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

**ANNUAL RESULTS ANNOUNCEMENT**  
**FOR THE YEAR ENDED 31 DECEMBER 2015**

**HIGHLIGHTS**

- Revenue of the Group for 2015 amounted to approximately RMB2,057 million (2014: RMB1,748 million), representing an increase of 17.71% as compared with 2014.
- Net profit attributable to equity shareholders of the Group for 2015 amounted to approximately RMB1,944 million (2014: RMB2,239 million), representing a decrease of 13.14% as compared with 2014.
- Net profit of our principal activities attributable to equity shareholders of the Group (excluding share of profit of an associate) for 2015 amounted to RMB404 million (2014: RMB258 million), representing an increase of 56.67% as compared with 2014.
- Basic earnings per share for 2015 amounted to RMB1.08 (2014: RMB1.24 per share).
- The Board proposes the distribution of final cash dividend of HK\$0.3 per share for 2015 (2014: HK\$0.4 per share).

The board of directors (the “Board”) of China Conch Venture Holdings Limited (the “Company”) hereby presents the audited consolidated annual results for the year ended 31 December 2015 (the “Reporting Period”) of the Company and its subsidiaries (the “Group”).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS***For the year ended 31 December 2015**(Expressed in Renminbi Yuan)*

	<i>Note</i>	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Revenue</b>	3	<b>2,057,494</b>	1,747,892
Cost of sales		<u>(1,275,875)</u>	<u>(1,174,251)</u>
<b>Gross profit</b>		<b>781,619</b>	573,641
Other revenue	4	<b>167,438</b>	147,887
Other net gain/(loss)	5	<b>3,680</b>	(29,695)
Distribution costs		<b>(29,065)</b>	(26,653)
Administrative expenses		<u>(198,422)</u>	<u>(104,997)</u>
<b>Profit from operations</b>		<b>725,250</b>	560,183
Finance costs	6(a)	<b>(38,396)</b>	(60,755)
Share of profit of an associate	10	<u><b>1,539,856</b></u>	<u>1,980,330</u>
<b>Profit before taxation</b>	6	<b>2,226,710</b>	2,479,758
Income tax	7(a)	<u>(166,899)</u>	<u>(106,945)</u>
<b>Profit for the year</b>		<u><b>2,059,811</b></u>	<u>2,372,813</u>
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>1,944,340</b>	2,238,504
Non-controlling interests		<u><b>115,471</b></u>	<u>134,309</u>
<b>Profit for the year</b>		<u><b>2,059,811</b></u>	<u>2,372,813</u>
<b>Earnings per share</b>			
Basic and diluted ( <i>RMB</i> )	8	<u><b>1.08</b></u>	<u>1.24</u>

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

*For the year ended 31 December 2015*

*(Expressed in Renminbi Yuan)*

	<b>2015</b>	2014
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Profit for the year</b>	<b>2,059,811</b>	2,372,813
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>		
Items that may be reclassified subsequently to profit or loss:		
Share of changes of reserves of an associate, net of tax	<b>37,663</b>	181,423
Exchange differences on translation of financial statements of overseas subsidiaries and the Company	–	(680)
	<b>37,663</b>	180,743
<b>Total comprehensive income for the year:</b>	<b>2,097,474</b>	2,553,556
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>1,982,003</b>	2,419,247
Non-controlling interests	<b>115,471</b>	134,309
<b>Total comprehensive income for the year</b>	<b>2,097,474</b>	2,553,556

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

(Expressed in Renminbi Yuan)

	<i>Note</i>	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		998,151	1,007,768
Lease prepayments		204,091	202,215
Intangible assets		84,023	830
Interest in an associate	10	12,655,775	11,668,343
Non-current portion of trade and other receivables	11	790,870	237,616
Finance lease receivable		–	43,901
Non-current prepayments		45,000	–
Deferred tax assets		65,349	46,164
		<u>14,843,259</u>	<u>13,206,837</u>
<b>Current assets</b>			
Inventories		246,116	145,659
Trade and other receivables	11	1,076,321	1,132,327
Finance lease receivable within one year		–	14,461
Restricted bank deposits		1,745	–
Bank deposits with maturity over three months		–	650,000
Cash and cash equivalents		2,332,268	2,057,583
		<u>3,656,450</u>	<u>4,000,030</u>
<b>Current liabilities</b>			
Loans and borrowings		50,000	670,000
Trade and other payables	12	1,172,166	1,067,051
Income tax payables		48,149	39,365
		<u>1,270,315</u>	<u>1,776,416</u>
<b>Net current assets</b>		<u>2,386,135</u>	<u>2,223,614</u>
<b>Total assets less current liabilities</b>		<b>17,229,394</b>	<b>15,430,451</b>
<b>Non-current liabilities</b>			
Loans and borrowings		480,000	130,000
<b>Net assets</b>		<u>16,749,394</u>	<u>15,300,451</u>
<b>Capital and reserves</b>			
Share capital		14,347	14,347
Reserves		16,244,099	14,839,300
<b>Equity attributable to equity shareholders of the Company</b>		<b>16,258,446</b>	<b>14,853,647</b>
<b>Non-controlling interests</b>		<b>490,948</b>	<b>446,804</b>
<b>Total equity</b>		<u>16,749,394</u>	<u>15,300,451</u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1 SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of compliance

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

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

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

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interest in an associate.

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

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

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

## 2 CHANGE IN ACCOUNTING POLICIES

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group.

