CHINA TIANRUI GROUP CEMENT COMPANY LIMITED

中國天瑞集團水泥有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1252

ANNUAL REPORT 2014

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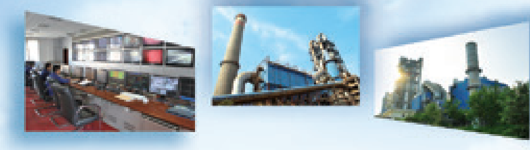

Corporate Information

REGISTERED NAME OF THE COMPANY

China Tianrui Group Cement Company Limited

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

01252

CHAIRMAN AND NON-EXECUTIVE DIRECTOR

Mr. Li Liufa

EXECUTIVE DIRECTORS

Mr. Yang Yongzheng
Mr. Xu Wuxue
Mr. Li Jiangming

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Kong Xiangzhong
Mr. Wang Ping
Mr. Du Xiaotang

AUDIT COMMITTEE

Mr. Wang Ping (Chairman)
Mr. Kong Xiangzhong
Mr. Du Xiaotang

NOMINATION COMMITTEE

Mr. Kong Xiangzhong (Chairman)
Mr. Yang Yongzheng
Mr. Wang Ping

REMUNERATION COMMITTEE

Mr. Du Xiaotang (Chairman)
Mr. Xu Wuxue
Mr. Kong Xiangzhong

CHIEF EXECUTIVE OFFICER

Mr. Li Heping

PRINCIPAL BANKERS

Bank of China, Henan Branch
Agricultural Bank of China, Henan Branch
China Construction Bank, Henan Branch
Bank of Communications, Henan Branch
Guangfa Bank, Zhengzhou Branch
China Minsheng Bank, Zhengzhou Branch

REGISTERED OFFICE

Cricket Square
Hutchins Drive
PO Box 2681
Grand Cayman
KY1-1111
Cayman Islands

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Ruzhou City
Henan Province
PRC

PLACE OF BUSINESS IN HONG KONG

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89 Queensway
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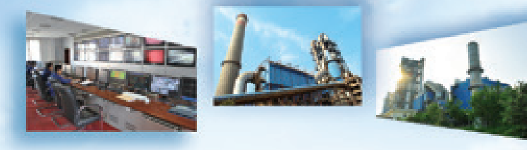

COMPANY WEBSITE

http://www.trcement.com

JOINT COMPANY SECRETARIES

Mr. Yu Chunliang
Ms. Kwong Yin Ping Yvonne
Mr. Li Jiangming

AUTHORIZED REPRESENTATIVES

Mr. Yang Yongzheng
Mr. Yu Chunliang

ALTERNATIVE AUTHORIZED REPRESENTATIVE

Ms. Kwong Yin Ping Yvonne

CAYMAN ISLANDS SHARE REGISTRAR AND SHARE TRANSFER AGENT

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681, Grand Cayman
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Cayman Islands

AUDITORS

Deloitte Touche Tohmatsu
35th Floor, One Pacific Place
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Hong Kong

LEGAL ADVISERS

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Hong Kong

As to PRC law

Commerce & Finance Law Offices
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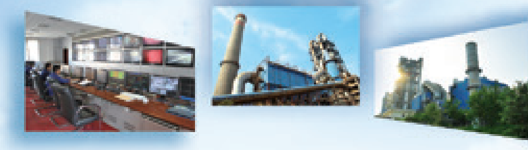
A12 Jianguomenwai Avenue
Chaoyang District
Beijing 100022
PRC

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

INVESTORS AND MEDIA RELATIONS ADVISOR

PRChina Limited
Room 301, 3/F,
Hing Yip Commercial Centre
280 Des Voeux Road Central
Hong Kong



Company Profile

China Tianrui Group Cement Company Limited is one of the top 12 national cement producers, and is also the only non-state-owned enterprise designated by the Ministry of Industry and Information Technology of the PRC as one of the five leading cement companies that have received support from the PRC government for undertaking cement industry-specific mergers and acquisitions in the central China region. When undertaking cement industry-specific mergers and acquisitions and seeking project investments, our Group receives government support in the form of priority and preferential policies with respect to project approvals, grants of land use right and credit approvals. The Group has grown rapidly and strengthened its leading market position in Henan and Liaoning provinces through active organic growth and acquisition activities.

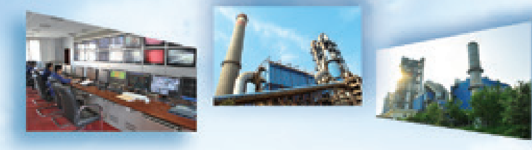
- **Advanced technological equipment.** As of 31 December 2014, all of our clinker production lines are New Dry Process clinker production lines (NSP technology) equipped with residual heat power generation equipment, which can effectively reduce electricity cost and pollution, including a clinker production line of daily production of 12,000 tonnes established in 2009, which represented the world's largest clinker production line using the most advanced technology at the time, and operated smoothly with remarkable benefits since its commencement of production.

- **Promising prospects for regional development.** As a leading cement producer in both Henan and Liaoning regions, we benefited from the revitalization of the economic zone in the central China region and the traditional industrial bases in northeast China, and the development of the Bohai Economic Rim. The State Council of the PRC promulgated the Guidelines on Developing the Central China Economic Zone and their implementation rules in 2011 and 2012, respectively, with the aim to, among other things, promote the urbanization and further develop the infrastructure in these regions. We believe that we can strengthen our market position by further expanding our production capacity and benefitting from the PRC government policy initiatives.

- **Sufficient reserve of resources.** We have sufficient limestone reserves and composite materials in Henan and Liaoning provinces. All of our clinker production facilities are located near our limestone quarries with sufficient resources to support our operations for at least 30 years.

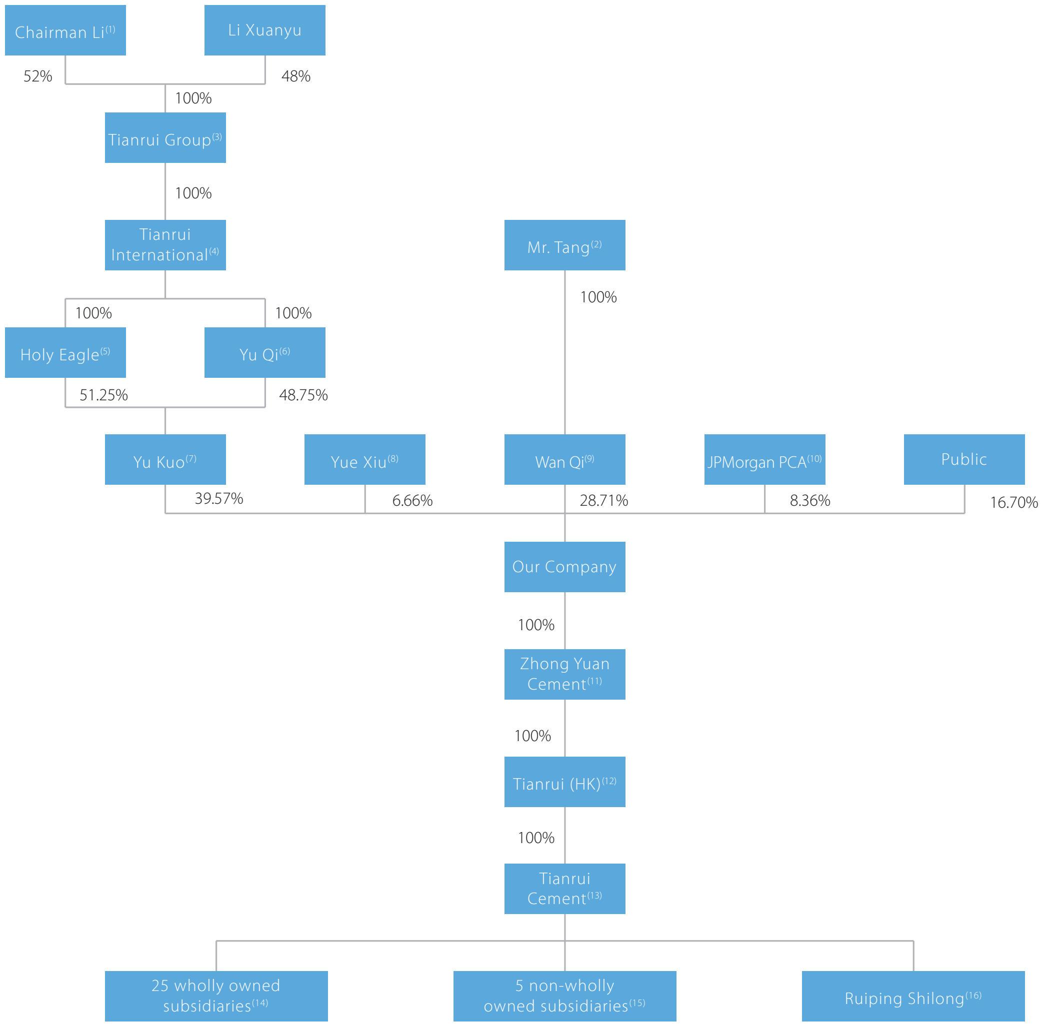
- **Standardized management and brand advantage.** The Group has adopted a management model in line with international standard. The timely technical support provided by our professional technology team to our management team has laid down the foundation of our product quality and operation safety. Our Group is one of the few cement producers in China which have obtained the International Organization for Standardization (ISO) certifications for three management systems of quality control, environmental management and occupational health and safety and for product quality, at both the parent and operating subsidiary levels. Our cement sold under the brand name "天瑞TIANRUI", owing to its high quality, has been recognized as a "Chinese Famous Trademark" by the State Administration for Industry and Commerce. Leveraging our brand name and high-quality products, we have successfully won tenders and become a qualified primary cement provider for a number of high-profile, large-scale infrastructure projects in China, including, among other things, the South-North Water Transfer (南水北調), Ha'erbin-Dalian Express Railway (哈大高鐵), Shijiazhuang-Wuhan Express Railway (石武高鐵), Zhengzhou-Xuzhou Express Railway (鄭徐高鐵) and Beijing-Shenyang Passenger Dedicated Line (京沈客專).

- **Committed to environment protection and sustainable development.** The Group is committed to the research and development of advanced and environmentally-friendly technologies and recycling of waste materials. We have invested to construct residual heat recovery power generation equipment, to improve dust recovery equipment, and to construct mullock recycle system and waste materials recycle system. We are also one of the three Chinese cement companies that have been accepted by World Business Council for Sustainable Development as a member of the Cement Sustainability Initiative (CSI). The Group will as always improve its competitiveness and sustainable ability, and believes that it will achieve better results in future.



I. CORPORATE STRUCTURE

As at 31 December 2014, the corporate structure of our Group was as follows:



Notes:

(1) "Chairman Li" refers to Mr. Li Liufa (李留法), the founder, chairman and controlling shareholder of our Group.

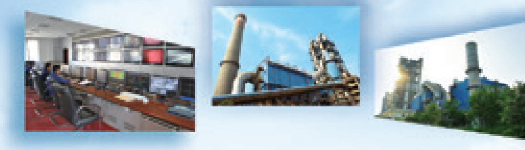
(2) "Mr. Tang" refers to Mr. Tang Ming Chien (唐明千), a Canadian citizen and the sole shareholder of Wan Qi Company Limited.

(3) "Tianrui Group" refers to Tianrui Group Company Limited (天瑞集團股份有限公司), a company incorporated in the PRC with limited liability, which is 52% owned by Chairman Li and 48% owned by Li Xuanyu, a son of Chairman Li.

(4) "Tianrui International" refers to Tianrui (International) Holding Company Limited (天瑞(國際)控股有限公司), a company incorporated in the BVI with limited liability, which is wholly owned by Tianrui Group.

(5) "Holy Eagle" refers to Holy Eagle Company Limited (神鷹有限公司), a company incorporated in the BVI with limited liability, which is wholly owned by Tianrui International.

(6) "Yu Qi" refers to Yu Qi Company Limited (煜祺有限公司), a company incorporated in the BVI with limited liability, which is wholly owned by Tianrui International.



(7) "Yu Kuo" refers to Yu Kuo Company Limited (煜闊有限公司), a company incorporated in the BVI with limited liability, which is 51.25% owned by Holy Eagle and 48.75% owned by Yu Qi.

(8) "Yue Xiu" refers to Yue Xiu Investment Fund Series Segregated Portfolio Company (越秀基金獨立投資組合公司), a company incorporated in Cayman Islands with limited liability.

(9) "Wan Qi" refers to Wan Qi Company Limited, a company established in the BVI with limited liability and wholly owned by Mr. Tang.

(10) "JPMorgan PCA" refers to JPMorgan PCA Holdings (Mauritius) I Limited, a company established in Mauritius with limited liability.

(11) "Zhong Yuan Cement" refers to Zhong Yuan Cement Company Limited (中原水泥有限公司), a company incorporated in the BVI with limited liability and a wholly-owned subsidiary of our Company.

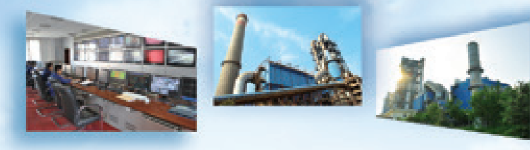
(12) "Tianrui (HK)" refers to China Tianrui (Hong Kong) Company Limited (中國天瑞(香港)有限公司), a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of our Company.

(13) "Tianrui Cement" refers to Tianrui Group Cement Company Limited (天瑞集團水泥有限公司), a wholly foreign-owned enterprise established in the PRC with limited liability and a wholly-owned subsidiary of our Company.

(14) The 25 wholly-owned PRC subsidiaries of our Group are Tianrui Group Ruzhou Cement Company Limited (天瑞集團汝州水泥有限公司, "Ruzhou Cement"), Tianrui Group Zhoukou Cement Company Limited (天瑞集團周口水泥有限公司, "Zhoukou Cement"), Weihui Tianrui Cement Company Limited (衛輝市天瑞水泥有限公司, "Weihui Cement"), Shangqiu Tianrui Cement Company Limited (商丘天瑞水泥有限公司, "Shangqiu Cement"), Tianrui Group Zhengzhou Cement Company Limited (天瑞集團鄭州水泥有限公司, "Zhengzhou Cement (Xingyang)"), Dalian Tianrui Cement Company Limited (大連天瑞水泥有限公司, "Dalian Cement"), Yingkou Tianrui Cement Company Limited (營口天瑞水泥有限公司, "Yingkou Cement"), Tianrui Group Nanzhao Cement Company Limited (天瑞集團南召水泥有限公司), Liaoyang Tianrui Cement Company Limited (遼陽天瑞水泥有限公司, "Liaoyang Cement"), Tianrui Group Yuzhou Cement Company (天瑞集團禹州水泥有限公司, formerly known as Yuzhou Zhongjin Cement Company Limited (禹州市中錦水泥有限公司, "Yuzhou Cement")), Tianrui Group Xuchang Cement Company Limited (天瑞集團許昌水泥有限公司), Tianrui Group Guangshan Cement Company Limited (天瑞集團光山水泥有限公司 "Guangshan Cement"), Zhengzhou Tianrui Cement Company Limited (鄭州天瑞水泥有限公司, "Zhengzhou Tianrui"), Tianrui Group Xiaoxian Cement Company Limited (天瑞集團蕭縣水泥有限公司), Tianrui Group Ningling Cement Company Limited (天瑞集團寧陵水泥有限公司), Lushan Antai Cement Company Limited (魯山安泰水泥有限公司, "Antai Cement"), Yuzhou Zhongjin Mining Company Limited (禹州中錦礦業有限公司), Liaoyang Liaota Tianrui Cement Company Limited (遼陽天瑞遼塔水泥有限公司, "Liaota"), Dengta Liaota Cement Company Limited (燈塔市遼塔水泥有限公司, "Dengta Cement"), Liaoyang Tianrui Liaodong Cement Company Limited (遼陽天瑞遼東水泥集團有限公司, "Laodong Cement"), Liaoyang Tianrui Weiqi Cement Company Limited (遼陽天瑞威企水泥有限公司, "Weiqi Cement"), Dalian Tianrui Jinhaian Cement Company Limited (大連天瑞金海岸水泥有限公司, "Dalian Jinhaian"), Haicheng the First Cement Company Limited (海城市第一水泥有限公司, "Haicheng Cement"), Haicheng Tianying Construction Stone Mining Company Limited (海城市天鷹建築石材採掘有限公司, "Tianying Mining") and Tiaurui Zhuanghe Cement Company Limited (莊河天瑞水泥有限公司, "Zhuanghe Cement").

(15) The 5 non-wholly owned PRC subsidiaries of our Group are Tianjin Tianrui Cement Company Limited (天津天瑞水泥有限公司, "Tianjin Cement"), the other two shareholders are Wang Aimin (汪愛敏) and Li Ji'ang (李激昂) while each of them holds 20% of the equity interest in Tianjin Cement; Pingdingshan Tianrui Yaodian Cement Company Limited (平頂山天瑞姚電水泥有限公司, "Yaodian Cement"), the other shareholder is Pingdingshan Yaomeng Power Group Company Limited (平頂山姚孟電力集團有限公司) which holds 9% equity interest in Yaodian Cement; Xinyang Tianrui Cement Company Limited (信陽天瑞水泥有限公司, "Xinyang Cement"), the other two shareholders are Zhang Xiaogen (張小根) and Zhang Qingrong (張清榮) in the relationship between husband and wife, who hold 20% and 10% equity interest, respectively; Liaoyang Tianrui Chengxing Cement Company Limited (遼陽天瑞誠興水泥有限公司, "Chengxing Cement"), the other shareholder of Chengxing Cement is Yang, Qinggeng (楊慶庚), who holds 30% equity interest; Shenyang Tiger Cement Company Limited (瀋陽老虎水泥有限公司, "Tiger Cement"), the other shareholder is 瀋陽泰豐特種混凝土有限公司 which holds its 40% equity interest.

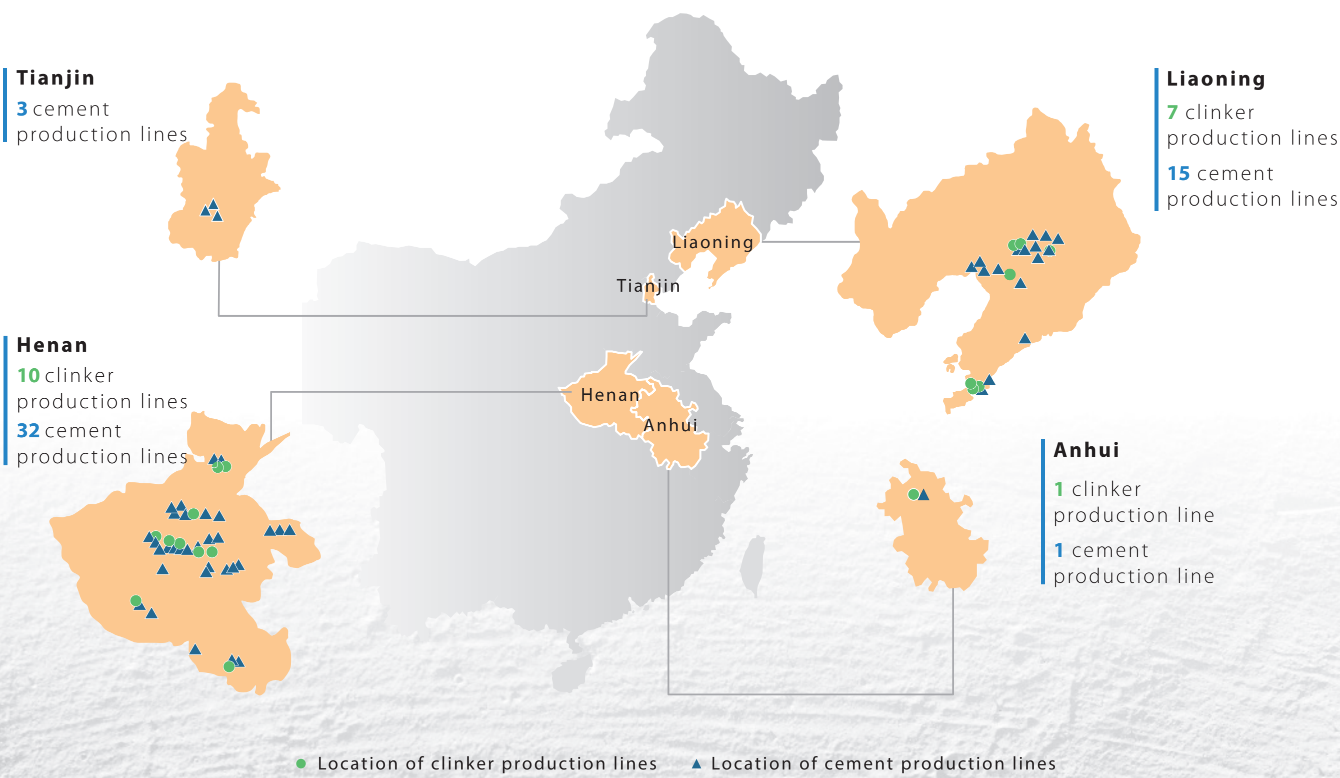
(16) "Ruiping Shilong" refers to Pingdingshan Ruiping Shilong Cement Company Limited (平頂山瑞平石龍水泥有限公司), a company established in the PRC with limited liability, its 40% equity interest is held by the Company and the other shareholder, Pingdingshan Ruiping Coal & Electricity Company Limited (平頂山市瑞平煤電有限公司), is holding its 60% equity interest.



II. DISTRIBUTION AND PRODUCTION CAPACITY OF PRODUCTION FACILITIES

The Group's operating production facilities are mainly located in Henan province, Liaoning province, Tianjin city and certain parts of Anhui province. Our production facilities in Henan province are strategically located along the "Two Vertical and Three Horizontal" expressways and the "Two Vertical and Two Horizontal" railways, and our production facilities in Liaoning province and Tianjin city are strategically located along the Harbin-Dalian Express Railway and the Bohai Economic Rim. Our production facilities are strategically located at the intersection area of limestone resources, end market and the junctions of transportation lines, providing us with unique long-term strategic advantages.

As at 31 December 2014, the Group had 18 clinker production lines and 51 cement grinder production lines with a total annual production capacity of about 28.1 million tonnes of clinker and 50.3 million tonnes of cement, respectively, representing an increase of 1.0 million tonnes of clinker and 2.2 million tonnes of cement from that as of 31 December 2013. Of such total annual production capacity, Henan region (including Anhui) had a cement production capacity of 32.4 million tonnes and a clinker production capacity of 18.1 million tonnes, and Liaoning region (including Tianjin) had a cement production capacity of 17.9 million tonnes and a clinker production capacity of 10.0 million tonnes. In addition, we directly own 40% equity interest in an associated company which operates two New Dry Process clinker production lines with an annual production capacity of 3.1 million tonnes in Pingdingshan. Based on our attributable interest in such associated companies, the Group has a total of attributable production capacity of about 29.3 million tonnes of clinker and 50.3 million tonnes of cement as of 31 December 2014. The Group prepares internal reports mainly based on two broad geographical locations named Central China and Northeastern China. Central China includes Henan province and certain parts of Anhui province. Northeastern China includes Liaoning province and Tianjin City.



Financial Highlights

	For the year ended 31 December	
	2014	2013
	RMB'000	RMB'000
Revenue	**8,950,286**	8,661,166
Gross profit	**2,057,514**	1,894,990
EBITDA	**2,470,491**	2,211,835
Profit	**540,118**	483,045
Of which: Profit attributable to owners of the Company	**564,938**	558,955
Basic earnings per share	**0.24**	0.23
Diluted earnings per share	**N/A**	N/A
Net cash generated from operating activities	**2,338,631**	1,415,037
Net cash used in investing activities	**(2,771,352)**	(3,183,253)
Net cash generated from financing activities	**389,722**	2,230,840

	As at 31 December	
	2014	2013
	RMB'000	RMB'000
Total assets	**24,663,875**	21,818,248
Of which: Current assets	**7,837,624**	7,455,301
Total liabilities	**17,250,563**	14,947,747
Of which: Current liabilities	**12,859,211**	10,352,117
Total equity	**7,413,312**	6,870,501
Of which: Equity attributable to owners of the Company	**7,435,960**	6,873,809

Management Discussion and Analysis

BUSINESS REVIEW

In 2014, we further improved utilization rates of clinker and cement production lines and continued to increase the sales of cement products, which in turn further consolidated our position as a leader in Henan and Liaoning cement markets.

— According to the website of Digital Cement (數字水泥), in 2014, the cement production volume of Henan increased by 1.7% year-over-year to 169.8 million tonnes. On the other hand, in 2014, the Group sold 29.2 million tonnes of cement in Henan, representing an increase of 0.3% as compared to that of 2013.

— According to the website of Digital Cement (數字水泥), in 2014, the cement production volume in Liaoning was 57.9 million tonnes, representing a decrease of 4.2% year-over-year. On the other hand, in 2014, the Group sold 8.9 million tonnes of cement in Liaoning, including 0.4 million tonnes of cement sold by newly-acquired enterprises there, representing an increase of 13.5% as compared to that of 2013.

In 2014, 3.9 million tonnes of clinker were sold externally, which remained unchanged as compared to 3.9 million tonnes sold in 2013. Our clinkers produced were primarily used to satisfy our internal demand for cement production.

In 2014, amidst a prolonged sluggish cement market, in addition to the improvement of utilization rates of clinker and cement production lines, we took several measures to reduce production costs, such as further centralized procurement of materials and the implementation of refined management, which in turn allowed us to maintain a lower production cost. This will allow the Group to possess prominent cost advantages over major competitors in the key markets of Henan and Liaoning.

We recorded revenue of RMB8,950.3 million in 2014, representing an increase of RMB289.1 million or 3.3% as compared with that of 2013. The average selling price of our cement products was RMB215.4 per tonne, representing a slight decrease of RMB3.0 per tonne as compared to last year.

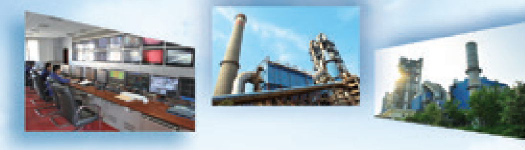
In 2014, we took strategic steps in consolidating cement producers in Liaoning market, by acquiring four enterprises, which in turn own 1 clinker production line with an aggregate production capacity of approximately 1.0 million tonnes per annum and 3 cement production lines with an aggregate production capacity of approximately 2.2 million tonnes per annum. The aggregate consideration was RMB441.7 million. The acquired enterprises generated revenue of RMB143.0 million during the reporting period.

BUSINESS ENVIRONMENT

In 2014, amid sluggish global economy, the PRC government, after due consideration of the market conditions, implemented a series of measures to maintain its stability, including but not limited to targeted reserve ratio cuts and micro stimuli. In 2014, national GDP increased 7.4% year-over-year, which met largely the target set by the PRC government at the beginning of the year with its economic development within a reasonable range, while it was also the lowest growth rate since 1990.

Due to weak growth in macro economy, growth rate of investments which was closely related to cement demands showed a downward trend: in 2014, China's FAI (excluding rural household) amounted to RMB50.2 trillion, representing a decrease in investment growth rate from 19.9% of last year to 15.7% this year. Investment in infrastructure (excluding production and supply of electricity, heat, gas and water) increased by 25.1%, representing a growth rate of 0.3 percentage points lower than that of 2013. Nationwide real estate developmental investment increased by 10.5%, representing a growth rate which is 9.3 percentage points lower than the figure of 2013.

