Ning is the spouse of Mr. Liu Yi, and accordingly she is deemed to be interested in an aggregate of 855,015,837 shares by virtue of the SFO.

5. NGGH Investment is a wholly owned subsidiary of NGGH PTC. NGGH Investment and the shares owned by it form part of the trust assets of the NGGH Trust, which was established by Mr. Rao Peijun as settlor and whose trustee is NGGH PTC. The NGGH Trust is a fixed trust and, as at 31 December 2014, it had 1,424 fixed beneficiaries, each of whose attributable interest in the Company ranged from less than 0.01% to 0.19%. All these fixed beneficiaries are SA Member Beneficiaries of SA Ningguo.

6. NGGH PTC is a trustee company incorporated in BVI. Mr. Rao Peijun is the sole shareholder of NGGH PTC. He is the sole director of each of NGGH PTC and NGGH Investment. He is also the settlor of the NGGH Trust. Mr. Rao is deemed to be interested in 136,344,891 shares in his capacity of the sole director of NGGH PTC and NGGH Investment. Ms. Chen Lijun is the spouse of Mr. Rao Peijun, and accordingly she is deemed to be interested in the said 136,344,891 shares by virtue of the SFO.

Save as the disclosed above, as at 31 December 2014, the Directors were not aware of any other persons other than the Directors and chief executive of the Company who had interests and short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept under section 336 of the SFO.

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

As at 31 December 2014, the interests of the Directors and chief executive of the Company in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were set out below:

A. The Company

Name of Directors	Capacity/ nature of interests	Number ordinary of shares (note 1)	Percentage shareholding (%)
Mr. Guo Jingbin (note 2)	Interest of controlled corporation	62,680,000	3.47
Mr. Ji Qinying (note 3)	Interest of controlled corporation	61,080,000	3.38
	Interest of spouse (note 3)	33,752	0.002
Mr. Li Jian (note 4)	A beneficiary of a fixed trust (HLGH Fixed Trust)	7,646,370	0.42
	Interest of spouse (note 4)	105,346	0.006
Mr. Li Daming (note 5)	A beneficiary of a fixed trust (HLGH Fixed Trust)	6,112,563	0.34
Ms. Zhang Mingjing (note 6)	A beneficiary of a fixed trust (HLGH Fixed Trust)	17,457,675	0.97
	Interest of spouse (note 6)	32,020,909	1.77

B. Associated Corporation

Name of Directors	Name of Associated Corporation	Number of shares (A share)	Percentage shareholding (%)	Capacity/nature of interests
Mr. Li Jian	Conch Cement	337,000	0.01	Beneficial owner
Mr. Li Daming	Conch Cement	305,000	0.01	Beneficial owner

Notes:

1. All shareholdings are in long positions.

2. These shares are owned by Splendor Court which is solely owned by Mr. Guo Jingbin.

3. These shares are owned by Golden Convergence which is solely owned by Mr. Ji Qinying. Ms. Yan Zi is the spouse of Mr. Ji who is taken to be interested in such shares to which she is entitled as a beneficiary under the HLGH Fixed Trust.

4. Mr. Li Jian is a fixed beneficiary of the HLGH Fixed Trust, whose trustee is HLGH PTC and the shares are held by HLGH Fixed Investment. Ms. Wang Zhenying is the spouse of Mr. Li Jian who is taken to be interested in such shares to which she is entitled as a beneficiary under the HLGH Fixed Trust.

5. Mr. Li Daming is a fixed beneficiary of the HLGH Fixed Trust, whose trustee is HLGH PTC and the shares are held by HLGH Fixed Investment.

6. Ms. Zhang Mingjing is a fixed beneficiary of the HLGH Fixed Trust, whose trustee is HLGH PTC and the shares are held by HLGH Fixed Investment. Mr. Zhu Zhongping, the chief accountant of the Company, is the spouse of Ms. Zhang who is taken to be interested in such shares held by Mr. Zhu through his controlled corporation, Confluence Investment.

3. Interests and Short Positions of Senior Management

As at 31 December 2014, interests of the senior management of the Company in the shares and the underlying shares of the Company were as follows:

Name of senior management	Capacity/nature of interests	Number of Shares (note 1)	Percentage shareholding (%)
Mr. Zhu Zhongping (note 2)	Interest of controlled corporation	32,020,909	1.77
	Interest of spouse (note 3)	17,457,675	0.97
Mr. Wang Xuesen (note 3)	A beneficiary of a fixed trust (HLGH Fixed Trust))	4,125,418	0.23

Notes:

1. All shareholdings are in long positions.

2. These shares are owned by Confluence Investment which is solely owned by Mr. Zhu Zhongping.

3. Ms. Zhang Mingjing is a fixed beneficiary of the HLGH Fixed Trust, whose trustee is HLGH PTC and the shares are held by HLGH Fixed Investment. Mr. Zhu Zhongping is the spouse of Ms. Zhang and is taken to be interested in such shares to which Ms. Zhang is entitled as a beneficiary under the HLGH Fixed Trust.

4. Mr. Wang Xuesen is a fixed beneficiary of the HLGH Fixed Trust, whose trustee is HLGH PTC and the shares are held by HLGH Fixed Investment.

Saved as disclosed above, as at 31 December 2014, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

(9) MAJOR CUSTOMERS AND SUPPLIERS

During the Reporting Period, the sales to the largest customer of the Group and the sales to the five largest customers of the Group in aggregate accounted for 41.8% and 62.1% of the total sales of the Group respectively.

During the Reporting Period, the procurement from the largest supplier of the Group and the procurement from the five largest suppliers of the Group in aggregate accounted for 6.5% and 22.6% of the total procurement of the Group respectively.

As at 31 December 2014, interests held by Mr. Li Jian and Mr. Li Daming, both being executive Directors, in Conch Cement, the largest customer of the Group, were as follows:

Name of Directors	Name of customer	Number of shares (A share)	Percentage shareholding (%)	Capacity/nature of interests
Mr. Li Jian	Conch Cement	337,000	0.01	Beneficial owner
Mr. Li Daming	Conch Cement	305,000	0.01	Beneficial owner

Conch IID Shanghai, one of the five largest suppliers of the Group, is held by CV Investments, Mr. Wang Xuesen (concurrently the director of HC Port and a beneficiary of HLGH Fixed Trust), Mr. Wang Jibin (concurrently the director of HC Port and a beneficiary of HLGH Fixed Trust) and four individuals (three of whom are beneficiaries of HLGH Fixed Trust while the other one is the spouse of an individual holder) as to 70%, approximately 7.70%, approximately 6.18% and approximately 16.12%, respectively. As CV Investments, which holds 70% interests in Conch IID Shanghai, is controlled by Mr. Liu Yi, Mr. Liu Yi is deemed to be the holder of the said interests.

Save as disclosed above, none of the other Directors, their close associates or shareholders who to the best knowledge of the Directors held 5% or more of the issued share capital of the Company as at 31 December 2014 had any interests in the five largest customers and suppliers of the Group disclosed above.

(10) PURCHASE, SALE AND REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

(11) MINIMUM PUBLIC FLOAT

Rule 8.08(1)(a) of the Listing Rules requires an issuer of listed securities to maintain a sufficient public float of the securities. In general, at least 25% of the total issued share capital of an issuer shall at all times be held by the public.

The Company has applied to the Stock Exchange and the Stock Exchange has approved for waiver of the requirement under Rule 8.08(1)(d) of the Listing Rules to allow a minimum public float of the Company equivalent to 17.12% of its issued share capital (after taking into account of the shares issued pursuant to the full exercise of the over-allotment option).

As at the date of this report, based on the information that is publicly available to the the Company and within the knowledge of the Directors, the Company has complied with the minimum public float requirement under the above waiver. The Directors believe that the public float and shareholder base of the Company are sufficient for normal market trading.

(12) EMPLOYEES AND REMUNERATION POLICIES

The Group always values the development of human resources by providing its employees with competitive remuneration packages and various training programs. The Group recruits graduates of vocational schools, institutions and universities across China through numerous channels.

As at 31 December 2014, the Group had approximately 997 employees. The following table shows a breakdown of the employees by functions as at 31 December 2014.

Functions	Number
Production and Operation	706
Management	179
Finance and Administration	34
Others	78
Total	997

In accordance with the social insurance regulations of China, the Group participates in the social insurance schemes operated by the relevant local government authorities, including retirement pension, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance.

The Company has adopted a share option scheme (details are set out in (XXII) Share Option Scheme of this section), so that the Group may grant options to selected participants as incentives or rewards for their contribution to the Group.

The Company held the Spring Festival variety show

(13) DIRECTORS (AS AT THE DATE OF THIS REPORT)

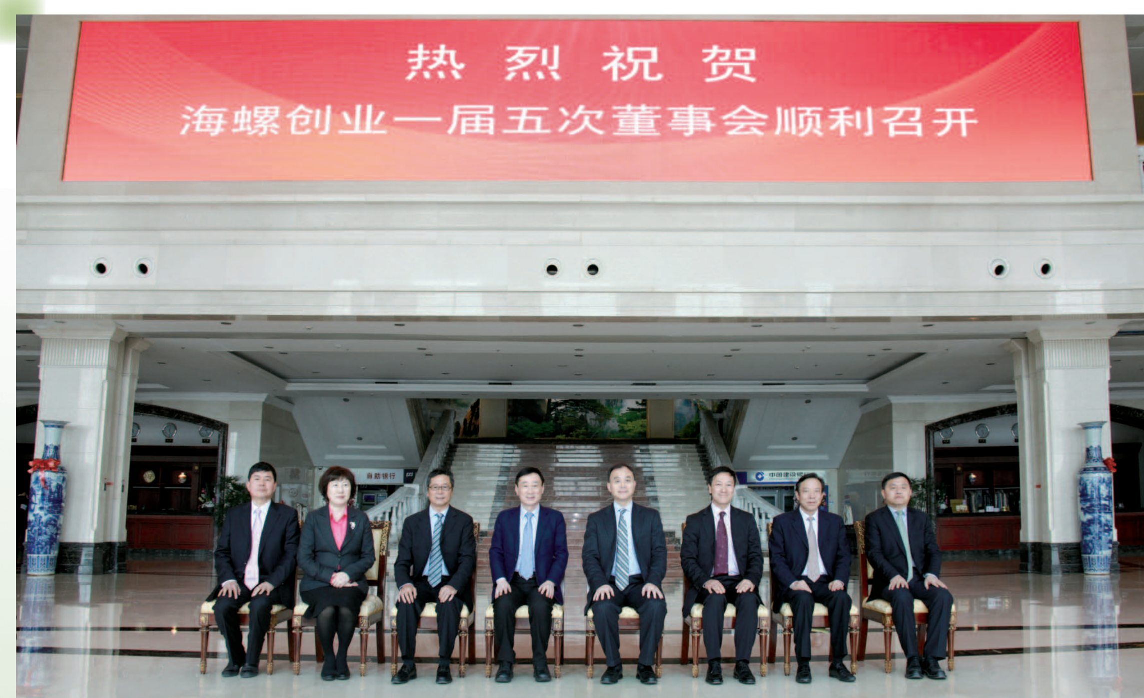
Name	Post	Date of appointment
Mr. Guo Jingbin (note 1)	Executive Director, Chairman	Appointed on 24 June 2013
Mr. Ji Qinying (note 1)	Executive Director, Chief executive officer	Appointed on 18 July 2013
Ms. Zhang Mingjing (note 2)	Non-executive Director	Nominated on 21 May 2014
Mr. Li Jian (note 1)	Executive Director, Deputy general manager	Appointed on 18 July 2013
Mr. Li Daming (note 1)	Executive Director, Deputy general manager	Appointed on 18 July 2013
Mr. Chan Chi On (alias Derek Chan)	INED	Appointed on 3 December 2013
Mr. Chan Kai Wing (note 3)	INED	Appointed on 3 December 2013
Mr. Lau Chi Wah, Alex	INED	Appointed on 3 December 2013

Notes:

1. Mr. Guo Jingbin, Mr. Ji Qinying, Mr. Li Jian and Mr. Li Daming were re-elected as Directors at the 2014 Annual General Meeting. On 1 July 2014, Mr. Guo Jingbin was officially re-designated from non-executive Director to executive Director.