- Amendments to IAS 19, Employee benefits: Defined benefit plans: Employee contributions
- Annual Improvements to IFRSs 2010–2012 Cycle
- Annual Improvements to IFRSs 2011–2013 Cycle

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

### **Amendments to IAS 19, Employee benefits: Defined benefit plans: Employee contributions**

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these financial statements as the Group operates no defined benefit plans.

### **Annual Improvements to IFRSs 2010–2012 Cycle and 2011–2013 Cycle**

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS 24, Related party disclosures has been amended to expand the definition of a “related party” to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group’s related party disclosures as the Group does not obtain key management personnel services from management entities.

## 3 REVENUE AND SEGMENT REPORTING

### (a) Revenue

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

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Energy preservation and environmental protection solutions</b>		
Residual heat power generation	871,118	967,891
Vertical mill	203,840	314,454
Waste incineration (i)	812,141	323,947
	<hr/>	<hr/>
Subtotal	1,887,099	1,606,292
<b>Port logistics services</b>	149,793	141,600
<b>Sale of new building materials</b>	20,602	–
	<hr/>	<hr/>
Total	<u>2,057,494</u>	<u>1,747,892</u>

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

	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
Revenue from waste incineration project construction services	<b>787,807</b>	323,947
Revenue from waste incineration project operation services	<b>10,579</b>	–
Finance income	<b>13,755</b>	–
Total	<b>812,141</b>	323,947

The Group has transactions with the PRC local government authorities which in aggregate exceeded 10% of the Group’s revenue. Revenue from provision of waste incineration project construction and operation services and finance income derived from local government authorities in the PRC for the year ended 31 December 2015 amounting to RMB692,451,000 (2014: RMB130,460,000). Furthermore, the Group has transactions with two individual customers which have exceeded 10% of the Group’s revenues in 2015 (2014: one). Revenues from these two customers in 2015 amounted to RMB569,130,000. Revenue from a customer in 2014 amounted to RMB729,893,000.

**(b) Segment reporting**

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

- (1) Energy preservation and environmental protection solutions included manufacturing and sales of residual heat power generation, vertical mill, waste incineration, and maintenance and related after sales services.
- (2) Port logistics services: this segment mainly engages in cargo handling, trans-shipment and warehousing services.
- (3) New building materials: this segment mainly engages in alternative wall building materials, such as the cellulose fiber cement sheets, autoclaved boards and wood wool cement boards and currently in initial expansion stage.
- (4) Investments: this segment comprises investment in Anhui Conch Group Co., Ltd. (“Conch Holdings”). Details of the principal activities of Conch Holdings are set out in Note 10.

- (i) For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

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

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

The measure used for reporting segment profit is the profit before taxation. Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2015 and 2014 is set out below:

	Year ended 31 December 2015					
	Energy preservation and environmental protection solutions <i>RMB'000</i>	Port logistics services <i>RMB'000</i>	New building materials <i>RMB'000</i>	Investments <i>RMB'000</i>	Unallocated <i>RMB'000</i>	Total <i>RMB'000</i>
Reportable segment revenue	1,887,099	149,793	20,602	-	-	2,057,494
Reportable segment profit before tax	608,302	51,645	36,820	1,539,856	(9,913)	2,226,710
Interest income	47,237	197	61,469	-	823	109,726
Interest expenses	14,870	4,554	14,281	-	4,691	38,396
Depreciation and amortisation	14,553	42,153	13,451	-	-	70,157
Provision for impairment losses — trade and other receivables	58,715	-	-	-	-	58,715
Reportable segment assets	3,584,694	637,457	1,580,130	12,655,775	41,653	18,499,709
Reportable segment liabilities	1,543,044	123,862	83,324	-	85	1,750,315



Year ended 31 December 2014

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

(ii) Geographic information

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>Revenue</b>		
Mainland China	1,199,387	1,452,353
Thailand	5,863	2,603
Japan	–	1,244
Vietnam	11,283	61,371
Indonesia	301,153	58,212
Burma	454,197	138,801
Laos	70,269	–
India	–	17,090
Tanzania	6,502	16,016
Brazil	1,364	202
Pakistan	7,476	–
	<b>2,057,494</b>	<b>1,747,892</b>

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

#### 4 OTHER REVENUE

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Interest income	109,726	106,123
Government grants (i)	57,712	41,764
	<u>167,438</u>	<u>147,887</u>

- (i) Government grants mainly represented subsidies received from the local government authorities for encouraging the Group's development in the new building materials segment in the respective PRC cities.

#### 5 OTHER NET GAIN/(LOSS)

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
Net gain/(loss) on disposal of property, plant and equipment	475	(81)
Net gain on disposal of financial lease receivable	2,192	–
Exchange gain/(loss)	1,013	(29,614)
	<u>3,680</u>	<u>(29,695)</u>

#### 6 PROFIT BEFORE TAXATION

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

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>(a) Finance costs:</b>		
Interest on loans and borrowings	38,473	62,233
Less: interest expense capitalised into construction in progress	(77)	(1,478)
	<u>38,396</u>	<u>60,755</u>

For the year ended 31 December 2015, the borrowing costs had been capitalised at a rate of 5.4% per annum (2014: 5.4% per annum).