According to the Bureau of Statistics of relevant provincial or municipal regions, in 2014, Henan, Liaoning, Anhui and Tianjin, the regions where we operate, recorded year-over-year GDP growth rate of 8.9%, 5.8%, 9.2% and 10.0%, respectively. In the meantime, the FAI (excluding rural household) in Henan, Liaoning, Anhui and Tianjin



increased by 19.2%, -1.5%, 16.5% and 15.3%, respectively, over that of 2013. The figures indicated that, in spite of a lower rate than that of the previous year, in 2014, the GDP growth rate of regions where the Group operates, was higher than national growth level. Also, FAI growth rate of the said areas maintained at largely the same or slightly higher level compared to the national growth rate.

CEMENT INDUSTRY

According to the website of Digital Cement (數字水泥): in 2014, the production volume of cement in China amounted to 2.48 billion tonnes, representing an increase of 1.8%; total profit in the industry reached RMB78 billion, representing an increase of 1.8% as compared to that of last year. The increase in cement demand in China was mainly attributable to a sustainable, stable and fast growth rate of over 20% of the infrastructure investment that had a material impact on the cement demand in the investment structure. Such infrastructure investment had undoubtedly become a major driving force that supported a stable cement demand. In 2014, the cement production volume in Henan, the second largest province in China in terms of the volume of cement production, reached 169.8 million tonnes, representing a year-over-year increase of 1.7%. The cement production volume in Liaoning was 57.9 million tonnes in 2014, representing year-over-year decrease of 4.2% over 2013. In 2014, the cement production volumes in Anhui and Tianjin increased by 1.6% and -1.0% year-over-year respectively.

According to the website of Digital Cement (數字水泥), 54 new clinker production lines commenced production in 2014, which increased the clinker production capacity by 70.3 million tonnes per annum, representing a decrease of approximately 25% compared with 89.1 million tonnes of the newly-added clinker production capacity in 2013. Nationwide investment in cement industry was RMB108 billion in 2014, representing a decrease of 19% when compared with the figure in 2013.

As Chinese cement industry policy continues to focus on the importance of optimal allocation of resources and sustainable growth of cement industry, the key task for cement industry development going forward will be controlling new production capacity, eliminating obsolete production capacities, saving energy and resource, and reducing emission. The elimination of obsolete capacity and strict approval on new capacity will improve supply and demand dynamics, resulting in better business environment of the cement industry. Meanwhile, The Chinese government has been supporting larger and more efficient cement companies and encouraging the consolidation trend in the cement industry. With the Chinese government's encouragement and promotion, mergers and acquisitions led by major cement producers are expected to accelerate the market consolidation in the cement industry.

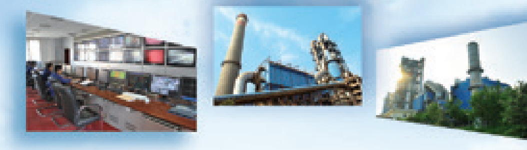
FINANCIAL REVIEW

Revenue

Our revenue was approximately RMB8,950.3 million in 2014, representing an increase of RMB289.1 million, or 3.3%, from approximately RMB8,661.2 million in 2013.

With the benefit of our regular analysis of market conditions, we have developed and adjusted our marketing strategy in order to achieve a sustainable competitive advantage. In light of the intensified competition in 2014, we adopted a proactive market strategy by leveraging our efficient production system, production scale and effective sales and marketing strategies with an aim to increase our market shares in Henan and Liaoning, which are our primary markets. Our revenue from cement sales was approximately RMB8,193.3 million in 2014, representing an increase of RMB197.1 million, or 2.5%, as compared with 2013. The increase was primarily attributable to the increase of sales volume of our cement by 1.1 million tonnes or 3.1%, from 36.9 million tonnes in 2013 to 38.0 million tonnes in 2014. The increase of our sales volume of cement was primarily due to our proactive market strategy as described above and the general increase in the market demand for our cement products, driven by the demand from certain large-scale infrastructure projects in major markets.

Clinker is a semi-finished product used to produce cement. Our clinkers produced in 2014 were primarily used to satisfy our internal demand for cement production. Only 3.9 million tonnes of the Group's clinkers were sold



externally, which remained unchanged as compared to 3.9 million tonnes of clinkers sold externally in 2013. We recorded approximately RMB757.0 million of revenue generated from clinker sales in 2014, representing an increase by RMB92.0 million, or 13.8%, from approximately RMB665.0 million in 2013. Our revenue from sales of cement as a percentage of revenue was approximately 91.5% in 2014 and 92.3% in 2013, respectively. Our revenue from sales of clinker as a percentage of revenue was approximately 8.5% in 2014 and 7.7% in 2013, respectively.

Cost of Sales

In 2014, we continued our efforts in reducing unit production costs of cement and clinker by leveraging on our economies of scale and through centralized procurement. Our unit production cost of cement further reduced to partly offset the negative effect on our gross margin as the result of lower selling prices. Our cost of sales was approximately RMB6,892.8 million in 2014, representing an increase of RMB126.6 million, or 1.9% as compared with 2013. The increase was primarily due to the significant increase in our cement sales during the same period.

Our cost of sales mainly consists of cost of raw materials, coal and electricity. In 2014, our costs of raw materials, coal and electricity as a percentage of cost of sales were 42.2%, 28.5% and 17.6%, respectively. During the period, our costs of raw materials, coal and electricity for production of cement per tonne were RMB69.4, RMB46.8 and RMB29.0, respectively, representing an increase of RMB4.2, a decrease of RMB8.7 and a decrease of RMB1.8, respectively, as compared with 2013.

Gross Profit and Gross Profit Margin

Our gross profit was approximately RMB2,057.5 million for the year ended 31 December 2014, representing an increase of RMB162.5 million, or 8.6%, from approximately RMB1,895.0 million last year. Our gross profit margin increased to 23.0% in 2014 from 21.9% in 2013. The increases in both gross profit and gross profit margin were primarily due to reduced purchase prices of coal and decreased unit costs of products as a result of expansion of production scales.

Other income and other gains and losses

Other income was approximately RMB446.8 million for the year ended 31 December 2014, representing an increase of RMB46.1 million, or 11.5%, from approximately RMB400.7 million for the year ended 31 December 2013. The increase was primarily due to increase in income from value-added tax refund.

Selling and Distribution Expenses

Our selling and distribution expenses were approximately RMB390.0 million for the year ended 31 December 2014, representing an increase of RMB42.9 million, or 12.3%, from approximately RMB347.1 million for the year ended 31 December 2013. The increase was primarily due to a significant increase of transportation and shipping expenses as a result of the increase in our cement sales volume.

Administrative Expenses

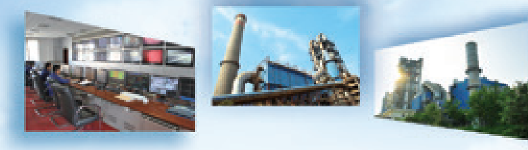
Administrative expenses were approximately RMB382.3 million for the year ended 31 December 2014, representing a decrease of RMB23.3 million, or 5.7%, from approximately RMB405.6 million for the year ended 31 December 2013. The decrease in administrative expenses was mainly due to the fact that we adopted stricter budget control.

Other Expenses

Other expenses were approximately RMB18.0 million for the year ended 31 December 2014, representing a decrease of approximately RMB43.5 million, or 70.7%, from approximately RMB61.5 million for the year ended 31 December 2013.

Finance Costs

Finance costs were approximately RMB961.2 million for the year ended 31 December 2014, representing an increase of RMB209.1 million, or 27.8%, from RMB752.1



million for the year ended 31 December 2013. The increase was primarily attributable to the increase in interest expenses due to increases in both the Company's total debts and average interest rate of borrowings as compared to those of 2013.

PROFIT BEFORE TAXATION

As a result of the foregoing, our profit before taxation was approximately RMB752.8 million for the year ended 31 December 2014, representing an increase of approximately RMB23.5 million, or approximately 3.2%, from approximately RMB729.3 million for the year ended 31 December 2013.

INCOME TAX EXPENSES

Our income tax expenses were approximately RMB212.6 million for the year ended 31 December 2014, representing a decrease of RMB33.7 million, or about 13.7% from approximately RMB246.3 million for the year ended 31 December 2013, which was mainly due to lesser deferred taxation adjustment issues.

PROFIT ATTRIBUTABLE TO OWNERS OF THE COMPANY AND NET PROFIT MARGIN

As a result of the foregoing, our profit attributable to owners of the Company for the year ended 31 December 2014 was approximately RMB564.9 million, representing an increase of RMB5.9 million, or about 1.1%, from approximately RMB559.0 million for the year ended 31 December 2013. The net profit margin decreased from 6.5% for the year ended 31 December 2013 to 6.3% for the year ended 31 December 2014, primarily attributable to the comparative increase of our financial costs as compared to our revenue.

FINANCIAL AND LIQUIDITY POSITION

Trade and other receivables

Trade and other receivables increased from RMB1,992.1 million as at 31 December 2013 to RMB2,106.1 million as at 31 December 2014, mainly due to the increase in balance of trade receivables.

Amounts due from an associate

The amounts due from an associate of approximately RMB458.6 million as at 31 December 2014 (2013: Nil) represents the advance payment paid to Ruiping Shilong for the clinker purchase in 2015 under the Clinker Supply Framework Agreement. The advance payment arrangement has been agreed after arm's length negotiation to secure clinker supply in 2015 on competitive pricing terms.

Inventories

Inventories increased from RMB1,311.9 million as at 31 December 2013 to RMB1,331.0 million as at 31 December 2014, primarily due to the Group's expansion of scale after the acquisition of four enterprises completed this year.

Cash and cash equivalents

Cash and bank balance decreased from RMB1,016.3 million as at 31 December 2013 by RMB43.0 million or 4.2% to RMB973.3 million as at 31 December 2014, primarily due to large cash outflows as a result of increase in investment activities during the current year.

Borrowings

As at 31 December 2014, the amount of total borrowings and bonds (including corporate bonds) of the Group increased by approximately RMB1,288.0 million or 12.2% to approximately RMB11,863.9 million from RMB10,575.9 million last year. Borrowings due within one year and short-term bonds (including mid-term bonds due within one year) increased from RMB6,375.9 million as at 31 December 2013 to RMB7,822.3 million as at 31 December 2014, of which, approximately RMB3,221.0 million was borrowings at fixed interest rates; borrowings due within one year, mid-term, long-term bonds and corporate bonds decreased from RMB4,200.0 million as at 31 December 2013 to RMB4,041.6 million as at 31 December 2014, which were borrowings at floating interest rates; the Group has been repaying the debts in accordance with the terms of the loan agreement, and we had unutilized bank facilities of approximately RMB1,123.0 million as at 31 December 2014.



Principal sources of liquidity

The Group's principal sources of liquidity have historically been cash generated from operations and bank and other borrowings. We have historically used cash from such sources for working capital, production facility expansions, other capital expenditures and debt repayments. We anticipate these sources will continue to be our principal financing in the future. We expect our cash flow will be sufficient to fund our ongoing business requirements. Meanwhile, we have decided to further broaden our financing channel to improve our capital structure.

MAJOR ACQUISITIONS AND DISPOSALS

In 2014, we took strategic steps in consolidating cement producers in Liaoning market by acquiring four enterprises comprising 1 clinker production lines with an aggregate production capacity of approximately 1.0 million tonnes per annum and 3 cement production lines with an aggregate production capacity of approximately 2.2 million tonnes per annum. The aggregate consideration was RMB441.7 million. Such acquired capacities contributed RMB143.0 million to our revenue for the reporting period.

GEARING RATIO

As at 31 December 2014, our gearing ratio was 69.9%, representing an increase of 1.4% from 68.5% as at 31 December 2013. The change of gearing ratio was due to the increase of our current liabilities during the period.

As at 31 December 2014, our current ratio was 0.6, representing a decrease by 15.4% from 0.7 as at 31 December 2013. Our quick ratio was 0.5, representing a decrease of 0.1 or 14.7% from 0.6 as at 31 December 2013. Changes of above ratios were due to the increase of ending balances of loan receivables, trade and other receivables.

As at 31 December 2014, our equity ratio was 2.3, representing an increase of 0.1 or 7.0% from 2.2 as at 31 December 2013. The change of equity ratio was due to the increase of current liabilities from the current year.

Notes:

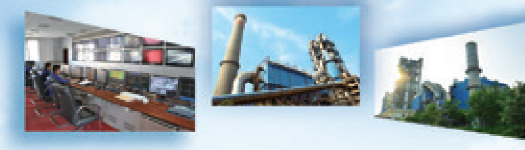
1. Gearing ratio = total liabilities/total assets X 100%;
2. Current ratio = current assets/current liabilities;
3. Quick ratio = (current assets – inventory)/current liabilities;
4. Debt equity ratio = Total liabilities/equity interest, of which, equity interest includes minority interest and non-controlling interest

NET GEARING RATIO

As at 31 December 2014, our net gearing ratio was 106.5%, representing an decrease of 1.4 percentage point from 107.9% as at 31 December 2013. Net gearing ratio is calculated by dividing net debts by equity attributable to owners of the Company.

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

Capital expenditure for the year ended 31 December 2014 was approximately RMB2,998.2 million (2013: approximately RMB2,698.3 million) and capital commitments for the year ended 31 December 2014 was approximately RMB468.3 million (2013: approximately RMB564.5 million). Both the capital expenditure and capital commitments were mainly related to the acquisition of the business, the construction of production facilities and the acquisition of buildings, plant and machinery, motor vehicles, office equipment, construction in progress and mining rights. Our Group funded capital expenditure through cash generated from operations and bank and other borrowings.



PLEDGE OF ASSETS

As at 31 December 2014, carrying amount of the assets of the Group pledged to secure the bank borrowings granted to the Group amounted to approximately RMB2,752.9 million (2013: approximately RMB2,850.3 million).

CONTINGENT LIABILITIES

As at 31 December 2014, other than contingent liabilities arising from the provision of guarantee to third parties and connected parties amounting to approximately RMB733.7 million (31 December 2013: RMB798.5 million), we did not have other contingent liabilities.

SIGNIFICANT INVESTMENTS

For the year ended 31 December 2014, the Group neither held any material investment nor planned to make any material investment and acquire any capital assets as of 31 December 2014.

MARKET RISKS

Interest rate risk

We are exposed to interest rate risk resulting from our long-term and short-term borrowings. We review our borrowings regularly to monitor our interest rate exposure, and will consider hedging significant interest rate exposure should the need arise. As our exposure to interest rate risk relates primarily to our interest-bearing bank loans, our policy is to keep our borrowings at variable rates of interest so as to minimize fair value interest rate risk, and to manage our interest rate exposure in all of our interest-bearing loans through the use of a mix of fixed and variable rates.

Liquidity risk

We have established an appropriate liquidity risk management system of our short, medium and long-term funding and liquidity management requirements. We manage the liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate by our management to finance our operations and mitigate the effects of fluctuations in (both actual and forecast) cash flows. Our management also monitors the utilization of bank borrowings and ensures compliance with loan covenants.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2014, our Group had 8,624 employees (31 December 2013: 8,086). As at 31 December 2014, the employees' cost (including remuneration) was approximately RMB388.0 million (2013: approximately RMB349.4 million). The remuneration policies, bonus and training programs for employees of our Group were implemented continuously according to policies disclosed in the 2012 Annual Report of the Company and no change has been made for the year ended 31 December 2014.

In accordance with the relevant requirements of the Rule Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rule"), the Board has established the Remuneration Committee to formulate remuneration policy for Directors and senior management to ensure that the Company has a formal and transparent procedure. The salaries of the Group's employees (including Directors) are generally determined by reference to prevailing market conditions, personal qualifications and responsibilities. The Company carries out incentive-based evaluation and control of the senior management and the management of each subsidiary mainly through the annual salary system and the annual target responsibility system. At the beginning of the year, the Company signs the annual letters of responsibility with senior management and the management of each branch and subsidiary, which set out key indicators, including production and sales, costs, profits and control objectives, as well as the fulfillment requirements of annual responsibilities. At the end of the year, the Company carries out the performance appraisal on the annual operating results and the capability of work and management for the senior management and the management of each branch and subsidiary, and the appraisal is linked with their annual remuneration. Salaries for employees are generally determined based on individual performance and are regularly reviewed based



on job responsibilities. The monthly performance-based salaries are linked to the overall economic benefits of the Company.

The Company values its employees as the most valuable asset and is convinced that enhancing employees' sense of belonging is the core of successful business management. Therefore, it attaches great importance to maintaining effective communication with employees at all levels. In accordance with the requirements of relevant laws and regulations in China, the Company offers salary benefits for all employees, including salaries, allowances and pension insurance, work-related injury insurance, medical insurance and unemployment insurance and other social welfare, which are reviewed by management on a regular basis. The Company has also provided on-job training and professional skills and technical training for managers at all levels and other employees in order to constantly improve their skills and knowledge. For the year ended 31 December 2014, we organized 6,980 training sessions of various kinds lasting for 45–50 minutes each with an attendance of 90,576.

PROSPECTS

In 2014, the PRC government largely achieved its economic development target set at the beginning of the year through a series of controlling measures. On the other hand, we should realize that the overall economic development is exposed to significant downward pressure. We therefore believe that there is a probability that the PRC government will implement more similar policies in 2015 to maintain an appropriate growth rate of economic development. The proposal and implementation of the three strategies — "One belt, one road", synergistic development among Beijing-Tianjin-Hebei and Yangtze River Economic Belt-will definitely initiate infrastructure projects and increase investment efforts. This will effectively offset downward pressure posed on cement demand and achieve a smooth transition in respect of such demand against the backdrop of a low-digit growth rate of investments in real estate and manufacture industries.

Our Group is one of the 12 national key cement enterprises recognized by the PRC government and one of the five cement enterprises designated by the Ministry of Industry and Information Technology which are encouraged to undertake cement industry-specific mergers and consolidation in central China. To encourage the consolidation of cement industry, the PRC government provides the designated enterprises with supports such as tax incentives, and special project or financing approval. Under the circumstances of reduced demand on cement and intensified competition, we will, leveraging on our edges and favorable policies, capture all opportunities and continue to consolidate our position as a leader in Henan and Liaoning markets through internal growth and selective acquisitions.

Furthermore, we will improve our production utilization rate through further expanding centralized purchase of materials and strengthening refined management. This will allow us to further reduce production unit cost and maintain our leading position in markets. We believe that the maintenance and improvement of such cost advantages will facilitate the Group to enjoy healthier profitability in Henan and Liaoning cement markets than that of other major competitors.



Profiles of Directors and Senior Management

DIRECTORS

Our Board currently consists of seven Directors, comprising three executive Directors, one non-executive Director and three independent non-executive Directors. The Board is responsible for and has general powers over the management and conduct of our business. The table below shows certain information in respect of the members of our Board:

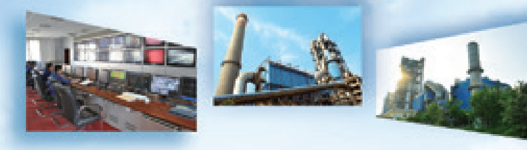
Name	Age	Main Position
Li Liufa	57	Chairman and Non-executive Director
Yang Yongzheng	46	Executive Director and Chief Operating Officer
Xu Wuxue	39	Executive Director and Chief Financial Officer
Li Jiangming	37	Executive Director and Joint Company Secretary
Wang Ping	44	Independent non-executive Director
Kong Xiangzhong	60	Independent non-executive Director
Du Xiaotang	41	Independent non-executive Director

Chairman and Non-executive Director

Mr. Li Liufa (李留法), male, aged 57, is a non-executive Director and the chairman of our Board. He is the founder of our Group. Mr. Li was appointed as a non-executive Director on 2 July 2011 and was re-elected on 28 May 2014. Chairman Li is primarily responsible for our Group's overall strategic planning and the management of our Group's business. Chairman Li has extensive experience in the cement industry. He was a non-executive Director of Sanmenxia Tianyuan Aluminum from March 2006 to July 2008. Chairman Li was the representative of Henan province in the Tenth National People's Congress in March 2003, the Eleventh National People's Congress in March 2008 and the Twelfth National People's Congress in March 2013. Chairman Li obtained his executive MBA degree from Peking University (北京大學) in 2006. Chairman Li was named "Model Worker of Henan Province (河南省勞動模範)" in 1999. In January 2005, he was awarded "Henan Province Excellent Entrepreneur (河南省優秀民營企業家)" by the People's Government of Henan Province.

Executive Directors

Mr. Yang Yongzheng (楊勇正), male, aged 46, is an executive Director of our Company and the Chief Operating Officer and a member of the Nomination Committee, and general manager of Tianrui Group Cement Company Limited (天瑞集團水泥有限公司) ("Tianrui Cement"). Mr. Yang was appointed as an Executive Director of the Company on 11 May 2013, the Chief Operating Officer of the Company on 1 October 2013 and was re-elected as an Executive Director on 28 May 2014. He has extensive experience in the cement industry and is primarily responsible for the daily production and operation of the Company and its subsidiaries (collectively the "Group"). Mr. Yang joined the Group in 2004, and has served as the deputy general manager of Shangqiu Tianrui Cement Company Limited (商丘天瑞水泥有限公司) and Dalian Tianrui Cement Company Limited (大連天瑞水泥有限公司), the general manager of Yingkou Tianrui Cement Company Limited (營口天瑞水泥有限公司) and the chairman and general manager of Liaoyang Tianrui Cement Company Limited (遼陽天瑞水泥有限公司) ever since. He was appointed as general manager of Tianrui Cement in 2012. Mr. Yang obtained his bachelor degree in Petroleum and Engineering from Henan University in 1991 and obtained his EMBA from Peking University in 2012. In June 2012, Mr. Yang was awarded "Advanced Worker in the Mining Industry and Building Material Industry of Small and Medium Enterprises in Liaoning Province" (遼寧省中小企業礦業建材行業先進工作者). Mr. Yang obtained the title of senior economist in December 2013.



Mr. Xu Wuxue (徐武學), male, aged 39, is an executive Director of the Company, the Chief Financial Officer and a member of the remuneration committee. Mr. Xu was appointed as an executive Director and Chief Financial Officer of the Company on 11 May 2013 and was re-elected as the executive Director on 28 May 2014. He has 15 years of experience in finance and accounting. Mr. Xu joined the Group in 2006 and served as the Deputy Financial Controller and head of the finance department of Tianrui Cement, and was appointed as the Chief Financial Officer of Tianrui Cement on 9 January 2013. Before that, Mr. Xu served as a clerk of the finance department of Ruzhou Tongyong Casting co., Ltd. (汝州市通用鑄造公司) and the deputy general manager and head of the finance department of Xingfeng Group Co., Ltd. (星峰集團有限責任公司). Mr. Xu graduated from Luoyang Industrial College (洛陽工業高等專科學校), majoring in finance, in 1996.

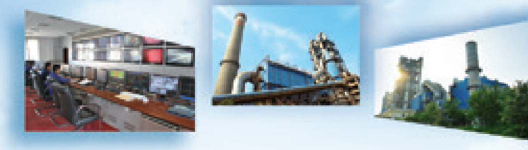
Mr. Li Jiangming (李江銘), male, aged 37, is an executive Director, a joint company secretary of the Company and a vice general manager of capital operation of the Group and a chief representative for Hong Kong business. He is mainly responsible for capital market investment and financing business and investor relations. Mr. Li was appointed as the joint company secretary of the Company on 1 March 2013 and was appointed as the executive Director of the Company on 11 June 2014. Mr. Li has extensive experience in capital operation and had participated in the whole process of Initial Public Offering of China Tianrui Group Cement Company Limited on the Hong Kong Stock Exchange. After joining our Group, Mr. Li served as the sales manager of Tianrui Group Zhengzhou Cement Company Limited, the deputy head of the capital operation department of Tianrui Cement, the general manager of Zhengzhou Tianrui Cement Company Limited and the assistant to the general manager of the Company and director of Hong Kong Office of the Company. Before joining the Group, Mr. Li had been a marketing assistant of Henan Xinfei Electric Appliance Co., Ltd. (河南新飛電器有限公司) and a Requirement Engineer of China E-port Data Center (中國電子口岸數據中心). Mr. Li obtained his master's degree from Wuhan University of Technology (武漢理工大學), majoring in international economics and trade, and obtained the securities practice qualification from the Securities Association of China. Mr. Li Jiangming is the younger brother of the spouse of Chairman Li.

Independent non-executive Directors

Mr. Wang Ping (王平), male, aged 44, is an independent non-executive Director, the chairman of the Audit Committee and a member of the Nomination Committee.

Mr. Wang was appointed as an independent non-executive Director on 24 December 2012 and was subsequently re-elected as the independent non-executive Director on 28 May 2014.

Mr. Wang is the executive director and chief financial officer of China Vehicle Components Technology Holdings Limited (Stock Code: 1269), a company listed on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"). He has nearly 15 years of experience in corporate finance, audit, accounting and taxation. Prior to joining China Vehicle Components Technology Holdings Limited, Mr. Wang Ping worked for EV Capital Pte Ltd., a financial advisory and consulting firm focusing on initial public offerings, capital raising and private equity investments, from May 2007 to March 2010 as vice president and subsequently as director in May 2008. From February 2004 to March 2007, he served as chief financial officer for China Jishan Holdings Limited, the shares of which are listed on the main board of Singapore Stock Exchange. From September 1999 to August 2002, he served as a senior accountant and subsequently a manager for audit department of Deloitte Touche Tohmatsu CPA Ltd. Mr. Wang Ping has been serving as an independent non-executive director of China Hangking Holdings Limited (Stock Code: 3788), a company listed on the Stock Exchange since February 2011, an independent non-executive director of Chongyi Zhangyuan Tungsten Co., Ltd. which is listed on the Shenzhen Stock Exchange since November 2010, an independent non-executive director of Jia Yao Holdings Limited (Stock Code: 1626), a company listed on the Stock Exchange since June 2014 and an independent non-executive director of Shihua Development Company Limited (Stock Code: 485), a company listed on the Stock Exchange



since July 2014. Mr. Wang Ping graduated from Nanjing University and obtained a Master's Degree in Business Administration from Lingnan (University) College of Sun Yat-Sen University in 2004. He is a member of the Chinese Institute of Certified Public Accountants.

Mr. Kong Xiangzhong (孔祥忠), male, aged 60, is an independent non-executive Director, the chairman of the Nomination Committee and a member of the Audit Committee and Remuneration Committee. Mr. Kong was appointed as an independent non-executive Director on 24 December 2012 and was re-elected as the independent non-executive Director on 26 April 2013.

Mr. Kong currently serves as the vice chairman and secretary of China Cement Association. He is a senior engineer and an expert entitled to special allowance from the State Council. Mr. Kong was appointed as an independent non-executive Director of Jilin Guanghua Holding Group Co., Ltd. (Stock Code: 000546), a company listed on Shenzhen Stock Exchange in 2012. Mr. Kong graduated from Inorganic Materials Department of Shandong Building Materials Industry Institute (山東建築材料工業學院) in 1982. He has long engaged in cement technology research and development, engineering design and technical management, and held various positions including the deputy office head of Hefei Cement Research and Design Institute, director of the cement grinding department and chief engineer of Hefei Cement Research and Design Institute. Mr. Kong has also participated in and led many projects at national, provincial and ministry levels. He has served as the chief person in charge of design and engineering of some projects and a responsible person for a project financed by the World Bank.

Mr. Du Xiaotang (杜曉堂), male, aged 41, is an independent non-executive Director, the chairman of the Remuneration Committee and a member of the Audit Committee. Mr. Du was appointed as an independent non-executive Director on 11 June 2014.