2. Ms. Zhang Mingjing was nominated and elected as non-executive Director at the 2014 Annual General Meeting.

3. Mr. Chan Kai Wing retired from office and was re-elected as Director at the 2014 Annual General Meeting.



Group photo of the Directors of the Company

As at the date of this report, the Company had entered into services agreements with all of the executive Directors and had signed appointment letters with all of the non-executive Director and INED for a term of not exceeding three years. Such appointment may be terminated by either party by written notice of not less than three months.

Pursuant to the Articles of Association, Mr. Chan Chi On (alias Derek Chan), Mr. Lau Chi Wah, Alex, and Mr. Ji Qinying shall retire at the forthcoming 2015 Annual General Meeting. All the above retiring Directors are eligible for re-election.

(14) DIRECTORS' INTERESTS IN CONTRACTS

Saved as disclosed in this report, none of the Directors was materially interested, directly or indirectly, in any contracts of significance regarding the business of the Group entered into by the Company or its controlling shareholders or their respective subsidiaries subsisting during and at the end of the Reporting Period.

None of the Directors proposed to be re-elected at the forthcoming annual general meeting had entered into any service contract with the Company or any of its subsidiaries which was not determinable within one year without payment of compensation (other than statutory compensation).

(15) INTERESTS OF DIRECTORS IN COMPETING BUSINESS

During the Reporting Period, as far as the Directors are concerned, none of the Directors or their respective close associates had any interests in any business which competes or is likely to compete (either directly or indirectly) with the business of the Group.

(16) DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID INDIVIDUALS

The emoluments of the Directors are determined by the Board with the recommendation of the Remuneration and Nomination Committee by reference to comparable companies, their time commitment and responsibilities and the performance of the Group. The Directors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of the Group. The Company also reimburses them for expenses which are reasonably and necessarily incurred for providing services to the Company or performing their duties in relation to the operation of the Company. The Company regularly reviews and determines the remuneration packages of the Directors and senior management.

Details of Directors' remuneration and the five highest paid individuals of the Company during the Reporting Period are set out in notes 9 and 10 to the financial statements.

(17) THE BOARD AND BOARD COMMITTEES

As at 31 December 2014, the Board comprised eight Directors. The biographies of the Directors are set out in the section headed "Biographies of Directors and Senior Management" in this annual report.

The Board has two committees, namely the Audit Committee and the Remuneration and Nomination Committee. Details of the committees are set out in the section headed "Corporate Governance Report".

(18) CHANGES IN DIRECTORS AND SENIOR MANAGEMENT

During the Reporting Period, Mr. Guo Jingbin, was re-designated from non-executive Director to executive Director on 1 July 2014 with a service term of three years effective on the same date. During the period from October 1997 to 19 June 2014, Mr. Guo Jingbin was serving as an executive director of Conch Cement (whose A Shares are listed on the Shanghai Stock Exchange (Stock Code: 600585), and H Shares are listed on the Stock Exchange (Stock Code: 00914)). With effect from 20 June 2014, he was re-designated as a non-executive director of Conch Cement.

Ms. Zhang Mingjing was nominated as a non-executive Director at the 2014 Annual General Meeting with a service term of three years effective from the date of the general meeting. Since May 2011, Ms. Zhang Mingjing has been serving as an executive director of Conch Cement. Ms Zhang was appointed as a member of the Remuneration and Nomination Committee on 25 August 2014.

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

(19) MANAGEMENT CONTRACT

Save for the service contracts of the executive Directors and senior management of the Company, during the Reporting Period, the Company had not entered into any contract with any individual, company or legal entity for management and administration of the whole or any substantial part of the business of the Company.

(20) CONNECTED TRANSACTIONS

1. Connected Persons

CV Investment is under the control of Mr. Liu Yi, a Controlling Shareholder of the Company, and therefore is a connected person of the Company under Chapter 14A of the Listing Rules.

Conch IID Shanghai is owned as to 70% by CV Investment, Conch Property Management is a wholly owned subsidiary of CV Investment, and Conch Heat Energy is a wholly owned subsidiary of CV Investment. Accordingly, Conch IID Shanghai, Conch Property Management and Conch Heat Energy are connected persons of the Company under Chapter 14A of the Listing Rules.

Kawasaki HI holds 49% equity interest in each of CK Engineering and CK Equipment, both being indirect non-wholly owned subsidiaries of the Company. Accordingly, it is a connected person of the Company under Chapter 14A of the Listing Rules.

CKEM is an entity jointly controlled by Kawasaki HI (which is, as mentioned above, a substantial shareholder of non-wholly-owned subsidiaries of the Company) and Conch Cement, each of them holding 50% equity interests. Accordingly, CKEM is a connected person to the Company under Chapter 14A of the Listing Rules.

The respective dates of establishment and principal businesses of Conch IID Shanghai, CV Investment, Conch Property Management, Conch Heat Energy, Kawasaki HI and CKEM are as follows:

Name of Connected Person	Date of Establishment	Principal Business
Conch IID Shanghai	20 December 2005	Provision of trading and business advisory services
CV Investment	5 November 2002	Investment holding
Conch Property Management	14 February 2007	Office and residential property management
Conch Heat Energy	6 July 2011	Design, installation, construction management, technical services, and consultation services in relation to energy-saving engineering, industry, and civil construction projects
Kawasaki HI	9 October 1896	Manufacture of a wider range of technological products, including industrial plants, environmental protection facilities, industrial equipment, construction machinery and steel structures
CKEM	21 May 1997	Design, purchase, manufacture, sales and provision of maintenance and after-sale services of cement equipment

Pursuant to the Listing Rules, details of the connected transactions of the Group during the Reporting Period are as follows:

2. Continuing connected transactions

(1) Transactions with Conch IID Shanghai

On 3 December 2013, the Group (through CK Engineering and CK Equipment (collectively, the "**CK Subsidiaries**")) entered into a master agreement ("**CIS Master Agreement**") with Conch IID Shanghai, pursuant to which the Group purchases equipment, parts and materials (including steel pipes and welding wire) from Conch IID Shanghai for the Group's abrasion resistant plate and surfacing welding business and the production of residual heat boiler. In addition, Conch IID Shanghai provides export agency services to the Group and charges an agency fee of 1.5% of the value of the orders. The agreement is valid from 1 December 2013 to 31 December 2015. The considerations of the orders placed under the CIS Master Agreement were determined with reference to the prevailing market prices of similar products which may be sourced from other independent third parties on arm's length basis and in good faith.

During the Reporting Period, the aggregate actual transaction amount for the transactions under the CIS Master Agreement was RMB59.513 million, which did not exceed the annual cap of RMB 64.50 million for this year.

(2) Transactions with CV Investment and Conch Property Management

The Group leases office and staff quarters from CV Investment and commissions Conch Property Management to provide property management services under the following lease and property management services agreements ("**Lease & PM Agreements**").

Lease of office and staff quarters

On 1 July 2013, CK Engineering and CK Equipment, subsidiaries of the Group, entered into office lease agreements with CV Investment respectively. The leased premises are located at Wuhu Conch International Convention Centre, No. 1011 Jiuhua South Road, Wuhu City and have leasable areas of 7,317 sq.m. and 3,633 sq.m. respectively. The agreed annual rentals are RMB1,232,214 and RMB607,116 respectively. The leases are effective from 1 July 2013 until 30 June 2015.

On 1 June 2013, CK Engineering and CK Equipment, subsidiaries of the Group, entered into staff quarters lease agreements with CV Investment respectively. Both leased premises are located at Conch Youth Apartment, No. 1011 Jiuhua South Road, Wuhu City and have leasable areas of 2,361 sq.m.. The agreed annual rentals for both lease agreements are RMB368,316 respectively. The leases are effective from 1 June 2013 until 31 May 2015.

Property management services for office, staff quarters and production plant
On 1 July 2013, each of the CK Subsidiaries entered into property service agreements for offices with Conch Property Management and a branch company of CV Investment. The agreed annual fees are RMB246,443 and RMB109,281 respectively. The agreements are effective from 1 July 2013 until 30 June 2015.

On 1 June 2013, each of the CK Subsidiaries entered into property service agreements for staff quarters with Conch Property Management respectively. The agreed annual fees for both service agreements are RMB56,664 respectively. The agreements are effective from 1 June 2013 until 31 May 2015.

On 1 January 2014, CK Equipment, a subsidiary of the Group, entered into a property service agreement for production plants with Conch Property Management. The agreed annual fee is RMB1,277,799. The agreement is effective from 1 January 2014 until 31 December 2014.

The contract amounts of the above leases were determined with reference to market rentals of similar properties in the locality. The historical rentals and rentals to be paid to CV Investment as well as the annual rental caps in connection with the properties under the above lease agreements are comparative to market level of similar properties in the locality and are fair and reasonable.

The annual cap for the transactions under the Lease & PM Agreements for 2014 was RMB4.3 million. During the Reporting Period, the aforesaid actual transaction amount was RMB4.3 million.

(3) Transactions with Kawasaki HI

On 24 March 2014, the Group (through the CK Subsidiaries) entered into an agreement ("**Kawasaki Master Agreement**") with Kawasaki HI, whereby the CK Subsidiaries and Kawasaki HI agreed to (i) provide to the other party certain design services and technical assistance; and (ii) supply to the other party equipment, parts and products related to, among other things, residual heat power generation. The annual cap for the transactions contemplated under the Kawasaki Master Agreement for the year ended 31 December 2014 is RMB 14.90 million.

According to the Kawasaki Master Agreement, the price of the goods and/or services concerned will be determined by the parties (on arm's length basis and in good faith) with reference to the then prevailing market prices of identical and/or similar goods or services which may be supplied to or sourced from other Independent Third Parties. The price shall be no less favourable than the prices of identical and/or similar goods or services available to or from other Independent Third Parties.

During the Reporting Period, the actual transaction amount of the above transactions contemplated under the Kawasaki Master Agreement was RMB11.715 million.

For further details, please refer to the announcement of the Company dated 24 March 2014 in relation to, among other things, the Kawasaki Master Agreement.

(4) Transactions with CKEM

On 24 March 2014, the Group (through the CK Subsidiaries) entered into an agreement ("**CKEM Master Agreement**") with CKEM, whereby the CK Subsidiaries have agreed to supply waste parts, processing services and leasing of certain equipment to CKEM, while CKEM have agreed to supply certain equipment and products, processing services and leasing of certain equipment to the CK Subsidiaries. The annual cap for the transactions contemplated under the CKEM Master Agreement for the year ended 31 December 2014 is RMB 12.80 million.

According to the CKEM Master Agreement, the price of the goods and/or services concerned will be determined by the parties (on arm's length basis and in good faith) with reference to the then prevailing market prices of identical and/or similar goods or services which may be supplied to or sourced from other Independent Third Parties. The price shall be no less favourable than the prices of identical and/or similar goods or services available to or from other Independent Third Parties.

During the Reporting Period, the actual amount of the above transaction under the CKEM Master Agreement was RMB7.489 million.

For further details, please refer to the announcement of the Company dated 24 March 2014 in relation to, among other things, the CKEM Master Agreement.

3. Connected Transaction:Equipment Supply Contract

On 26 March 2014, an equipment supply contract ("**Equipment Supply Contract**") was entered into between CK Engineering (a subsidiary of the Group) and Kawasaki HI. Under the Equipment Supply Contract, Kawasaki HI agreed to purchase and CK Engineering agreed to supply certain equipment and spare parts, including but not limited to thermodynamic equipment, coal feeder, desulphurization system and chemical water treatment, in connection with certain project of construction of power plants in Myanmar.

The contract price payable under the Equipment Supply Contract was approximately US$43.8 million (equivalent to approximately HK$339.9 million). The contract price was determined by both parties thereto with reference to (1) the procurement cost of the raw materials and parts for manufacture of the equipment; (2) the then prevailing market prices of similar equipment and spare parts which may be available to other suppliers (Independent Third Parties); (3) the reasonable profit margin determined at the profit margin of CK Engineering for the previous financial year; and (4) the allocations of cost, insurance and freight at the relevant port at Myanmar in accordance with Incoterms 2010.

During the Reporting Period, the actual transaction amount of the transaction under the Equipment Supply Contract was RMB86.563 million. The Equipment Supply Contract and the transactions contemplated thereunder were approved by the independent shareholders of the Company.