	2015 <i>RMB'000</i>	2014 <i>RMB'000</i>
<b>(b) Staff costs:</b>		
Salaries, wages and other benefits	93,144	57,734
Contributions to defined contribution plans (i)	10,184	8,027
	<u>103,328</u>	<u>65,761</u>

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

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

	<b>2015</b>	2014
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>(c) Other items:</b>		
Cost of inventories	<b>824,683</b>	977,598
Cost of construction service	<b>451,192</b>	196,653
Depreciation	<b>65,408</b>	51,502
Amortisation of lease prepayments	<b>4,404</b>	3,444
Amortisation of intangible assets	<b>345</b>	400
Research and development costs	<b>19,008</b>	18,937
Impairment losses on trade receivables	<b>58,715</b>	12,822
Operating lease charges	<b>3,204</b>	1,839
Auditors' remuneration	<b>1,887</b>	1,732
	<u><b>1,887</b></u>	<u>1,732</u>

## 7 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENTS

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

	<b>2015</b>	2014
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
<b>Current tax:</b>		
Provision for PRC income tax for the year	<b>188,205</b>	103,691
Over provision in respect of prior years	<b>(2,121)</b>	(622)
Provision for current income tax	<b>186,084</b>	103,069
<b>Deferred tax:</b>		
Origination and reversal of temporary differences	<b>(19,185)</b>	3,876
	<u><b>166,899</b></u>	<u>106,945</u>

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.
- (ii) No provision for Hong Kong Profits Tax was made for the subsidiary located in Hong Kong as this subsidiary did not have assessable profits subject to Hong Kong Profits Tax during the reporting periods. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

- (iii) The provision for PRC income tax is based on a statutory rate of 25% of the assessable income of the Company's mainland China subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC. One of the subsidiaries, Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd ("CK Equipment") was accredited as a "High and New Technology Enterprise" ("HNTE") in 2008 and was entitled to a preferential income tax rate of 15% for a period of three years from 2008 to 2010. CK Equipment subsequently renewed its HNTE qualification in 2011 and 2014, and is currently entitled to the preferential tax rate of 15% from 2014 to 2016.
- (iv) Pursuant to the PRC Enterprise Income Tax Law Implementing Regulations issued by State Council of the People's Republic of China, certain subsidiaries with BOT projects running garbage disposal operation management are entitled to a preferential tax treatment of income tax exemption for the first three years starting from which revenue is generated and 50% income tax reduction for the next three years.

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

	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
Profit before taxation	<b>2,226,710</b>	2,479,758
Notional tax on profit before taxation, calculated at the rates applicable to profit in the tax jurisdictions concerned	<b>556,517</b>	619,865
PRC tax concessions	<b>(12,621)</b>	(16,483)
Additional deduction for research and development costs	<b>(748)</b>	(1,201)
Tax effect of non-deductible expense	<b>10,836</b>	468
Over provision in respect of prior years	<b>(2,121)</b>	(622)
Share of profit of an associate	<b>(384,964)</b>	(495,082)
Income tax	<b>166,899</b>	106,945

**8 EARNINGS PER SHARE**

**(a) Basic earnings per share**

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB1,944,340,000 (2014: RMB2,238,504,000) and 1,804,750,000 (2014: 1,804,750,000) ordinary shares in issue during the year.

**(b) Diluted earnings per share**

There were no dilutive potential ordinary shares outstanding during the years ended 31 December 2015 and 2014.

**9 DIVIDENDS**

Pursuant to a resolution passed at the Directors' meeting on 24 March 2016, a final dividend of HK\$0.30 (2014: HK\$0.40) per ordinary share totalling HK\$541,425,000 (equivalent to approximately RMB453,389,000; 2014: RMB577,204,000) was proposed for shareholders' approval. The dividend has not been provided for in the consolidated financial statements for the year ended 31 December 2015.

## 10 INTEREST IN AN ASSOCIATE

	<b>2015</b> <b>RMB'000</b>	2014 <i>RMB'000</i>
Share of net assets	<b>12,655,775</b>	<u>11,668,343</u>

The particulars of the associate are as follows:

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

The particulars of Conch Holdings's investment holdings as at 31 December 2015 are as follows:

Name of associate	Form of business structure	Place of incorporation and operation	Particulars of issued and paid up capital	Ownership interest held by Conch Holdings	Principal activities
Anhui Conch Cement Co., Ltd. ("Conch Cement") (安徽海螺水泥股份有限公司)	Incorporated	The PRC	5,299,302,579 ordinary shares of RMB1 each	36.78%	Manufacture and sale of cement related products
Wuhu Conch Profiles and Science Co., Ltd. (蕪湖海螺型材科技股份有限公司)	Incorporated	The PRC	360,000,000 ordinary shares of RMB1 each	32.62%	Manufacture of new chemical and building materials
Anhui Conch Building Materials Design and Research Institute (安徽海螺建材設計研究院)	Incorporated	The PRC	RMB60,000,000	100%	Design and contract cement/light steel construction
Yingde Conch International Hotel Co., Ltd. (英德海螺國際大酒店有限公司)	Incorporated	The PRC	RMB63,800,000	100%	Hotel service
Wuhu Conch International Hotel Co., Ltd. (蕪湖海螺國際大酒店有限公司)	Incorporated	The PRC	RMB68,500,000	100%	Hotel service
Anhui Conch IT Engineering Co., Ltd. (安徽海螺信息技術工程有限責任公司)	Incorporated	The PRC	RMB5,000,000	100%	Computer system design and development

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

	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
<i>Gross amounts of the associate</i>		
Current assets	<b>1,198,151</b>	1,329,842
Non-current assets	<b>28,069,156</b>	26,189,942
Current liabilities	<b>(794,195)</b>	(1,752,239)
Non-current liabilities	<b>(2,645,000)</b>	(1,954,600)
Equity	<b>25,828,112</b>	23,812,945
Revenue	<b>818,687</b>	721,969
Profit after tax for the year	<b>3,132,189</b>	4,041,490
Other comprehensive income	<b>76,863</b>	370,251
Total comprehensive income	<b>3,209,052</b>	4,411,741
Dividend received from the associate	<b>589,931</b>	294,000
<i>Reconciled to the Group's interest in the associate</i>		
Gross amounts of net assets of the associate	<b>25,828,112</b>	23,812,945
Group's effective interest	<b>49%</b>	49%
Group's share of net assets of the associate	<b>12,655,775</b>	11,668,343
Carrying amount in the consolidated financial statements	<b>12,655,775</b>	11,668,343