Mr. Du is currently a department managing director of China Everbright Limited (Stock Code: 165), a company listed on the Hong Kong Stock Exchange, since 2014. Mr. Du is also currently an independent non-executive director of Shanghai Inoherb Cosmetics Co., Ltd (上海相宜本草化妝品股份有限公司) since 2011 and an independent non-executive director of Jiangsu Jinshan Environmental Protection Co., Ltd (江蘇金山環保股份有限公司) since 2012. Mr. Du was a teacher at Henan University (河南大學) between 1996 and 2002, and was an associate and then a partner with Grandall Law Firm (國浩律師事務所) (a PRC law firm) between 2003 and 2013. Mr. Du's working experience mainly covers corporate finance, capital market, private equity, merger and acquisitions and legal compliance advisory to listed companies, securities firms and mining companies. Mr. Du obtained his bachelor degree in education and master degree in law from Henan University (河南大學) in 1996 and 2002 respectively, and doctorate degree in economics from Fudan University (復旦大學) in 2005. Mr. Du is a qualified PRC lawyer.

Senior Management

Mr. Li Heping (李和平), male, aged 58, is a Chief Executive Officer of the Company. After joining our Group, Mr. Li had been an executive Director of the Company until April 2013 and is currently the chief executive officer of the Company. He is primarily responsible for the implementation of development strategies, executing decisions made on investment projects and our Group's overall operation and supervision. Prior to joining our Group, Mr. Li had been the chief accountant of Luoyang Mining Machinery Factory (洛陽礦山機器廠), the deputy head of the Commission for Restructuring the Economic System of Henan Province (河南省經濟體制改革委員會), the general manager of Zhongxin Heavy Machinery Company (中信重型機械公司) and a director and senior management member of Tianrui Group Company Limited. Mr. Li was a non-executive Director and the chairman of the board of Sanmenxia Tianyuan Aluminum between March 2006 and May 2012. Mr. Li graduated from Henan University of Science & Technology (河

南科技大學) (formerly known as Luoyang Institute of Agricultural Machinery) (洛陽農機學院) with a bachelor 's degree in mechanic engineering in 1982 and Tsinghua University (清華大學) with a master 's degree in engineering in 1988. Mr. Li also holds qualifications of "Senior Engineer" and "Senior Accountant".

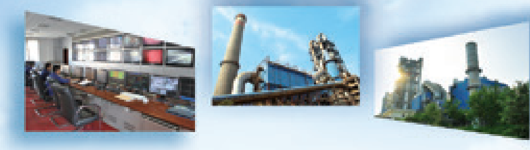
Mr. Yang Yongzheng (楊勇正), male, aged 46, was appointed as the general manager our Group in 2012 and was appointed as the Chief Operating Officer of our Company on 1 October 2013. Details of Mr. Yang's profile are set out in "Profiles of Directors and Senior Management" of this Annual Report.

Mr. Jing Xianyu (井獻玉) (formerly known as Jing Xianyu (井現於)), male, aged 50, is an executive deputy general manager of our Group. He has extensive experience in the cement industry and is primarily responsible for managing the production, procurement and sales and human resource management of our Group. Mr. Jing joined our Group in 2000 and has worked as general manager of Weihui Cement, general manager of Yuzhou Cement, chairman of Zhengzhou Cement (Xingyang) and chairman of Zhengzhou Tianrui ever since. He has been deputy general manager of Tianrui Cement since February 2008. Mr. Jing obtained his executive MBA degree from Peking University (北京大學) in 2008. Mr. Jing was recognized as "Outstanding Leader of Quality Management of National Building Material Industry (全國建材行業品質管制卓越領導者)" in July 2008 and was named "60th Anniversary of the Founding of PRC Henan Province Meritorious Entrepreneur (建國60周年河南省建材工業功勛企業家)" in September 2009.

Mr. Xu Wuxue (徐武學), male, aged 39, is the Chief Financial Officer of our Company and the Financial Controller of our Group. Details of Mr. Xu's profile is set out in the section headed "Directors" above.

Mr. Yu Yagang (郁亞槓), male, aged 63, is the chief accountant of our Group. Mr. Yu was the chief financial officer of Tianrui Cement in 2009, and was appointed as an executive Director and Chief Financial Officer on 9 December 2011, and was re-elected as an executive Director and re-appointed as Chief Financial Officer of our Company on 18 May 2012, and ceased to be the executive Director and Chief Financial Officer of our Company on 11 May 2013. He is primarily responsible for the cost accounting, control and management of our Group's financial operation. Mr. Yu has nearly 40 years of experience in accounting. Prior to joining our Group, Mr. Yu had served as the deputy chief accountant and head of the finance department of Zhongxin Heavy Machinery Company (中信重型機械公司), legal representative of Luoyang Zhongzhong Founding Factory (洛陽中重鑄鍛廠) and a director and senior management member of Tianrui Group Company Limited. Mr. Yu graduated from the Party School of the Central Committee of CPC (中共中央黨校), majoring in economics, in 1994. Mr. Yu also holds a qualification of "Senior Accountant".

Mr. Guo Zhiwei (郭志偉), male, aged 43, is a deputy general manager of our Group and responsible for business development and capital operation. He has 15 years experience in the cement industry. Mr. Guo joined our Group in 2000 and has served as deputy general manager and general manager of Ruzhou Cement and general manager of Zhengzhou Cement (Xingyang) ever since. From March 2007 to January 2012, he served as general manager assistant, deputy general manager and general manager of Tianrui Cement consecutively. Mr. Guo obtained his master's degree in materials engineering from Zhengzhou University (鄭州大學) in 2006 and his executive MBA degree from Peking University (北京大學) in 2010. He holds qualifications of "Engineer" and "Senior Economist". Mr. Guo was recognized as "Outstanding Leader of Quality Authentication Activity of National Building Material Industry (全國建材工業質量認證活動卓越領導者)" in July 2010 by China Building Material Council (中國建築材料聯合會). He obtained the "Pingdingshan City May 1 Working Award (平頂山市五一勞動獎章)" in April 2004 and was named as "Model Worker of Pingdingshan City (平頂山市勞動模範)" in April 2006. In September 2007, Mr. Guo was awarded "Model Worker in National Building Material Industry (全國建材行業勞動模範榮譽稱號)".



Profiles of Directors and Senior Management

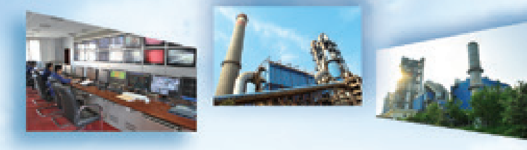
Mr. Li Fashen (李法伸) (formerly known as Li Fasen (李發森)), male, aged 52, is the deputy general manager of our Group, the chairman for Northeast region of the Company, the chairman of Liaoyang Cement and Yingkou Cement. He has extensive experience in the cement industry and is primarily responsible for the daily production and operation of the Group in Liaoyang City and Yingkou city of Liaoning province. Mr. Li joined our Group in 2000 and has served as the general manager of Antai Cement and the deputy general manager, general manager and chairman of Ruzhou Cement ever since. He was appointed as deputy general manager of Tianrui Cement in 2007. He graduated from Henan University (河南大學), majoring in economics management, in 1991 and obtained his executive MBA degree from Renmin University of China (中國人民大學) in 2003. He holds a qualification of "Economist". Mr. Li is Chairman Li's brother.

Mr. Zhao Ruimin (趙睿敏), male, aged 46, is a deputy general manager and manager of the equipment engineering department of our Group. He is primarily responsible for engineering construction and equipment management in our Group. Mr. Zhao joined our Group in 2000 and was substantially involved in the establishment of production lines of Ruzhou Cement and Zhengzhou Cement (Xingyang). He has served as deputy general manager of Tianrui Cement since February 2008. Mr. Zhao obtained his bachelor's degree in inorganic non metal materials studies from Nanjing College of Chemical Technology (南京化工學院) in 1992 and his executive MBA degree from Peking University (北京大學) in 2009. He holds a qualification of "Senior Engineer".

Mr. Zhao Huibin (趙惠斌), male, aged 58, is a deputy general manager of our Group. He has over 30 years of experience in the cement industry and is primarily responsible for the development business and capital operation of our Group. Mr. Zhao joined our Group in 2002 and has served as deputy general manager of Tianrui Cement. He was also the manager of the Development Department of Tianrui Cement, was responsible for preparation of construction projects.Mr. Zhao obtained his master's degree from Macau University of Science and Technology (澳門科技大學) in 2008. Mr. Zhao holds a qualification of "Senior Engineer" and was awarded 2003 Excellent Entrepreneur in National Building Material Industry (2003年度全國建材行業優秀企業家) in September 2003.

Mr. Gao Yunhong (高運紅), male, aged 44, is a deputy general manager of our Group and the general manager and chairman of Weihui Cement. He has extensive experience in the cement industry and is primarily responsible for the overall production and operation of the Group in Weihui, Henan Province. Mr. Gao joined the Group in 2005 and served as the deputy general manager of Ruzhou Cement, Zhengzhou Cement and Guangshan Cement (光山水泥) successively. He graduated from the PLA Information Engineering University, majoring in computer science and technology, in 2008. In the same year, Mr. Gao was awarded as "Model Worker of Zhengzhou City" and "60th Anniversary of the Founding of PRC Henan Province Excellent Entrepreneur in Building Material Industry (建國60周年河南省建材工業優秀企業家)".

Mr. Jia Huaping (賈華平), male, aged 56, is the chief engineer of our Group. He is primarily responsible for the production technology development and production and technology management of our Group. Mr. Jia has 30 years of experience in the cement industry. He joined our Group in 2008 and has served as manager of the production department, head of the technical center and deputy chief engineer of Tianrui Cement ever since. He was appointed as chief engineer of Tianrui Cement in February 2009. Mr. Jia graduated from Shandong Building Material Industry Institute (山東建築材料工業學院), majoring in inorganic material science and engineering, in 1982. Since 1978, Mr. Jia has obtained several awards relating to technology improvement. He was awarded "2009 National Excellent Chief Engineer in Cement Industry (2009年全國水泥企業優秀總工程師)" in 2010.



Mr. Li Jiangming (李江銘), male, aged 37, is a vice general manager of capital operation of the Group and a chief representative for Hong Kong business. Details of Mr. Li's profile is set out in the section headed "Directors" above.

Mr. Lv Xing (呂行), male, aged 36, is the deputy financial controller of our Company and a deputy chief accountant of our Group. Mr. Lv joined the Company as a deputy chief accountant in 2012 and was appointed as the deputy financial controller of our Company on 1 October 2013, and is primarily responsible for the review and analyzing of financial reports, finance and mergers and acquisitions business. Mr. Lv has extensive experience in financing. He served as an assistant auditor, senior auditor and an audit manager in Deloitte Touche Tohmatsu since 2001 prior to joining the Company. Mr. Lv graduated from Beijing University of Industry and Commerce (北京工商大學) with bachelor's degree in economics in 2001. Mr. Lv holds the certificate of "Certified Public Accountant".

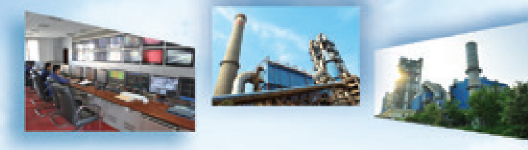
Ms. An Jiamin (安嘉敏), female, aged 61, is a deputy chief accountant of our Group. Ms. An joined the Company as a deputy chief accountant in 2011 and is primarily responsible for cost management and internal control of the Group. Ms. An has extensive experience in financing. She served as the head of division of cost under finance department of Luoyang Mining Machinery Plant (洛陽礦山機器廠), deputy head of finance department of Luoyang Heavy Casting and Forging Plant (洛陽重型鑄鍛廠), and head of the general conservation office of Citic Heavy Industries Co., Ltd prior to joining the Company. Ms. An graduated from Mechanical and Electrical Institute (瀋陽機電學院) of Shenyang, majoring in industrial accounting. Ms. An holds a qualification of"Senior Accountant".

Joint Company Secretaries

Mr. Yu Chunliang (喻春良), male, aged 45, was appointed as one of the joint company secretaries of our Company on 9 December 2011. Mr. Yu joined our Group in 2005 as deputy head of the general office of Tianrui Cement. He was later appointed as deputy head of the human resources department of Tianrui Cement. He was then appointed as head of the administrative office and head of the board office of Tianrui Cement. Prior to joining our Group, he was the secretary of the disciplinary committee of Pingdingshan Xingfeng Group Cement Co., Ltd. (平頂山星峰集團水泥有限公司). Mr. Yu obtained his bachelor's degree in arts from Xinyang Normal University (信陽師範學院) in 1992 and his postgraduate degree in economic management from the Party School of CPC of Henan province (中共河南省委黨校) in 2007. He holds the qualifications of "Ideological and political work of senior professional titles" (高級政工師) and "National Second Level Corporate Human Resources Manager".

Ms. Kwong Yin Ping Yvonne (鄺燕萍), female, aged 59, was appointed as one of the joint company secretaries of our Company on 16 January 2013. Ms. Kwong holds a Degree in Accountancy from the Hong Kong Polytechnic University (香港理工大學) and is a Fellow of The Hong Kong Institute of Chartered Secretaries and The Institute of Chartered Secretaries and Administrators.

Mr. Li Jiangming (李江銘), male, aged 37, was appointed as the joint company secretary of the Company on 1 March 2013. Details of Mr. Li's profile is set out in the section headed "Directors" above.



Report of the Directors

The Board hereby presents this Annual Report together with the audited consolidated financial statements of the Group for the year ended 31 December 2014 (the "Consolidated Financial Statements").

PRINCIPAL ACTIVITIES

The Company was incorporated in the Cayman Islands on 7 February 2011 as an exempted company with limited liability. The Group's operations are substantially conducted through its subsidiaries in the PRC. The Group is principally engaged in the excavation of limestone, production, sale and distribution of clinker and cement. Details of the principal subsidiaries of the Group during the year ended 31 December 2014 are set out in Note 53 to the Consolidated Financial Statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2014 are set out in this Annual Report.

The Board proposed the declaration of final dividend of RMB0.06 per share and special dividend of RMB0.15 per share, representing a total dividend distribution of RMB504,189,000 for the year ended 31 December 2014 (2013: Nil). The declaration of the final dividend and special dividend is subject to the shareholder approval in the forthcoming annual general meeting.

5 YEAR FINANCIAL SUMMARY

A summary of our results and the assets and liabilities for the current financial year and for the past five financial years, as extracted from the Group's audited consolidated financial statements, is set out in the section headed '5 year Financial Summary" of this Annual Report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the Group's property, plant and equipment during the year are set out in Note 16 to the Consolidated Financial Statements of this Annual Report.

BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings are set out in Notes 32, 33, 36 and 37 to the Consolidated Financial Statements of this Annual Report.

SHARE CAPITAL

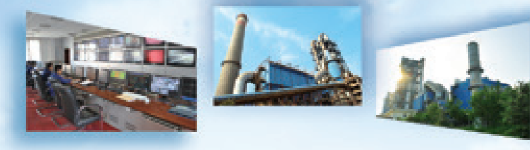
There is no change in the share capital of the Company during the year ended 31 December 2014.

RESERVES

Details of movements in the reserves of the Group and the Company during the year are set out in the Consolidated Statement of Changes in Equity of this Annual Report.

DISTRIBUTABLE RESERVES OF THE GROUP

The Group's reserves available for distribution to shareholders as at 31 December 2014 amounted to RMB4,023.2 million (31 December 2013: RMB3,517.4 million).



PUBLIC FLOAT

Based on information that is publicly available to the Company and to the best knowledge of our Directors, our Company has maintained the prescribed minimum percentage of public float approved by the Stock Exchange and permitted under Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Listing Rules") as at the date of this Annual Report.

PRE-EMPTIVE RIGHT

There are no provisions for pre-emptive right under the Company's articles of association or applicable laws of the Cayman Islands where the Company was incorporated.

DIRECTORS

The Directors of the Company for the year ended 31 December 2014 were:

Chairman and Non-executive Director

Mr. Li Liufa

Executive Directors

Mr. Yang Yongzheng
Mr. Wang Delong (ceased to be director on 28 May 2014)
Mr. Xu Wuxue
Mr. Li Jiangming (appointed on 11 June 2014)

Non-executive Director

Mr. Tang Ming Chien (ceased to be director on 28 May 2014)

Independent Non-executive Directors

Mr. Ma Chun Fung Horace (ceased to be director on 28 May 2014)
Mr. Kong Xiangzhong
Mr. Wang Ping
Mr. Du Xiaotang (appointed on 11 June 2014)

DIRECTORS' PROFILES

Details of the Directors' profiles are set out in the section headed "Profiles of Directors and Senior Management" of this Annual Report.



DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service contract with our Company for a term of three years with effect from their respective date of appointment unless terminated by a not less than three months notice in writing served by either the executive Director or our Company. Each of the non-executive Directors and independent non-executive Directors has signed an appointment letter with the Company for a term of three years (as for non-executive Directors) and one year (as for independent non-executive Directors), respectively, with effect from the dates of their respective appointment. The appointment is subject to the provisions of retirement and rotation of directors under the Articles of Association.

None of the Directors who proposed to elect or would retire by rotation, and being eligible, would offer themselves for re-election at the forthcoming Annual General Meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

We have received from each of the independent non-executive Directors, namely Mr. Wang Ping, Mr. Kong Xiangzhong and Mr. Du Xiaotang, the confirmation of their respective independence pursuant to rule 3.13 of the Listing Rules. We consider that each of our independent non-executive Directors has been independent during their respective appointment period in 2014 and remains independent as at the date of this Annual Report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2014, the interests and short positions of our Directors and chief executives in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 of the Listing Rules, were as follows:

Name of Director	Capacity/Nature of Interests	Total number of shares	Approximate percentage of shareholding (%)
Mr. Li Liufa(1)	Interests in controlled corporation/Long position	950,000,000	39.57

(1) Mr. Li Liufa is deemed to be interested in the shares held by Yu Kuo Company Limited (煜闊有限公司) ("Yu Kuo") by virtue of Yu Kuo being ultimately controlled by Mr. Li Liufa through Tianrui Group Company Limited (天瑞集團股份有限公司), ("Tianrui Group Company"), Tianrui (International) Holding Company Limited (天瑞(國際)控股有限公司) ("Tianrui International"), Holy Eagle Company Limited (神鷹有限公司) and Yu Qi Company Limited ("Yu Qi") (details of which is set out in the "Corporate Structure" of this annual report).

Save as disclosed above, as at 31 December 2014, none of the Directors or chief executives of the Company has or is deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to the



Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which each of them has taken or deemed to have taken under the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register required to be kept therein or which will be required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the period ended 31 December 2014 was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

PURCHASE, SALE OR REDEMPTION OF THE LISTED SECURITIES

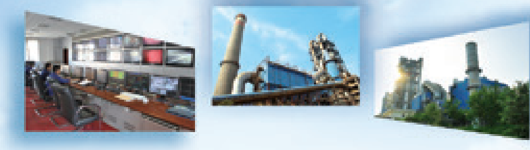
During the period ended 31 December 2014, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

COMPLIANCE WITH NON-COMPETITION UNDERTAKING

Reference is made to the circular ("Circular") of the Company dated 31 October 2014 in relation to the amended deed of non-competition ("Amended Non-competition Deed") which has been approved in the extraordinary general meeting of the Company on 17 November 2014 ("Effective Date"). Unless stated otherwise, capitalized terms used herein shall have the same meaning as those defined in the Circular.

According to the Amended Deed of Non-competition Undertaking, the Group might refuse to participate or propose to acquire the new competitive business (hereinafter as the "New Business Opportunities") within the industry referred by the Controlling Shareholders or its associates. The independent board committee comprising all the independent non-executive Directors considered that the Controlling Shareholders can participate in the new business opportunities only when there is no prejudice to the overall interests of the Company or its subsidiaries and with its consent. The independent board committee has the right to monitor its execution, and has the sole discretion to exercise the Option. The independent board committee should review the New Business Opportunities participated or acquired by the Controlling Shareholders or its associates at least once a year, in order to determine whether to exercise the Option and disclose the basis for the decision in this report.

Upon the independent shareholder approval being granted at the extraordinary general meeting held on 17 November 2014, the independent board committee had discussed and come to the view that, pursuant to the revised non-competition covenant, considering the limited and insufficiency of funding of our Group, in order to materialize the strategic planning and management of the Company and effectively utilize funds for acquisition of other entities, the equity participation or acquisition of Controlling Shareholder or its associate was approved for listed companies with high corporate governance standard and with timely, comprehensive and transparent information disclosure, such as China Shanshui Cement Group Limited ("Shanshui Cement") and Henan Tongli Cement Co., Ltd. ("Tongli Cement"), and entity restrained by its geographical location and was currently not beneficial for the competitiveness of the Group to the peers, such as Henan Yongan Cement Co. Ltd. ("Yongan Cement").



The independent board committee reviewed the approved shareholdings acquisition of Shanshui Cement and Tongli Cement; and the acquisition of Yongan Cement by the Controlling Shareholders. As the exercise of the Option on the prevailing market price may affect the main operating indicators and financial position of the Group, therefore it decided that the Option will not be exercised at the current stage.

COMPETING BUSINESS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

During the year ended 31 December 2014, none of the Directors or controlling shareholders (as defined under the Listing Rules) was interested in any business which competes or is likely to compete (directly or indirectly) with the businesses of the Group, save and except for the indirect equity interest of Chairman Li in Ruiping Shilong Cement Company Limited ("Ruiping Shilong") which is engaged in manufacturing and selling clinker in certain areas in Henan province as disclosed in the Prospectus, and the new business acquired with the approval granted under the Amended Deed of Non-competition Undertaking as stated above in the section headed "Compliance with Non-competition undertaking".

During the reporting period, the independent non-executive Directors have reviewed the compliance with the Non-competition Deed based on information and confirmation provided by or obtained from the Controlling Shareholders and their respective associates (as defined under the Listing Rules), and were satisfied that the controlling shareholders of the Company, namely, Mr. Li Liufa, Mr. Li Xuanyu, Tianrui Group Company Limited, Tianrui (International) Holding Company Limited, Yu Kuo Company Limited and Yu Qi Company Limited (collectively, the "Controlling Shareholders") and their respective associates have complied with the provisions of the Amended Deed of Non-competition Undertaking entered into between the Company and th e Controlling Shareholders on 16 October 2014 (the "Amended Deed of Non-competition Undertaking").

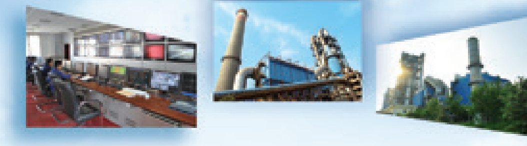
CONTRACTS OF SIGNIFICANCE

During the year ended 31 December 2014, save as disclosed in "Compliance with Non-competition Undertaking", "connected transaction and continuing connected transactions" under "DIRECTORS' INTERESTS IN COMPETING BUSINESS" or otherwise in this annual report, no contract of significance in relation to the Group's business to which the Company, or any of its subsidiaries was a party, and in which a Director or Controlling Shareholder of the Company had a material interest, whether directly or indirectly subsisted at the closing or any time during the year.

DIRECTORS' REMUNERATION

Our Directors' fees are subject to shareholders' approval at general meetings. Other emoluments, bonus and benefits are proposed by our Remuneration Committee to the Board and determined with reference to the prevailing market conditions, Directors' duties, responsibilities and our performance and results.

The details of the emoluments paid to the five highest paid individuals among Directors and Senior Management of the Company during the year are set out in Note 12 and Note 13 to the Financial Statements.



RETIREMENT SCHEMES

The employees of the Group members in the PRC are members of a state-managed employee benefit plans operated by the PRC government such as pension funds, medical insurance, work-related injury insurance, unemployment insurance, maternity insurance and housing funds. The Group is required to contribute a specified percentage of its payroll costs to the employee benefit plans to fund the benefits

The Group's contributions to the employee benefit plans for the year ended 31 December 2014 were RMB29.2 million. Particulars of these plans are set out in Note 46 to the Consolidated Financial Statement of this Annual Report.

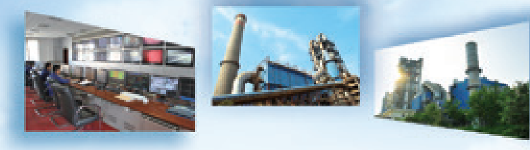
MANAGEMENT CONTRACTS

Other than employment with employees of the Company, no contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed with any individual, company or body corporate during the year.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2014, to the best knowledge of the Directors and the senior management of the Company, the followings are the persons (being shareholders of the Company), who had interests or short positions in the Shares and underlying Shares as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Name	Capacity/Nature of Interests	Total number of shares	Approximate percentage of shareholding (%)
Yu Kuo	Beneficial owner/Long position (1)	950,000,000	39.57
Holy Eagle	Interests in controlled corporation/Long position (1)	950,000,000	39.57
Yu Qi	Interests in controlled corporation/Long position (1)	950,000,000	39.57
Tianrui International	Interests in controlled corporation/Long position (1)	950,000,000	39.57
Tianrui Group	Interests in controlled corporation/Long position (1)	950,000,000	39.57
Mr. Li Liufa	Interests in controlled corporation/Long position (1)	950,000,000	39.57
Mr. Li Xuanyu	Interests in controlled corporation/Long position (1)	950,000,000	39.57
Wan Qi	Beneficial owner/Long position (2)	689,400,000	28.71
	Short position	30,612,245	1.28
Mr. Tang Ming Chien	Interests in controlled corporation/Long position (2)	689,400,000	28.71
	Short position	30,612,245	1.28
JPMorgan PCA Holdings (Mauritius) I Limited	Beneficial owner/Long position (3)	200,600,000	8.36
JPMorgan Private Capital Asia Fund I, L.P.	Interests in controlled corporation/Long position (3)	200,600,000	8.36
	Short position	33,433,340	1.39



Name	Capacity/Nature of Interests	Total number of shares	Approximate percentage of shareholding (%)
JPMorgan Private Capital Asia General Partner, L.P.	Interests in controlled corporation/Long position [3]	200,600,000	8.36
	Short position	33,433,340	1.39
JPMorgan Private Capital Asia GP Limited	Interests in controlled corporation/Long position [3]	200,600,000	8.36
	Short position	33,433,340	1.39
JPMorgan Private Capital Asia Corp	Interests in controlled corporation/Long position [3]	200,600,000	8.36
	Short position	33,433,340	1.39
JPMorgan Chase & Co.	Interests in controlled corporation/Long position [3]	200,600,000	8.36
	Short position	33,433,340	1.39
Yue Xiu Investment Fund Series Segregated Portfolio Company	Interests in controlled corporation/Long position	160,000,000	6.66

(1) The entire issued share capital of Yu Kuo is legally and beneficially owned by Holy Eagle and Yu Qi, which are legally and beneficially owned by Mr. Li Liufa and Mr. Li Xuanyu through Tianrui Group Company Limited and Tianrui (International) Holding Company Limited (details of which is set out in the "Corporate Structure" of this annual report). Therefore, both Mr. Li Liufa and Mr. Li Xuanyu are deemed to be interested in the shares held by Yu Kuo.

(2) The entire issued share capital of Wan Qi is legally and beneficially owned by Mr. Tang Ming Chien. Mr. Tang Ming Chien is deemed to be interested in the Shares held by Wan Qi by virtue of Wan Qi being controlled by Mr. Tang Ming Chien.

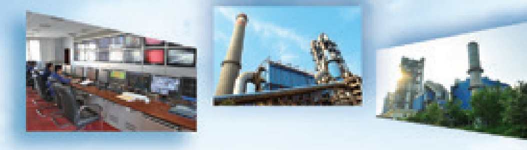
(3) Each of JPMorgan Private Capital Asia Fund I, L.P. (as the controlling shareholder of JPMorgan PCA), JPMorgan Private Capital Asia General Partner, L.P. (as the general partner of JPMorgan Private Capital Asia Fund I, L.P.), JPMorgan Private Capital Asia GP Limited (as the general partner of JPMorgan Private Capital Asia General Partner, L.P.), JPMorgan Private Capital Asia Corp (as the sole shareholder of JPMorgan Private Capital Asia GP Limited) and JPMorgan Chase & Co. (as the holding company of JPMorgan Private Capital Asia Corp.) is deemed to be interested in 200,600,000 Shares held by JPMorgan PCA pursuant to Section(s) 316(2) and/or 316(3) under Part XV of the SFO.