For further details, please refer to the announcement of the Company 26 March 2014 in relation to, among other things, the Equipment Supply Contract.

4. **Connected Transactions exempted from reporting, announcement and independent shareholders' approval requirements**

(1) Engineering Technology Consultation Agreement with Conch Heat Energy

On 12 April 2014, an engineering technology consultation agreement was entered into between Bozhou CV Green (a subsidiary of the Group) and Conch Heat Energy. Under the engineering technology consultation agreement, Conch Heat Energy agreed to provide consultation services in relation to the project of cellulose cement autoclaved boards (phase I) of Bozhou CV Green, including construction management, engineering exploration, civil construction and supervision and other invitation and discussion work. The term of the agreement was in line with the cycle of the construction of the project.

The contract price payable under the engineering technology consultation agreement was approximately RMB1.08 million. As the relevant percentage ratios in respect of the agreement were less than 0.1%, the transactions contemplated under this agreement constituted continuing connected transactions exempt from the reporting, announcement and independent shareholders' approval requirements under Rule 14A.76(1)(a) of the Listing Rules.

During the Reporting Period, the actual transaction amount of the above transactions contemplated under the engineering technology consultation agreement was RMB432,000.

(2) Kawasaki RH Licensing Agreement

On 8 February 2007, CK Engineering and Kawasaki Partner entered into a technical licensing agreement (as supplemented by supplementary agreements dated 27 September 2010, 25 September 2008 and 7 August 2013) (collectively, the "**Kawasaki RH Licensing Agreement**"), whereby Kawasaki Partner granted CK Engineering an exclusive licence to use the technology knowhow in respect of residual heat power generation systems and the use of technical information such as drawings and technical data calculation software in China. The initial licensing fee was RMB22 million. To reduce the labour cost incurred by Kawasaki Partner in relation to the technical personnel secondment arrangements between the parties in 2010, they agreed to reduce the licensing fee to RMB13.2 million. Having taken into account the RMB6 million paid, the then outstanding licensing fee was RMB7.2 million. In another project carried out by Kawasaki Partner and CK Engineering together, RMB3.6 million was payable by Kawasaki Partner to CK Engineering in 2010. The parties agreed that RMB3.6 million payable by Kawasaki Partner to CK Engineering was settled through the reduction of the outstanding consideration under the Kawasaki RH Licensing Agreement from RMB7.2 million to RMB3.6 million.

Subsequently, licensing fees of RMB1.2 million were paid by CK Engineering to Kawasaki Partner during each of the three years ended 31 December 2012. Since then there was no outstanding licensing fees in respect of the Kawasaki RH Licensing Agreement. The license is valid until 15 October 2026.

Since all licensing fees in respect of the Kawasaki RH Licensing Agreement were fully paid by CK Engineering to Kawasaki HI (a Connected Person) by 31 December 2012, no licensing fees are payable on or after 1 January 2013 until the expiry of such agreement. The transactions contemplated under the agreement is a continuing connected transaction and is exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

(3) Kawasaki VM Licensing Agreement

On 7 April 2008, CK Equipment and Kawasaki Partner entered into a technical licensing agreement (the "**Kawasaki VM Licensing Agreement**"), whereby Kawasaki Partner granted CK Equipment an exclusive licence to use the technology knowhow in respect of vertical mill and the use of technical information such as drawings and technical data calculation software in China. Such license is without licensing fee and is valid until 21 September 2027.

Since no licensing fees is payable by CK Equipment to Kawasaki HI (a Connected Person) in respect of the license during the term of the Kawasaki VM Licensing Agreement, such continuing connected transaction is exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

For disclosure of connected persons, please refer to note 28 to the financial statements.

Pursuant to Rule 14A.56 of the Listing Rules, the Company has appointed KPMG, the external auditor of the Company, to review the continuing connected transactions of the Group for the year ended 31 December 2014. KPMG issued its report on 23 March 2015 in a letter to the Board regarding the above issues.

Pursuant to Rule 14A.55 of the Listing Rules, our INEDs have reviewed the abovementioned continuing connected transactions and the report from KPMG, and consider that the transactions:

(a) were conducted in the ordinary and usual course of business of the Group;

(b) were conducted on normal commercial terms, or on terms not less favourable from or to independent third parties; and

(c) were conducted on the terms of the relevant agreements which were fair and reasonable and were in the interests of the Shareholders as a whole.

(21) RELATED PARTY TRANSACTIONS

Save as disclosed in the section headed "Connected Transactions" of the Director's report, no related party transactions were conducted by the Group during the year under review.

In connection with the major related party transactions set out in note 28 to the Financial Statements, save for the transactions with each of Conch Cement, Conch IT Engineering, Conch Design Institute, Conch Holdings, and Conch Profiles, these related party transactions constituted connected transactions or continuing connected transactions within the meaning of Chapter 14A of Listing Rules. For the year ended 31 December 2014, the Company has complied with the disclosure requirements of Chapter 14A of Listing Rules in respect of such transactions.

(22) SHARE OPTION SCHEME

The Company has adopted a 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 Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, the Directors and other selected participants for their contributions to the Group. Given that the Directors are entitled to determine any performance targets to be achieved as well as the minimum period that an option must be held before an option can be exercised on a case by case basis, and that the exercise price of an option cannot in any event fall below the price stipulated in the Listing Rules or such higher price as may be fixed by the Directors, it is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

Eligible participants of the Share Option Scheme include:

(1) any employee (whether full-time or part-time and including any executive Director but excluding non-executive Director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which any member of the Group holds an equity interest;

(2) any non-executive Directors (including INEDs) of the Company, any of its subsidiaries or any Invested Entity;

(3) any supplier of goods or services to any member of the Group or any Invested Entity;

(4) any customer of any member of the Group or any Invested Entity;

(5) any person or entity that provides research, development or other technological support to any member of the Group or any Invested Entity;

(6) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;

(7) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity;

(8) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group;

and, for the purposes of the Share Option Scheme, the offer for the grant of option may be made to any company wholly owned by one or more persons belonging to any of the above classes of participants.

As at the date of this report, the aggregate number of shares of the Company available for issue under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue on the day on which trading of the shares of the Company commenced on the Stock Exchange, i.e. 176,500,000 shares, representing 9.78% of the issued share capital of the Company as at the date of this report.

The total number of shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being ("Individual Limit"). Any further grant of options in excess of the Individual Limit in any 12-month period up to and including the date of such further grant must be separately approved by the Shareholders in general meeting of the Company with such grantee and his close associates abstaining from voting.

Any grant of options under the Share Option Scheme to a Director, chief executive or substantial shareholder of the Company or any of their respective close associates must be approved by INEDs (excluding INED(s) who or whose close associates is/are the proposed grantee(s) of the options). Where any grant of options to a substantial shareholder or an INED or any of their respective close associates would result in the shares issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% of the Shares in issue; and (ii) having an aggregate value, based on the closing price of the Shares at the date of each offer for the grant, in excess of HK$5 million; such further grant of options must be approved by Shareholders in general meeting.

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. A nominal consideration of HK$1 is payable by the grantee on acceptance of the grant of an option. The exercise periods of options shall be determined by the Board, which may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of grant of the options subject to the provisions for early termination of the Share Option Scheme.

The subscription price under the Share Option Scheme shall be determined by the Directors, but shall not be less than the highest of (i) the closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of the offer for the grant; (ii) the average closing price of the shares of the Company as stated in the Stock Exchange's daily quotations sheet for the five trading days immediately preceding the date of the offer for the grant; and (iii) the nominal value of a share of the Company.

Unless there is an early termination of the Share Option Scheme pursuant to the rules of the Share Option Scheme, the Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, i.e., expiring on 2 December 2023.

Since the listing, the Group has not granted any share option under the Share Option Scheme.

(23) PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the applicable laws of the Cayman Islands (place of incorporation of the Company) which would oblige the Company to offer new shares on a pro-rata basis to the current Shareholders.

(24) AUDITOR

In 2014, the Company appointed KPMG as its international auditor for the year ended 31 December 2014. The consolidated financial statements have been audited by KPMG.

KPMG retired and offer themselves for re-appointment. A resolution for the re-appointment of KPMG as the auditor of the Company is to be proposed at the forthcoming 2015 Annual General Meeting.

The Board and the Audit Committee had mutual consent on the reappointment of external auditor of the Company

(25) ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the Reporting Period was the Company or any of its subsidiaries or holding companies a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

(26) NON-COMPETE UNDERTAKINGS BY CONTROLLING SHAREHOLDERS

Mr. Liu Yi, HLGH PTC, HLGH Fixed Investment and HLGH Investment (collectively, the "**Covenantors**"), all being Controlling Shareholders, entered into a deed of non-compete and other undertakings (the "**Non-Compete Undertakings**") in favour of the Company on 3 December 2013, pursuant to which each of the Covenantors has irrevocably undertaken to the Company on a joint and several basis that the Covenantors and their close associates (individually or taken as a whole) will comply with the terms of the Non-Compete Undertakings during the period when they remain controlling shareholders (as defined in the Listing Rules) of the Company. In addition, each of the Covenantors has also undertaken to make an annual declaration in respect of their compliance with the terms of the Non-Compete Undertakings in the Company's annual report.

The Company has received annual confirmations from the Controlling Shareholders, being Mr. Liu Yi, HLGH PTC, HLGH Fixed Investment and HLGH Investment confirming that, for the financial year ended 31 December 2014, they have complied with the terms of the Non-Compete Undertakings as described in the Prospectus, and that they or their close associates have not or are not likely to be engaged in any business (other than the Group) which, directly or indirectly, competes or may compete with the Group's business.

The INEDs have reviewed the abovementioned undertakings and consider that Mr. Liu Yi, HLGH PTC, HLGH Fixed Investment and HLGH Investment have complied with the Non-Compete Undertakings during the Reporting Period.

By Order of the Board
Guo Jingbin
Chairman

Wuhu, China
23 March 2015

7. BIOGRAPHIES OF DIRECTORS AND SENIOR MANAGEMENT

(I) DIRECTORS

1. Executive Directors

Mr. GUO Jingbin (郭景彬), aged 57, was appointed as a Director with effect from 24 June 2013. He is currently a non-executive Director and the Chairman of the Company. He is primarily responsible for overall strategic development of the Group. Mr. Guo graduated from Shanghai Construction Materials College and joined the predecessor of Conch Cement Group in 1980. In July 1998, Mr. Guo received a Master of Business Administration degree from the Post-graduate College of the Social Science Institute of China (中國社會科學院). Mr. Guo held various mid to senior managerial positions including head of automatic measurement department, head of personnel department and deputy plant manager of the former Ningguo Cement Plant and the secretary to the board of and deputy general manager of Conch Cement. He has over 30 years' experience in the building materials industry and rich experience in capital markets, particularly specializing in corporate strategic planning, marketing planning and general and administration management. He has been a director of CV Investment with effect from February 2011. In May 2013, he became the chairman of the board of directors of CV Investment. Mr. Guo has been an executive director of Conch Cement since October 1997 and a director of Conch Holdings since January 1997. On 20 June 2014, he was re-designated as non-executive director of Conch Cement.

Mr. JI Qinying (紀勤應), aged 58, was appointed as a Director with effect from 18 July 2013. He is currently an executive Director and the Chief Executive Officer of the Company who is primarily responsible for day-to-day management of the Group's business operations. He is also a member of the Remuneration and Nomination Committee. Mr. Ji joined the predecessor of Conch Cement Group after he graduated from Shanghai Construction Materials College in 1980. He held various leading positions including deputy plant operating director of the Ningguo Cement Plant, general manager of Conch Cement, and general manager and chairman of Conch Profiles. Mr. Ji has been a director of CV Investment since November 2002. He has become the general manager of CV Investment since May 2013. Mr. Ji has over 30 years' experience in the building materials industry specializing in project investment, construction management, market development, production, general operation and industrial management. Mr. Ji was an executive director of Conch Cement from December 2009 to November 2013.