## 11 TRADE AND OTHER RECEIVABLES

	<b>2015</b>	2014
	<b>RMB'000</b>	RMB'000
Trade receivables	<b>605,842</b>	639,501
Bills receivable	<b>102,129</b>	128,587
Less: allowance for doubtful debts	<b>(108,709)</b>	(49,994)
Trade and bills receivables	<b>599,262</b>	718,094
Gross amounts due from customers for construction contract work	<b>79,750</b>	93,428
Deposits and prepayments	<b>74,494</b>	29,601
Other receivables	<b>134,507</b>	41,597
Interest receivables	<b>14,980</b>	13,374
Amounts due from third parties	<b>902,993</b>	896,094
Amounts due from related parties	<b>173,328</b>	236,233
Current portion of trade and other receivables	<b>1,076,321</b>	1,132,327
Non-current portion of gross amounts due from customers for construction contract work	<b>790,870</b>	237,616
Total current and non-current trade and other receivables	<b>1,867,191</b>	1,369,943

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

As at 31 December 2015, the Group endorsed the undue bills receivable of RMB176,715,000 (2014: RMB140,010,000) to its suppliers to settle trade payables of the same amount and derecognised these bills receivable and the payables to suppliers in their entirety as the Group's management considered that the risks and rewards of ownership of these undue bills have been substantially transferred. The Group's continuous involvement in these derecognised undue bills receivable is limited to when the issuance banks of these undue bills are unable to settle the amounts to the holders of these bills. As at 31 December 2015, the maximum exposure to loss from its continuous involvement represents the amount of bills receivable of RMB176,715,000 (2014: RMB140,010,000) which the Group endorsed to its suppliers. These undue bills receivable were due within 6 months.

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

**(a) Ageing analysis**

As of the end of the reporting periods, the ageing analysis of trade receivables and bills receivable (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
Within 1 year	<b>362,518</b>	533,390
After 1 year but within 2 years	<b>164,401</b>	157,703
After 2 years but within 3 years	<b>63,184</b>	21,955
After 3 years but within 5 years	<b>9,159</b>	5,046
	<u><b>599,262</b></u>	<u>718,094</u>

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

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

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

	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
At the beginning of the year	<b>49,994</b>	37,172
Impairment losses recognised	<b>58,715</b>	12,822
	<u><b>108,709</b></u>	<u>49,994</u>

The Group's trade and other receivables of RMB18,563,000 was individually determined to be impaired by the management at 31 December 2015 (2014: RMB5,705,000).

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

	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
Current	<u>442,830</u>	456,864
Less than 1 year past due	<b>109,470</b>	174,780
1 to 2 years past due	<b>41,611</b>	71,892
2 to 3 years past due	<b>5,351</b>	13,952
More than 3 years past due	<u>–</u>	<u>606</u>
Total amount past due	<u><b>156,432</b></u>	<u>261,230</u>
	<u><b>599,262</b></u>	<u>718,094</u>

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

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

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

*(i) Construction contracts*

The aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the gross amount due from customers for contract work at 31 December 2015 is RMB381,114,000 (2014: RMB374,050,000). The gross amounts due from customers from contract work are expected to be recovered upon contract term.

	<b>2015</b> <i>RMB'000</i>	2014 <i>RMB'000</i>
Contract costs incurred plus recognised profits		
less anticipated losses	<b>381,114</b>	374,050
Less: Progress billings	<u>(240,223)</u>	<u>(159,777)</u>
Net contract work	<u><b>140,891</b></u>	<u>214,273</u>
<b>Representing:</b>		
Gross amounts due from customers for contract work		
— Non-current	<b>67,026</b>	120,845
— Current	<u><b>73,865</b></u>	<u>93,428</u>
	<u><b>140,891</b></u>	<u>214,273</u>



(ii) *BOT arrangement*

The aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the non-current gross amount due from customers for contract work in relation to BOT arrangements was RMB732,160,000 at 31 December 2015 (2014: RMB116,771,000). The amounts for BOT arrangements are settled by revenue to be generated during the operating periods of the arrangements.

	<b>2015</b> <b>RMB'000</b>	2014 <i>RMB'000</i>
Contract costs incurred plus recognised profits		
less anticipated losses	<b>732,160</b>	116,771
Less: Progress billings	<b>(2,431)</b>	–
	<hr/>	<hr/>
Net contract work in relation to BOT arrangements	<b>729,729</b>	116,771
	<hr/> <hr/>	<hr/> <hr/>
<b>Representing:</b>		
Gross amounts due from customers for contract work in relation to BOT arrangements		
— Non-current	<b>723,844</b>	116,771
— Current	<b>5,885</b>	–
	<hr/>	<hr/>
	<b>729,729</b>	116,771
	<hr/> <hr/>	<hr/> <hr/>

“Gross amounts due from customers for contract work in relation to BOT arrangements” mainly represent part of the revenue from construction under BOT arrangements and bear interest at rates of ranging primarily from 6.94% to 9.68% per annum for the year ended 31 December 2015. Among the total of RMB729,729,000 (2014: RMB116,771,000), RMB333,117,000 (2014: nil) relates to BOT arrangements with operation commenced. The amounts for BOT arrangements are not yet due for payment and will be settled by revenue to be generated during the operating periods of the BOT arrangements.