Saved as disclosed above, as at 31 December 2014, no other persons have interest or short position which will have to be recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO.

SHARE-BASED INCENTIVE SCHEMES

Share Option Scheme

The Company has adopted a share option scheme (the "Share Option Scheme") on 12 December 2011 (the "Adoption Date"). The Share Option Scheme shall continue in force for the period commencing from the Adoption Date and expiring at the close of business on tenth anniversary of the Adoption Date. Pursuant to the Share Option Scheme, the Board may, at its discretion, invite all directors, any employee (whether full-time or part-time), any consultant or adviser of or to the Company or the Group (whether on an employment or contractual or honorary basis and whether paid or unpaid), who, in the absolute opinion of the Board, have contributed to the Company or the Group, to participate in the Share Option Scheme to subscribe for the ordinary shares of the Company. The period within which



the options must be exercised shall be determined by the Directors at the time of grant and such period must expire no later than ten years from the date the offer has been made to the grantees (the "Option Period"). All outstanding options shall lapse when the Option Period expires, the employment of the holder ceases or where the holder is no longer a member of the Group.

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme or any other share option schemes adopted by the Company shall not exceed 30 percent of the shares in issue from time to time where there are options to be granted and yet to be exercised. The total number of shares issued and to be issued upon exercise of the options granted to each qualified person under the Share Option Scheme or any other share option schemes adopted by the Company in any 12 month period must not exceed one percent of the shares in issue. Any further grant of options which would result in the number of shares exceeding one percent requires a shareholders' approval with the relevant participant and its associates abstaining from voting.

As at 31 December 2014, no option has been granted under the Share Option Scheme.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2014, save as disclosed below, we have not entered into any connected transaction or continuing connected transaction which should be disclosed pursuant to the requirements of the Listing Rules.

(a) Amended Non-competition Deed

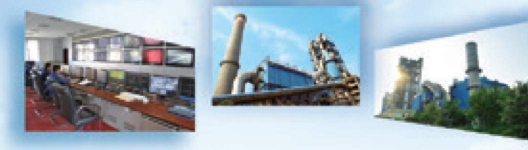
Reference is made to the circular ("Circular") of the Company dated 31 October 2014 in relation to the amended deed of non-competition ("Amended Non-competition Deed") which has been approved in the extraordinary general meeting of the Company on 17 November 2014. Unless stated otherwise, capitalized terms used herein shall have the same meaning as those defined in the Circular.

As at the Latest Practicable Date, the Controlling Shareholders in aggregate control more than 30% of the issued share capital of the Company and thus are connected persons of the Company as defined under the Listing Rules. The entering into of the Amended Noncompetition Deed constitutes a connected transaction under Chapter 14A of the Listing Rules which is subject to the reporting, announcement and Independent Shareholders' approval requirements under the Listing Rules. Under the Amended Non-competition Deed, the Controlling Shareholders are allowed to pursue New Business Opportunity (i.e. the opportunity to engage in a business which is or may be in competition, directly or indirectly, with the business of the Group) after they have fulfilled the notification and best-effort requirements as set out in the Amended Noncompetition Deed. Please refer to the section headed "Compliance with Non-competition Undertaking" above for further details in this regard.

(b) Purchase of Clinker and Sale of Limestone

Reference is made to our circular dated 25 April 2014. Unless stated otherwise, capitalized terms used in this paragraph (a) shall have the same meaning as the said circular referred to above.

On 25 March 2014, China Tianrui Group Cement Company Limited ("Tianrui Cement"), a wholly owned subsidiary of the Company, and Pingdingshan Ruiping Shilong Cement Company Limited ("Ruiping Shilong"), a company in which Mr. Li Liufa ("Chairman Li") controls more than 30% of the voting power at its general meetings, entered



into the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement. The transactions under both the Clinker Supply Framework Agreement and the Limestone Supply Framework Agreement constitute continuing connected transactions under the Listing Rules.

Pursuant to the Clinker Supply Framework Agreement, the aggregate annual caps of the transactions under the agreement are RMB360,000,000, RMB480,000,000 and RMB480,000,000 for each of the three years ending 31 December 2014, 2015 and 2016 respectively. Pursuant to the Limestone Supply Framework Agreement, the annual caps of the transaction under the agreement is RMB60,000,000 for each of the three years ending 31 December 2016 respectively.

For the year ended 31 December 2014, Tianrui Cement purchased clinker from Ruiping Shilong with transaction value of approximately RMB142.6 million.

For the year ended 31 December 2014, Tianrui Cement sold limestone to Ruiping Shilong with transaction value of approximately RMB16.1 million.

(c) Mutual guarantees

Reference is made to our circular dated 8 November 2013. Unless stated otherwise, capitalized terms used in this paragraph (b) shall have the same meaning as the said circular referred to above.

On 30 October 2013, Tianrui Cement and Tianrui Group Joint Stock Limited Company ("Tianrui Group"), a company controlled by Chairman Li, entered into a framework agreement which provides mutual guarantees (the "Framework Agreement"). The transactions under the Framework Agreement constitute continuing connected transactions under the Listing Rules.

The annual caps for Tianrui Group Guarantee are RMB5,200 million for the first 12 months and RMB6,000 million for the second 12 months. The annual caps for Tianrui Cement Guarantee are RMB2,200 million for the first 12 months and RMB3,000 million for the second 12 months.

For the year ended 31 December 2014, according to the Framework Agreement and as approved by a special committee, Tianrui Cement (including its subsidiaries) had provided guarantees of RMB1,432 million in aggregate to Tianrui Group (including its subsidiaries), while Tianrui Group (including its subsidiaries) had provided guarantees of RMB2,245 million in aggregate to Tianrui Cement (including its subsidiaries).

Pursuant to the Listing Rules, the above connected transaction and continuing connected transactions have been reviewed by the independent non-executive Directors of our Company, who confirmed that these continuing connected transactions were entered into:

(1) in the ordinary and usual course of business of the Group, and either on normal commercial terms or on terms no less favorable to us than terms available to or from independent third parties; or

(2) not in the normal and ordinary course of business of the Group, but on commercial terms more favorable to us; and

(3) in accordance with the relevant agreements governing them on terms that were fair and reasonable and in them interests of the shareholders of our Company as a whole;



The Company's auditors were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditors letter containing their conclusion in respect of the continuing connected transactions as disclosed by the Group above has been submitted to the Stock Exchange in accordance with the Listing Rules.

Related parties transactions

During the year ended 31 December 2014, the Group also engaged in certain related party transactions as disclosed in Note 47 to the Consolidated Financial Statements of this Annual Report. Such related parties transactions principally comprise purchase of clinker from and sale of limestone to Ruiping Shilong which were continuing connected transactions approved by independent shareholders on 28 May 2014. The Company has complied with the disclosure requirements in Chapter 14A of the Listing Rules during the year under review.

MAJOR CUSTOMERS AND SUPPLIERS

For the current financial year ended 31 December 2014, total sales to our five largest customers accounted for less than 30% of the Group's total sales. Total purchase from our five largest suppliers accounted for less than 30% of the Group's total purchase

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE

During the period ended 31 December 2014, save as disclosed in the Corporate Governance Report of this Annual Report, all the code provisions set out in the Code contained in Appendix 14 to the Listing Rules were met by the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS

Details of the Company's compliance with the Model Code for Securities Transactions are set out in the Corporate Governance Report of this Annual Report.

AUDITORS

The Consolidated Financial Statements have been audited by Deloitte Touche Tohmatsu ("Deloitte"), who will retire and, being eligible, offer themselves for re-appointment at the forthcoming general meeting.

A resolution to re-appoint Deloitte as our external auditor will be submitted for shareholders' approval at our forthcoming annual general meeting. The Company has engaged Deloitte as its auditor for the past three years.



Corporate Governance Report

CORPORATE GOVERNANCE PRACTICES

Our Company is committed to maintaining a high standard of corporate governance. The principle of our Company's corporate governance is to implement effective internal control measures and to increase the transparency of the Board and accountability to all shareholders.

For the period from 1 January 2014 to 31 December 2014, our Company had adopted the code provisions set out in Corporate Governance Code contained in Appendix 14 to Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") as its own code to govern its corporate governance practices. Our Company had been in compliance with all code provisions set out in the Corporate Governance Code throughout the year ended 31 December 2014.

COMPLIANCE WITH THE MODEL CODE BY DIRECTORS

Our Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. Directors are reminded of their obligations under the Model Code on a regular basis. Following specific enquiry with the Directors, all of them have confirmed that they have complied with the required standards as set out in the Model Code throughout the year ended 31 December 2014.

BOARD OF DIRECTORS

Responsibilities of the Board

The Board is responsible for achieving the corporate goals, formulating the development strategy, regularly reviewing the organizational structure, and monitoring the business activities and management performance so as to protect and enhance the interests of the Company and its shareholders. Matters relating to the day-to-day operation of the Group are delegated to management. For the period from 1 January 2014 to 31 December 2014, the Board (among other things) considered and approved the annual budget, results of operations and the reconciliation between them, together with management work report and the annual results for the year ended 31 December 2014, monitored the operation of our Group's key business, and assessed our Group's internal control and financial matters.

Composition of the Board

The Board currently comprises seven Directors, including three executive Directors, being Mr. Yang Yongzheng, Mr. Xu Wuxue and Mr. Li Jiangming; one non-executive Director, being Mr. Li Liufa (the chairman of the Board); and three independent non-executive Directors, being Mr. Wang Ping, Mr. Kong Xiangzhong and Mr. Du Xiaotang. Mr. Li Liufa and Mr. Li Heping are appointed as the chairman of the Board and chief executive officer of the Company, respectively. Mr. Li Jiangming, the executive Director, is the younger brother of the spouse of Mr. Li Liufa, the Chairman of the Board. The profiles of Directors are set out in the section headed "Profiles of Directors and Senior Management" in this Annual Report.

Non-executive Directors

Our Company has one non-executive Director, being Mr. Li Liufa, with a term of three years commencing from 31 December 2014.

Independent Non-executive Directors

The three independent non-executive directors of the Company are Mr. Wang Ping, Mr. Kong Xiangzhong and Mr. Du Xiaotang, with a term for a year with effect from 24 December 2014 for Mr. Wang Ping and Mr. Kong Xiangzhong and with effect from 11 June 2014 for Mr. Du Xiaotang.



After Mr. Ma Chun Fung Horace was not re-elected as an independent non-executive Director on 28 May 2014, Mr. Du Xiaotang was appointed as independent non-executive Director on 11 June 2014 in compliance with required under Rules 3.11 and 3.23 of the Listing Rules.

Appointment, re-election and removal of Directors

Our Company has established a nomination committee (the "Nomination Committee") with written terms of reference. The Nomination Committee is responsible for formulating the procedures for the appointment and removal of Directors. In selecting proposed Directors, the Nomination Committee considers the integrity, industry achievements and experience, expertise, educational background of candidates and whether they have sufficient time to perform their duties as Directors.

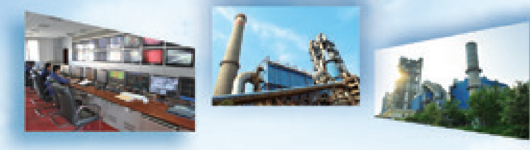
In accordance with Rule A.4 of Appendix 14 of the Hong Kong Listing Rules and article 84 and clause 3 of article 83 of the Articles of Association of our Company, at each annual general meeting one-third of Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Board may from time to time and at any time appoint any person to be a Director, either to fill a casual vacancy on the Board, or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment, and be subject to re-election at such meetings. Any Director appointed by the Board as an addition to the existing Board shall hold office until the next annual general meeting of the Company and shall be eligible for re-election.

In accordance with article 86 of the Articles of Association of our Company, the office of a Director shall be vacated if the Director: (1) resigns his office by notice in writing delivered to our Company at the Office or tendered at a meeting of the Board; (2) becomes of unsound mind or dies; (3) without special leave or absence from the Board, is absent from meetings of the Board for six consecutive months, and his alternate Director, if any, shall not during such period have attended in his stead and the Board resolves that his office be vacated; (4) becomes bankrupt or has a receiving order made against him or suspended payment or compounds with his creditors; (5) is prohibited by law from being a Director; or (6) ceases to be a Director by virtue of the Statutes or is removed from office pursuant to these Articles.

BOARD MEETINGS

The Board conducts meetings on a regular or irregular basis to discuss the overall strategy and operational and financial performance of our Group. During the year ended 31 December 2014, the Board held five meetings (excluding the two Board meetings held by way of circulation of a written resolution) as required by the operation and development of the Group. The attendance record of each Director is as follows:

Name of Directors	Attendance/Number of meetings held
Executive Directors	
Mr. Yang Yongzheng	5/5
Mr. Wang Delong (ceased to be director on 28 May 2014)	2/5
Mr. Xu Wuxue	5/5
Mr. Li Jiangming	1/5
Non-executive Directors	
Mr. Li Liufa	4/5
Mr. Tang Ming Chien (ceased to be director on 28 May 2014)	2/5



Name of Directors	Attendance/Number of meetings held
Independent Non-executive Directors	
Mr. Ma Chun Fung Horace (ceased to be director on 28 May 2014)	1/5
Mr. Kong Xiangzhong	5/5
Mr. Wang Ping	5/5
Mr. Du Xiaotang	2/5

As noted above, Mr. Wang Delong and Mr. Tang Ming Chien only attended two Board meetings because they ceased to be director at the conclusion of the 2013 annual general meeting and only two Board meetings were convened from 1 January 2014 to the date when they retired by rotation. Also, Mr. Ma Chun Fung Horace ceased to be director at the conclusion of the 2013 annual general meeting and failed to attend one Board meeting, therefore he only attended one Board meeting. Mr. Li Liufa failed to attend one meeting because he had a material interest in the resolutions being considered at that Board meeting and abstained from voting. Mr. Li Jiangming and Mr. Du Xiaotang, the newly appointed Directors in this year, were in office with effect from 11 June 2014, and two Board meetings were held from that date to 31 December 2014. The new Directors only attended the corresponding Board meetings. Mr. Li Jiangming failed to attend one meeting because he had a material interest in the resolutions being considered at that Board meeting and abstained from voting.

Our Company gives notices of Board meetings of a reasonable period, and the procedures for the Board meetings are in compliance with the Articles of Association of our Company and relevant rules and regulations. Meeting agendas and relevant documents are circulated to all Directors (for some Board meetings in respect which notices and information were not provided to the Board in a timely basis, attention has been brought to each of Directors and waiver from compliance has been obtained) in a timely manner. In order to ensure the compliance with the procedures for the Board meetings and all applicable rules and regulations, all Directors have full and timely access to all relevant information and may request the opinions and services of our joint company secretaries. Upon making a request to the Board, all Directors may seek independent professional opinions to discharge their duties at the expense of our Company.

The joint company secretaries shall keep minutes of Board meetings which shall be available for inspection by Directors and the auditors of our Company.

Our Company held a meeting attended by the chairman of the Board and non-executive Directors (including independent non-executive Directors) during the period in compliance with requirements under Rule A.2.7 of Appendix 14 of the Listing Rules to discuss and consider duties and roles of the Board and its relevant members as well as their performance during the reporting period.



GENERAL MEETING

Our Company held two general meetings, being the annual general meeting and the extraordinary general meeting, for the period from 1 January 2014 to 31 December 2014. The attendance record of Directors is as follows:

List of Directors	Attendance/Number of meetings held
Executive Directors	
Mr. Yang Yongzheng	2/2
Mr. Wang Delong (ceased to be director on 28 May 2014)	0/2
Mr. Xu Wuxue	2/2
Mr. Li Jiangming	0/2
Non-executive Directors	
Mr. Li Liufa	1/2
Mr. Tang Ming Chien (ceased to be director on 28 May 2014)	0/2
Independent Non-executive Directors	
Mr. Ma Chun Fung Horace (ceased to be director on 28 May 2014)	1/2
Mr. Kong Xiangzhong	2/2
Mr. Wang Ping	2/2
Mr. Du Xiaotang	1/2

Mr. Ma Chun Fung Horace only attended one general meeting because only one general meeting was convened during the office of Mr. Tang Ming Chien, Mr. Wang Delong and Mr. Ma Chun Fung Horace in 2014. As the appointment of Mr. Li Jiangming and Mr. Du Xiaotang became effective on 11 June 2014 and only one general meeting was convened from that date to 31 December 2014, Mr. Du Xiaotang only attended one general meeting. As Yu Kuo Company Limited, which held a total of 39.57% shares of our Company and was ultimately controlled by Chairman Li, was a connected person of our Company and had material interests in the resolution to be passed at the extraordinary general meeting, Chairman Li and parties acting in concert with him holding 39.57% shares of our Company abstained from voting at the extraordinary general meeting and Chairman Li only attended a general meeting.

CORPORATE GOVERNANCE FUNCTIONS

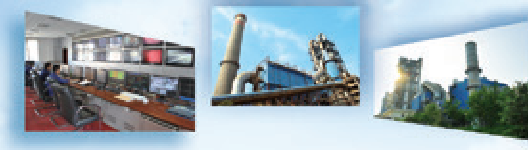
The corporate governance functions performed by the Board of Directors include the following:

(a) Formulate and review the corporate governance policy and practice of the Company;

(b) Review and monitor the training and continuous professional development of Directors and the senior management;

(c) Review and monitor the policy and practice of the Company in compliance with laws and regulatory requirements;

(d) Review the compliance with the Code of Corporate Governance by the Company and the disclosure in the Corporate Governance Report.



BOARD DIVERSITY POLICY

The Board adopt the following board diversity policy:

In order to achieve a sustainable and balanced development, the Company has realized it is very important to enhance diversity of the Board as an essential element in supporting the attainment of its strategic objectives and its sustainable development. All the appointments made by the Board will be based on meritocracy, with the benefit to the Board made by the board diversity policy. Selection of Board members will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on the specific demand for talents of the various stages in our business development and strategic planning.

The composition of the Board (including gender, age, educational background, and professional experience) has been disclosed in the "Profiles of Directors and Senior Management".

TRAINING FOR DIRECTORS

The Company is obliged to make arrangements for training courses (including the provision of information relating to the Group) in relation to the roles, functions and responsibilities of the Directors and provide the relevant expenditure so that the Directors are able to update or supplement their knowledge to ensure their continuous contribution to the Board of Directors.

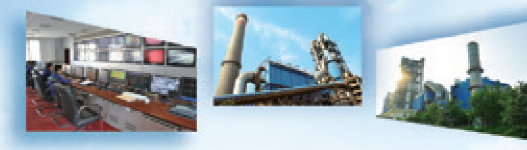
For the year ended 31 December 2014, the Directors (including Mr. Li Jiangming and Mr. Du Xiaotang, who were newly appointed during the period) had respectively accepted and learnt the directors' responsibilities, rights and obligations amended and prepared by the secretariat of our Company based on the Listing Rules. They were also provided information about the Group's structure, business and operations by the joint company secretaries upon commencement of office to enhance their understanding on the Group. The 32nd Affiliated Persons Enhanced Continuing Professional Development (ECPD) seminar on Connected Transactions and Insider Trading Governance held by the Hong Kong Institute of Chartered Secretaries as consolidated and prepared by the secretariat of our Company was accepted and learnt by all Directors, including Mr. Li Liufa, Mr. Yang Yongzheng, Mr. Xu Wuxue, Mr. Li Jiangming, Mr. Wang Ping, Mr. Kong Xiangzhong and Mr. Du Xiaotang. In addition, during the annual general meeting convened on 28 May 2014, our Company has invited the Hong Kong lawyers (in association with Wilson Sonsini Goodrich & Rosati, P.C) to arrange a three-hour training with a focus on "Continuing obligations of the Hong Kong companies listed on main board and its directors after listing" for the Directors and senior management. The participated directors were Mr. Li Liufa, Mr. Yang Yongzheng, Mr. Xu Wuxue, Mr. Ma Chun Fung Horace (ceased to be director on 28 May 2014) and Mr. Wang Ping.

INTERNAL CONTROL

The Board of Directors conducted an annual review on the internal control system of the Company and its subsidiaries through the Audit Committee, including the effectiveness of all relevant finances, operations, compliance control and risk management, and no material problem had been identified.

BOARD COMMITTEES

There is an audit committee, a nomination committee and a remuneration committee under the Board (collectively referred to as the "Board Committees"). The Board Committees have been provided with sufficient resources to discharge their duties, and may, upon reasonable request, seek independent professional opinions at the expense of our Company under appropriate circumstances.



Audit Committee

The responsibilities of the Audit Committee are to assist the Board in performing its fiduciary duties relating to accounting, auditing, financial reporting, internal control of the Company and its subsidiaries ("Group") and the Group's compliance with the relevant laws and regulations, including but not limited to, assist the Board in supervising (a) the completeness of the financial report of the Company; (b) the Company's compliance with the requirements of laws and regulations; (c) the qualifications and independence of the independent auditor of the Company; and (d) the performance of duties of the independent auditor and the internal audit department of the Company.

The Audit Committee currently comprises three members, being Mr. Wang Ping, Mr. Kong Xiangzhong and Mr. Du Xiaotang. Mr. Wang Ping is the chairman of the Audit Committee.

For the period from 1 January 2014 to 31 December 2014, the Company held a total of four Audit Committee meetings, at which it mainly reviewed and approved the annual audit report for 2013 and the interim review report for 2014 issued by Deloitte; discussed the relevant matters, including the annual audit strategies for 2014 and the significant matters brought to its attention. Mr. Ma Chun Fung Horace, the former Chairman of the Audit Committee attended three of the meetings during the corresponding period before he was retired by rotation. Mr. Kong Xiangzhong and Mr. Wang Ping attended four of the meetings and Mr. Du Xiaotang attended only one of the meetings during the corresponding period since he was appointed on 11 June 2014.

On 24 March 2015, the Audit Committee and the management of our Company discussed and reviewed the audited consolidated financial information of the Group for the year ended 31 December 2014.

Nomination Committee

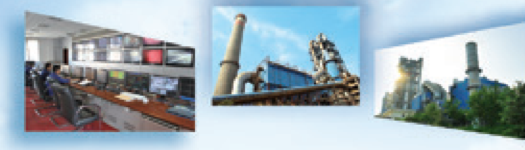
The responsibilities of the Nomination Committee are to assess the independence of the independent non-executive Directors, review the effectiveness of the Board diversification policy and its execution, assist the Board in dealing with the nomination of members and composition of the Board and to make recommendations on appointment and removal of Directors to the Board. The Nomination Committee comprises three members, being Mr. Kong Xiangzhong, Mr. Yang Yongzheng and Mr. Wang Ping. Mr. Kong Xiangzhong is the chairman of the Nomination Committee.

For the period from 1 January 2014 to 31 December 2014, the Company held a total of two Nomination Committee meetings, at which it mainly reviewed the structure, number of members and composition (including skills, knowledge and experience) of the Board, assessed the independence of the independent non-executive Directors, and discussed the retirement by rotation and re-election of each Director and the nomination resolution on new Directors, as well as review the effectiveness of the Board diversification policy and its execution. Mr. Kong Xiangzhong, Mr. Wang Ping and Mr. Yang Yongzheng attended two of the meetings.

Remuneration Committee

The responsibilities of the Remuneration Committee are to make recommendations to the Board as to the overall remuneration policy and structure of all Directors and senior management of the Group, to review individual performance-based remuneration and to ensure no Director participates in the determination of his own remuneration. The Remuneration Committee has adopted the practice under the code provision B.1.2(c)(i) to recommend the remuneration packages of selected executive Directors and senior management to the Board. The Remuneration Committee comprises three members, being Mr. Du Xiaotang, Mr. Kong Xiangzhong and Mr. Xu Wuxue. Mr. Du Xiaotang is the chairman of the Remuneration Committee.

For the period from 1 January 2014 to 31 December 2014, the Company held a total of two Remuneration Committee meetings, at which it mainly discussed and approved the overall remuneration policy and structure of all Directors and senior management of the Group, reviewed the remuneration payments of Directors and senior management for



2013 and considered and approved the proposed remuneration of the new Directors. Mr. Wang Ping (the former Chairman of the Remuneration Committee), Mr. Kong Xiangzhong and Mr. Xu Wuxue attended two of the meetings. As Mr. Du Xiaotang became the Chairman of the Remuneration Committee on 11 June 2014, and our Company did not convene any meeting of the Remuneration Committee subsequent to that date until 31 December 2014, there was no attendance record of Mr. Du Xiaotang, the new Director.

REMUNERATION OF SENIOR MANAGEMENT

The remuneration policy of the senior management has been recommended, reviewed and approved by our Remuneration Committee. The remuneration of the senior management whose names appear in the section headed "Profiles of Directors and Senior Management" in this Annual Report for the year ended 31 December 2014 can be classified into two bands: one falls within HK$2,500,000 to HK$3,000,000, the remuneration of the others was below HK$1,000,000.

INFORMATION ON DIRECTOR'S CHANGE DURING THE REPORTING PERIOD

Under Rule 13.51B of the Listing Rules, change of Director's information is set out as follows:

Information on Resigned and Retired Directors

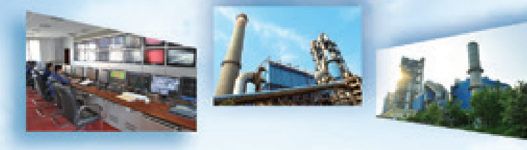
In accordance with Rule A.4.2 of Appendix 14 of the Listing Rules and article 84 of the Articles of Association of our Company, at each annual general meeting one-third of Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. Mr. Li Liufa, Mr. Tang Ming Chien and Mr. Ma Chun Fung Horace were recommended by the Board to retire by rotation at the 2013 annual general meeting, and reappointed Mr. Li Liufa as the non-executive Director. Mr. Tang Ming Chien ceased to be the non-executive Director and Mr. Ma Chun Fung Horace ceased to be the independent non-executive Director (including the Chairman and a member of the Audit Committee).

Information on Newly Appointed and Re-appointed Directors

In accordance with Rule A.4.2 of Appendix 14 of the Listing Rules and article 83 of the Articles of Association of our Company, the Board may from time to time and at any time appoint any person to be a Director, either to fill a casual vacancy on the Board, or as an addition to the existing Board. Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment, and be subject to re-election at such meeting. Mr. Li Jiangming and Mr. Du Xiaotang were appointed as executive Directors, independent non-executive Director of our Company upon recommendation by the Nomination Committee and consideration and approval by the Board. Mr. Yang Yongzheng was appointed as a member of the Nomination Committee; Mr. Du Xiaotang was also appointed as the Chairman of the Remuneration Committee and a member of the Audit Committee. The appointment of Mr. Li Jiangming and Mr. Du Xiaotang was effective from 11 June 2014 for a term of three years and one year respectively.

As the service contracts with Mr. Kong Xiangzhong and Mr. Wang Ping, the independent non-executive Directors, as director expired on 23 December 2014, the resolution on re-appointment of Directors proposed by our Company was considered and approved by the Board and the re-appointment was effective on 24 December 2014 for a term of one year.

Save as disclosed above, Mr. Kong Xiangzhong, Mr. Wang Ping and Mr. Du Xiaotang had respectively confirmed that: (i) he did not has any other relationship with any Director, senior management or substantial or Controlling Shareholder of our Company; (ii) he did not hold any position with our Company or any of its subsidiaries or any directorship in other listed public companies in the last three years, (iii) there was no other information which was required to be



disclosed under Rules 13.51(2)(h) to (v) of the Listing Rules, and (iv) there was no other matters relating to their re-appointment as independent non-executive Directors of our Company that needed to be brought to the attention of shareholders of our Company.