Mr. LI Jian (李劍), aged 53, was appointed as a Director with effect from 18 July 2013. He is currently an executive Director and a Deputy General Manager of the Company. He joined the Group in March 2011. He is primarily responsible for strategic development of the Group and general operation of Conch Venture Green. He is also a director of Conch Venture Green. He graduated from Anhui Broadcast and Television University (安徽廣播電視大學) majoring in electrical engineering in July 1994. Mr. Li joined the Anhui Conch Group in 1995, and joined the Group in 2011 and was a director of CK Equipment from March 2011 to March 2012. During the period from February 2011 to March 2012, Mr. Li was an assistant to general manager of CV Investment. He has also been a director and deputy general manager of CV Investment since May 2013. Mr. Li has nearly 20 years' experience in the building materials industry specializing in market development, sales network development and management, building materials production and corporate management. He also has extensive experience in the production and operation management in the new building materials industry.

Mr. LI Daming (李大明), aged 49, was appointed as a Director with effect from 18 July 2013. He is currently an executive Director and a Deputy General Manager of the Company. He is also a director of CK Equipment and CK Engineering. He is primarily responsible for energy preservation and environmental protection business including residual heat power generation and waste incineration projects, general operation of CK Engineering and CK Equipment. He graduated from Anhui Mechanical and Electrical College (安徽機電學院) majoring in manufacture of electrical equipment in July 1986. Mr. Li joined the Group in December 2006 and has been a director of CK Equipment since September 2007, a director of CK Engineering since November 2006 and deputy general manager of CK Engineering since December 2006. Mr. Li has nearly 20 years' experience in the building materials industry. He also has extensive experience in residual heat power generation and has established good cooperation relationship with Kawasaki HI in developing the residual heat power generation business.

2. Non-executive Director

Ms. ZHANG Mingjing (章明靜), aged 52, was nominated as a non-executive Director of the Company on 21 May 2014. She is also a member of the Remuneration and Nomination Committee, and is currently an executive director of Conch Cement. Ms. Zhang serves as the chairman of the board of directors of Indonesia Conch Cement Co. Ltd (印尼海螺水泥有限公司). She graduated from Anhui Normal University and joined the group comprising Conch Cement and its subsidiaries in 1987. Ms. Zhang held positions such as head of external economic cooperation department and deputy head of development department of the former Ningguo Cement Plant, officer in-charge of the secretariat to the Board and secretary to the board of directors of Conch Cement. She has extensive experience in capital operation, standard management of listed companies and establishment of internal control system. Ms. Zhang is a senior economist, and the spouse of Mr. Zhu Zhongping, the chief accountant of the Company.

3. Independent non-executive Directors

Mr. CHAN Chi On (陳志安) (alias Derek CHAN), aged 51, was appointed as an INED with effect from 3 December 2013. He is also the chairman of the Audit Committee and a member of the Remuneration and Nomination Committee. Mr. Chan is currently engaging in corporate finance and securities businesses and serving as the chairman of Halcyon Capital Limited and Halcyon Securities Limited respectively. Mr. Chan graduated from the University of Hong Kong with a Bachelor degree in Social Sciences (majoring in Economics) and from the Hong Kong University of Science & Technology with a Master degree in Business Administration. Mr. Chan worked for the Stock Exchange for seven years, and subsequently served as an executive director in Haitong International Securities Group Limited (previously known as Taifook Securities Group Limited) and head of its corporate finance division for 16 years and was responsible for businesses in listing of enterprises, financing and mergers and acquisition. Mr. Chan is currently an independent non-executive director of Yuexiu REIT Asset Management Ltd. (manager of Yuexiu Real Estate Investment Trust (which is listed on the Main Board of the Hong Kong Stock Exchange (stock code: 00405)) and Longfor Properties Co. Ltd. (a company listed on the Main Board of the Stock Exchange (stock code: 00960)), and was appointed as an independent non-executive director of Global International Credit Group Limited (a company listed on the Main Board of the Stock Exchange (stock code: 01669)) on 22 November 2014. He is currently an adjunct professor at the School of Accounting and Finance at the Hong Kong Polytechnic University. Mr. Chan has more than 25 years of experience in financial services industry.

Mr. CHAN Kai Wing (陳繼榮), aged 54, was appointed as an INED with effect from 3 December 2013. He is also a member of the Audit Committee and the Remuneration and Nomination Committee of the Company. Mr. Chan is currently the managing director of Mandarin Capital Enterprise Limited, a company Mr. Chan founded in 2004, and is specialized in providing financial advisory services to companies in the area of accounting services, merger and acquisition, corporate restructuring, and other corporate finance matters. Mr. Chan obtained a bachelor degree in economics from Macquarie University in Sydney, Australia in April 1986 and is a fellow member of CPA Australia. From 1988 to 1991, Mr. Chan worked in the audit department of Ernst & Young in Hong Kong. Mr. Chan has been an independent non-executive director of China Assurance Finance Group Limited (a company listed on the Growth Enterprise Market of the Stock Exchange, stock code: 08090) since December 2011.

Mr. LAU Chi Wah, Alex (劉志華), aged 51, was appointed as an INED with effect from 3 December 2013. He is also a member of the Audit Committee and the Chairman of the Remuneration and Nomination Committee. Mr. Lau has over 25 years of experience in the field of corporate finance and accounting in managing initial public offerings and fund-raising exercises and advising listed companies on mergers and acquisitions, takeovers, buyouts and other corporate transactions. He is currently the managing director of BOSC International Company Limited. Mr. Lau has been an associate of the Institute of Chartered Accountants in England and Wales since June 1988 and an associate of Hong Kong Institute of Certified Public Accountants since 1990. He graduated from the University of East Anglia in the United Kingdom in July 1984 with a bachelor degree in Science. He also obtained Corporate Finance Qualification from the Institute of Chartered Accountants in England and Wales in 2006. He is currently an independent non-executive director of Man Sang International Limited (a company listed on the Main Board of the Stock Exchange (stock code: 00938)) . On 1 September 2014, he has been appointed as an independent non-executive director of One Media Group Limited (a company listed on the Main Board of the Stock Exchange (stock code: 00426)).

4. Senior Management

Mr. WANG Xuesen (汪學森), aged 50, is a director of HC Port and a deputy general manager of the Company. He is primarily responsible for general operation of HC Port. He graduated from Anhui Finance and Trade College (安徽財貿學院), majoring in statistical science in May 1988. He also obtained a Master of Business Administration from Shanghai Shipping College (上海海運學院) in September 2003. Mr. Wang joined the Group in 2006 and has since then been the general manager of HC Port. He is also the deputy general manager of CV Investment.

Mr. ZHU Zhongping (朱忠平), aged 58, is the chief accountant of the Company. He is primarily responsible for financial reporting and head of finance department of the Company. He graduated from Anhui Finance College (安徽省財政學校) majoring in finance in February 1980. Mr. Zhu worked successively as the chief of the finance department of Conch Cement, the chairman of the board of directors of Tongling Conch Company (銅陵海螺公司) and the deputy chief accountant of Conch Group. Mr. Zhu participated in the management of the Group in December 2009. Mr. Zhu has been a director of CV Investment since February 2011 and has since then been given with the powers and responsibilities to oversee the business strategy and direction and operations of CK Engineering, CK Equipment, HC Port and also the Conch Cement Group. He is the spouse of Ms. ZHANG Mingjing, an non-executive Director.

5. Joint Company Secretaries

Mr. SHU Mao (疏茂), aged 29, was appointed as the joint company secretary on 3 December 2013. He graduated from Anhui Engineering Science College (安徽工程科技學院) majoring in business administration in 2008. He is assistant manager of the office of general manager of CV Investment.

Ms. NG Sin Yee, Clare, aged 54, is a director of the Corporate Services Department of Tricor Services Limited. Ms. Ng is a fellow of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom. Before joining the group comprising Tricor Services Limited, Ms. Ng has worked in the Company Secretarial Department of Secretaries Limited, a professional service company wholly owned by Deloitte Touche Tohmatsu. Ms. Ng has more than 28 years of experience in company secretarial field and has been providing corporate services to both multi-national companies and listed companies in Hong Kong.

KPMG

To the shareholders of China Conch Venture Holdings Limited
(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Conch Venture Holdings Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 68 to 140, which comprise the consolidated and Company statements of financial position as at 31 December 2014, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2014 and of the Group's profit and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the Hong Kong Companies Ordinance.

KMPG
Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hongkong

23 March 2015

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	17	**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)	12	**1.24**	1.22

The notes on pages 75 to 140 form part of these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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

	Note	**2014** **RMB'000**	2013 RMB'000
Profit for the year		**2,372,813**	1,978,550
Other comprehensive income for the year (after tax and reclassification adjustments)	8		
Items that may be reclassified subsequently to profit or loss:			
Share of changes of reserves of an associate, net of tax		**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

The notes on pages 75 to 140 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014
(Expressed in Renminbi Yuan)

	Note	**2014** **RMB'000**	2013 RMB'000
Non-current assets			
Property, plant and equipment	13	**1,007,768**	786,513
Lease prepayments	14	**202,215**	133,100
Intangible assets	15	**830**	1,193
Interest in an associate	17	**11,668,343**	9,806,938
Non-current portion of trade and other receivables	19	**237,616**	198,173
Finance lease receivable	20	**43,901**	52,098
Deferred tax assets	24(b)	**46,164**	50,040
		13,206,837	11,028,055
Current assets			
Inventories	18	**145,659**	184,917
Trade and other receivables	19	**1,132,327**	1,029,643
Finance lease receivable within one year	20	**14,461**	14,461
Restricted bank deposits		**–**	3,662
Bank deposits with maturity over three months		**650,000**	17,790
Cash and cash equivalents	21(a)	**2,057,583**	3,698,141
		4,000,030	4,948,614
Current liabilities			
Loans and borrowings	22	**670,000**	484,804
Trade and other payables	23	**1,067,051**	1,102,480
Income tax payables	24(a)	**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

The notes on pages 75 to 140 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2014
(Expressed in Renminbi Yuan)

	Note	2014 RMB'000	2013 RMB'000
Non-current liabilities			
Loans and borrowings	22	**130,000**	1,104,000
Net assets		**15,300,451**	13,277,122
Capital and reserves	25		
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

Approved and authorised for issue by the board of directors on 23 March 2015.

Guo Jingbin
Director

Ji Qinying
Director

The notes on pages 75 to 140 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

At 31 December 2014
(Expressed in Renminbi Yuan)

	Note	2014 RMB'000	2013 RMB'000
Non-current assets			
Interests in a subsidiary	16	**678,880**	62
Current assets			
Trade and other receivables	19	**2,003,500**	81,408
Cash and cash equivalents	21(a)	**80,922**	3,090,213
		2,084,422	3,171,621
Current liabilities			
Trade and other payables	23	**624**	39,694
Net current assets		**2,083,798**	3,131,927
Net assets		**2,762,678**	3,131,989
Capital and reserves	25(a)		
Share capital		**14,347**	14,347
Reserves		**2,748,331**	3,117,642
Total equity		**2,762,678**	3,131,989

Approved and authorised for issue by the board of directors on 23 March 2015.