## 12 TRADE AND OTHER PAYABLES

	<b>2015</b> <b>RMB'000</b>	2014 <i>RMB'000</i>
Trade payables	<b>669,972</b>	521,280
Bills payable	<b>177,965</b>	139,138
	<hr/>	<hr/>
	<b>847,937</b>	660,418
Receipts in advance	<b>24,863</b>	117,382
Other payables and accruals	<b>152,286</b>	229,909
	<hr/>	<hr/>
Amounts due to third parties	<b>1,025,086</b>	1,007,709
Amounts due to related parties	<b>147,080</b>	59,342
	<hr/>	<hr/>
Trade and other payables	<b>1,172,166</b>	1,067,051
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2015, certain bills payable were secured by the following assets of the Group:

	<b>2015</b> <b>RMB'000</b>	2014 <i>RMB'000</i>
Restricted bank deposits	<u><b>1,745</b></u>	<u>–</u>

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

	<b>2015</b> <b>RMB'000</b>	2014 <i>RMB'000</i>
Within 1 year	<b>827,421</b>	649,937
1 year to 2 years	<b>17,565</b>	10,481
2 years to 3 years	<u><b>2,951</b></u>	<u>–</u>
	<u><b>847,937</b></u>	<u>660,418</u>

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

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Business Review**

2015 is an important year for the development of the Group following its listing. During the Reporting Period in which the macro environment remained complex and volatile with increasing pressure of economic downturn, management and staff of the Group remained united and undivided under the powerful leadership of the Board of the Company, taking aggressive and effective measures to cope with the economic downturn. While striving to maintain the steady development of the energy-saving business, we increased our efforts to expand the environmental-protection business and continued to strengthen our internal management, as a result of which, the Company's principal businesses presented a momentum of healthy and steady growth.

During the Reporting Period, the Group recorded a revenue of approximately RMB2,057 million, representing an increase of 17.71% as compared to that in the previous year. Profit before taxation from principal businesses was RMB687 million, representing a year-on-year increase of 37.53%. Net profit from principal businesses attributable to equity shareholders of the Company amounted to RMB404 million, representing a year-on-year increase of 56.67% as compared to that in the previous year.

### **Energy-saving Industry**

In 2015, the Group increased its efforts to penetrate into overseas markets to gather information on the latest developments thereof, continued to explore the overseas markets of cement residual heat power generation, coal-fired power plants and vertical mills, as a result of which, it successfully secured a number of orders in Indonesia, Pakistan and some other countries. The Group also took proactive steps to capture the domestic market and maintain its efforts in developing the market of residual heat power generation in the non-cement industries, and organized deep-reaching field researches in the potential markets of ferroalloy residual heat power generation such as Ningxia and Inner Mongolia, so as to gather the latest information. With such persistent efforts, the Group successfully secured the contract order from Ningxia Galaxy for the design of ferrosilicon power generation project.

During the Reporting Period, the Group entered into a total of 14 orders for residual heat power generation, among which 5 came from overseas, 8 from the cement industry in domestic market and 1 from other industry. The Group sold a total of 10 vertical mills.

### **Environmental-Protection Industry**

During the Reporting Period, the environmental protection industry emerged as a major launch pad of the Group's revenue and profit growth. The Group's proprietary technologies include: collaborative treatment of municipal waste by cement kilns, grate furnace power generation and treatment of solid and hazardous waste by cement kilns, etc.

During the Reporting Period, the Group secured a total of 7 projects of collaborative treatment of municipal waste by cement kilns in different places, i.e. Emeishan City of Sichuan Province, Linxia Prefecture of Gansu Province, Lingyun County of Guangxi Province, Tongling City of Anhui Province (phase II), Shahe City of Hebei Province, Ningguo City of Anhui Province and Longyan City of Fujian Province. In addition, the Group joined the Industrial Alliance of Solid Waste Co-processing by Cement Kilns as a vice president unit, which was established and led by China Building Materials Federation and China Cement Association, which enabled it to communicate with relevant authorities in respect of the State policies.

During the Reporting Period, the Group signed a grate furnace waste incineration power generation project in Yanshan County, Yunnan Province, and at the same time, its Jinzhai Grate Furnace Power Generation Demonstration Project was put into operation which will establish and complete a series of economic and technical criteria as well as the systems and processes for the future build-up of technologies, experience and talents, as an effort to lay a solid foundation for the Group's market expansion.

During the Reporting Period, revenue of the energy-saving and environmental protection industries amounted to RMB1,887 million, representing an increase of 17.48% as compared to that in the previous year.

### **New Building Materials Industry**

During the reporting period, the Group produced 4,040,000 sq.m fibre cement panels, sells 1,910,000 sq.m fibre cement panels accumulatively, reporting the operating revenue of RMB 20,602,000.

During the reporting period, the new building material industry focused on the goal of regarding market exploration as centre, sales increase as root, product safety as basis, technology and facility as safeguard, cost control as method, reliable quality as competitiveness to build the top brand image for Conch Venture, strengthened the key problems tackling and exploration of process technologies, improved the construction of control system for process quality, and realised the production with many specifications and varieties. The post-processing system and the construction of product test and detection centre were implemented. The capacity of product self-inspection and self-control was increased. A diversified platform for product promotion and sales was formed initially. A customer group was built, which is entered on post-processing customers including inorganic ceiling, thermal insulation and decoration integrated plate, light compound wallboard, ceiling panels and decoration moulding, and supplemented by engineering and building markets. Product sales realised the complete coverage. Sales and customer numbers continued to grow rapidly period to period, and product's bulk exporting was achieved. The Group actively conducted various exchanges for searching quality strategic partners and occupying custom resources, hence the influence in new building material industry was significantly improved.