According to the Articles of Association of the Company, Mr. Li Jiangming and Mr. Du Xiaotang will be subject to retirement and re-election by the shareholders of the Company at the forthcoming annual general meeting of the Company respectively.

INDEPENDENT AUDITOR'S APPOINTMENT AND COMPENSATION

The independent auditor of our Company is Deloitte Touche Tohmatsu. For the year ended 31 December 2014, the compensation payable for the statutory audit and non-audit services provided by Deloitte Touche Tohmatsu is as follows:

Services provided by auditors	**Compensation** (RMB million)
Audit of annual report	2.7
Non-audit services	0.8
Total	3.5

The charges paid for non-audit services set at RMB0.8 million. It is the charges provided for performing agreed procedure on specific financial information to the Company at the request of the Audit Committee.

The Audit Committee is responsible for making recommendations to the Board as to the appointment, re-appointment and removal of the independent auditors, which is subject to the approval by the Board and its shareholders at general meetings of the Company.

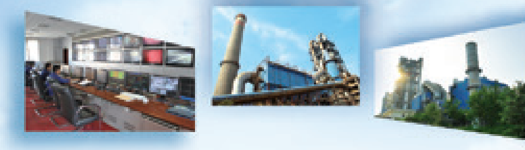
The Audit Committee will take into account certain factors including the audit performance, quality and objectivity and independence of the auditors, when assessing the auditors.

DIRECTORS' AND AUDITORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors of our Company have confirmed that it is responsible for making balanced, clear and understandable assessment of the consolidated financial statements set out in the annual and interim results. In preparing the financial report for the year ended 31 December 2014, the Directors have selected and applied consistently appropriate accounting policies, have adopted appropriate international financial reporting standards and have made prudent and reasonable judgment and estimates, and have prepared the financial statements on a going concern basis. The statement of the independent auditors of our Company regarding the presentation obligations for and opinions on the financial statements for the year ended 31 December 2014, are set out in the section headed the "Independent Auditors' Report" in this Annual Report.

JOINT COMPANY SECRETARIES

Ms. Kwong Yin Ping Yvonne is a joint company secretary of the Company. Ms. Kwong is the officer of a corporate service provider in Hong Kong. Mr. Yu Chunliang and Mr. Li Jiangming are the main contact persons for Ms. Kwong in respect of any matters regarding her position as a joint company secretary of the Company. For the details of Mr. Yu Chunliang and Mr. Li Jiangming, please see the section headed "Profiles of Directors and Senior Management".



For the year ended 31 December 2014, Ms. Kwong, Mr. Yu and Mr. Li had respectively attended 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

SHAREHOLDERS' RIGHTS

The general meetings of our Company provide an opportunity for communication between the shareholders and the Board. An annual general meeting of Our Company shall be held in each year. Each general meeting, other than an annual general meeting is referred to as an extraordinary general meeting ("EGM").

According to article 58 of the Articles of Association of our Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of our Company carrying the right of voting at general meetings of our Company shall at all times have the right, by written requisition to the Board or the secretary of our Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting 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 Board shall be reimbursed to the requisitionist(s) by our Company.

According to article 85 of the Articles of Association of our Company, no person other than a Director at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head officer or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if notices are submitted after the dispatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting. The written notice must include the candidate's biographical details as required by rule 13.51(2) of the Listing Rules. The procedures for a shareholder to propose a candidate for election as a Director have been published on the Company's website.

Shareholders may also at any time make enquires to the Board. All enquiries shall be in writing and send by post to the principal place of business in Hong Kong of our Company or by e-mail to ycl6906@sina.com or liht@tianruigroup.cn for the attention of the joint company secretaries.

INVESTOR RELATIONS

There were no material changes to the Articles of Association of our Company for the period from 1 January 2014 to 31 December 2014. Our Company has been acting in good faith, strictly following and implementing the Listing Rules, timely disclosing true, accurate and complete information that needs to be disclosed, and also timely disclosing information that might materially affect the decision-making of shareholders and other interested parties.

Our senior management is committed to maintaining communication channels with investors to provide them with thorough understanding of our Company and its business and strategies. In this regard, our Company has specially designated a director of investor relations, and has established and maintained proper communication channels for proper communication with investors and information disclosure.

Deloitte.
德勤

TO THE MEMBERS OF
CHINA TIANRUI GROUP CEMENT COMPANY LIMITED
中國天瑞集團水泥有限公司
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of China Tianrui Group Cement Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 41 to 124, which comprise the consolidated statement of financial position as at 31 December 2014, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows 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 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 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 and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, 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 judgment, 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 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.



OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
25 March 2015

Consolidated Statement Of Profit Or Loss And Other Comprehensive Income

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Revenue	6, 7	**8,950,286**	8,661,166
Cost of sales		**(6,892,772)**	(6,766,176)
Gross profit		**2,057,514**	1,894,990
Other income and other gains and losses	8	**446,756**	400,726
Distribution and selling expenses		**(389,954)**	(347,121)
Administrative expenses		**(382,337)**	(405,620)
Other expenses		**(18,027)**	(61,545)
Finance costs	9	**(961,199)**	(752,107)
Profit before tax		**752,753**	729,323
Income tax expense	10	**(212,635)**	(246,278)
Profit and total comprehensive income for the year	11	**540,118**	483,045
Profit (loss) and total comprehensive income (expense) for the year attributable to:			
Owners of the Company		**564,938**	558,955
Non-controlling interests		**(24,820)**	(75,910)
		540,118	483,045

		2014 RMB	2013 RMB
Earnings per share			
Basic	14	**0.24**	0.23

Consolidated Statement Of Financial Position

At 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	16	**12,732,279**	11,843,388
Deposits paid	17	**2,664,193**	1,291,970
Prepaid lease payments	18	**824,284**	791,573
Mining rights	19	**267,328**	215,530
Goodwill	20	**272,311**	161,480
Other intangible assets	21	**7,359**	8,226
Interest in an associate	22	**—**	—
Deferred tax assets	39	**58,497**	50,780
		16,826,251	14,362,947
CURRENT ASSETS			
Inventories	23	**1,331,028**	1,311,917
Loan receivables	24	**—**	993,777
Trade and other receivables	25	**2,106,064**	1,992,099
Amounts due from an associate	27	**458,635**	—
Pledged bank balances	28	**2,968,595**	2,141,207
Cash and bank balances	29	**973,302**	1,016,301
		7,837,624	7,455,301
CURRENT LIABILITIES			
Trade and other payables	30	**4,813,115**	3,774,289
Amounts due to an associate	31	**—**	31,434
Short term debentures	32	**2,296,446**	2,100,000
Mid-term debentures — due within one year	36	**700,000**	300,000
Borrowings — due within one year	33	**4,825,815**	3,975,858
Obligations under finance leases	34	**51,652**	48,305
Tax liabilities		**162,863**	113,521
Financial guarantee contracts	35	**9,320**	8,710
		12,859,211	10,352,117
NET CURRENT LIABILITIES		**(5,021,587)**	(2,896,816)
TOTAL ASSETS LESS CURRENT LIABILITIES		**11,804,664**	11,466,131

Consolidated Statement Of Financial Position

At 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
CAPITAL AND RESERVES			
Share capital	42	**19,505**	19,505
Share premium and reserves		**7,416,455**	6,854,304
Equity attributable to owners of the Company		**7,435,960**	6,873,809
Non-controlling interests	53	**(22,648)**	(3,308)
TOTAL EQUITY		**7,413,312**	6,870,501
NON-CURRENT LIABILITIES			
Borrowings — due after one year	33	**220,000**	700,000
Mid-term debentures	36	**1,792,595**	1,500,000
Long-term corporate bonds	37	**2,029,079**	2,000,000
Other payables	38	**8,400**	16,800
Deferred tax liabilities	39	**57,997**	44,260
Deferred income	40	**180,854**	183,960
Obligations under finance leases	34	**84,328**	135,980
Provision for environmental restoration	41	**18,099**	14,630
		4,391,352	4,595,630
		11,804,664	11,466,131

The consolidated financial statements on pages 41 to 124 were approved and authorised for issue by the board of directors on 25 March 2015 and are signed on its behalf by:

Li Liufa	**Yang Yongzheng**
DIRECTOR	DIRECTOR

Consolidated Statement Of Changes In Equity

For the year ended 31 December 2014

	Attributable to owners of the Company									
	Share Capital	Share premium	Capital reserve	Statutory reserve fund	Other reserve	Revaluation reserve	Retained earnings	Subtotal	Non-controlling interests	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(Note 42)		(note i)	(note ii)		(note iii)				
At 1 January 2013	19,505	1,275,536	789,990	357,740	835,046	31,768	3,013,979	6,323,564	19,896	6,343,460
Profit (loss) and total comprehensive income (expense) for the year	—	—	—	—	—	—	558,955	558,955	(75,910)	483,045
Acquisition of subsidiary *(Note 51)*	—	—	—	—	—	—	—	—	52,706	52,706
Transfer	—	—	—	55,504	—	—	(55,504)	—	—	—
Financial guarantee provided to related parties *(Note 35)*	—	—	—	—	(8,710)	—	—	(8,710)	—	(8,710)
At 31 December 2013	19,505	1,275,536	789,990	413,244	826,336	31,768	3,517,430	6,873,809	(3,308)	6,870,501
Profit (loss) and total comprehensive income (expense) for the year	—	—	—	—	—	—	564,938	564,938	(24,820)	540,118
Acquisition of subsidiary *(Note 50)*	—	—	—	—	—	—	—	—	2,150	2,150
Capital injection by non-controlling shareholders of a subsidiary	—	—	—	—	—	—	—	—	3,330	3,330
Transfers	—	—	—	59,123	—	—	(59,123)	—	—	—
Financial guarantee provided to related parties *(Note 35)*	—	—	—	—	(2,787)	—	—	(2,787)	—	(2,787)
At 31 December 2014	19,505	1,275,536	789,990	472,367	823,549	31,768	4,023,245	7,435,960	(22,648)	7,413,312

Note:

i Capital reserve represents the excess of capital injection over the registered capital of Tianrui Group Cement Company Limited ("Tianrui Cement").

ii According to the relevant requirements in the memorandum of the People's Republic of China (the "PRC") subsidiaries, a portion of their profits after taxation is transferred to statutory reserve fund. The transfer to this fund must be made before the distribution of dividend to the equity owners. The statutory reserve fund can be used to make up previous years' losses, if any. The statutory reserve fund is non-distributable other than upon liquidation.

iii The revaluation reserve represents the revaluation surplus of previously held interests in associates of Tianrui Cement recognised directly in equity when Tianrui Cement acquired additional interests in those entities and obtained control.

Consolidated Statement Of Cash Flows

For the year ended 31 December 2014

	2014	2013
	RMB'000	RMB'000
Cash flows from operating activities:		
Profit for the year	**540,118**	483,045
Adjustments for:		
Income tax expense recognised in profit or loss	**212,635**	246,278
Release of deferred income	**(8,074)**	(7,261)
Interest on bank deposits	**(77,239)**	(64,871)
Interest on loan receivables	**—**	(74,365)
Depreciation of property, plant and equipment	**722,847**	698,996
Finance costs recognised in profit or loss	**961,199**	752,107
Foreign exchange loss (gain)	**4,596**	(9,197)
Release of financial guarantee liability	**(2,177)**	—
Amortisation of prepaid lease payments	**17,905**	17,436
Allowances for bad and doubtful debts	**26,044**	211
Amortisation of mining rights	**14,920**	13,163
Amortisation of other intangible assets	**867**	810
Gain on disposal of property, plant and equipment	**(875)**	(2,336)
Provision for environmental restoration	**3,469**	3,146
Movements in working capital		
Operating cash flows before movements in working capital	**2,416,235**	2,057,162
Decrease (increase) in inventories	**10,117**	(114,882)
Increase in trade and other receivables	**(258,047)**	(170,443)
Increase in amounts due from an associate	**(458,635)**	—
(Decrease) increase in amounts due to an associate	**(31,434)**	34,923
Increase in trade and other payables	**832,773**	74,472
Increase (decrease) in discounted bills with recourse	**735**	(241,148)
Cash generated from operations	**2,511,744**	1,640,084
Income tax paid	**(173,113)**	(225,047)
Net cash from operating activities	**2,338,631**	1,415,037

Consolidated Statement Of Cash Flows

For the year ended 31 December 2014

	Notes	2014 RMB'000	2013 RMB'000
Cash flows from investing activities:			
Interest received		**156,016**	64,871
Acquisition of subsidiaries (net)	50, 51	**(40,171)**	(575,316)
Payment for acquisition of subsidiaries in year 2013	51	**(14,833)**	—
Purchase of property, plant and equipment		**(754,577)**	(821,905)
Addition of prepaid lease payments		**(23,771)**	(1,407)
Acquisition of mining rights		**(66,718)**	(9,157)
Proceeds from disposal of property, plant and equipment		**2,037**	7,965
Deposits paid		**(2,121,915)**	(1,291,970)
Government grants for prepaid lease payments		**4,968**	—
Increase (decrease) in pledged bank balances		**(827,388)**	358,666
Repayment of (advance of) loan receivables		**915,000**	(915,000)
Net cash used in investing activities		**(2,771,352)**	(3,183,253)
Cash flows from financing activities			
Interest paid		**(894,794)**	(634,795)
Capital injection from non-controlling shareholders of a subsidiary		**3,330**	—
Repayment of borrowings		**(6,357,979)**	(7,750,823)
New borrowings raised		**6,781,105**	6,789,893
Repayment of finance lease obligations		**(60,060)**	(60,035)
Issuance of short-term debentures		**2,296,446**	2,100,000
Issuance of mid-term debentures		**992,595**	800,000
Issuance of long-term corporate bonds		**29,079**	2,000,000
Repayment of short-term debentures		**(2,100,000)**	(1,000,000)
Repayment of mid-term debentures		**(300,000)**	—
Acquisition of mining rights		**—**	(13,400)
Net cash from financing activities		**389,722**	2,230,840
Net (decrease) increase in cash and cash equivalents		**(42,999)**	462,624
Cash and cash equivalents at beginning of year		**1,016,301**	553,677
Cash and cash equivalents at end of the year represented by cash and bank balances		**973,302**	1,016,301

1. GENERAL INFORMATION

China Tianrui Group Cement Company Limited (the "Company") is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands on 7 February 2011. The shares of the Company have been listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 23 December 2011. The registered office of the Company is Cricket Square, Hutchins Drive P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands, and its principal place of business is located at No. 63, Guangcheng East Road, Ruzhou City, Henan 467500, the PRC.

The Company is an investment holding company. The principal activities of its subsidiaries are manufacture and sale of cement and clinker. (See Note 53)

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2014, the Group's current liabilities exceeded its current assets by RMB5,021,587,000. The Group's current liabilities mainly included trade and other payables, borrowings and debentures.

In view of these circumstances, the directors of the Company (the "Directors") have given consideration to the future liquidity and performance of the Group and its available sources of finance in assessing whether the Group will have sufficient financial resources to continue as a going concern.

The consolidated financial statements have been prepared on a going concern basis. In the opinion of the Directors, the Group should be able to continue as a going concern in the coming twelve months taking into consideration of various measures to improve its financial position which include, but are not limited to, the following:

(i) Unused banking facilities of RMB1,123,000,000 in aggregate are available which have been obtained before 31 December 2014, which comprised of:

(a) a banking facility of RMB230,000,000 from the Bank of China which is available until 18 September 2015;

(b) a banking facility of RMB393,000,000 from the Construction Bank of China which is available until 25 September 2015;

(c) a banking facility of RMB200,000,000 from the Ping An Bank Company Limited which is available until 26 March 2015;

(d) a banking facility of RMB100,000,000 from the China Minsheng Bank Company Limited which is available until 4 September 2015;

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

(i) (Cont'd)

(e) a banking facility of RMB120,000,000 from the China Merchants Bank Company Limited which is available until 27 August 2015;

(f) a banking facility of RMB80,000,000 from the Industrial & Commercial Bank of China Company Limited which is available until 31 July 2015.

(ii) During the year 2013, the Company obtained approval from the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) to issue short term debentures up to a maximum outstanding amount of RMB1,500,000,000 at any point in time, subject to reissuance after maturity and settlement prior to expiration of the two years effective period. During the effective period, the Directors are of the view that the Group is able to identify investors and issue new debentures shortly after the settlement of the existing short term debentures on the respective maturity dates.

(a) the 2013 second tranche short term debentures of RMB500,000,000 issued on 27 April 2013 through the lead underwriter, China Guangfa Bank Company Limited carry interest of fixed rates of 4.70% with maturity of one year. This short term debentures fully repaid in April 2014 and will re-issue before 18 April 2015;

(b) the 2013 third tranche of short term debentures of RMB500,000,000 issued on 21 May 2013 through the lead underwriter, China Minsheng Bank Company Limited carry interest of fixed rates of 4.64% with maturity of one year. This short term debentures fully repaid in May 2014 and will re-issue before 8 May 2015;

(c) the 2013 fourth tranche of short term debentures of RMB500,000,000 issued on 18 October 2013 through the lead underwriter, China Ever Bright Bank Company Limited carry interest of fixed rates of 6.60% with maturity of one year. This short term debentures fully repaid in October 2014 and will re-issue before 24 September 2015.

The Directors are of the view that the Group is able to identify investors and re-issue the debenture of RMB1,500,000,000 in the year 2015 when the above debentures are fully repaid.

(iii) On 23 December 2013, the Company obtained approval from the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) to issue debenture up to a maximum outstanding amount of RMB2,500,000,000 at any point in time, subject to reissuance after maturity and settlement prior to expiration of the two years effective period.

(a) The 2014 second tranche of short term debentures of RMB1,000,000,000 issued on 23 June 2014 through the lead underwriters, Huaxia Bank Company Limited carry interest of fixed rates of 8.30% with maturity of one year;

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (Cont'd)

(iii) (Cont'd)

(b) The 2014 third tranche of debentures of RMB500,000,000 issued on 24 September 2014 through the lead underwriters, Huaxia Bank Company Limited, carry interest of fixed rates of 8.60% with maturity of two years;

(c) The 2015 first tranche of debenture of RMB500,000,000 issued on 9 January 2015 through the lead underwriters, Huaxia Bank Company Limited, carry interest of fixed rates of 8.50% with maturity of one year;

(d) The 2015 second tranche of debenture of RMB500,000,000 issued on 22 January 2015 through the lead underwriters, Huaxia Bank Company Limited, carry interest of fixed rates of 8.0% with maturity of one year.

The Directors are of view that the Group is able to identify investors and re-issue the debenture of RMB1,000,000,000 before 23 December 2015 when the 2014 second tranche of debenture issued on 23 June 2014 was fully repaid.

(iv) On 8 December 2014, the Company obtained approval from the National Association of Financial Market Institutional Investors (中國銀行間市場交易商協會) to issue debenture up to a maximum outstanding amount of RMB600,000,000 at any point in time, subject to reissuance after maturity and settlement prior to expiration of the two years effective period. The first tranche debenture of RMB300,000,000 issued on 30 December 2014 through the lead underwriter Ping An Bank Company Limited carry interest of fixed rates of 7.90% with maturity of 180 days.

The Directors are of the view that the Group is able to identify investors and issue the remaining tranche debenture of RMB300,000,000 in the year 2015.

(v) On 15 September 2014, the Company obtained banking facility from China Bohai Bank Company Limited to issue short term debenture up to a maximum outstanding amount of RMB2,000,000,000 at any point in time, subject to reissuance after maturity and settlement prior to expiration of one year effective period.

The Directors are of the view that the Group is able to identify investors and issue the short term debenture of RMB2,000,000,000 before 15 September 2015.

Taking into account of the aforesaid presently available banking facilities, debentures and internally generated funds of the Group, the Directors are satisfied that the Group is able to meet in full its financial obligations as they fall due in the foreseeable future and therefore the consolidated financial statements are prepared on a going concern basis.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

Except for the early application of amendments to IAS 36 Recoverable Amount Disclosures for Non-Financial Assets, the Group has applied, for the first time, an interpretation and certain amendments to IFRSs that are mandatorily effective in the current year:

Amendments to IFRS 10, IFRS 12 and IAS 27	Investment Entities
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting
IFRIC 21	Levies

IFRIC 21 Levies

The Group has applied IFRIC 21 Levies for the first time in the current year. IFRIC 21 addresses the issue as to when to recognise a liability to pay a levy imposed by a government. The Interpretation defines a levy, and specifies that the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by legislation. The Interpretation provides guidance on how different levy arrangements should be accounted for, in particular, it clarifies that neither economic compulsion nor the going concern basis of financial statements preparation implies that an entity has a present obligation to pay a levy that will be triggered by operating in a future period.

IFRIC 21 has been applied retrospectively. The application of this interpretation has had no material impact on the disclosures or on the amounts recognised in the Group's consolidated financial statements.

The Group has not early applied the following new and revised IFRSs that have been issued but are not yet effective:

IFRS 9	Financial Instruments[1]
IFRS 15	Revenue from Contracts with Customers[2]
Amendments to IFRS 11	Accounting for Acquisitions of Interests in Joint Operations[4]
Amendments to IAS 1	Disclosure Initiative[4]
Amendments to IAS 16 and IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[4]
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2010-2012 Cycle[5]
Amendments to IFRSs	Annual Improvements to IFRSs 2011-2013 Cycle[3]
Amendments to IFRSs	Annual Improvements to IFRSs 2012-2014 Cycle[4]
Amendments to IAS 16 and IAS 41	Agriculture: Bearer Plants[4]
Amendments to IAS 27	Equity Method in Separate Financial Statements[4]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to IFRS 10, IFRS 12 and IAS 28	Investment Entities: Applying the Consolidation Exception[4]

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Cont'd)

[1] Effective for annual periods beginning on or after 1 January 2018.
[2] Effective for annual periods beginning on or after 1 January 2017.
[3] Effective for annual periods beginning on or after 1 July 2014.
[4] Effective for annual periods beginning on or after 1 January 2016.
[5] Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described below:

- All recognised financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Cont'd)

IFRS 9 Financial Instruments (Cont'd)

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Except for the potential early recognition of credit losses based on the expected loss model in relation to the Group's financial assets measured at amortised costs, the Directors anticipate that the adoption of IFRS 9 in the future may not have other significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 December 2014.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (Cont'd)

IFRS 15 Revenue from Contracts with Customers (Cont'd)

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The Group is in the process of making an assessment of the impact of IFRS 15 and it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

a) when the intangible asset is expressed as a measure of revenue; or

b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The Directors believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the Directors do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Group's consolidated financial statements.

Other than set out above, the Directors do not anticipate that the application of other new and amendments to IFRSs will have a material impact on amounts reported in the Group's consolidated financial statements and/or disclosures set out these consolidated financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with IFRSs.

In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and Hong Kong Companies Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 Inventories or value in use in IAS 36 Impairment of Assets.

The principle accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Basis of consolidation (Cont'd)

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Investment in an associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of an associate are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Investment in an associate (Cont'd)

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of discounts and sales related taxes.

Revenue from the sale of goods is recognised when goods are delivered and title is passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress, are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of items of property, plant and equipment other than construction in progress and stripping costs (see the accounting policy below), over their estimated useful lives and after taking into account of their estimated residual values, using the straight-line method.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss, if any. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property, plant and equipment, commences when the assets are ready for their intended use.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the year in which the item is derecognised.

Stripping costs

Stripping costs incurred during the development of a limestone mine and during the production phase which provide improved access to ore are capitalised into property, plant and equipment when certain criteria are met. The costs of normal ongoing operational stripping activities are accounted for in accordance with IAS 2 Inventories. Depreciation of capitalised stripping costs is provided on a straight-line basis over their estimated useful lives.

Mining rights

Mining rights acquired separately and with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of mining rights with finite useful lives is provided on a straight-line basis over their estimated useful lives.

Prepaid lease payments

Prepaid lease payments represent payments made to acquire land use rights and are amortised on a straight-line basis over the term of the land use rights.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of relevant lease.

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating leases payment is recognised as an expense on a straight-line basis over the term of the relevant lease. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Sale and leaseback transactions

When a sale and leaseback transaction results in a finance lease, the Group neither recognise a sale nor derecognise the relevant asset. The initial cash received from the lessor, together with the present value of the obligation to repurchase the asset are recognised as liabilities to the lessor. If the sales proceeds at the time of a sale and leaseback transaction is less than the carrying amount of the asset, no adjustment is necessary unless there has been an impairment in value, in which case the carrying amount is reduced to recoverable amount in accordance with IAS 36, Impairment of Assets.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency (foreign currencies) are recorded in the respective functional currency at the rates of exchanges prevailing on the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at those dates. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefits costs

Payments to state-managed retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contribution.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statements of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated statements of financial position and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Taxation (Cont'd)

Deferred tax (Cont'd)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of each reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Intangible assets

Intangible assets acquired in a business combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less estimated costs of completion and costs necessary to make the sale.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statements of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are loans and receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the reporting periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, loan receivables, pledged bank balances and cash and bank balances) are carried at amortised cost using the effective interest method, less any identified impairment losses.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial assets (Cont'd)

Impairment of loans and receivables

Loans and receivables are assessed for indicators of impairment at the end of each reporting period. Loans and receivables are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of loans and receivables, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For loans and receivables carried at amortised cost, an impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

The carrying amount of loans and receivables is reduced by the impairment loss directly for all loans and receivables with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade and other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For loans and receivables measured at the amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the group entities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all its liabilities.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Interest expense is recognised on an effective interest basis.

Financial liabilities

The Group's financial liabilities including trade and other payables, amounts due to an associate, short term debentures, mid-term debentures, long-term corporate bonds and borrowings are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Group are initially measured at their fair values and are subsequently measured at the higher of:

(i) the amount of obligation under the contract, as determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets; and

(ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

Equity instruments

Equity instruments issued by the group entities are recorded at the proceeds received, net of direct issue costs.

The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Transaction costs related jointly to concurrent offering of some shares and listing of shares are allocated using a basis of allocation that is rational and consistent with similar transactions.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Group has transferred substantially all the risks and rewards of ownership of the financial assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. If the Group retains substantially all the risks and rewards of ownership of a transferred asset, the Group continues to recognise the financial assets and recognise a collateralised borrowing for proceeds received.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Impairment of tangible and intangible assets other than goodwill (see the accounting policy in respect of goodwill above)

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

4. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Provision for environmental restoration

The Group is required to incur costs for environment restoration after the underground sites have been mined. Provision for restoration costs were recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation. Provision is measured at the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect is material).

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, the management is required to make judgments, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 estimates is revised if the revision affects only that period, or in the period of the revision and the future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Depreciation of property, plant and equipment

As at 31 December 2014, the carrying amount of property, plant and equipment is RMB12,732,279,000 (2013: RMB11,843,388,000). Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual value. The Group assesses annually the residual value and the remaining useful life of property, plant and equipment and if the expectation differs from the original estimates, such differences from the original estimates will impact the depreciation charges in the year in which the estimates change and in future periods.

Impairment of intangible assets

As at 31 December 2014, the carrying amount of mining rights is RMB267,328,000 (2013: RMB215,530,000) and no impairment loss has been provided. They are reviewed for impairment when events or circumstances indicate the carrying value may not be recoverable. Factors that would indicate impairment may include, but are not limited to, the significant change in economic environment, operating cash flows associated with the intangible assets or the cash generating unit containing the intangible assets.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the recoverable amount of the cash-generating units to which goodwill has been allocated, which is the higher of fair value less costs of disposal and value in use. The value in use calculation requires the management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected or changes in facts and circumstances which result in downward revision of future estimated cash flows, a material impairment loss may arise. As at 31 December 2014, the carrying amount of goodwill is RMB272,311,000 (2013: RMB161,480,000) and no impairment loss has been provided.