Guo Jingbin
Director

Ji Qinying
Director

The notes on pages 75 to 140 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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

	Note	Share capital RMB'000 (Note 25(c))	Share premium RMB'000 (Note 25(d)(i))	Capital reserve RMB'000 (Note 25(d)(ii))	PRC statutory reserves RMB'000 (Note 25(d)(iii))	Exchange Reserve RMB'000	Retained earnings RMB'000	Sub-total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
		Attributable to equity shareholders of the Company								
Balance at 1 January 2013		245,375	–	2,770,825	244,849	–	5,799,944	9,060,993	417,763	9,478,756
Profit for the period		–	–	–	–	–	1,836,786	1,836,786	141,764	1,978,550
Other comprehensive income	8	–	–	(145,769)	–	680	–	(145,089)	–	(145,089)
Total comprehensive income		–	–	(145,769)	–	680	1,836,786	1,691,697	141,764	1,833,461
Acquisition of non-controlling interests		1,600	–	–	4,878	–	739	7,217	(7,217)	–
Appropriation to reserves	25(d)(iii)	–	–	–	36,169	–	(36,169)	–	–	–
Capitalisation of a subsidiary		20,400	–	–	(20,400)	–	–	–	–	–
Capital injection		100,000	–	–	–	–	–	100,000	–	100,000
Deemed distribution to then equity holder arising from reorganisation		(367,375)	–	(773,146)	–	–	–	(1,140,521)	–	(1,140,521)
Profit distribution to then equity holders and non-controlling interests		–	–	–	–	–	(79,309)	(79,309)	(76,199)	(155,508)
Issuance of shares upon reorganisation		11,951	–	–	–	–	–	11,951	–	11,951
Issuance of shares under initial public offering, net of issuance expenses		2,396	3,146,587	–	–	–	–	3,148,983	–	3,148,983
Balance at 31 December 2013 and 1 January 2014		**14,347**	**3,146,587**	**1,851,910**	**265,496**	**680**	**7,521,991**	**12,801,011**	**476,111**	**13,277,122**
Profit for the year		**–**	**–**	**–**	**–**	**–**	**2,238,504**	**2,238,504**	**134,309**	**2,372,813**
Other comprehensive income	8	**–**	**–**	**181,423**	**–**	**(680)**	**–**	**180,743**	**–**	**180,743**
Total comprehensive income		**–**	**–**	**181,423**	**–**	**(680)**	**2,238,504**	**2,419,247**	**134,309**	**2,553,556**
Acquisition of non-controlling interests		**–**	**–**	**(10,083)**	**–**	**–**	**–**	**(10,083)**	**(73,314)**	**(83,397)**
Appropriation to reserves	25(d)(iii)	**–**	**–**	**–**	**94,537**	**–**	**(94,537)**	**–**	**–**	**–**
Profit distribution to non-controlling interests		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(90,302)**	**(90,302)**
Dividends approved in respect of the previous years	25(b)	**–**	**(356,528)**	**–**	**–**	**–**	**–**	**(356,528)**	**–**	**(356,528)**
Balance at 31 December 2014		**14,347**	**2,790,059**	**2,023,250**	**360,033**	**–**	**9,665,958**	**14,853,647**	**446,804**	**15,300,451**

The notes on pages 75 to 140 form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

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

	Note	2014 RMB'000	2013 RMB'000
Operating activities:			
Cash generated from operations	21(b)	**408,735**	392,324
Income tax paid	24(a)	**(71,967)**	(83,499)
Net cash generated from operating activities		**336,768**	308,825
Investing activities:			
Payment for purchase of property, plant and equipment, construction in progress and intangible assets		**(317,534)**	(65,569)
Proceeds from disposal of property, plant and equipment		**–**	77
Payment for lease prepayments		**(72,559)**	(25,075)
Payment for acquisition of non-controlling interest of a subsidiary		**(41,700)**	–
Proceeds from maturity of bank deposits over three months		**767,790**	20,280
Payment for maturity of bank deposits over three months		**(1,400,000)**	–
Dividends received from the associate		**294,000**	114,170
Interest received		**92,749**	14,804
Net cash (used in)/generated from investing activities		**(677,254)**	58,687
Financing activities:			
Proceeds from loans and borrowings		**40,000**	767,377
Repayment of loans		**(828,804)**	(548,573)
Capital injection from equity shareholder of the Company		**–**	111,951
Profit distribution and paid to non-controlling interests		**(90,302)**	(155,508)
Dividends paid to equity shareholders of the Company		**(356,528)**	–
Distribution paid to then equity holders		**–**	(190,521)
Interest paid		**(63,758)**	(80,148)
Net proceeds from issuance of shares under initial public offering, net of issuance expenses		**–**	3,148,983
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
Effect of foreign exchange rate changes		**(680)**	680
Cash and cash equivalents at beginning of the year		**3,698,141**	276,388
Cash and cash equivalents at end of the year	21(a)	**2,057,583**	3,698,141

The notes on pages 75 to 140 form part of these 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 1(c) 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 (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 (see Note 1(f)).

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.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 2.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(c) 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.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gain but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Note 1(n) or 1(o) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Subsidiaries and non-controlling interests *(Continued)*

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(f)) or, when appropriate, the cost on initial recognition of an investment in a joint venture or associate (see Note 1(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see Note 1(j)).

(e) Associate

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Note 1(j)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealised profits and losses resulting from transactions between the Group and its associate is eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

In all other cases, when the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(f)).

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries and associates, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicate otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in Note 1(t)(v) and (vi).

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortised cost less impairment losses (see Note 1(j)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated in equity in capital reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see Note 1(j)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in Note 1(t)(v) and (vi). Foreign exchange gain and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see Note 1(j)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 1(j)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 1(v)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

—	Plant and buildings	20–30 years
—	Machinery and equipment	10–15 years
—	Office and other equipment	5 years
—	Motor vehicles	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress represents property, plant and equipment under construction, which is stated at cost less accumulated impairment losses (see Note 1(j)). Capitalisation of construction in progress costs ceases and the construction in progress is transferred to property, plant and equipment when substantially all of the activities necessary to prepare the assets for their intended use are completed.

No depreciation is provided in respect of construction in progress until it is substantially completed and ready for its intended use.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Intangible assets

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see Note 1(j)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

— Software	2–10 years

Both the period and method of amortisation are reviewed annually.

Expenditure on research and development activities is recognised as an expense in the period in which it is incurred.

(i) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Lease prepayments

Lease prepayments represent cost of land use right paid to the PRC governmental authorities or third parties.

Lease prepayments are stated at cost less accumulated amortisation and impairment losses (see Note 1(j)). Amortisation is charged to profit or loss on a straight-line basis over the respective periods of the rights.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For investments in an associate accounted for under the equity method in the consolidated financial statements (see Note 1(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 1(j)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with Note 1(j)(ii).

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Impairment of assets *(Continued)*

(i) Impairment of investments in equity securities and other receivables *(Continued)*

- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- lease prepayments;
- intangible assets; and
- investments in subsidiary in the Company's statement of financial position.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(j) Impairment of assets *(Continued)*

(ii) Impairment of other assets *(Continued)*

If any such indication exists, the asset's recoverable amount is estimated.

— Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

— Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

— Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(k) Inventories

Inventories are carried at the lower of cost and net realizable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realizable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(l) Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in Note 1(t)(ii). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the end of the reporting period are recorded at the net amount of costs incurred plus recognised profit less recognised losses and progress billings, and are presented in the statement of financial position as the "Gross amount due from customers for contract work" (as an asset) or the "Gross amount due to customers for contract work" (as a liability), as applicable. Progress billings not yet paid by the customer are included under "Trade and other receivables". Amounts received before the related work is performed are presented as "Receipts in advance" under "Trade and other payables".

(m) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see Note 1(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(n) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(o) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(p) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(q) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(ii) Defined contribution retirement plans

Contributions to PRC local retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred.

(r) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of each reporting period, and any adjustment to tax payable in respect of previous years.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Income tax *(Continued)*

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purpose, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(r) Income tax *(Continued)*

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(s) Provision and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of goods

Revenue is recognised when goods are delivered at the customers' premises which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

(ii) Revenue from construction contract

When the outcome of a contract can be estimated reliably, revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs, surveys of work performed or completion of a physical proportion of the contract work for the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

(iii) Revenue from service concession arrangement

Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognising revenue from construction contract. Operation or service revenue is recognised in the period in which services are provided by the Group. When the Group provides more than one service in a service concession arrangement the consideration received is allocated by reference to the relative fair values of the services delivered.

(iv) Revenue from services

Revenue arising from services is recognised when the relevant service is rendered without further performance obligations.

(v) Interest income

Interest income is recognised as it accrues using the effective interest method.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(t) Revenue recognition *(Continued)*

(vi) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

(vii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(u) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

(v) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditures for the asset are being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(w) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third party.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

1 SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(x) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2 ACCOUNTING JUDGEMENT AND ESTIMATES

(a) Critical accounting judgements in applying the Group's accounting policies

In the progress of applying the Group's accounting policies, management had made the following accounting judgements:

(i) Service concession arrangements

The Group entered into Build-Operate-Transfer ("BOT") arrangements in respect of its waste incineration projects.

The Group concluded that all the BOT arrangements are service concession arrangements under IFRS Interpretations Committee 12 because the local governments control and regulate the services that the Group must provide with the infrastructure at a pre-determined service charge. In respect of BOT arrangements upon expiry of concession right agreement, the infrastructure for BOT arrangements is used in the service concession arrangements for its entire or substantial useful life.

(ii) Determining whether an arrangement contains a lease

The Group entered into a contract with a third party for construction and operation of a power generation facility. Under the terms of the contract, the Group built a set of machinery and equipment for generating and supplying electricity to the third party for a period of 6 years from 2014. The Group receives an annual minimum amount over the term of the contract, plus a variable charge based on the quantity of electricity supplied. At the end of the contract period, this set of machinery and equipment will be transferred to this third party at zero consideration.

Although the arrangement is not in the legal form of a lease, the Group concluded that the arrangement contains a lease of the equipment, because fulfilment of the arrangement is economically dependent on the use of the specific equipment and the arrangement conveys a right to use the asset.

2 ACCOUNTING JUDGEMENT AND ESTIMATES *(Continued)*

(a) Critical accounting judgements in applying the Group's accounting policies *(Continued)*

(ii) Determining whether an arrangement contains a lease *(Continued)*

The lease is classified as a finance lease as the lease transfers ownership of the asset to the lessee at the end of the lease term, and the present value of the minimum receipts under the arrangement amount to at least substantially all of the fair value of the specific equipment and the leased asset is of such a specialized nature that only the lessee can use without major modifications. At the inception of the arrangement, the present value of the minimum lease receipts relating to the lease element have been estimated based on the fair value of the specific equipment and the imputed finance income on the finance lease asset has been estimated using the implicit rate in the lease.

(b) Source of estimation uncertainty

Note 26 contains information about the assumptions and their risk factors relating to the fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(i) Construction contracts

As explained in policy Note 1(l) and 1(t)(ii), revenue recognition on an uncompleted project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work will not include profit which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than estimated at each of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

(ii) Depreciation and amortisation

As described in Note 1(g), property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. As described in Note 1(h), intangible assets are amortised on a straight-line basis over the estimated useful lives. Management reviews annually the useful lives of the assets and residual values, if any, in order to determine the amount of depreciation and amortisation expenses to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological and other changes. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

2 ACCOUNTING JUDGEMENT AND ESTIMATES *(Continued)*

(b) Source of estimation uncertainty *(Continued)*

(iii) Net realisable value of inventories

As described in Note 1(k), net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of changes in market conditions.

Management reassesses these estimations at the end of reporting period to ensure inventory is stated at the lower of cost and net realisable value.

(iv) Impairment of trade and other receivables

Management determines the impairment of trade and other receivables on a regular basis. This estimate is based on the credit history of its customers and current market conditions. If the financial conditions of the customers were to deteriorate, actual write-off would be higher than estimated. Management reassesses the impairment of trade and other receivables at the end of reporting period.

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 **RMB'000**	2013 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 RMB 729,893,000. Revenues to these three customers in 2013 amounted to RMB 1,129,578,000.

3 TURNOVER AND SEGMENT REPORTING *(Continued)*

(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 17.

(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.

3 TURNOVER AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(i) *(Continued)*

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

3 TURNOVER AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

(i) *(Continued)*

	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

3 TURNOVER AND SEGMENT REPORTING *(Continued)*

(b) Segment reporting *(Continued)*

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

* Government grants represented subsidies received from the local government authorities for encouraging the Group's development in the green building materials segment in the respective PRC cities.

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.

6 PROFIT BEFORE TAXATION *(Continued)*

(c) Other items:

	2014 RMB'000	2013 RMB'000
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

* For the year ended 31 December 2013, auditor remuneration was RMB7,254,000, of which RMB6,300,000 was recognised in profit and loss and RMB954,000 was recognised in equity, respectively.

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENTS

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

	2014 RMB'000	2013 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 (Note 24(a))	**103,069**	83,679
Deferred tax:		
Origination and reversal of temporary differences (Note 24(b))	**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.

7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENTS *(Continued)*

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

(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 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 **RMB'000**	2013 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 OTHER COMPREHENSIVE INCOME

Components of other comprehensive income:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Share of changes of reserves of an associate, net of tax (i)	**181,423**	(145,769)	**–**	–
Exchange differences on translation of financial statements of overseas subsidiaries and the Company	**(680)**	680	**52**	(52)
Net movement during the year recognised in other comprehensive income	**180,743**	(145,089)	**52**	(52)

(i) Share of changes of reserves of an associate represented the share of changes in fair value of available-for-sale equity securities of the associate.