Due to the difficulties including downward of macroeconomic market, general slowdown of demands on building decoration products, and inadequate development of production capacity within industrial post-processing enterprises, there is still a gap with the production and sales goal. However, the Group has obtained some exploring operating development and management results. Particularly, we have accumulated valuable experiences on production and process control, precious resources on market building, product promotion and application. A professional management system and fundamental standardized process have been gradually established, improved and on a fast track of operating development.

### Port Logistics Business

During the Reporting Period, the port logistics business took steps to gradually diversify its customer base and improve the quality of its value-added services through fully exerting its potential and developing new business with appropriate reorientation and diversification.

During the Reporting Period, the Group has recorded a throughput of 22.97 million tones, with a revenue of RMB150 million, representing an increase of RMB8.193 million as compared to that in the previous year.

### PROFITS

Item	2015 Amount (RMB'000)	2014 Amount (RMB'000)	Changes between the Reporting Period and the Corresponding period of the previous year (%)
Revenue	<b>2,057,494</b>	1,747,892	17.71%
Profit before taxation	<b>2,226,710</b>	2,479,758	-10.20%
Share of profit of an associate	<b>1,539,856</b>	1,980,330	-22.24%
Net profit attributable to equity shareholder of the Company	<b>1,944,340</b>	2,238,504	-13.14%
Net profits from principal businesses attributable to equity shareholder of the Company	<b><u>404,484</u></b>	<u>258,174</u>	<u>56.67%</u>

During the Reporting Period, the Group took advantage of the favourable industrial policies and adapted itself to the market changes while accelerating the strategic deployment to expand market share, and recorded a revenue of RMB2,057 million, representing an increase of 17.71% as compared to that in the previous year. We recorded a profit before taxation of RMB2,227 million, representing a decrease of 10.20% as compared to that in previous year, mainly due to the decrease in the profit from Conch Holdings, an associate of the Company. Net profits from principal businesses attributable to the equity shareholders of the Company amounted to RMB404 million, representing an increase of 56.67% as compared to that in the previous year. Basic earnings per share amounted to RMB1.08.

### Revenue by business segments

Item	2015		2014		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
Residual heat power generation	871,118	42.34	967,891	55.38	-10.00	-13.04
Vertical mills	203,840	9.91	314,454	17.99	-35.18	-8.08
Waste incineration	812,141	39.47	323,947	18.53	150.70	20.94
Subtotal	1,887,099	91.72	1,606,292	91.90	17.48	-0.18
New building materials	20,602	1.00	—	—	—	1.00
Port logistics services	149,793	7.28	141,600	8.10	5.79	-0.82
Total	<u>2,057,494</u>	<u>100.00</u>	<u>1,747,892</u>	<u>100.00</u>	<u>17.71</u>	<u>—</u>

During the Reporting Period, the revenue of the waste incineration business maintained its rapid growth while that of residual heat power generation and vertical mills met with a decrease, and our new building materials business recorded a revenue. With a breakdown by segment, (i) the revenue of waste incineration was RMB812 million, representing an increase of 150.70% as compared to that in the previous year, mainly due to the Group's recognition of revenue from waste incineration projects in Jinzhai of Anhui Province, Qiyang of Hunan Province, Yuping and Anshun of Guizhou Province; (ii) the revenue of residual heat power generation and vertical mills decreased by 10.00% and 35.18%, respectively, with their proportions in the total revenue of the Group decreasing by 13.04 and 8.08 percentage points respectively, mainly due to the decrease in the number of new cement projects together with a decrease in demand, leading to a decline in the operating income; and (iii) the new building materials recorded a revenue of RMB20.602 million, at its early stage of market development.

## Revenue by geographical locations

Item	2015		2014		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage %	Amount (RMB'000)	Percentage %		
China	1,199,387	58.29	1,452,353	83.09	-17.42	-24.80
Asia (excluding China)	850,241	41.32	279,321	15.98	204.40	25.34
Africa	6,502	0.32	16,016	0.92	-59.40	-0.60
South America	1,364	0.07	202	0.01	575.25	0.06
<b>Total</b>	<b>2,057,494</b>	<b>100.00</b>	<b>1,747,892</b>	<b>100.00</b>	<b>17.71</b>	<b>—</b>

During the Reporting Period, the Group developed the overseas markets of residual heat power generation and vertical mills with remarkable efforts, revenue in Asia (excluding China) increased by 204.40% as compared to that in the previous year, with its proportion increasing by 25.34%.