Deferred tax assets

As at 31 December 2014, deferred tax assets of RMB58,497,000 (2013: RMB50,780,000) in relation to temporary differences and unused tax losses have been recognised in the consolidated statement of financial position. No deferred tax asset has been recognised on the tax losses of RMB307,557,000 (31 December 2013: RMB250,865,000) due to the unpredictability of future profit streams. The recognition of the deferred tax assets mainly depends on whether sufficient taxable temporary differences or future assessable profits will be available in the future. In cases where the actual future assessable profits generated are less or more than expected, a material reversal or further provision of deferred tax assets may arise, which would be recognised in profit or loss in the period such a reversal takes place.

Estimated impairment of trade receivables

Where there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the original effective interest rate. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2014, the carrying amount of trade receivables is RMB499,211,000 (net of allowance for doubtful debts of RMB52,207,000) (31 December 2013: RMB312,407,000 (net of allowance for doubtful debts of RMB26,163,000)).

6. REVENUE

Revenue represents the amount received and receivable for goods sold to external customers, net of sales tax.

An analysis of the Group's revenue for the year is as below:

	2014	2013
	RMB'000	RMB'000
Sales of cement	**8,193,327**	7,996,211
Sales of clinker	**756,959**	664,955
	8,950,286	8,661,166

7. SEGMENT INFORMATION

Segment information has been identified on the basis of internal management reports, which are regularly reviewed by the chief executive officer (being the chief operating decision maker) in order to allocate resources to the operating segments and to assess their performance.

The Group's chief executive officer reviews the Group's internal reporting which is mainly based on two broad geographical locations for the purposes of resource allocation and performance assessment. This is the basis upon which the Group is organised. Management has determined the operating segments based on these reports. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the reportable segments of the Group.

The following is an analysis of the Group's revenue and results by reportable and operating segment:

	Segment revenue		**Segment profit**	
	2014	2013	**2014**	2013
	RMB'000	RMB'000	**RMB'000**	RMB'000
Central China	**6,286,386**	6,273,968	**672,567**	648,052
Northeastern China	**2,663,900**	2,387,198	**103,959**	102,492
Total	**8,950,286**	8,661,166	**776,526**	750,544
Unallocated corporate administrative expenses			**(23,773)**	(21,221)
Profit before tax			**752,753**	729,323

The accounting policies of the reportable and operating segments are the same as the Group's accounting policies described in Note 4. Segment profit represents the profit before taxation without allocation unallocated corporate administrative expense including directors' emoluments.

Segment revenues are derived from sales to external customers. There are no inter-segment sales.

7. SEGMENT INFORMATION (Cont'd)

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

	2014 RMB'000	2013 RMB'000
SEGMENT ASSETS		
Central China	**17,378,792**	15,057,782
Northeast China	**7,207,140**	6,700,490
Total segment assets	**24,585,932**	21,758,272
Deferred tax assets	**58,497**	50,780
Other receivables	**9,233**	3,822
Cash and bank balances	**10,213**	5,374
Total assets	**24,663,875**	21,818,248
SEGMENT LIABILITIES		
Central China	**13,430,142**	11,599,978
Northeast China	**3,591,075**	3,189,988
Total segment liabilities	**17,021,217**	14,789,966
Deferred tax liabilities	**57,997**	44,260
Tax liabilities	**162,863**	113,521
Other payables	**8,486**	—
Total liabilities	**17,250,563**	14,947,747

For the purposes of monitoring segment performances and allocating resources between segments:

— all assets are allocated to operating and reportable segments other than deferred tax assets, certain other receivables, and cash and bank balances; and

— all liabilities are allocated to operating and reportable segments other than deferred tax liabilities, tax liabilities and certain other payables.

7. SEGMENT INFORMATION (Cont'd)

Other segment information

Amounts included in the measure of segment profit and segment assets:

For the year ended 31 December 2014

	Central China RMB'000	**Northeast China** RMB'000	**Total** RMB'000
Additions to property, plant & equipment	**779,470**	**463,366**	**1,242,836**
Additions to prepaid lease payments	**15,921**	**7,850**	**23,771**
Additions to mining rights	**66,718**	**—**	**66,718**
Finance costs	**628,459**	**332,740**	**961,199**
Provision for environmental restoration	**3,052**	**417**	**3,469**
Depreciation and amortisation	**496,299**	**260,240**	**756,539**
Allowance for bad and doubtful debts	**9,723**	**16,321**	**26,044**
(Gain) loss on disposal of property, plant and equipment	**(904)**	**29**	**(875)**
Value Added Tax refund	**(214,481)**	**(42,519)**	**(257,000)**
Incentive subsidies	**(57,760)**	**(16,892)**	**(74,652)**
Interest on bank deposits	**(58,244)**	**(18,995)**	**(77,239)**

For the year ended 31 December 2013

	Central China RMB'000	Northeast China RMB'000	Total RMB'000
Additions to property, plant & equipment	943,412	82,717	1,026,129
Additions to prepaid lease payments	484	923	1,407
Additions to mining rights	9,157	—	9,157
Finance costs	358,740	393,367	752,107
Provision for environmental restoration	2,519	627	3,146
Depreciation and amortisation	491,630	238,775	730,405
Allowance (reversal of allowance) for bad and doubtful debts	886	(675)	211
Gain on disposal of property, plant and equipment	(1,657)	(679)	(2,336)
Value Added Tax refund	(92,296)	(60,821)	(153,117)
Incentive subsidies	(36,948)	(19,553)	(56,501)
Interest on bank deposits	(49,199)	(15,672)	(64,871)
Interest on loan receivables	(74,365)	—	(74,365)

7. SEGMENT INFORMATION (Cont'd)

Revenue from major products has been disclosed in Note 6. All of the Group's operations, as well as all external customers and its non-current assets, are located in the PRC.

No revenue from a single customer or a group of customers under common control contributing over 10% of the total revenue of the Group for the year ended 31 December 2014 and 2013.

8. OTHER INCOME AND OTHER GAINS AND LOSSES

	2014	2013
	RMB'000	RMB'000
Value Added Tax refund *(Note i)*	**257,000**	153,117
Incentive subsidies *(Note ii)*	**74,652**	56,501
Foreign exchange (loss) gain, net	**(4,596)**	9,197
Interest on bank deposits	**77,239**	64,871
Interest on loan receivables, net of business tax	**—**	74,365
Rental income	**2,058**	2,018
Release of deferred income *(Note 40)*	**8,074**	7,261
Gain on sales of scrap	**54,764**	29,632
Gain on disposal of property, plant and equipment	**875**	2,336
Allowance for bad and doubtful debts	**(26,044)**	(211)
Others	**2,734**	1,639
	446,756	400,726

Note:

i. Value Added Tax refund represents incentives approved by relevant government authorities as a result of utilising industrial waste as part of the production materials.

ii. Amounts mainly represent subsidies granted by certain local governments for encouraging domestic business development.

9. FINANCE COSTS

	2014 **RMB'000**	2013 RMB'000
Interest on:		
Bank borrowings wholly repayable within five years	**377,761**	351,349
Finance leases	**11,755**	14,859
Bills discounted with recourse	**196,167**	136,660
Short term debentures	**141,502**	78,675
Mid-term debentures	**178,237**	100,448
Long-term corporate bonds	**148,062**	125,792
Interest on other payables, including imputed interest	**982**	4,339
	1,054,466	812,122
Less: amounts capitalised in the cost of qualifying assets	**(93,267)**	(60,015)
	961,199	752,107

The borrowing costs on general borrowing pool capitalised are calculated by applying capitalisation rate of 7.09% per annum for the year ended 31 December 2014 (2013: 6.86% per annum).

Interest on bills discounted with recourse includes interest on discounted bills issued among subsidiaries of the Group for intra-group transactions of RMB150,242,000 (2013: RMB105,644,000).

10. INCOME TAX EXPENSE

	2014 **RMB'000**	2013 RMB'000
PRC Enterprise Income Tax ("EIT")		
— current year	**219,729**	257,780
— under-provision in prior year	**2,726**	2,009
	222,455	259,789
Deferred tax *(Note 39)*	**(9,820)**	(13,511)
	212,635	246,278

No provision for Hong Kong taxation has been made during both years as the Group's income neither arisen nor is derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "PRC EIT Law") and Implementation Regulation of the PRC EIT Law, the tax rate of the PRC subsidiaries is 25%.

10. INCOME TAX EXPENSE (Cont'd)

The tax charge for the year can be reconciled to profit before taxation per consolidated statement of profit or loss and other comprehensive income as follows.

	2014 RMB'000	2013 RMB'000
Profit before taxation	**752,753**	729,323
Tax at the applicable rate of 25% (2013: 25%)	**188,188**	182,331
Tax effect of expenses that are not deductible	**5,085**	4,203
Tax effect of tax losses not recognised	**14,173**	60,983
Utilisation of tax losses previously not recognised	**—**	(1,553)
Under-provision in prior years	**2,726**	2,009
Others	**2,463**	(1,695)
Income tax expenses for the year	**212,635**	246,278

11. PROFIT AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR

Profit and total comprehensive income for the year has been arrived at after charging:

	2014 RMB'000	2013 RMB'000
Depreciation of property, plant and equipment	**722,847**	698,996
Amortisation of prepaid lease payments	**17,905**	17,436
Amortisation of mining rights, included in cost of sales	**14,920**	13,163
Amortisation of other intangible assets, included in cost of sales	**867**	810
Total depreciation and amortisation *(note)*	**756,539**	730,405
Cost of inventories recognised as an expense	**6,892,772**	6,766,176
Staff costs including retirement benefit	**387,970**	349,378
Auditor's remuneration	**2,700**	2,700
Release of financial guarantee liability	**2,177**	—

Note:

Depreciation and amortisation amounting to RMB14,265,000 (2013: RMB42,167,000) during the temporary suspension period due to seasoned effect are included in other expenses on the consolidated statement of profit or loss and other comprehensive income.

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

The emoluments paid or payable to each of the directors and the chief executive officer were as follows:

		2014				2013			
	Note	Fee RMB'000	Salaries and other allowances RMB'000	Contributions to retirement benefits schemes RMB'000	Total emoluments RMB'000	Fee RMB'000	Salaries and other allowances RMB'000	Contributions to retirement benefits schemes RMB'000	Total emoluments RMB'000
Executive directors									
Mr. Liu Wenying	i	—	—	—	—	—	—	—	—
Mr. Yu Yagang	ii	—	—	—	—	—	—	—	—
Mr. Yang Yongzheng	iii	416	—	—	416	441	—	—	441
Mr. Xu Wuxue	iv	415	—	—	415	438	—	—	438
Mr. Wang Delong	v	—	—	—	—	—	—	—	—
Mr. Li Jiangming	vi	401	—	—	401	—	—	—	—
		1,232	—	—	1,232	879	—	—	879
Non-executive directors									
Mr. Li Liufa		—	—	—	—	—	—	—	—
Mr. Tang Ming Chien		—	—	—	—	—	—	—	—
		—	—	—	—	—	—	—	—
Independent non-executive directors									
Mr. Ma Chun Fung	vii	82	—	—	82	189	—	—	189
Mr. Kong Xiangzhong		200	—	—	200	200	—	—	200
Mr. Wang Ping		189	—	—	189	189	—	—	189
Mr. Du Xiaotang	viii	95	—	—	95	—	—	—	—
		566	—	—	566	578	—	—	578
		1,798	—	—	1,798	1,457	—	—	1,457

Mr. Li Heping resigned as executive director on 11 May 2013 and was still appointed as the chief executive officer of the Company. His emolument includes a fee of RMB2,000,000 for the year ended 31 December 2014 (2013: RMB2,000,000).

12. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS (Cont'd)

Note:

i Mr. Liu Wenying resigned as executive director on 11 May 2013;

ii Mr. Yu Yagang resigned as executive director on 11 May 2013;

iii Mr. Yang Yongzheng was appointed as executive director on 11 May 2013;

iv Mr. Xu Wuxue was appointed as executive director on 11 May 2013;

v Mr. Wang Delong was appointed as executive director on 11 May 2013 and resigned on 28 May 2014, whose emoluments was borne by Tianrui Group(as defined in Note 35);

vi Mr. Li Jiangming was appointed as executive director on 11 June 2014;

vii Mr. Ma Chun Fung resigned as independence non-executive director on 28 May 2014;

viii Mr. Du Xiaotang was appointed as independence non-executive director on 11 June 2014.

13. EMPLOYEES' EMOLUMENTS

The emoluments of the five highest paid individuals included three (2013: three) directors and/or chief executive officer of the Company for the year (details of whose emoluments are set out in note 12 above), the emoluments of the remaining two (2013: two) highest paid individuals for the year were as follows:

	2014 **RMB'000**	2013 RMB'000
Salaries and other allowances	**939**	956
Performance related incentive payments	**252**	251
Retirement benefit scheme contribution	**16**	18
	1,207	1,225

The emolument of each of the above employees is below HK$1,000,000 (equivalent to approximately RMB788,870).

No emoluments were paid by the Group to the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office during the both years.

Neither the chief executive officer nor any of the directors waived any emoluments during the year ended 31 December 2014 and 2013.

The performance related incentive payment is determined based on the employee's contribution to the operating result of the Group for the each of the year ended 31 December 2014 and 2013.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company for the each of reporting period is based on the following data:

	2014 RMB'000	2013 RMB'000
Earnings		
Profit for the year attributable to owners of the Company	**564,938**	558,955

	2014 '000	2013 '000
Number of shares		
Number of shares for the purpose of basic earnings per share (in thousands)	**2,400,900**	2,400,900

No diluted earnings per share is presented for both years as there is no potential ordinary shares outstanding.

15. DIVIDEND

No dividend has been proposed, paid or declared by the Company during both years.

The Board proposed the declaration of final dividend of RMB0.06 per share and special dividend of RMB0.15 per share, representing a total dividend distribution of RMB504,189,000 for the year ended 31 December 2014 (2013: Nil). The declaration of the final dividend and special dividend is subject to the shareholder approval in the forthcoming annual general meeting.

16. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Motor vehicles	Office equipment	Stripping costs	Construction in progress	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
COST							
At 1 January 2013	5,666,723	6,339,678	111,042	83,639	695,767	511,436	13,408,285
Additions	47,349	30,525	4,951	11,712	49,984	881,608	1,026,129
Additions from acquisition of subsidiaries *(Note 51)*	276,532	150,276	17,402	768	—	14,348	459,326
Disposals	—	(4,998)	(15,976)	(525)	—	—	(21,499)
Transfer	196,401	270,274	—	—	—	(466,675)	—
At 31 December 2013	6,187,005	6,785,755	117,419	95,594	745,751	940,717	14,872,241
Additions	4,321	23,873	7,127	10,723	680,003	516,789	1,242,836
Additions from acquisition of subsidiaries *(Note 50)*	190,128	84,592	8,559	349	—	86,436	370,064
Disposals	(459)	(1,948)	(7,248)	(137)	—	—	(9,792)
Transfer	98,653	84,588	—	—	—	(183,241)	—
At 31 December 2014	6,479,648	6,976,860	125,857	106,529	1,425,754	1,360,701	16,475,349
DEPRECIATION AND IMPAIRMENT							
At 1 January 2013	604,601	1,562,928	64,620	80,871	32,707	—	2,345,727
Provided for the year	192,002	440,102	18,282	3,366	45,244	—	698,996
Eliminated on disposals	—	(3,042)	(12,318)	(510)	—	—	(15,870)
At 31 December 2013	796,603	1,999,988	70,584	83,727	77,951	—	3,028,853
Provided for the year	194,636	429,414	36,639	4,412	57,746	—	722,847
Eliminated on disposals	(189)	(1,632)	(6,738)	(71)	—	—	(8,630)
At 31 December 2014	991,050	2,427,770	100,485	88,068	135,697	—	3,743,070
CARRYING AMOUNTS							
At 31 December 2013	5,390,402	4,785,767	46,835	11,867	667,800	940,717	11,843,388
At 31 December 2014	5,488,598	4,549,090	25,372	18,461	1,290,057	1,360,701	12,732,279

16. PROPERTY, PLANT AND EQUIPMENT (Cont'd)

Buildings are located in the PRC on medium term leasehold land. The above items of property, plant and equipment, other than construction in progress and stripping costs, are depreciated over their useful lives, after taking into account the estimated residual value, on a straight-line basis:

Buildings	20–30 years
Plant and machinery	5-15 years
Motor vehicles	5 years
Office equipment	5 years

Stripping costs are depreciated on a straight-line basis over their estimated useful lives ranged from 10 to 15 years. Costs incurred on stripping activity which provide improved access to the whole of the remaining ore body are depreciated over the remaining useful life of the relevant mine. Costs incurred in respect of an identified component of the ore body that is made more accessible by the activity are depreciated over a shorter period than the life of the mine. The management considers that the straight-line basis is more appropriate due to difficulty in determining the pattern of consumption of the future economic benefits reliably as the quantity of outputs to be extracted may be impacted by economical and geographical reasons.

Details of the property, plant and equipment pledged by the Group to secure the bank borrowings granted to the Group are set out in Note 43.

The carrying amounts of buildings, which the application to obtain the ownership certificates is still in process, are approximately RMB855,864,000 as at 31 December 2014 (31 December 2013: RMB909,097,000).

The carrying amount of equipment, which are under finance lease arrangement, is approximately RMB280,587,000 as at 31 December 2014 (31 December 2013: RMB306,682,000).

17. DEPOSITS PAID

	2014 **RMB'000**	2013 RMB'000
Deposits paid for acquiring property, plant and equipment, land use rights and mining rights	**522,720**	542,278
Deposits paid for acquisition of businesses *(Note)*	**2,141,473**	749,692
	2,664,193	1,291,970

Note: Included in deposits paid for acquisition of businesses, were advances to the investees of RMB1,972,673,000 (31 December 2013: RMB676,492,000) mainly for acquisition of production facilities as at 31 December 2014. The acquisitions are expected to be completed in 2015.

18. PREPAID LEASE PAYMENTS

	Prepaid lease payments RMB'000
At 1 January 2013	711,355
Additions	1,407
Additions from acquisition of subsidiaries *(Note 51)*	115,350
Amortisation charged to profit or loss	(17,436)
At 31 December 2013	810,676
Additions	23,771
Additions from acquisition of subsidiaries *(Note 50)*	27,012
Amortisation charged to profit or loss	(17,905)
At 31 December 2014	843,554

Analysis for reporting purposes as:

	2014 **RMB'000**	2013 RMB'000
Current assets included in trade and other receivables *(Note 25)*	**19,270**	19,103
Non-current assets	**824,284**	791,573
	843,554	810,676

The carrying amounts of land use right, which the application to obtain the certificates is still in process, are approximately RMB143,241,000 as at 31 December 2014 (31 December 2013: RMB143,430,000).

Prepaid lease payments represent medium-term land use right in the PRC and are amortised over the lease term of the respective leases.

Details of the land use rights pledged by the Group to secure the bank borrowings granted to the Group are set out in Note 43.

19. MINING RIGHTS

	Mining rights RMB'000
COST	
At 1 January 2013	270,742
Additions	9,157
At 31 December 2013	279,899
Additions	66,718
At 31 December 2014	346,617
ACCUMULATED AMORTISATION	
At 1 January 2013	51,206
Amortisation	13,163
At 31 December 2013	64,369
Amortisation	14,920
At 31 December 2014	79,289
CARRYING AMOUNTS	
At 31 December 2013	215,530
At 31 December 2014	267,328

The useful lives of the mining rights in respect of limestone sites located in the PRC, mainly ranged from 10-33 years.

Details of the mining rights pledged by the Group to secure the bank loans granted to the Group are set out in Note 43.

20. GOODWILL

For the purposes of impairment testing, goodwill has been allocated to twelve (2013: eight) cash generating units ("CGUs"), comprising fourteen (2013: ten) subsidiaries. The carrying amounts of goodwill as at 31 December 2014 and 2013 allocated to these units are as follows:

	2014 **RMB'000**	2013 RMB'000
COST		
At 1 January	**161,480**	18,964
Arising on acquisition of subsidiaries *(Notes 50 and 51)*	**110,831**	142,516
At 31 December	**272,311**	161,480
CARRYING AMOUNTS		
At 31 December	**272,311**	161,480

20. GOODWILL (Cont'd)

The carrying amounts of goodwill allocated to CGUs or groups of CGU of the relevant companies, represent the lowest level within the Group at which goodwill is monitored for internal management purpose, as are set out below:

	2014 RMB'000	2013 RMB'000
Weihui Shi Tianrui Cement Company Limited	10,502	10,502
Zhengzhou Tianrui Cement Company Limited	1,773	1,773
Pingdingshan Tianrui Yaodian Cement Company Limited	6,689	6,689
Liaoyang Tianrui Weiqi Cement Company Limited (遼陽天瑞威企水泥有限公司)("Weiqi Cement")	33,422	33,422
Liaoyang Tianrui Chengxing Cement Company Limited (遼陽天瑞誠興水泥有限公司)("Chengxing Cement")	13,628	13,628
Liaoyang Tianrui Liaota Cement Company Limited (遼陽天瑞遼塔水泥有限公司)("Liaota Cement"); and Liaoyang Tianrui Liaodong Cement Company Limited (遼陽天瑞遼東水泥有限公司) ("Liaodong Cement"); and Dengta Liaota Cement Company Limited (燈塔市遼塔水泥有限公司) ("Dengta Cement") (Collectively referred to as the "Liaota Group")	29,284	29,284
Dalian Tianrui Jinhaian Cement Company Limited (大連天端金海岸水泥有限公司) ("Jinhaian Cement")	49,558	49,558
Xinyang Tianrui Cement Company Limited (信陽天端水泥有限公司) ("Xinyang Cement")	16,624	16,624
Shenyang Tiger Cement Company Limited (瀋陽老虎水泥有限公司) ("Tiger Cement")	3,974	—
Zhuanghe Tianrui Cement Company Limited (莊河天端水泥有限公司) ("Zhuanghe Cement")	30,059	—
Haicheng the First Cement Company Limited (海城市第一水泥有限公司) ("Haicheng Cement")	71,161	—
Haicheng Tianying Construction Stone Mining Company Limited (海城市天鷹建築石材採掘有限公司) ("Tianying Mining")	5,637	—
	272,311	161,480

20. GOODWILL (Cont'd)

The basis of the recoverable amounts of the above CGUs and their major underlying assumptions are summarised below:

The recoverable amounts of the relevant CGUs have been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the respective subsidiary covering a one-year period with growth rates of 2% to 3% for the following 4 years and discount rates ranged from 9% to 10% as at 31 December 2014 (31 December 2013: 9% to 10%), respectively. This growth rate is based on the industry growth forecasts and does not exceed the average medium-term growth rate for the relevant industry. The cash flows beyond the five-year period are extrapolated using zero growth rate. Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on the unit's past performance and management's expectations for the market development.

The Directors consider that there is no impairment of any of its CGUs containing goodwill as at 31 December 2014 and 2013.

21. OTHER INTANGIBLE ASSETS

	Operating lease contracts RMB'000
COST	
At 1 January 2013, 31 December 2013 and 2014	9,353
ACCUMULATED AMORTISATION	
At 1 January 2013	(317)
Amortisation	(810)
At 31 December 2013	(1,127)
Amortisation	(867)
At 31 December 2014	1,994
CARRYING AMOUNTS	
At 31 December 2013	8,226
At 31 December 2014	7,359

The intangible assets were acquired on acquisition of a subsidiary and are amortised on a straight-line basis over the respective contractual lease term of 7 and 18 years.

22. INTEREST IN AN ASSOCIATE

	2014 RMB'000	2013 RMB'000
Cost of investment in an associate	120,000	120,000
Share of post-acquisition losses	(120,000)	(120,000)
	—	—

Details of the associate as at 31 December 2014 are as follows:

Name of company	Place and date of incorporation	Registered capital RMB'000	Proportion of ownership interest and voting right %	Principal activities
Pingdingshan Ruiping Shilong Cement Company Limited 平頂山瑞平石龍水泥有限公司	The PRC 12 September 2005	300,000	40	Manufacture and sale of clinker in the PRC

The summarised financial information in respect of the Group's associate is set out below:

	2014 RMB'000	2013 RMB'000
Current assets	151,333	145,287
Non-current assets	631,339	670,802
Current liabilities	1,124,041	1,101,881

	2014 RMB'000	2013 RMB'000
Revenue	381,155	379,490
Loss and total comprehensive expense for the year	55,577	88,894

22. INTEREST IN AN ASSOCIATE (Cont'd)

The Group has discontinued recognition of its share of losses of the associate. The amounts of unrecognised share of loss of the associate, extracted from the financial statements of the associate prepared in accordance with IFRSs, are as follows:

	2014 **RMB'000**	2013 RMB'000
Unrecognised share of loss of the associate for the year	**22,231**	35,558
Accumulated unrecognised share of loss of the associate	**136,548**	114,317

23. INVENTORIES

	2014 **RMB'000**	2013 RMB'000
Raw materials and consumables	**988,158**	1,052,268
Work-in-progress	**11,600**	18,788
Finished goods	**331,270**	240,861
	1,331,028	1,311,917

24. LOAN RECEIVABLES

	2014 **RMB'000**	2013 RMB'000
Fixed rate loan receivables		
— Principal of loan receivables	**—**	915,000
— Interest receivables	**—**	78,777
	—	993,777

Pursuant to certain loan agreements entered into during 2013, the Group has made loans to independent third parties amounting to RMB915,000,000. According to the loan agreements, the loans are unsecured, due within one year and carry fixed interest rate from 10% to 15% per annum. The loan receivables were settled in full and relevant interests were received in March 2014.

25. TRADE AND OTHER RECEIVABLES

	2014 RMB'000	2013 RMB'000
Trade receivables	**551,418**	338,570
Less: allowances for bad and doubtful debts	**(52,207)**	(26,163)
	499,211	312,407
Bills receivables	**314,801**	374,087
Bills endorsed to suppliers *(Note)*	**1,028,054**	1,076,336
Value Added Tax refund receivables	**20,403**	—
Prepayment for various taxes	**80,044**	69,558
Prepaid lease payments *(Note 18)*	**19,270**	19,103
Other receivables	**144,281**	140,608
	2,106,064	1,992,099

Bills receivables amounted to RMB107,633,000 as at 31 December 2014 (31 December 2013: RMB162,689,000) were discounted to banks to obtain borrowings of which RMB60,000,000 (31 December 2013: RMB110,000,000) relates to bills receivable issued among subsidiaries of the Group for intra-group transactions. (See Note 33)

Generally, the Group did not make credit sales to customers, except for sales made to major construction contractors and strategic customers with an average credit period of 180 days.

Note:

In addition to the above, the Group has also endorsed bills receivable arising from intra-group transaction to suppliers amounting to RMB109,000,000 (2013: RMB830,000,000) as at the end of the reporting period for future purchase of raw materials. The bills receivable and related payables issued between group entities were fully eliminated in the consolidated financial statement.

The aged analysis of the Group's trade receivables and bills receivables (net of allowances) from the goods delivery date at the end of each reporting period is as follows:

	2014 RMB'000	2013 RMB'000
Within 90 days	**621,197**	279,107
91-180 days	**152,453**	366,216
181-360 days	**37,262**	26,114
Over 1 year	**3,100**	15,057
Total	**814,012**	686,494

25. TRADE AND OTHER RECEIVABLES (Cont'd)

Before accepting any new credit customers, the Group assesses the potential customer's credit quality and defines credit limits by customer. Limits and credit period attributed to customers are reviewed on a customer by customer basis. Over 90% of trade receivable and bills receivable that are neither past due nor impaired are regarded as customers with good credit quality under the internal assessment process used by the Group.

Included in the Group's trade receivable are debtors with aggregate carrying amount of RMB40,362,000 which are past due as at 31 December 2014 (31 December 2013: RMB41,171,000) for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. No allowance has been provided for those balances as the Group considers that there is no significant change in the credit quality of those customers from the date credit was initially granted up to the end of the reporting period.