9 DIRECTORS' REMUNERATION

Directors' remuneration disclosed are as follows:

Year ended 31 December 2014

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Contributions to retirement scheme RMB'000	Total RMB'000
Executive Directors:					
Mr. Guo Jingbin (i)(ii)	–	–	–	–	–
Mr. Ji Qinying (ii)	–	–	–	–	–
Mr. Li Jian (iii)	–	142	482	21	645
Mr. Li Daming (iii)	–	160	505	28	693
Non-executive Director:					
Ms. Zhang Mingjing (iv)	–	–	–	–	–
Independent non-executive Director:					
Mr. Chan Chi On	118	–	–	–	118
Mr. Chan Kai Wing	118	–	–	–	118
Mr. Lau Chi Wah	118	–	–	–	118
	354	**302**	**987**	**49**	**1,692**

9 DIRECTORS' REMUNERATION *(Continued)*

Year ended 31 December 2013

	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Contributions to retirement scheme RMB'000	Total RMB'000
Executive Directors:					
Mr. Ji Qinying (ii)	–	–	–	–	–
Mr. Li Jian (ii)	–	–	–	–	–
Mr. Li Daming (iii)	–	165	505	26	696
Non-executive Director:					
Mr. Guo Jingbin (i)(ii)	–	–	–	–	–
Independent non-executive Director:					
Mr. Chan Chi On	12	–	–	–	12
Mr. Chan Kai Wing	12	–	–	–	12
Mr. Lau Chi Wah	12	–	–	–	12
	36	165	505	26	732

(i) Guo Jingbin was appointed as an executive director on 1 July 2014.

(ii) The remuneration of these directors for the year ended 31 December 2014 was RMB1,528,381 (2013: RMB 1,538,724). The remuneration were paid by Anhui Conch Group Co., Ltd. ("Conch Holdings") and its subsidiaries for their directorship in these companies during the year.

(iii) The remuneration of these directors for the year ended 31 December 2014 were settled by subsidiaries for their directorship in those subsidiaries.

(iv) Ms. Zhang Mingjing was appointed as a non-executive director of the Company on 21 May 2014. Her remuneration was RMB 829,991 for the year ended 31 December 2014 (2013: RMB 904,034) and was settled by Anhui Conch Cement Co., Ltd. ("Conch Cement") for her directorship in that company.

No directors of the Company waived or agreed to waive any remuneration during the year.

During the year, there were no amounts paid or payable by the Group to the directors or any of the five highest paid individuals set out in Note 10 below as an inducement to join or upon joining the Group or as compensation for loss of office.

10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five highest paid individuals of the Group during the year, two (2013: one) are a director of the Company whose emolument is disclosed in Note 9. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2014 RMB'000	2013 RMB'000
Salaries, allowances and benefits in kind	**617**	810
Discretionary bonuses	**1,347**	1,580
Contributions to retirement benefit schemes	**99**	130
	2,063	2,520

The emoluments of the above individuals are within the band of Nil to HK$1,000,000.

11 PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS OF THE COMPANY

The consolidated profit attributable to equity shareholders of the Company includes a loss of RMB12,835,000 (2013: RMB28,893,000) which has been dealt with in the financial statements of the Company (see Note 25(a)).

Details of dividends paid and payable to equity shareholders of the Company are set out in Note 25(b).

12 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 **'000**	2013 '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.

13 PROPERTY, PLANT AND EQUIPMENT

	Plant and Buildings RMB'000	Machinery and equipment RMB'000	Office and other equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Cost:						
At 1 January 2013	536,441	181,735	5,737	7,137	119,824	850,874
Additions	6,359	32,615	629	–	16,198	55,801
Transfer from construction in progress	55,939	58,362	–	–	(114,301)	–
Disposals	–	(448)	(177)	(474)	–	(1,099)
At 31 December 2013 and 1 January 2014	598,739	272,264	6,189	6,663	21,721	905,576
Additions	3,111	18,484	1,926	3,792	245,525	272,838
Transfer from construction in progress	136,000	87,215	–	–	(223,215)	–
Disposals	–	(94)	(71)	(2)	–	(167)
At 31 December 2014	737,850	377,869	8,044	10,453	44,031	1,178,247

13 PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Plant and Buildings RMB'000	Machinery and equipment RMB'000	Office and other equipment RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Accumulated depreciation:						
At 1 January 2013	(45,803)	(22,538)	(3,026)	(3,938)	–	(75,305)
Charge for the year	(22,840)	(19,838)	(865)	(895)	–	(44,438)
Written back on disposals	–	116	152	412	–	680
At 31 December 2013 and 1 January 2014	(68,643)	(42,260)	(3,739)	(4,421)	–	(119,063)
Charge for the year	(25,628)	(24,141)	(810)	(923)	–	(51,502)
Written back on disposals	–	20	65	1	–	86
At 31 December 2014	(94,271)	(66,381)	(4,484)	(5,343)	–	(170,479)
Net book value:						
At 31 December 2013	530,096	230,004	2,450	2,242	21,721	786,513
At 31 December 2014	643,579	311,488	3,560	5,110	44,031	1,007,768

As at the date of this report, the Group was in the process of applying for registration of the ownership certificates for plant and buildings. The aggregate carrying amount of such plant and buildings of the Group as at 31 December 2014 was approximately RMB 138,322,000. The directors are of the opinion that the Group is entitled to legally occupy or use these plant and buildings.

14 LEASE PREPAYMENTS

	2014 RMB'000	2013 RMB'000
Cost:		
At 1 January	**145,652**	120,577
Additions	**72,559**	25,075
At 31 December	**218,211**	145,652
Accumulated amortisation:		
At 1 January	**(12,552)**	(10,059)
Charge for the year	**(3,444)**	(2,493)
At 31 December	**(15,996)**	(12,552)
Net book value:		
At 31 December	**202,215**	133,100

Lease prepayments represent cost of land use rights in respect of land located in the PRC with lease period of 50 years when granted.

As at the date of this report, the Group was in the process of applying for registration of the ownership certificates for certain of its land use rights. The aggregate carrying value of such land use rights of the Group as at 31 December 2014 was approximately RMB 86,574,000. The directors are of the opinion that the Group is entitled to legally occupy or use these land.

15 INTANGIBLE ASSETS

	2014 RMB'000	2013 RMB'000
Cost:		
At 1 January	**3,366**	3,125
Additions	**37**	241
At 31 December	**3,403**	3,366
Accumulated amortisation:		
At 1 January	**(2,173)**	(1,524)
Charge for the year	**(400)**	(649)
At 31 December	**(2,573)**	(2,173)
Net book value:		
At 31 December	**830**	1,193

16 INTERESTS IN A SUBSIDIARY

	The Company	
	2014 RMB'000	2013 RMB'000
Unlisted shares, at cost	**62**	62
Amount due from a subsidiary	**678,818**	–
	678,880	62

An amount due from a subsidiary of RMB678,880,000 as at 31 December 2014 (31 December 2013: Nil) is unsecured, interest-free and has no fixed terms of repayment. Such amount represented receivable due from China Conch Venture Holdings (HK) Limited relating to its capital injection into the Group's subsidiaries in the PRC. In the opinion of the directors, the receivable is not expected to be recovered within one year from the balance sheet date.

16 INTERESTS IN A SUBSIDIARY *(Continued)*

The following list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
China Conch Venture Holdings International Limited ("Conch Venture BVI") (中國海創控股國際有限公司)	USD10,000	100%	100%	–	Investment holding
China Conch Venture Holdings (HK) Limited ("Conch Venture HK") (中國海創控股(香港)有限公司)	HK$10,000	100%	–	100%	Investment holding
Anhui Conch Venture New Energy-saving Building Material Co., Ltd. ("Conch Venture Green") (安徽海創新型節能建築材料有限責任公司)	RMB200,000,000	100%	–	100%	Manufacturing and investment holding
Bozhou Conch Venture New Energy-saving Building Material Co., Ltd. ("Bozhou Conch Venture Green") (亳州海創新型節能建築材料有限責任公司)	RMB125,000,000	100%	–	100%	Manufacturing and sales of new energy-saving building material
Wuhu Conch Venture Enterprise Limited ("Conch Venture Wuhu") (蕪湖海創實業有限責任公司)	RMB100,000,000	100%	–	100%	Design and construction of energy preservation and environmental protection projects and investment holding
Pingliang Conch Venture Environment Engineering Co., Ltd. (iv) ("Conch Venture Environment") (平涼海創環境工程有限責任公司)	RMB35,000,000	100%	–	100%	Garbage disposal and sludge residue recycling
Anhui Conch Kawasaki Engineering Co., Ltd ("CK Engineering") (安徽海螺川崎工程有限公司)	RMB100,000,000	51%	–	51%	Design, sales, installation of energy preservation and environmental protection equipment and after sales service
Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd ("CK Equipment") (安徽海螺川崎節能設備製造有限公司)	RMB100,000,000	51%	–	51%	Design, sales installation of energy preservation and environmental protection equipment and after sales service
Yangzhou Haichang Port Industrial Co., Ltd ("HC Port") (揚州海昌港務實業有限責任公司)	RMB220,500,000	100%	–	100%(iii)	Cargo handling

16 INTERESTS IN A SUBSIDIARY *(Continued)*

Name of companies (i)	Registered and paid up capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activities
Wuhu Conch Investment Ltd. ("WH Investment") (蕪湖海螺投資有限公司)	RMB400,000,000	100%	–	100%	Manufacturing and investment holding
Jinzhai Conch Venture Environment Engineering Co., Ltd. (iv) ("JZ Environment") (金寨海創環境工程有限責任公司)	RMB40,000,000	100%	–	100%	Garbage disposal and sludge residue Operation management Technical service
Yangchun Conch Venture Environment Engineering Co., Ltd. (iv) ("YC Environment") (陽春海創環境工程有限責任公司)	RMB32,000,000	100%	–	100%	Garbage disposal and sludge residue Operation management Technical service
Qiyang Conch Venture Environment Engineering Co., Ltd. (iv) ("QY Environment") (祁陽海創環境工程有限責任公司)	RMB35,000,000	100%	–	100%	Garbage disposal and sludge residue Operation management Technical service
Shimen Conch Venture Environment Engineering Co., Ltd. (iv) ("SM Environment") (石門海創環境工程有限責任公司)	RMB32,000,000	100%	–	100%	Garbage disposal and sludge residue Operation management Technical service
Nanjiang Conch Venture Environment Engineering Co., Ltd. (iv) ("NJ Environment") (南江海創環境工程有限責任公司)	RMB35,000,000	100%	–	100%	Garbage disposal and sludge residue Operation management Technical service
Xianyang Conch Venture Environment Engineering Co., Ltd. (iv) ("XY Environment") (咸陽海創環境工程有限責任公司)	RMB15,000,000	100%	–	100%	Garbage disposal and sludge residue Operation management Technical service
Shuangfeng Conch Venture Environment Engineering Co., Ltd. (iv) ("SF Environment") (雙峰海創環境工程有限責任公司)	RMB32,000,000	100%	–	100%	Garbage disposal and sludge residue Operation management Technical service
Fusui Conch Venture Environment Engineering Co., Ltd. (iv) ("FS Environment") (扶綏海創環境工程有限責任公司)	RMB32,000,000	100%	–	100%	Garbage disposal and sludge residue Operation management Technical service
Shuicheng Conch Venture Environment Engineering Co., Ltd. (iv) ("SC Environment") (水城海創環境工程有限責任公司)	RMB32,000,000	100%	–	100%	Garbage disposal and sludge residue Operation management Technical service

16 INTERESTS IN A SUBSIDIARY *(Continued)*

(i) Except for the Company, Conch Venture BVI and Conch Venture HK, the English translation of the companies' names is for reference only. The official names of the companies established in the PRC are in Chinese.

(ii) Except for Conch Venture BVI and Conch Venture HK which are incorporated in British Virgin Islands and Hong Kong respectively, the above entities are incorporated and operated in the PRC.