## Gross profit and gross profit margin

Item	2015		2014		Change in amount (%)	Change in gross profit margin (percentage point)
	Gross profit (RMB'000)	Gross profit margin (%)	Gross profit (RMB'000)	Gross profit margin (%)		
Residual heat power generation	279,391	32.07	282,703	29.21	-1.17	2.86
Vertical mills	68,696	33.70	88,017	27.99	-21.95	5.71
Waste incineration	360,949	44.44	127,294	39.29	183.56	5.15
<b>Subtotal</b>	<b>709,036</b>	<b>37.57</b>	<b>498,014</b>	<b>31.00</b>	<b>42.37</b>	<b>6.57</b>
New building materials	-5,980	-29.03	—	—	—	—
Port logistics services	78,563	52.45	75,627	53.41	3.88	-0.96
<b>Total</b>	<b>781,619</b>	<b>37.99</b>	<b>573,641</b>	<b>32.82</b>	<b>36.26</b>	<b>5.17</b>

During the Reporting Period, the Group's consolidated gross profit margin was 37.99%, representing an increase of 5.17 percentage points as compared to that in the previous year. With a breakdown by segment, (i) the gross profit margin for residual heat power generation and vertical mills increased by 2.86 and 5.71 percentage points respectively, mainly due to the increase in revenue from overseas projects which have higher gross profit margins; (ii) the gross profit margin of waste incineration increased by 5.15 percentage points as compared to that in the previous year, mainly due to the decrease in the costs of equipment and civil engineering from certain projects; (iii) the gross profit margin for new building materials was negative, mainly due to the failure to dilute fixed costs effectively at its initial market development stage while its production capacity was not yet fully utilized.

### Share of revenue and profit of Conch Cement

Item	2015		2014		Change in amount (%)	Change in percentage (percentage points)
	Amount (RMB'000)	Percentage (%)	Amount (RMB'000)	Percentage (%)		
<b>Revenue</b>	<b>2,057,494</b>	<b>100.00</b>	1,747,892	100.00	17.71	—
Other customers	<b>1,718,124</b>	<b>83.51</b>	1,017,999	58.24	68.77	25.27
Conch Cement	<b>339,370</b>	<b>16.49</b>	729,893	41.76	-53.50	-25.27
<b>Profit for the year</b>	<b>2,059,811</b>	<b>100.00</b>	2,372,813	100.00	-13.19	—
Share of profit of an associate	<u><b>1,539,856</b></u>	<u><b>74.76</b></u>	<u>1,980,330</u>	<u>83.46</u>	<u>-22.24</u>	<u>-8.70</u>
Profit attributable to operations	<u><b>519,955</b></u>	<u><b>25.24</b></u>	<u>392,483</u>	<u>16.54</u>	<u>32.48</u>	<u>8.70</u>

During the Reporting Period, revenue from sales to other customers was RMB1,718 million, representing an increase of 68.77% as compared to that in the previous year; accounted for 83.51% of the total revenue, representing an increase of 25.27% as compared to that in the previous year. Revenue from sales to Conch Cement was RMB339 million, representing a decrease of 53.50%; accounted for 16.49% of the total revenue, down by 25.27%. Profit attributable to operations was RMB520 million, representing an increase of 32.48% as compared with the corresponding period of the previous year, mainly due to the rapid development of the environmental protection industry.



## **Other revenue**

During the Reporting Period, other revenue of the Group amounted to RMB167.438 million, representing an increase of RMB19.551 million or 13.22%, mainly due to the increase in interest income and subsidies.

## **Distribution costs**

During the Reporting Period, the distribution costs of the Group were RMB29.065 million, representing an increase of RMB2.412 million or 9.05% as compared to that in the previous year, mainly due to the increase in the distribution costs for developing the new building materials market.

## **Administrative expenses**

During the Reporting Period, the Group's administrative expenses were RMB198.422 million, representing an increase of RMB93.425 million, or 88.98% as compared to that in the previous year, mainly due to the increase in provision for allowance for doubtful debts, employees' compensation, depreciation and amortization costs.

## **Finance costs**

During the Reporting Period, the Group's financial costs were RMB38.396 million, representing a decrease of RMB22.359 million or 36.80% as compared to that in the previous year, mainly due to the decrease in the interest expenses as a result of the repayment of the bank loans during the year.

## **Profit before taxation**

During the Reporting Period, the Group's profit before taxation was RMB2,227 million, representing a decrease of RMB253 million or 10.20% as compared to that in the previous year, mainly due to share of profits of an associate of RMB1.54 billion, representing a decrease of RMB440 million as compared to that in the previous year, which caused the profit before taxation to decline; the profit before taxation from principal operations recorded a significant growth during the year, which amounted to RMB687 million, representing an increase of RMB187 million or 37.53% as compared to that in the previous year.

## **Income tax expenses**

During the Reporting Period, the Group's income tax expenses were RMB166.899 million, representing an increase of RMB59.954 million or 56.06% as compared to that in the previous year, mainly due to the increase in the profit before taxation from principal operations, which caused the income tax to increase.

## FINANCIAL POSITION

As at 31 December 2015, total assets and equity attributable to equity shareholders of the Company amounted to RMB18.5 billion and RMB16.258 billion, representing increases of RMB1.293 billion and RMB1.405 billion, respectively, as compared with the end of the previous year. Gearing ratio of the Group was 9.46% (total liabilities/total assets), representing a decrease of 1.62 percentage points as compared with the end of the previous year. The balance sheet items of the Group are as follows:

Item	At 31 December 2015 (RMB'000)	At 31 December 2014 (RMB'000)	Change between the end of the Reporting Period and the end of the previous year (%)
Property, plant and equipment	998,151	1,007,768	-0.95
Non-current assets	14,843,259	13,206,837	12.39
Current assets	3,656,450	4,000,030	-8.59
Current liabilities	1,270,315	1,776,416	-28.49
Non-current liabilities	480,000	130,000	269.23
Net current assets	2,386,135	2,223,614	7.31
Equity attributable to equity shareholders of the Company	16,258,446	14,853,647	9.46
Total assets	18,499,709	17,206,867	7.51
Total liabilities	1,750,315	1,906,416	-8.19

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

As at 31 December 2015, the non-current assets of the Group was RMB14.843 billion, representing an increase of 12.39% as compared with the end of the previous year, primarily due to an increase of interest in its associate and amounts from customers for construction contract work. Non-current liabilities of the Group were RMB480 million, representing an increase of 269.23% as compared with the end of the previous year, primarily due to the additions in the long-term loans of the Group during the year.