The aged analysis of the Group's trade receivables which are past due but not impaired as at the end of each reporting period is as follows:

Past due for:

	2014 **RMB'000**	2013 RMB'000
181-360 days	**37,262**	26,114
Over 1 year	**3,100**	15,057
Total	**40,362**	41,171

Movement in the allowance for bad and doubtful debts

	2014 **RMB'000**	2013 RMB'000
Balance at beginning of the year	**26,163**	25,952
Provided for the year	**26,044**	211
Balance at the end of the year	**52,207**	26,163

Included in the allowance for bad and doubtful debts are individually impaired trade receivables with an aggregate balance of RMB52,207,000 (31 December 2013: RMB26,163,000) which was considered as uncollectable. The Group does not hold any collateral over these balances.

Details of bills receivables pledged by the Group to secure the bank borrowings granted to the Group are set out in Note 43.

26. TRANSFERS OF FINANCIAL ASSETS

As at 31 December 2014, bills receivables with carrying amount of RMB47,633,000 (31 December 2013: RMB52,689,000) were transferred to banks by discounting those receivables on a full recourse basis and the carrying amount of the associated liability is RMB46,500,000 (31 December 2013: RMB45,765,000). As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and has recognised the cash received on the transfer as a secured borrowing (see note 33). These financial assets are carried at amortised cost in the Group's consolidated statement of financial position.

As at 31 December 2014, bills receivables with carrying amount of RMB1,028,054,000 (31 December 2013: RMB1,076,336,000) were endorsed to suppliers for future purchase of raw materials on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables.

In addition, bills receivable issued among subsidiaries of the Group for intra-group transactions amounting to RMB60,000,000 (31 December 2013: RMB110,000,000) were transferred to banks by discounting those receivables on a full recourse basis to secure bank borrowings amounting to RMB58,050,000 (31 December 2013: RMB95,425,000) (see note 33) and these bills receivable and the related intra-group payables have been eliminated in the consolidated financial statements.

Bills receivable issued among subsidiaries of the Group for intra-group transactions amounting to RMB109,000,000 (2013: RMB830,000,000) were endorsed to suppliers for future purchase of raw materials on a full recourse basis and these bills receivable and the related intra-group payables have been eliminated in the consolidated financial statements.

27. AMOUNTS DUE FROM AN ASSOCIATE

	2014 **RMB'000**	2013 RMB'000
Pingdingshan Ruiping Shilong Cement Company Limited (平頂山瑞平石龍水泥有限公司)	**458,635**	—

The amount as at 31 December 2014 represents the advance payment to the related party for the purchase of goods.

28. PLEDGED BANK BALANCES

As at 31 December 2014, pledged bank balances represent deposits pledged to banks for (i) securing bank borrowings granted to the Group amounting to RMB561,400,000 (details disclosed in Note 43), and (ii) issuing trade facilities such as bills payable and bankers' guarantee amounting to RMB2,407,195,000.

As at 31 December 2013, pledged bank balances represent deposits pledged to banks for (i) securing bank borrowings granted to the Group amounting to RMB355,000,000 (details disclosed in Note 43), and (ii) issuing trade facilities such as bills payable and bankers' guarantee amounting to RMB1,786,207,000.

The pledged bank balances carry market interest rate of 0.35% to 3.30% per annum as at 31 December 2014 (31 December 2013: 2.60% to 4.25% per annum).

29. CASH AND BANK BALANCES

The amounts represent cash and bank balances held by the Group. As at 31 December 2014, bank balances carry interest at market rates of 0.01% and 0.42% per annum (31 December 2013: 0.01% and 0.35% per annum).

30. TRADE AND OTHER PAYABLES

	2014 **RMB'000**	2013 RMB'000
Trade payables	**2,356,074**	1,978,244
Bills payables	**1,306,000**	703,000
Construction cost and retention payable	**341,655**	330,625
Advances from customers	**196,124**	228,623
Other tax payables	**63,093**	83,251
Other payables — current *(Note 38)*	**18,900**	9,518
Payables for mining rights	**8,300**	8,300
Interest payables	**299,615**	244,965
Other payables and accrued expenses	**223,354**	187,763
	4,813,115	3,774,289

The average credit period on purchases of goods is 90 days.

30. TRADE AND OTHER PAYABLES (Cont'd)

The aged analysis of the Group's trade and bills payable from the goods receipt date as at the end of each reporting period is as follows:

	2014 RMB'000	2013 RMB'000
Within 90 days	**2,175,460**	1,586,685
91-180 days	**1,279,763**	952,479
181-365 days	**153,732**	102,746
Over 1 year	**53,119**	39,334
Total	**3,662,074**	2,681,244

31. AMOUNTS DUE TO AN ASSOCIATE

	2014 RMB'000	2013 RMB'000
Trade in nature	**—**	30,934
Non-trade in nature	**—**	500
	—	31,434

Trade in nature

	Note	2014 RMB'000	2013 RMB'000
Pingdingshan Ruiping Shilong Cement Company Limited (平頂山瑞平石龍水泥有限公司)	i	**—**	30,934

The aged analysis of the Group's amounts due to an associate (trade in nature) from goods receipt date as at the end of each reporting period is as follows:

	2014 RMB'000	2013 RMB'000
Within 90 days	**—**	30,934

31. AMOUNTS DUE TO AN ASSOCIATE (Cont'd)

Non-trade in nature

	Note	2014 RMB'000	2013 RMB'000
Pingdingshan Ruiping Shilong Cement Company Limited (平頂山瑞平石龍水泥有限公司)	i	—	500

Note:

i. An associate of the Group.

32. SHORT TERM DEBENTURES

	2014 RMB'000	2013 RMB'000
Short term debentures	2,296,446	2,100,000

The amounts as at 31 December 2014 represented the short term debentures which included: (i) the 2014 first tranche of short term debentures of RMB1,000,000,000 issued on 11 June 2014 through the lead underwriter, China Bohai Bank Company Limited with maturity of one year, (ii) the 2014 second tranche of short term debentures of RMB1,000,000,000 issued on 23 June 2014 through the lead underwriter, Huaxia Bank Company Limited with maturity of one year, and (iii) the short term debentures of RMB300,000,000 issued on 30 December 2014 through the lead underwriter, Ping An Bank Company Limited with maturity of 180 days. These short term debentures carry interest of fixed rates of 8.50%, 8.30% and 7.90% per annum, respectively.

The amounts as at 31 December 2013 represented the short term debentures of RMB2,100,000,000 which included: (i) the 2013 first tranche of short term debentures of RMB600,000,000 issued on 1 February 2013 through the lead underwriter, China Guangfa Bank Company Limited with maturity of one year, (ii) the 2013 second tranche of short term debentures of RMB500,000,000 issued on 27 April 2013 through the lead underwriter, China Guangfa Bank Company Limited with maturity of one year, (iii) the 2013 third tranche of short term debentures of RMB500,000,000 issued on 21 May 2013 through the lead underwriter, China Minsheng Bank Company Limited with maturity of one year, and (iv) the 2013 fourth tranche of short term debentures of RMB500,000,000 issued on 18 October 2013 through the lead underwriter, China Ever Bright Bank Company Limited with maturity of one year. These four tranches of short term debentures carry interest of fixed rates of 4.77%, 4.70%, 4.64% and 6.60% per annum, respectively.

The Directors consider that the carrying amounts of the short term debentures and related interest amounting to RMB90,934,000 (31 December 2013: RMB60,809,000) as at 31 December 2014 recognised in the consolidated financial statements approximate to their fair value.

33. BORROWINGS

	2014 RMB'000	2013 RMB'000
Bank borrowings		
— fixed-rate (i)	**3,221,000**	2,438,000
— variable-rate (ii, iii)	**1,720,265**	2,096,668
	4,941,265	4,534,668
Bank borrowing relating to bills discounted with recourse (iv) *(Note 26)*	**104,550**	141,190
	5,045,815	4,675,858
Secured	**3,235,815**	3,035,656
Unsecured	**1,810,000**	1,640,202
	5,045,815	4,675,858

The borrowings are repayable as follows:

	2014 RMB'000	2013 RMB'000
Within one year	**4,825,815**	3,975,858
More than one year, but not exceeding two years	**65,000**	600,000
More than two years, but not exceeding five years	**155,000**	100,000
	5,045,815	4,675,858
Less: Amount due within one year shown under current liabilities	**(4,825,815)**	(3,975,858)
Amount due after one year	**220,000**	700,000

The Directors consider that the carrying amounts of borrowings and related interest amounting to RMB12,599,000 (31 December 2013: RMB38,295,000) as at 31 December 2014 recognised in the consolidated financial statements approximate to their fair value.

During the year, the Group discounted bills receivable with recourse transferred from third-parties in aggregated amounts of RMB490,735,000 (2013: RMB855,590,000) to banks for short term financing. As at 31 December 2014, the associated borrowings amount to RMB46,500,000 (2013: RMB45,765,000). The relevant cash flows of these borrowings are presented as operating cash flows in the consolidated statement of cash flows as the management considers the cash flows are, in substance, the receipts from trade customers.

33. BORROWINGS (Cont'd)

Note:

i As at 31 December 2014, the fixed-rate borrowings carry interests ranged from 5.60% to 12.00% per annum (31 December 2013: from 2.65% to 11.99% per annum).

ii As at 31 December 2014, the variable-rate borrowings carry interests ranged from 2.86% to 7.2% per annum (31 December 2013: from 3.60% to 8.53% per annum).

iii As at 31 December 2014, the interest rate of US Dollar variable-rate loans, amounting to RMB671,266,000 (31 December 2013: RMB668,667,000) is determined based on London Interbank Offered Rate ("LIBOR") plus from 2.60% to 2.75% per annum (2013: LIBOR plus from 1.90% to 2.75% per annum), and interest rate of remaining RMB variable-rate loans is determined based on the Benchmark Interest Rate announced by the People's Bank of China.

iv As at 31 December 2014, the amounts represented the cash received on bills receivables discounted to various banks with full recourse of which RMB58,050,000 (31 December 2013: RMB95,425,000) relates to discounted bills issued among subsidiaries of the Group for intra-group transactions. The discounted bills carried fixed interests ranging from 4.16% to 10.99% per annum (31 December 2013: from 5.2% to 7.9% per annum).

Details of assets pledged to secure bank borrowings are set out in Note 43.

34. OBLIGATIONS UNDER FINANCE LEASES

	At 31 December 2014 RMB'000	At 31 December 2013 RMB'000
Analyzed for reporting purposes as:		
Current liabilities	**51,652**	48,305
Non-current liabilities	**84,328**	135,980
	135,980	184,285

The Group has entered into sale and leaseback transactions which give rise to finance leases. The lease assets, including plant and equipment, were continued to be recognised as property, plant and equipment of the Group. The average lease term is 5 years. Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging from 6.72% to 7.25% per annum (31 December 2013: from 6.72% to 7.25% per annum).

34. OBLIGATIONS UNDER FINANCE LEASES (Cont'd)

	Minimum lease payments		Present value of minimum lease payments	
	31/12/2014 RMB'000	31/12/2013 RMB'000	**31/12/2014 RMB'000**	31/12/2013 RMB'000
Amounts payable under finance leases				
Within one year	**60,061**	60,061	**51,652**	48,305
In more than one year but not more than two years	**60,061**	60,061	**55,221**	51,654
In more than two years but not more than five years	**30,030**	90,090	**29,107**	84,326
	150,152	210,212	**135,980**	184,285
Less: future finance charges	**(14,172)**	(25,927)	**N/A**	N/A
Present value of lease obligations	**135,980**	184,285	**135,980**	184,285
Less: Amount due for settlement with 12 months (shown under current liabilities)			**(51,652)**	(48,305)
Amount due for settlement after 12 months			**84,328**	(48,305)

The Group's obligations under finance leases are secured by the lessor's charge over the leased assets.

35. FINANCIAL GUARANTEE CONTRACTS

	2014 RMB'000	2013 RMB'000
Financial guarantee contracts	**9,320**	8,710

As at 31 December 2014, the Group provided financial guarantee to banks in respect of bank facilities utilised by Tianrui Group Yunyang Foundry Company Limited (天瑞集團雲陽鑄造有限公司) ("Tianrui Foundry"), Ruzhou Tianrui Coking Company Limited (汝州天瑞煤焦化有限公司) ("Tianrui Coking") and Tianrui Group Travel Development Company Limited (天瑞集團旅游發展有限公司) ("Tianrui Travel"), three subsidiaries of Tianrui Group Company Limited ("Tianrui Group"), controlled by Mr. Li Liufa, a non-executive director of the Company, amounted to RMB195,000,000 (31 December 2013: RMB250,000,000), RMB432,000,000 (31 December 2013: RMB522,000,000) and RMB93,650,000 (31 December 2013: Nil), for a period of 5 years, 7 years and 10 years respectively.

The fair value of financial guarantee contracts at initial recognition is calculated using the guarantee fee rate estimated by reference to the probability of default of the recipients.

36. MID-TERM DEBENTURES

	Mid-term debentures RMB'000
At 1 January 2013	1,000,000
Additions	800,000
At 31 December 2013	1,800,000
Additions	992,595
Repayments	(300,000)
At 31 December 2014	2,492,595

	2014 RMB'000	2013 RMB'000
Mid-term debentures	**2,492,595**	1,800,000
Less: Amount due within one year	**(700,000)**	(300,000)
Amount due after one year	**1,792,595**	1,500,000

The amounts as at 31 December 2014 represented the mid-term debentures which included: (i) the issuance of mid-term debentures of RMB1,500,000,000 which included RMB200,000,000 on 9 May 2012, RMB500,000,000 on 18 September 2012, RMB400,000,000 on 2 April 2013 and RMB400,000,000 on 8 August 2013 with maturity of three years, carrying fixed interest rate at 5.8%, 5.9%, 7.0% and 7.0% per annum respectively, (ii) the issuance of the 2014 third tranche of debentures of RMB500,000,000 on 24 September 2014 with maturity of two years, carrying fixed interest rate at 8.6% per annum, and (iii) the issuance of small and medium-sized enterprise private debentures of RMB44,600,000 on 30 April 2014, RMB89,500,000 on 19 September 2014 and RMB110,500,000 on 24 October 2014 with maturity of three years, carrying fixed interest rate at 9.5% per annum; the issuance of small and medium-sized enterprise private debentures of RMB250,000,000 on 25 April 2014 with maturity of three years, carrying fixed interest rate at 9.0% per annum.

The Directors consider that the carrying amounts of the mid-term debentures and related interest amounting to RMB68,973,000 (31 December 2013: RMB48,752,000) as at 31 December 2014 recognised in the consolidated financial statements approximate to their fair value.

37. LONG-TERM CORPORATE BONDS

	2014 RMB'000	2013 RMB'000
Long-term corporate bonds	**2,029,079**	2,000,000

The amounts as at 31 December 2014 represented: (i) the issuance of long-term corporate bonds in an aggregate principal amount RMB2,000,000,000 on 6 February 2013, with a term of five years and a rate of 7.10% per annum, with an option to further extend for three years subject to the approval of the bondholders and negotiation of terms and conditions between the Group and the bondholders. This long-term corporate bonds were issued through the lead underwriter, HUAXI Securities Co., Ltd (華西證券有限責任公司), to non-specific buyers. This long-term corporate bonds are jointly and severally guaranteed by two subsidiaries of Tianrui Foundry and Tianrui Travel. The guarantees have been provided at no cost to the Group, and (ii) the issuance of long-term corporate bonds in an aggregate principal amount HK$45,540,000, amounting to RMB35,925,000 on 2 December 2014, with a term of eight years and a rate of 6.50% per annum, This long-term corporate bonds were issued through the lead underwriter, Convoy Investment Service Limited (康宏證券投資服務有限公司), to non-specific buyers.

The Directors consider that the carrying amounts of the long-term corporate bonds and related interest amounting to RMB127,109,000 (31 December 2013: RMB127,109,000) as at 31 December 2014 recognised in the consolidated financial statements approximate to their fair value.

38. OTHER PAYABLES

	2014 RMB'000	2013 RMB'000
Acquisition of mining rights	**27,300**	26,318
Less: Amount due within one year shown under trade and other payables *(Note 30)*	**(18,900)**	(9,518)
	8,400	16,800

The amounts represented the payables for acquisition of mining rights.

Pursuant to the purchase agreement entered into between Dalian Tianrui Cement Company Limited (大連天瑞水泥有限公司) and Dalian Municipal Bureau of Land and Resources and Housing (大連市國土資源和房屋局) in 2007, Dalian Tianrui Cement Company Limited (大連天瑞水泥有限公司) acquired mining rights at a consideration of approximately RMB52,068,000 which is repayable by 6 installments between 2007 to 2017 every 2 years. The amount bears interest at progressive rates ranged from 5.87% to 7.83% per annum.

Pursuant to the purchase agreement entered into between Weihui Shi Tianrui Cement Company Limited (衛輝市天瑞水泥有限公司) and Weihui Municipal Bureau of Geological and Mineral Resources (衛輝市地質礦產局) in 2007, Weihui Shi Tianrui Cement Company Limited (衛輝市天瑞水泥有限公司) acquired mining rights at a consideration of RMB35,000,000 which is repayable by 8 installments between 2007 to 2014 annually. The amount is interest free. The fair value of the outstanding amount at initial recognition is estimated at an effective interest rate of 6.89% per annum.

The Directors consider that the carrying amounts of the above other payables recognised in the consolidated financial statements approximate to their fair value.

39. DEFERRED TAXATION

The following are the major deferred tax assets (liabilities) recognised by the Group, and the movements thereon, during the year:

	Allowance on inventories and trade and other receivables	Property, plant, equipment and prepaid lease payments	Imputed interest on other payables	Tax losses	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (note)	RMB'000
At 1 January 2013	8,418	(24,925)	(484)	19,160	16,893	19,062
Credit (charge) to profit or loss for the year	(761)	1,558	238	6,420	6,056	13,511
Acquisition of subsidiaries *(note 51)*	—	(26,053)	—	—	—	(26,053)
At 31 December 2013	7,657	(49,420)	(246)	25,580	22,949	6,520
Credit (charge) to profit or loss for the year	6,137	3,092	246	2,485	(2,140)	9,820
Acquisition of subsidiaries *(note 50)*	—	(15,840)	—	—	—	(15,840)
At 31 December 2014	13,794	(62,168)	—	28,065	20,809	500

Note: Others mainly represented the deferred tax assets arising from start-up costs, unrealised profits on intragroup transactions, provision for financial guarantee, and deferred income in respect of asset- related government grant.

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2014	2013
	RMB'000	RMB'000
Deferred tax assets	**58,497**	50,780
Deferred tax liabilities	**(57,997)**	(44,260)
	500	6,520

39. DEFERRED TAXATION (Cont'd)

At 31 December 2014, the Group has unused tax losses of approximately RMB419,817,000 (31 December 2013: RMB353,185,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB112,260,000 (31 December 2013: RMB102,320,000) of such losses. No deferred tax assets has been recognised in respect of the remaining RMB307,557,000 (31 December 2013: RMB250,865,000) due to the unpredictability of future profit streams in respective subsidiaries. The unrecognised tax loss will be expired as follows:

	2014	2013
	RMB'000	RMB'000
2016	**6,933**	6,933
2017	**70,749**	70,749
2018	**173,183**	173,183
2019	**56,692**	—
	307,557	250,865

Under the PRC EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary differences attributable to accumulated profit of the PRC subsidiaries amounting to RMB4,639,525,000 as at 31 December 2014 (31 December 2013: RMB4,083,291,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

40. DEFERRED INCOME

	2014	2013
	RMB'000	RMB'000
Assets-related government grants	**180,854**	183,960

The assets-related government grants represent the subsidies received by the Group for the purpose of acquiring land use rights to build new production lines in the PRC and acquiring qualified energy conservation equipment. An amount of approximately RMB8,074,000 was released to "other income and other gains and losses" during the year ended 31 December 2014 (2013: RMB7,261,000).

41. PROVISION FOR ENVIRONMENTAL RESTORATION

	Environmental restoration RMB'000
At 1 January 2013	11,484
Provision for the year	3,146
At 31 December 2013	14,630
Provision for the year	3,469
At 31 December 2014	18,099

According to the regulation issued in 2009 by the Ministry of Land and Resources (國土資源部), the user of a mine should undertake the obligation of environmental restoration. After taking into account the quantity of limestone mined and the timing of mine restoration in future, a provision has been recognised for the costs expected to be incurred for the restoration of the limestone mines. Addition in provision is recognised as cost of sales of the related limestone mined and sold.

42. SHARE CAPITAL

The Company

	Number of shares	Share capital	
		HK$'000	RMB'000
Ordinary share of HK$0.01 each:			
As at 1 January 2013, 31 December 2013 and 2014	10,000,000,000	100,000	81,070
Issued			
As at 1 January 2013, 31 December 2013 and 2014	2,400,900,000	24,009	19,505

43. PLEDGE OF ASSETS

As at the end of the reporting period, the carrying amount of the assets of the Group pledged to secure the bank borrowings granted to the Group is analysed as follows:

	2014 RMB'000	2013 RMB'000
Property, plant and equipment	**1,870,412**	2,124,013
Prepaid lease payments	**192,420**	140,136
Mining rights	**21,034**	68,413
Bills receivables	**107,633**	162,689
Pledged bank balances	**561,400**	355,000
	2,752,899	2,850,251

Apart from the assets pledged set out above, Tianrui Cement has pledged all of its equity interests in Tianrui Group Guangshan Cement Company Limited (天瑞集團光山水泥有限公司), Tianrui Group Zhengzhou Cement Company Limited (天瑞集團鄭州水泥有限公司) and Tianrui Group Xiaoxian Cement Company Limited (天瑞集團蕭縣水泥有限公司) to secure the short-term US Dollar variable-rate loans amounting to RMB379,378,000 (31 December 2013:RMB393,965,000) as at 31 December 2014.

44. CAPITAL COMMITMENTS

	2014 RMB'000	2013 RMB'000
Capital expenditure of the Group in respect of acquisition of business and property, plant and equipment		
— contracted for but not provided in the consolidated financial statements	**468,285**	398,027
— authorized but not contracted for	**—**	166,510

The final consideration arrangements on acquisition of business are subject to negotiation between the Group and the vendors.

45. OPERATING LEASE COMMITMENTS

The Group as lessee

The rental payment paid for the year ended 31 December 2014 amounted to approximately RMB17,601,000 (2013: RMB16,979,150) respectively are paid for certain of its land and office properties.

As at 31 December 2014, the Group had commitments for future minimum lease payments in respect of rented land and office properties which fall due as follows:

	2014 **RMB'000**	2013 RMB'000
Within one year	**17,601**	15,801
In the second to fifth year inclusive	**30,711**	44,800
Over fifth year inclusive	**6,858**	7,643
	55,170	68,244

Operating lease payments represent rentals payable by the Group for certain of its land and office properties. Leases are negotiated for an average terms of between 1 to 17 years and rental are fixed throughout the lease term.

The Group as lessor

The rental income earned for the year ended 31 December 2014 amounted to approximately RMB2,058,000 (2013: RMB2,018,000) respectively are generated from rental of certain plant and machinery.

As at 31 December 2014, the Group had contracted with tenants for the following future minimum lease payments:

	2014 **RMB'000**	2013 RMB'000
Within one year	**1,800**	1,350

46. RETIREMENT BENEFIT SCHEMES

The PRC employees of the Group are members of state-managed retirement benefit schemes operated by the local governments. The Group is required to contribute a specified percentage of their payroll costs to the retirement benefit schemes to fund the benefits. The retirement benefit cost charged to profit or loss for the year ended 31 December 2014, amounts to RMB29,210,000 (2013: RMB23,768,000).

47. RELATED PARTY DISCLOSURES

(a) Apart from the amounts due from/to a related party as disclosed in Notes 27 and 31, and guarantees provided by the Group to related parties and guarantees provided by the related parties to the Group as disclosed in Notes 35 and 37, during the year, the Group had the following significant transactions with the related parties.

Nature of transaction	Name of related company	Notes	2014 RMB'000	2013 RMB'000
Purchase of goods	Pingdingshan Ruiping Shilong Cement Company Limited (平頂山瑞平石龍水泥有限公司)	i	**142,567**	171,735
Office rental expenses	Tianrui Group Company Limited (天瑞集團有限公司)	ii	**1,800**	1,800
Sales of goods	Pingdingshan Ruiping Shilong Cement Company Limited (平頂山瑞平石龍水泥有限公司)	i	**16,082**	—

During the year, the Group provided financial guarantee to banks in respect of bank facilities of Tianrui Foundry, Tianrui Coking, and Tianrui Travel amounting to Nil (2013: RMB250,000,000), Nil (2013: RMB522,000,000) and RMB660,000,000 (2013: Nil) for a period of 5 years, 7 years and 10 years respectively. As at 31 December 2014, the bank facilities utilised by Tianrui Foundry, Tianrui Coking and Tianrui Travel amounted to RMB195,000,000 (31 December 2013: RMB250,000,000), RMB432,000,000 (31 December 2013: RMB522,000,000) and RMB93,650,000 (31 December 2013: Nil) respectively (see note 35). Tianrui Foundry, Tianrui Coking and Tianrui Travel are subsidiaries of Tianrui Group.

Notes:

i. An associate of the Group.

ii. Tianrui Group Company Limited ("Tianrui Group") is an intermediate controlling shareholder of the Company, which controlled by Mr. Li Liufa, a non-executive director of the Company.

47. RELATED PARTY DISCLOSURES (Cont'd)

(b) Remuneration to key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly and indirectly including directors of the Group. The key management personnel compensations are as follows:

	2014 RMB'000	2013 RMB'000
Short-term benefits	**6,802**	6,771
Retirement benefits	**109**	155
	6,911	6,926

48. CAPITAL RISK MANAGEMENT

The management manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes the short term debentures, borrowings, mid-term debentures, long- term corporate bonds (details refer to Notes 32, 33, 36 and 37), and equity attributable to owners of the Company, comprising share capital and reserves and retained earnings.

The management reviews the capital structure on a yearly basis. As part of this review, the management considers the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debt or the redemption of existing debt.

49. FINANCIAL INSTRUMENTS

Categories of financial instruments

	2014 RMB'000	2013 RMB'000
Financial assets		
Loans and receivables (including pledged bank balances and cash and bank balances)	**5,888,388**	6,016,421
Financial liabilities		
Amortised cost	**16,426,233**	14,086,507
Obligations under finance lease	**135,980**	184,285
Financial guarantee contract	**9,320**	8,710

Financial risk management objectives and policies

The Group's major financial assets and liabilities include loan receivables, trade and other receivables, pledged bank balances, cash and bank balances, trade and other payables, amounts due to an associate, short term debentures, mid-term debentures, borrowings, obligations under finance leases and long-term corporate bonds. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include market risk (interest rate risk and currency risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

49. FINANCIAL INSTRUMENTS (Cont'd)

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to short term debentures, fixed-rate borrowings, obligations under finance leases, mid-term debentures, long-term corporate bonds and payables for mining rights (see Note 32, 33, 34, 36, 37 and 38 for details).

Besides, the Group is also exposed to cash flow interest rate risk in relation to pledged bank balances, bank balances and variable-rate borrowings. (see Notes 28, 29 and 33 for details).

The Group closely monitors the interest rate trend and aims to lower the effective interest rate.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Benchmark Interest Rate announced by the People's Bank of China and LIBOR.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. No sensitivity analysis has been presented for bank balances as the Directors consider that the fluctuation in interest rates on bank balances is minimal. For variable-rate borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis points increase or decrease in LIBOR and Benchmark Interest Rate, as appropriate, represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year would be decreased/increased by approximately RMB2,997,000 (2013: decreased/ increased RMB3,661,000) and the amount of borrowing costs capitalised in respect of the Group's qualifying assets would be increased/decreased by approximately RMB305,000 for the year ended 31 December 2014 (2013: RMB360,000).