(iii) On 30 November 2014, the Board of Directors of Conch Venture HK entered into a contract to acquire 25% equity interest in HC Port from Prosperity Trading Limited at a total consideration of RMB 83,397,700. Effective from 1 December 2014, HC Port became wholly-owned subsidiary of the Group.

(iv) The subsidiaries of the Group entered into service concession arrangements with the local government authorities in the PRC (the "grantors"). Pursuant to the service concession arrangements, the Group has to design, construct, operate and maintain waste-to-energy power plants in the PRC for a period of 20 to 30 years. The Group has the obligation to maintain the waste incineration plants in good condition. The grantors guarantee the Group will receive minimum annual payments in connection with the arrangements. The service concession arrangements do not contain renewal options. The standard rights of the grantors to terminate the agreements include failure of the Group to construct or operate the waste incineration plants and in the event of a material breach of the terms of the agreements. The standard rights of the Group to terminate the agreements include failure to receive payments for solid waste treatment service from the grantors and in the event of a material breach of the terms of the agreements.

The following table lists out the information relating to CK Engineering and CK Equipment as at 31 December 2014 (as at 31 December 2013: CK Engineering, CK Equipment and HC Port), the only subsidiaries of the Group which have material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2014	2013
	RMB'000	RMB'000
NCI percentage	**49%**	25%–49%
Current assets	**1,590,047**	1,673,095
Non-current assets	**450,126**	1,135,402
Current liabilities	**(966,499)**	(1,419,617)
Non-current liabilities	**–**	(134,003)
Net assets	**1,073,674**	1,254,877
Carrying amount of NCI	**526,100**	522,279
Revenue	**1,680,165**	1,965,215
Profit for the year	**263,965**	312,755
Total comprehensive income	**263,965**	312,755
Profit allocated to NCI	**129,343**	145,279
Dividend paid to NCI	**90,302**	76,199
Cash flows from operating activities	**218,939**	352,347
Cash flows from investing activities	**(133,933)**	(81,452)
Cash flows from financing activities	**(196,294)**	(222,631)

17 INTEREST IN AN ASSOCIATE

	2014 RMB'000	2013 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	RMB800,000,000	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
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

17 INTEREST IN AN ASSOCIATE *(Continued)*

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 **RMB'000**	2013 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
Carring amount in the consolidated financial statements	**11,668,343**	9,806,938

18 INVENTORIES

(a) Inventories in the consolidated statements of financial position comprise:

	2014	2013
	RMB'000	RMB'000
Raw materials	**61,282**	95,198
Work in progress	**41,854**	28,710
Finished goods	**42,523**	61,009
	145,659	184,917

No inventory provision was made as at 31 December 2014 (2013: Nil). The inventories as at 31 December 2014 and 2013 were stated at cost.

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	2014	2013
	RMB'000	RMB'000
Carrying amount of inventories sold	**813,216**	830,108

19 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 (Note 28(c))	**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

19 TRADE AND OTHER RECEIVABLES *(Continued)*

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

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

Details of the Group's credit policy are set out in Note 26(a).

(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 (see Note 1(j)(i)).

19 TRADE AND OTHER RECEIVABLES *(Continued)*

(b) Impairment of trade receivables and bills receivable *(Continued)*

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.

19 TRADE AND OTHER RECEIVABLES *(Continued)*

(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 RMB 374,049,680 (2013: RMB 332,869,100). 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.

20 FINANCE LEASE RECEIVABLE

At 31 December 2014, the Group had finance lease receivable as follows:

	Present value of the minimum lease receipts RMB'000	**Total minimum lease receipts** RMB'000
Within 1 year	14,461	16,200
After 1 year but within 2 years	12,909	16,200
After 2 years but within 5 years	30,992	48,600
	58,362	81,000
Less:total future interest income		(22,638)
Present value of lease receivable		58,362

21 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	The Group		The Company	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Bank deposits with maturity within three months	**1,649,706**	–	**–**	–
Cash at bank and in hand	**407,877**	3,698,141	**80,922**	3,090,213
	2,057,583	3,698,141	**80,922**	3,090,213

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	**2014** **RMB'000**	2013 RMB'000
Profit before taxation		**2,479,758**	2,051,201
Adjustments for:			
Depreciation	6(c)	**51,502**	44,438
Amortisation of lease prepayments	6(c)	**3,444**	2,493
Amortisation of Intangible assets	6(c)	**400**	649
Impairment loss on trade receivables	6(c)	**12,822**	3,352
Net loss on disposal of property, plant and equipment	5	**81**	342
Finance costs	6(a)	**62,233**	53,602
Interest income	4	**(106,123)**	(14,804)
Share of profit of an associate		**(1,973,982)**	(1,699,727)
Operating profit before changes in working capital		**530,135**	441,546
Decrease in inventories		**39,258**	78,713
Decrease/(increase) in restricted bank deposits		**3,662**	(3,662)
Increase in trade and other receivables		**(141,575)**	(364,977)
(Decrease)/Increase in trade and other payables		**(22,745)**	240,704
Cash generated from operations		**408,735**	392,324

22 LOANS AND BORROWINGS

	2014 RMB'000	2013 RMB'000
Within one year		
Bank Loans	**670,000**	484,804
After one year but within two years		
Bank loans	**130,000**	904,000
After two year but within five years		
Bank loans	**–**	200,000
Subtotal	**130,000**	1,104,000
Total	**800,000**	1,588,804

(i) As at 31 December 2014, bank loans of RMB 800,000,000 were denominated in RMB (2013: RMB 1,560,000,000). No bank loan was denominated in foreign currencies as at 31 December 2014 (2013: RMB 28,804,000).

(ii) As at 31 December 2014, the bank loans of RMB 40,000,000 (2013: RMB 420,000,000) bore fixed annual interest rate at 5.4% (2013: 5.4% to 6.15%). As at 31 December 2014, the bank loans of RMB 760,000,000 (2013: RMB 1,168,804,000) bore variable annual interest rates ranged from 5.54% to 6.15% (2013: 2.10% to 6.15%).

23 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 (Note 28(c))	**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.

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Income tax payables in the consolidated statement of financial position represent:

	2014 RMB'000	2013 RMB'000
Balance at beginning of the year	**8,263**	8,083
Provision for current income tax for the year (Note 7(a))	**103,069**	83,679
Payments during the year	**(71,967)**	(83,499)
Income tax payables at the end of the year	**39,365**	8,263

(b) Deferred tax assets and liabilities recognised:

(i) Deferred tax assets recognised:

The components of deferred tax assets recognised in the consolidated statement of financial position and the movements during the years are as follows:

	Unrealised profit upon elimination RMB'000	Impairment losses on trade receivables RMB'000	Taxable losses carried forward RMB'000	Total RMB'000
Deferred tax arising from:				
At 1 January 2013	30,557	8,455	–	39,012
Credited to profit or loss	2,452	766	7,810	11,028
At 31 December 2013 and 1 January 2014	33,009	9,221	7,810	50,040
Charged to profit or loss	1,171	2,709	(7,756)	(3,876)
At 31 December 2014	34,180	11,930	54	46,164

(ii) Deferred tax liabilities not recognised:

The PRC income tax law and its relevant regulations impose a withholding tax at 10%, unless reduced by a tax treaty/arrangement, for dividend distributions out of earnings accumulated beginning on or after 1 January 2008. Undistributed earnings generated prior to 1 January 2008 are exempt from such withholding tax. The Group has not recognised deferred tax liabilities as at 31 December 2014 in respect of undistributed earnings of RMB 9,751,138,000 because it is probable that they will not be distributable to the holding company outside the PRC in the foreseeable future.

25 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

	Share capital RMB'000 Note25(c)	Share premium RMB'000 Note25(d)(i)	Exchange reserves RMB'000	Accumulated losses RMB'000	Total equity RMB'000
Balance at 1 January 2013	–	–	–	–	–
Loss for the year	–	–	–	(28,893)	(28,893)
Other comprehensive income	–	–	(52)	–	(52)
Issuance of shares upon reorganisation	11,951	–	–	–	11,951
Issuance of shares by initial public offering and exercise of over-allotment option, net of issuance expenses	2,396	3,146,587	–	–	3,148,983
Balance at 31 December 2013 and 1 January 2014	**14,347**	**3,146,587**	**(52)**	**(28,893)**	**3,131,989**
Loss for the year	**–**	**–**	**–**	**(12,835)**	**(12,835)**
Other comprehensive income	**–**	**–**	**52**	**–**	**52**
Dividends approved in respect of the previous year	**–**	**(356,528)**	**–**	**–**	**(356,528)**
Balance at 31 December 2014	**14,347**	**2,790,059**	**–**	**(41,728)**	**2,762,678**

(b) Dividends

Pursuant to a resolution passed at the Directors' meeting on 23 March 2015, a final dividend of HK$0.40 (2013: HK$0.25) per share totalling HK$721,900,000 (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.

25 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(c) Share capital

(i) Authorised and issued share capital

	No. of shares ('000)	Amount HK$'000
Authorised:		
Ordinary shares of HK$0.01 each at 31 December 2014 and 2013	**15,000,000**	**150,000**

	No. of shares ('000)	Amount HK$'000	Amount Equivalent to RMB'000
Issued and fully paid:			
At 31 December 2014 and 2013	**1,804,750**	**18,048**	**14,347**

(ii) Elimination of paid-in capital on reorganisation

Share capital presented in the consolidated statement of changes in equity at 1 January 2013 represented the combined amount of paid-in capital of the entities comprising the Group.

(d) Nature and purpose of reserves

(i) Share premium and distributability of reserves

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

The aggregated amount of distributable reserves, including share premium but after offsetting the accumulated losses, of the Company as at 31 December 2014 was RMB2,748,331,000.

(ii) Capital reserve

Capital reserves as at 31 December 2013 and 2014 represent the share of non-distributable reserves of an associate at the respective dates.

25 CAPITAL, RESERVES AND DIVIDENDS *(Continued)*

(d) Nature and purpose of reserves *(Continued)*

(iii) PRC statutory reserves

PRC statutory reserves were established in accordance with the relevant PRC rules and regulations and the articles of association of the companies comprising the Group which are incorporated in the PRC. Appropriations to the reserves were approved by the respective boards of directors' meeting.

For the entity concerned, PRC statutory reserves can be used to make good previous years' losses, if any, and may be converted into capital in proportion to the existing equity interests of investors, provided that the balance of the reserve after such conversion is not less than 25% of the entity's registered capital.

(iv) Capital risk management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for equity shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of gearing ratio. The Group defines gearing ratio as total liabilities divided by total assets.

The Group's strategy was to maintain the gearing ratio at a reasonable level. The Group's gearing ratio as at 31 December 2014 and 2013 was 11.08% and 16.90%.

	2014 **RMB'000**	2013 RMB'000
Total liabilities	**1,906,416**	2,699,547
Total assets	**17,206,867**	15,976,669
Gearing ratio	**11.08%**	16.90%

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 days from the date of billing, except for the retention receivables which are due within one to two years. Debtors with balances that are more than 30 days past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 16 % (2013:12%) and 27% (2013: 31%) of the total trade and other receivables were due from the Group's largest customer and the five largest customers respectively.

The Group does not provide any other guarantees which would expose the Group or the Company to credit risk.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 19.

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(b) Liquidity risk *(Continued)*

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group and can be required to pay:

	At 31 December 2014				
	Contractual undiscounted cash outflow				
	Within one year or on demand RMB'000	**More than one year but less than two years RMB'000**	**More than two years but less than five years RMB'000**	**Total RMB'000**	**Carrying amount RMB'000**
Loans and borrowings	**707,471**	**132,442**	**–**	**839,913**	**800,000**
Trade and other payables	**1,067,051**	**–**	**–**	**1,067,051**	**1,067,051**
	1,774,522	**132,442**	**–**	**1,906,964**	**1,867,051**

	At 31 December 2013				
	Contractual undiscounted cash outflow				
	Within one year or on demand RMB'000	More than one year but less than two years RMB'000	More than two years but less than five years RMB'000	Total RMB'000	Carrying amount RMB'000
Loans and borrowings	617,786	1,079,899	43,666	1,741,351	1,588,804
Trade and other payables	1,102,480	–	–	1,102,480	1,102,480
	1,720,266	1,079,899	43,666	2,843,831	2,691,284

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk

(i) Interest rate profile

The Group's interest rate risk arises primarily from loans and borrowings. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out below.

The Group's cash at bank and interest-bearing borrowings, and their interest rates as at 31 December 2014 and 2013 are set out as follows:

	2014		2013	
	Interest rate %	**Total RMB'000**	Interest rate %	Total RMB'000
Fixed rate:				
Bank loans and borrowings	**5.40%**	**(40,000)**	5.40%–6.15%	(420,000)
Bank deposits with maturity within three months	**1.35%–4.8%**	**1,649,706**	–	–
Bank deposits with maturity over three months	**5%**	**650,000**	5%	17,790
		2,259,706		(402,210)
Variable rate:				
Cash at bank and in hand	**0.35%–1.49%**	**407,877**	0.35%–1.49%	3,698,141
Bank loans and borrowings	**5.54%–6.15%**	**(760,000)**	2.10%–6.5%	(1,168,804)
		(352,123)		2,529,337

(ii) Sensitivity analysis

At 31 December 2014, it is estimated that a general increase/decrease of 25 basis points in interest rates, with all other variables held constant, would have decreased/increased the Group's profit after tax and retained profits by approximately RMB639,000 (2013: increased/decreased by the Group's profit after tax and retained profits by RMB6,698,000).

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(c) Interest rate risk *(Continued)*

(ii) Sensitivity analysis *(Continued)*

The sensitivity analysis above indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to fair value interest rate risk at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) and other components of consolidated equity is estimated as an annualised impact on interest expenses or income of such changes in interest rates. The analysis is performed on the same basis for 2013.

(d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currency giving rise to this risk is primarily United States dollars, Euro and Japanese Yen. The Group manages this risk as follows:

(i) Recognised assets and liabilities

In respect of trade receivables and payables denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

(ii) Exposure to currency risk

The following table details the Group's and the Company's exposure at the end of each of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date.

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk *(Continued)*

(ii) Exposure to currency risk *(Continued)*

	At 31 December 2014					
	The Group			The Company		
	USD RMB'000	HK$ RMB'000	Total RMB'000	USD RMB'000	HK$ RMB'000	Total RMB'000
Trade and other receivables	10,642	–	10,642	–	81,362	81,362
Trade and other payables	(3,781)	(33)	(3,814)	(424)	(1)	(425)
Cash and cash equivalents	8,068	86,993	95,061	26	80,896	80,922
Net exposure arising from — recognised assets and liabilities	14,929	86,960	101,889	(398)	162,257	161,859

	At 31 December 2013					
	The Group				The Company	
	USD RMB'000	HK$ RMB'000	JPY RMB'000	Total RMB'000	HK$ RMB'000	Total RMB'000
Trade and other receivables	10,493	–	346	10,839	81,408	81,408
Trade and other payables	(3,728)	(26,182)	–	(29,910)	(39,694)	(39,694)
Cash and cash equivalents	4	3,093,146	–	3,093,150	3,090,213	3,090,213
Net exposure arising from — recognised assets and liabilities	6,769	3,066,964	346	3,074,079	3,131,927	3,131,927

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS *(Continued)*

(d) Currency risk *(Continued)*

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax and retained profits and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure as at 31 December 2013 and 2014 has changed at those dates, assuming all other risk variables remained constant.

	2014		2013	
	Increase in foreign exchange rate	**Increase (decrease) in profit after tax and retained earnings RMB'000**	Increase in foreign exchange rate	Increase (decrease) in profit after tax and retained earnings RMB'000
USD	**1%**	**109**	1%	49
HK$	**1%**	**863**	1%	30,527
JPY	**1%**	**–**	1%	3
		972		30,579

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translating into RMB at the exchange rate ruling at the end of the reporting period for presentation purpose.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting periods. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for the year ended 2014 and 2013.

(e) Fair values

All financial assets and liabilities are carried at amounts not materially different from their fair values as at 31 December 2014 and 2013.

27 COMMITMENTS

(a) Purchase commitments

At 31 December 2014, the Group had outstanding purchase commitments related to BOT construction contracts and capital commitments not provided for in the consolidated financial statements were as follows:

	2014 **RMB'000**	2013 RMB'000
Contracted for	**476,459**	69,863
Authorised but not contracted for	**510,600**	163,142
	987,059	233,005

(b) Operating lease commitments

As at 31 December 2014, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2014		2013	
	Properties **RMB'000**	**Others** **RMB'000**	Properties RMB'000	Others RMB'000
Within one year	**304**	**305**	1,993	610
After 1 year but within 2 years	**–**	**–**	920	304
Total	**304**	**305**	2,913	914

The Group leases a number of properties under operating leases in respect of offices. The leases typically run for a period of one to three years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

28 MATERIAL RELATED PARTY TRANSACTIONS

During the year, transactions with the following parties are considered as related party transactions.

Name of party (i)	Relationship
CV Investment 安徽海螺創業投資有限責任公司	Fellow subsidiary and then equity holder
Kawasaki Heavy Industry Ltd. ("Kawasaki HI") 川崎重工業株式會社	Investor of CK Engineering and CK Equipment
Conch Cement 安徽海螺水泥股份有限公司	(a) Certain directors of Conch Cement are also directors and shareholders of the Company; (b) the employees (primarily middle and senior management) of Conch Cement are the beneficial owners of the Company; (c) Conch Cement was the largest customer of the Group
Shanghai Conch International Investment Development Co., Ltd. ("Conch IID Shanghai") 上海海螺國際投資發展有限公司	Subsidiary of CV Investment
Wuhu Conch Venture Property Management Co., Ltd. ("Conch Property Management") 蕪湖海螺物業管理有限公司	Subsidiary of CV Investment
Conch Design Institute 安徽海螺建材設計研究院	Subsidiary of Conch Holdings
Conch IT Engineering 安徽海螺信息技術工程有限責任公司	Subsidiary of Conch Design Institute
Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd. ("CKEM") 安徽海螺川崎裝備製造有限公司	Joint venture of Conch Cement and Kawasaki HI
Wuhu Conch Thermal Power Engineering Co., Ltd. ("CTPE") 蕪湖海螺熱能工程有限責任公司	Subsidiary of CV Investment
Conch Profiles 蕪湖海螺型材科技股份有限公司	Associate of Conch Holdings

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

28 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 9 is as follows:

	2014 **RMB'000**	2013 RMB'000
Short-term employee benefits	**1,226**	670
Post-employment benefits	**68**	26
	1,294	696

(b) Significant related party transactions

Particulars of significant transactions between the Group and the above related parties during the year are as follows:

	2014 **RMB'000**	2013 RMB'000
Sales of goods		
Conch Cement	**621,560**	679,364
Kawasaki HI	**93,066**	1,925
Conch Design Institute	**48,974**	–
CKEM	**5,380**	504
	768,980	681,793

	2014 **RMB'000**	2013 RMB'000
Service rendered		
Conch Cement	**108,333**	119,513
Conch Design Institute	**760**	–
CKEM	**37**	–
Kawasaki HI	**347**	268
	109,477	119,781

28 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

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

	2014 **RMB'000**	2013 RMB'000
Purchase of Goods		
Conch Cement	**16,590**	7,067
Conch IT Engineering	**16,476**	8,903
Kawasaki HI	**3,844**	3,059
Conch IID Shanghai	**56,718**	55,388
CKEM	**2,003**	24,644
Conch Profiles	**247**	–
Conch Design Institute	**5**	28
	95,883	99,089

	2014 **RMB'000**	2013 RMB'000
Services received		
Conch Cement	**1,846**	504
Conch Design Institute	**8,173**	6,634
Conch IT Engineering	**1,682**	3,397
Conch IID Shanghai	**2,795**	3,707
CV Investment	**2,895**	2,960
Kawasaki HI	**1,021**	3,737
Conch Property Management	**1,428**	1,341
CKEM	**69**	108
CTPE	**432**	–
Conch Holdings	**–**	62
	20,341	22,450

	2014 **RMB'000**	2013 RMB'000
Interest paid		
CV Investment	**–**	7,886

28 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

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

	2014 RMB'000	2013 RMB'000
Unsecured loans borrowed from		
CV Investment	–	80,000

The directors of the Company are of the opinion that the above related party transactions were conducted on normal commercial terms and were priced with reference to prevailing market prices, and in the ordinary course of business.

(c) Balances with related parties

Balances with related parties at the end of each reporting period are as follows:

	2014 RMB'000	2013 RMB'000
Amounts due from		
Conch Cement	211,388	150,925
Conch IID Shanghai	4	256
CKEM	2,773	–
Kawasaki HI	19,070	–
Conch IT Engineering	704	–
Conch Design Institute	1,645	–
CV Investment	649	–
	236,233	151,181

28 MATERIAL RELATED PARTY TRANSACTIONS *(Continued)*

(c) Balances with related parties *(Continued)*

	2014	2013
	RMB'000	RMB'000
Amounts due to		
Conch Cement	**31,763**	234,515
Kawasaki HI	**1,762**	3,682
Conch IID Shanghai	**2,909**	18,977
Conch IT Engineering	**4,289**	6,860
CKEM	**–**	28,947
Conch Design Institute	**18,619**	12,689
	59,342	305,670

Amounts due from/to related parties are unsecured, non-interest bearing, and are repayable on demand or in accordance with contractual terms which are similar to those terms offered to/by third parties.

29 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(i) Subsequent to the end of reporting period, the directors proposed a final dividend. Further details are disclosed in Note 25(b).

(ii) As announced on 29 December 2014, the board of directors of the Company (the "Board") was informed by Conch Holdings that a restructuring proposal (the "Proposal") was discussed and agreed in principle at the shareholders' meeting of Conch Holdings held in December 2014. Pursuant to the Proposal, there will be certain restructuring in respect of: (i) Anhui Investment's 51% equity interests in Conch Holdings; (ii) Conch Holdings' percentage of shareholdings in Conch Cement and Conch Profiles, and (iii) the Group's investment in Conch Holdings. Up to the date of this report, the Proposal is still under evaluation by the shareholders of Conch Holdings and has not yet been finalised or approved, as a result, the Board is not yet able to make an assessment on its impact on the Group's financial statements.

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014

Up to the date of issue of these financial statements, the IASB has issued a few of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2014 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group:

	Effective for accounting periods beginning on or after
Amendments to IAS 19, Employee benefits: Defined benefit plans: Employee contributions	1 July 2014
Annual improvements to IFRSs 2010–2012 cycle	1 July 2014
Annual improvements to IFRSs 2011–2013 cycle	1 July 2014
Annual improvements to IFRSs 2012–2014 cycle	1 January 2016
IFRS 14, Regulatory deferral accounts Basis for conclusions on IFRS 14 Illustrative examples on IFRS 14	1 January 2016
Amendments to IFRS 11, Accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to IAS 16 and IAS 38, Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to IAS 16 and IAS 41, Agriculture: Bearer plants	1 January 2016
Amendments to IAS 27, Equity method in separate financial statements	1 January 2016
Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
Amendments to IFRS 10, IFRS 12 and IAS 28, Investment entities: Applying the consolidation exception	1 January 2016
Amendments to IAS 1, Disclosure initiative	1 January 2016

30 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2014 *(Continued)*

	Effective for accounting periods beginning on or after
IFRS 15, Revenue from contracts with customers Basis for conclusions on IFRS 15 Illustrative examples on IFRS 15	1 January 2017
IFRS 9, Financial instruments (2014) Basis for conclusions on IFRS 9 (2014) Implementation guidance on IFRS 9 (2014)	1 January 2018
IFRS 9, Financial instruments (2009) Basis for conclusions on IFRS 9 (2009) Amendments to other IFRSs and guidance on IFRS 9 (2009)	1 January 2018
IFRS 9, Financial instruments (2010) Basis for conclusions on IFRS 9 (2010) Implementation guidance on IFRS 9 (2010)	1 January 2018
Amendments to IFRS 9, Financial instruments and IFRS 7 Financial instruments: Disclosures — Mandatory effective date and transition disclosures	1 January 2018
IFRS 9, Financial instruments: Hedge accounting and amendments to IFRS 9, IFRS 7 and IAS 39 (2013) Basis for conclusions on IFRS 9 (2013) Implementation guidance on IFRS 9 (2013)	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.