49. FINANCIAL INSTRUMENTS (Cont'd)

Currency risk

The Group has certain pledged bank balances and other receivables denominated in Hong Kong Dollar ("HK Dollar") and borrowings denominated in United States Dollar ("US Dollar"), hence exposures to exchange rate fluctuation arises. The Group currently does not have a foreign currency hedging policy in respect of foreign currency exposure. However, management monitors the HK Dollar and US Dollar exposure closely and will consider hedging significant currency exposure should the need arise.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the end of the year are as follows:

	2014 RMB'000	2013 RMB'000
Assets		
HK Dollar	29,818	7,426
US Dollar	95,510	4,272
	125,328	11,698
Liabilities		
HK Dollar	35,925	—
US Dollar	671,266	668,667
	707,191	668,667

49. FINANCIAL INSTRUMENTS (Cont'd)

Currency risk (Cont'd)

Sensitivity analysis

The Group is mainly exposed to the effects of fluctuation in RMB against HK Dollar and US Dollar.

The following table details the Group's sensitivity to a 5% (2013: 5%) increase or decrease in RMB against HK Dollar and US Dollar. The percentage represents management's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes pledged bank balances and other receivables denominated in HK Dollar and US Dollar, and outstanding bank borrowings denominated in US Dollar, and adjust its translation at the end of the reporting period for 5% change in foreign currency rate. A positive number below indicates an increase in post-tax profit where RMB strengthens 5% against HK Dollar and US Dollar. For a 5% weakening of RMB against HK Dollar and US Dollar, there would be an equal and opposite impact on the profit and the balances below would be negative.

	2014	2013
	RMB'000	RMB'000
Post-tax profit for the year	**25,422**	27,971

Credit risk

As at 31 December 2014, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group is arising from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in Note 52.

In order to minimise the credit risk arising from the respective recognised financial assets as stated in the consolidated statement of financial position, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

In order to minimize the credit risk arising from the contingent liabilities in relation to financial guarantee issued by the Group, a special committee has been established by the Group to review and approve the guarantee to be issued. In this regard, the Directors consider that the Group's credit risk is significantly reduced.

49. FINANCIAL INSTRUMENTS (Cont'd)

Credit risk (Cont'd)

The Group is exposed to the concentration of credit risk in relation to loans receivables (note 24) as at 31 December 2013. The Group will monitor the level of exposure to ensure that follow up actions and/or corrective actions are taken promptly to lower the risk exposure.

The credit risk on pledged bank balances and bank balances are limited because the counterparties are reputable banks or a financial institution with high credit ratings assigned by international credit-rating agencies.

Other than the above, the Group has no other significant concentration of credit risk with exposure spread over a large number of counterparties and customers.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings. When there is non-compliance with loan covenants, the management would liaise with lenders and follow up actions were taken promptly as appropriate to ensure sufficient liquidity is available if the lender demanded immediate repayment.

The Group has net current liabilities as at 31 December 2014, which exposed the Group to liquidity risk. In order to mitigate the liquidity risk, the Directors regularly monitors the operating cash flows of the Group to meet its liquidity requirement in the short and long term. The Group has unused banking facilities of RMB1,123,000,000 in aggregate available which have been obtained before 31 December 2014. The Directors are of the view that the Group is able to identify investors and re-issue the debenture of RMB5,800,000,000 in the year 2015 and amounts of RMB1,000,000,000 has been issued in January 2015 (note 2).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay.

49. FINANCIAL INSTRUMENTS (Cont'd)

Liquidity risk (Cont'd)

The tables include both interest and principal cash flows. To the extent that interest flows are variable-rate, the undiscounted amount is derived from interest rate at the end of each reporting period.

	Weighted average interest rate	On demand or 0-30 days	31 to 180 days	181 to 365 days	1-2 years	2-3 years	Over 3 years	Total undiscounted cash flows	Carrying amounts
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2014									
Trade and other payables	**—**	**835,460**	**3,076,503**	**623,035**	**—**	**—**	**—**	**4,534,998**	**4,534,998**
Borrowings									
— fixed-rate	**6.90**	**253,000**	**1,118,518**	**2,085,624**	**—**	**—**	**—**	**3,457,142**	**3,325,550**
— variable-rate	**5.24**	**200,000**	**268,474**	**1,075,981**	**70,179**	**147,692**	**35,876**	**1,798,202**	**1,720,265**
Other payables — fixed rate	**7.3**	**10,050**	**8,400**	**—**	**—**	**10,018**	**—**	**28,468**	**27,300**
Short term debentures	**8.33**	**—**	**2,395,850**	**—**	**—**	**—**	**—**	**2,395,850**	**2,296,446**
Mid-term debentures	**7.45**	**—**	**222,112**	**537,250**	**1,529,024**	**610,111**	**—**	**2,898,497**	**2,492,595**
Long-term corporate bonds	**7.08**	**—**	**—**	**—**	**—**	**—**	**3,112,491**	**3,112,491**	**2,029,079**
Obligation under finance lease	**6.72**	**30,030**	**—**	**30,031**	**60,061**	**30,030**	**—**	**150,152**	**135,980**
		1,328,540	**7,089,857**	**4,351,921**	**1,659,264**	**797,851**	**3,148,367**	**18,375,800**	**16,562,213**
Financial guarantee liabilities		**733,650**	**—**	**—**	**—**	**—**	**—**	**733,650**	**9,320**
As at 31 December 2013									
Trade and other payables	—	773,037	2,378,981	300,879	—	—	—	3,452,897	3,452,897
Amounts due to an associate	—	—	31,434	—	—	—	—	31,434	31,434
Borrowings									
— fixed-rate	6.96	339,990	577,389	1,341,514	553,065	118,307	—	2,930,265	2,579,190
— variable-rate	5.19	244,000	642,220	1,162,177	107,877	—	—	2,156,274	2,096,668
Other payables — fixed rate	7.3	6,050	—	4,000	9,336	—	10,749	30,135	26,318
Short term debentures	5.16	—	1,622,270	527,500	—	—	—	2,149,770	2,100,000
Mid-term debentures	6.79	—	—	325,200	769,391	942,850	—	2,037,441	1,800,000
Long-term corporate bonds	7.1	—	—	—	—	—	3,269,800	3,269,800	2,000,000
Obligation under finance lease	6.72	30,030	—	30,031	60,061	60,060	30,030	210,212	184,285
		1,393,107	5,252,294	3,691,301	1,499,730	1,121,217	3,310,579	16,268,228	14,270,792
Financial guarantee liabilities		798,500	—	—	—	—	—	798,500	8,710

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

50. ACQUISITION OF SUBSIDIARIES IN CURRENT YEAR

(a) On 22 January 2014, the Group acquired 60% of the equity interest of Tiger Cement from an independent third party for a consideration of RMB7,200,000. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was RMB3,974,000. Tiger Cement is engaged in the manufacture and sale of cement.

(b) On 19 May 2014, the Group acquired 100% of the equity interest Haicheng Cement from two independent third parties for a consideration of RMB371,500,000. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was RMB71,161,000. Haicheng Cement is engaged in the manufacture and sale of cement and clinker.

(c) On 19 May 2014, the Group acquired 100% of the equity interest of Tianying Mining from two independent third parties for a consideration of RMB6,000,000. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was RMB5,637,000. Tianying Mining is engaged in the manufacture and sale of minestone material.

(d) On 18 August 2014, the Group acquired 100% of the equity interest of Zhuanghe Cement from two independent third parties for a consideration of RMB57,000,000. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was RMB30,059,000. Zhuanghe Cement is engaged in the manufacture and sale of cement.

The non-controlling interests in these acquisitions were measured at their proportionate share of net assets acquired. Goodwill arose in these acquisitions because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development of these companies. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

50. ACQUISITION OF SUBSIDIARIES IN CURRENT YEAR (Cont'd)

	Tiger Cement	Haicheng Cement	Tianying Mining	Zhuanghe Cement	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Consideration transferred:					
Total consideration satisfied by					
Cash consideration paid	—	—	6,000	44,000	50,000
Deposit paid in year 2013	7,200	347,500	—	—	354,700
Payables due within 1 year	—	24,000	—	13,000	37,000
	7,200	371,500	6,000	57,000	441,700
Assets acquired and liabilities recognised at the date of acquisition are as follows:					
Net assets acquired:					
Property, plant and equipment	22,662	310,263	210	36,929	370,064
Prepaid lease payments	—	23,687	—	3,325	27,012
Inventories	—	24,849	300	4,080	29,229
Trade and other receivables	2,343	7,162	2,501	181	12,187
Cash and bank balances	2,109	1,320	62	6,338	9,829
Trade and other payables	(21,738)	(50,293)	(2,710)	(8,721)	(83,462)
Borrowings	—	(5,000)	—	(11,000)	(16,000)
Deferred tax liabilities	—	(11,649)	—	(4,191)	(15,840)
	5,376	300,339	363	26,941	333,019
Goodwill arising on acquisition:					
Consideration transferred	7,200	371,500	6,000	57,000	441,700
Plus: non-controlling interests	2,150	—	—	—	2,150
Less: net assets acquired	(5,376)	(300,339)	(363)	(26,941)	(333,019)
Goodwill	3,974	71,161	5,637	30,059	110,831
Net cash outflow on acquisition:					
Net cash outflow arising on acquisition					
Cash consideration paid	—	—	(6,000)	(44,000)	(50,000)
Cash and cash equivalents acquired	2,109	1,320	62	6,338	9,829
	2,109	1,320	(5,938)	(37,662)	(40,171)

50. ACQUISITION OF SUBSIDIARIES IN CURRENT YEAR (Cont'd)

The fair value of trade and other receivables at the date of acquisition amounted to RMB12,187,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB12,187,000 at the date of acquisition.

Included in the profit for the year is a loss of RMB8 million attributable to the additional business generated by these acquired entities.

Revenue for the year includes RMB143 million generated from these acquired entities. Had the acquisition been completed on 1 January 2014, total group revenue for the year would have been RMB9,022 million, and profit for the year would have been RMB532 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2014, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had these entities acquired at the beginning of the year 2014, the Directors have calculated depreciation of plant and equipment acquired and amortisation of prepaid lease payments on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

51. ACQUISITION OF SUBSIDIARIES IN YEAR 2013

(a) On 6 March 2013, the Group acquired 100% of the equity interest Weiqi Cement from two independent third parties for a consideration of RMB111,615,000. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was RMB33,422,000. Weiqi Cement is engaged in the manufacture and sale of cement.

(b) On 24 March 2013, the Group acquired 70% of the equity interest of Chengxing Cement from two independent third parties for a consideration of RMB86,300,000. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was RMB13,628,000. Chengxing Cement is engaged in the manufacture and sale of cement.

(c) The Group acquired 100% of the equity interest of Liaota Group from four independent third parties for a total consideration of RMB351,369,000 on 10 May 2013, 19 July 2013 and 19 July 2013 respectively. The acquisitions have been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisitions was RMB29,284,000. Liaota Group is engaged in the manufacture and sale of clinker and cement.

(d) On 8 August 2013, the Group acquired 70% of the equity interest of Xinyang Cement from two independent third parties for a consideration of RMB66,933,000. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was RMB16,624,000. Xinyang Cement is engaged in the manufacture and sale of cement.

51. ACQUISITION OF SUBSIDIARIES IN YEAR 2013 (Cont'd)

(e) On 10 October 2013, the Group acquired 100% of the equity interest of Jinhaian Cement from two independent third parties for a consideration of RMB61,413,000. This acquisition has been accounted for using the acquisition method. The amount of goodwill arising as a result of the acquisition was RMB49,558,000. Jinhaian Construction Material is engaged in the manufacture and sale of cement.

The non-controlling interests in these acquisitions were measured at their proportionate share of net assets acquired. Goodwill arose in these acquisitions because the cost of the combination included a control premium. In addition, the consideration paid for the combination effectively included amounts in relation to the benefit of expected synergies, revenue growth and future market development of these companies. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

	Weiqi Cement RMB'000	Chengxing Cement RMB'000	Liaota Group RMB'000	Xinyang Cement RMB'000	Jinhaian Cement RMB'000	Total RMB'000
Consideration transferred:						
Total consideration satisfied by						
Cash consideration paid	110,115	86,300	351,369	54,600	60,413	662,797
Payables due within 1 year	1,500	—	—	12,333	1,000	14,833
	111,615	86,300	351,369	66,933	61,413	677,630
Assets acquired and liabilities recognised at the date of acquisition are as follows:						
Net assets acquired:						
Property, plant and equipment	59,876	100,405	219,622	63,336	16,087	459,326
Prepaid lease payments	19,228	21,379	55,715	11,652	7,376	115,350
Inventories	9,648	9,882	17,333	13,611	6,328	56,802
Trade and other receivables	46,598	38,963	73,661	4,024	30,011	193,257
Cash and bank balances	46,375	18,335	12,854	4,866	5,051	87,481
Trade and other payables	(92,924)	(64,223)	(30,540)	(6,963)	(17,283)	(211,933)
Borrowings	—	(14,000)	(24,000)	(16,000)	(32,410)	(86,410)
Deferred tax liabilities	(10,608)	(6,924)	(2,560)	(2,656)	(3,305)	(26,053)
	78,193	103,817	322,085	71,870	11,855	587,820
Goodwill arising on acquisition:						
Consideration transferred	111,615	86,300	351,369	66,933	61,413	677,630
Plus: non-controlling interests	—	31,145	—	21,561	—	52,706
Less: net assets acquired	(78,193)	(103,817)	(322,085)	(71,870)	(11,855)	(587,820)
Goodwill	33,422	13,628	29,284	16,624	49,558	142,516
Net cash outflow on acquisition:						
Net cash outflow arising on acquisition						
Cash consideration paid	(110,115)	(86,300)	(351,369)	(54,600)	(60,413)	(662,797)
Cash and cash equivalents acquired	46,375	18,335	12,854	4,866	5,051	87,481
	(63,740)	(67,965)	(338,515)	(49,734)	(55,362)	(575,316)

51. ACQUISITION OF SUBSIDIARIES IN YEAR 2013 (Cont'd)

The fair value of trade and other receivables at the date of acquisition amounted to RMB193,257,000. The gross contractual amounts of those trade and other receivables acquired amounted to RMB193,257,000 at the date of acquisition.

Included in the profit for the year is RMB41 million attributable to the additional business generated by these acquired entities.

Revenue for the year includes RMB615 million generated from these acquired entities. Had the acquisition been completed on 1 January 2013, total group revenue for the year would have been RMB8,730 million, and profit for the year would have been RMB485 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2013, nor is it intended to be a projection of future results.

In determining the 'pro-forma' revenue and profit of the Group had these entities acquired at the beginning of the year 2013, the Directors have calculated depreciation of plant and equipment acquired on the basis of the fair values arising in the initial accounting for the business combination rather than the carrying amounts recognised in the pre-acquisition financial statements.

52. CONTINGENT LIABILITIES

	2014 **RMB'000**	2013 RMB'000
Guarantees given to banks in respect of banking facilities granted to:		
Related parties	**720,650**	772,000
Third party	**13,000**	26,500
	733,650	798,500

As at 31 December 2014, the financial guarantee given to banks in respect of bank facilities utilised by Tianrui Foundry, Ruzhou Tianrui Coking Company Limited (汝州天瑞煤焦化有限公司) and Tianrui Travel, three subsidiaries of Tianrui Group, which amounted to RMB195,000,000 (2013: RMB250,000,000), RMB432,000,000 (2013: RMB522,000,000) and RMB93,650,000 (2013: Nil) respectively. The management considers the risk of the contingent liabilities and recognised financial guarantee liabilities of RMB9,320,000 (2013: RMB8,710,000) in the consolidated financial statement.

53. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

(a) The Company has the following subsidiaries:

Name of company	Place and date of incorporation/establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interest and voting power 2014 %	2013 %	Principal activities
Subsidiaries					
Zhong Yuan Cement Company Limited 中原水泥有限公司	British Virgin Islands 7 April 2010	US$1	**100**	100	Investment holding
China Tianrui (Hong Kong) Company Limited 中國天瑞(香港)有限公司	Hong Kong 16 April 2010	US$1	**100**	100	Investment holding
Tianrui Group Cement Company Limited 天瑞集團水泥有限公司	The PRC 28 September 2000	US$184,052,471	**100**	100	Manufacture and sale of cement and clinker
Lushan Xian Antai Cement Company Limited 魯山縣安泰水泥有限公司*	The PRC 16 September 1998	RMB21,357,000	**100**	100	Manufacture and sale of cement
Tianrui Group Ruzhou Cement Company Limited 天瑞集團汝州水泥有限公司*	The PRC 3 December 2002	RMB180,000,000	**100**	100	Manufacture and sale of cement and clinker
Weihui Shi Tianrui Cement Company Limited 衛輝市天瑞水泥有限公司*	The PRC 30 June 2003	RMB240,000,000	**100**	100	Manufacture and sale of cement and clinker
Tianrui Group Zhoukou Cement Company Limited 天瑞集團周口水泥有限公司*	The PRC 10 September 2003	RMB81,000,000	**100**	100	Manufacture and sale of cement
Shangqiu Tianrui Cement Company Limited 商丘天瑞水泥有限公司*	The PRC 9 June 2004	RMB63,000,000	**100**	100	Manufacture and sale of cement
Zhengzhou Tianrui Cement Company Limited 鄭州天瑞水泥有限公司*	The PRC 17 June 2004	RMB55,000,000	**100**	100	Manufacture and sale of cement
Tianrui Group Yuzhou Cement Company Limited 天瑞集團禹州水泥有限公司*	The PRC 4 August 2004	RMB250,000,000	**100**	100	Manufacture and sale of cement and clinker
Dalian Tianrui Cement Company Limited 大連天瑞水泥有限公司*	The PRC 8 December 2004	RMB350,000,000	**100**	100	Manufacture and sale of cement and clinker
Yingkou Tianrui Cement Company Limited 營口天瑞水泥有限公司*	The PRC 4 July 2006	RMB111,300,000	**100**	100	Manufacture and sale of cement
Tianrui Group Nanzhao Cement Company Limited 天瑞集團南召水泥有限公司*	The PRC 23 January2007	RMB200,000,000	**100**	100	Manufacture and sale of cement and clinker
Yuzhou Shi Zhongjin Mining Company Limited 禹州市中錦礦業有限公司*	The PRC 23 April 2007	RMB1,000,000	**100**	100	Inactive
Liaoyang Tianrui Cement Company Limited 遼陽天瑞水泥有限公司*	The PRC 25 April 2007	RMB213,680,000	**100**	100	Manufacture and sale of cement and clinker
Tianrui Group Xuchang Cement Company Limited 天瑞集團許昌水泥有限公司*	The PRC 16 August2007	RMB80,000,000	**100**	100	Manufacture and sale of cement
Tianrui Group Guangshan Cement Company Limited 天瑞集團光山水泥有限公司*	The PRC 14 December 2007	RMB280,000,000	**100**	100	Manufacture and sale of cement and clinker
Tianrui Group Zhengzhou Cement Company Limited 天瑞集團鄭州水泥有限公司*	The PRC 23 April 2008	RMB520,000,000	**100**	100	Manufacture and sale of cement and clinker
Tianrui Group Xiaoxian Cement Company Limited 天瑞集團蕭縣水泥有限公司*	The PRC 6 October 2008	RMB241,958,000	**100**	100	Manufacture and sale of cement and clinker
Tianrui Group Ningling Cement Company Limited 天瑞集團寧陵水泥有限公司*	The PRC 9 July 2009	RMB20,000,000	**100**	100	Manufacture and sale of cement

53. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

(a) The Company has the following subsidiaries: (Cont'd)

Name of company	Place and date of incorporation/establishment	Issued and fully paid share capital/ registered capital	Proportion of ownership interest and voting power 2014 %	2013 %	Principal activities
Subsidiaries (cont'd)					
Tianjin Tianrui Cement Company Limited 天津天瑞水泥有限公司*	The PRC 5 November 2009	RMB100,000,000	**60**	60	Manufacture and sale of cement
Pingdingshan Tianrui Yaodian Cement Company Limited 平頂山天瑞姚電水泥有限公司*	The PRC 17 June 2009	RMB20,000,000	**91**	91	Manufacture and sale of cement
Liaoyang Tianrui Weiqi Cement Company Limited 遼陽天瑞威企水泥有限公司*	The PRC 22 June 2006	RMB39,000,000	**100**	100	Manufacture and sale of cement
Liaoyang Tianrui Chengxing Cement Company Limited 遼陽天瑞誠興水泥有限公司*	The PRC 18 May 2006	RMB20,000,000	**70**	70	Manufacture and sale of cement
Liaoyang Tianrui Liaota Cement Company Limited 遼陽天瑞遼塔水泥有限公司*	The PRC 24 July 2007	RMB205,000,000	**100**	100	Manufacture and sale of cement and clinker
Liaoyang Tianrui Liaodong Cement Company Limited 遼陽天瑞遼東水泥有限公司*	The PRC 28 February 2003	RMB10,000,000	**100**	100	Manufacture and sale of cement
Dengta Liaota Cement Company Limited 燈塔市遼塔水泥有限公司*	The PRC 22 February 2000	RMB500,000	**100**	100	Manufacture and sale of cement
Dalian Tianrui Jinhaian Cement Company Limited 大連天瑞金海岸水泥有限公司*	The PRC 19 December 2002	RMB45,000,000	**100**	100	Manufacture and sale of cement
Xinyang Tianrui Cement Company Limited 信陽天瑞水泥有限公司*	The PRC 27 December 2000	RMB18,000,000	**70**	70	Manufacture and sale of cement
Haicheng The First Cement Company Limited 海城市第一水泥有限公司*	The PRC 1 April 1999	RMB100,000,000	**100**	100	Manufacture and sale of cement and clinker
Haicheng Tianying Construction Stone Mining Company Limited 海城市天鷹建築石材採掘有限公司*	The PRC 29 June 2012	RMB150,000	**100**	100	Manufacture and sale of stone material
Shenyang Tiger Cement Company Limited 瀋陽老虎水泥有限公司*	The PRC 14 December 2001	RMB20,330,000	**60**	60	Manufacture and sale of cement
Zhuanghe Tianrui Cement Company Limited 莊河天瑞水泥有限公司*	The PRC 7 August 2002	RMB20,000,000	**100**	100	Manufacture and sale of cement

Note:

* The entities are subsidiaries of Tianrui Cement.

Three subsidiaries of the Group issued debt securities at the end of the year, which including (i) Tianrui Group Cement Company Limited issued RMB2.3 billion of short term debentures (2013: RMB2.1 billion), RMB2.0 billion of mid-term debentures (2013: RMB1.8 billion), and RMB2 billion of long-term corporate bonds (2013: RMB2 billion), (ii) Yingkou Tianrui Cement Company Limited issued RMB250 millions of mid-term debentures (2013: Nil) and (iii) Tianrui Group Xiaoxian Cement Company Limited issued RMB244.6 millions of mid-term debentures (2013: Nil).

53. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and operation	Proportion of ownership interests and voting rights held by non-controlling interests		Loss allocated to non-controlling interests		Accumulated non-controlling interests	
		31/12/2014	31/12/2013	**2014 RMB'000**	2013 RMB'000	**31/12/2014 RMB'000**	31/12/2013 RMB'000
Tianjin Tianrui Cement Company Limited 天津天瑞水泥有限公司	The PRC	**40%**	40%	**(21,951)**	(77,715)	**(81,459)**	(59,508)
Individually immaterial subsidiaries with non-controlling interests						**58,811**	56,200
						(22,648)	(3,308)

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

53. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Cont'd)

(b) Details of non-wholly owned subsidiaries that have material non-controlling interests (Cont'd)

Tianjin Tianrui Cement Company Limited:

	2014 RMB'000	2013 RMB'000
Current assets	**41,861**	42,550
Non-current assets	**612,672**	640,868
Current liabilities	**(683,410)**	(756,186)
Non-current liabilities	**(174,772)**	(76,003)
Accumulated deficits	**(203,649)**	(148,771)
Revenue	**247,982**	125,094
Expenses	**302,860**	319,380
Loss and total comprehensive expense for the year	**(54,878)**	(194,286)
Net cash outflow from operating activities	**(767)**	(7,641)
Net cash used in investing activities	**(2,610)**	(1,031)
Net cash from financing activities	**5,240**	8,700
Net cash inflow	**1,863**	28

54. FINANCIAL INFORMATION OF THE COMPANY

Financial information of the Company at the end of the reporting period includes:

	At 31 December	
	2014	2013
	RMB'000	RMB'000
NON-CURRENT ASSET		
Investment in a subsidiary *(note)*	**1,257,927**	1,257,927
Equipment	**247**	245
Deposits paid	**330,577**	298,287
TOTAL NON-CURRENT ASSETS	**1,588,751**	1,556,459
CURRENT ASSET		
Other receivables	**9,233**	6,092
Cash and bank balances	**9,943**	5,355
TOTAL CURRENT ASSETS	**19,176**	11,447
CURRENT LIABILITIES		
Borrowings — due within one year	**291,887**	278,466
Amounts due to a subsidiary	**58,204**	44,562
TOTAL CURRENT LIABILITIES	**350,091**	323,028
NET CURRENT LIABILITIES	**(330,915)**	(311,581)
TOTAL ASSETS LESS CURRENT LIABILITIES, NET ASSETS	**1,257,836**	1,244,878
CAPITAL AND RESERVES		
Share capital *(Note 42)*	**19,505**	19,505
Reserves	**1,202,406**	1,225,373
TOTAL EQUITY	**1,221,911**	1,244,878
NON-CURRENT LIABILITIES		
Long-term corporate bonds	**35,925**	—
NON-CURRENT LIABILITIES	**35,925**	—
	1,257,836	1,244,878

Note: The investment is unlisted equity investment.

54. FINANCIAL INFORMATION OF THE COMPANY (Cont'd)

Movement in reserves

	Share premium RMB'000	Accumulated deficits RMB'000	Total RMB'000
At 1 January 2013	1,275,536	(48,587)	1,226,949
Loss and total comprehensive expense for the year	—	(1,576)	(1,576)
At 31 December 2013	1,275,536	(50,163)	1,225,373
Loss and total comprehensive expense for the year	—	(22,967)	(22,967)
At 31 December 2014	1,275,536	(73,130)	1,202,406



Financial Summary

FINANCIAL SUMMARY — IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS.

CONSOLIDATED RESULTS

	For the year ended 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 *(Note)*
Revenue	**8,950,286**	8,661,166	7,590,897	8,263,395	6,129,438
Profit before tax	**752,753**	729,323	1,027,051	1,686,553	526,704
Income tax expense	**(212,635)**	(246,278)	(264,262)	(413,365)	(128,917)
Profit for the year	**540,118**	483,045	762,789	1,273,188	397,787
Attributable to:					
Owners of the Company	**564,938**	558,955	783,393	1,274,538	396,833
Non-controlling interests	**(24,820)**	(75,910)	(20,604)	(1,350)	954
	540,118	483,045	762,789	1,273,188	397,787

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
	2014	2013	2012	2011	2010
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 *(Note)*
Total assets	**24,663,875**	21,818,248	18,840,296	17,237,845	13,682,166
Total liabilities	**(17,250,563)**	(14,947,747)	(12,496,836)	(11,683,235)	(10,146,054)
Total equity	**7,413,312**	6,870,501	6,343,460	5,554,610	3,536,112
Attributable to:					
Owners of the Company	**7,435,960**	6,873,809	6,323,564	5,515,960	3,536,112
Non-controlling interests	**(22,648)**	(3,308)	19,896	38,650	—
	7,413,312	6,870,501	6,343,460	5,554,610	3,536,112

Note: Financial information are extracted from accountant's report dated 14 December 2011 included in the prospectus for the Initial Public Offering.