## Current assets and current liabilities

As at 31 December 2015, the current assets of the Group was RMB3,656 million, representing a decrease of 8.59% as compared with the end of the previous year, primarily because the Group accelerated the construction of certain projects and repaid some bank borrowings. Current liabilities of the Group were RMB1.270 billion, representing a decrease of 28.49% as compared with the end of the previous year, primarily due to the effect of the Group's repayment of short-term bank loans. Current ratio and debt to equity ratio (calculated by dividing total loans by total equity) were 2.88 and 0.03, respectively, as compared to 2.25 and 0.05 of the corresponding period of the previous year respectively.

## Net current assets

As at 31 December 2015, net current assets of the Group were RMB2,386 million, representing an increase of RMB163 million as compared with the end of the previous year.

## Equity attributable to equity shareholders of the Company

As at 31 December 2015, equity attributable to equity shareholders of the Group was RMB16.258 billion, representing an increase of 9.46% as compared with the end of the previous year, primarily due to the increase in interest in an associate attributable to the Group and profit from principal operations before taxation.

## Liquidity and Capital Resources

During the Reporting Period, the Group's working capital mainly came from cash from daily operations and investments. The Group regularly monitored the liquidity needs to guarantee sufficient funds were available to meet short-term and long-term financial needs. As at December 31, 2015, the Group's cash and cash equivalents amounted to RMB2,332 million, with the main currencies being RMB, Hong Kong dollars and US dollars.

## Bank loans

Item	At 31 December 2015 (RMB'000)	At 31 December 2014 (RMB'000)
Due within one year	50,000	670,000
Due after one year but within two years	—	130,000
Due after two years but within five years	480,000	—
<b>Total</b>	<b>530,000</b>	<b>800,000</b>

As at 31 December 2015, bank loans of the Group amounted to RMB530 million, representing a decrease of RMB270 million as compared with the end of the previous year, primarily due to the Group's repayment of bank loans during the year. As at 31 December 2015, the Group's bank loans were all denominated in RMB, and the interests of a large portion of loans were calculated at variable rates.

## Foreign Exchange Risk

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

## CASH FLOW

Item	2015 (RMB'000)	2014 (RMB'000)
Net cash generated from operating activities	65,020	336,768
Net cash generated from/(used in)investing activities	1,167,249	(677,254)
Net cash used in financing activities	(957,584)	(1,299,392)
Net increase/(decrease) in cash and cash equivalents	<u>274,685</u>	<u>(1,639,878)</u>
Cash and cash equivalents at the beginning of the year	2,057,583	3,698,141
Effect of changes in foreign exchange rate on cash and cash equivalents	<u>—</u>	<u>(680)</u>
Cash and cash equivalents at the end of the year	<u><u>2,332,268</u></u>	<u><u>2,057,583</u></u>

### Net cash generated from operating activities

During the Reporting Period, net cash generated from the operating activities of the Group amounted to RMB65.02 million, representing a decrease of RMB271.748 million as compared to that in the previous year. The decrease was mainly attributable to the increase in the cash used in the waste incineration projects, which caused the net cash generated from operating activities to decline.

### Net cash generated from investing activities

During the Reporting Period, net cash generated from the investing activities of the Group amounted to RMB1,167.249 million, representing an increase of RMB1,844.503 million as compared to that in the previous year. The increase was mainly due to the Group's structured deposits which fell due successively during the year and the receipt of dividends from its associates.

## Net cash used in financing activities

During the Reporting Period, net cash used in the financing activities of the Group amounted to RMB957.584 million, representing a decrease of RMB341.808 million as compared to that in the previous year, mainly due to decrease of net repayment of the Group's bank loans.

## COMMITMENTS

At 31 December 2015, the Group's purchase commitments in connection with construction contracts were as follows:

<b>Item</b>	<b>At 31 December 2015 (RMB'000)</b>	<b>At 31 December 2014 (RMB'000)</b>
Contracted for	209,427	476,459
Authorized but not contracted for	846,320	510,600
<b>Total</b>	<b>1,055,747</b>	<b>987,059</b>

## CONTINGENT LIABILITIES

As at 31 December 2015, the Group had no material contingent liabilities.

## PLEDGE OF ASSETS

As at 31 December 2015, the Group had no material pledge of assets.

## MATERIAL INVESTMENTS, ACQUISITIONS OR DISPOSALS

As at 31 December 2015, the Group had no material investments, acquisitions or disposals.

## USE OF PROCEEDS FROM LISTING AND CHANGE IN USE OF PROCEEDS

The shares of the Company were listed on the Main Board of the Stock Exchange on 19 December 2013. The net proceeds from the global offering amounted to approximately HK\$3,968.3 million (approximately RMB3,118.9 million).

In order to utilise the net proceeds of the global offering in a more effective way and to facilitate efficient allocation of the Company's financial resources, the Board reviewed the utilisation of the net proceeds of the global offering at the Board meeting held on 23 September 2015. Having considered the changes in the business environment, the Board resolved to change the use of net proceeds. The Board resolved that the net proceeds originally intended to be used for the construction of production facilities of wood wool cement boards in Wuhu and Bozhou would be reallocated for carrying out refuse and solid waste treatment projects. As to the amount originally intended for repayment of shareholder's loan owing to

HLGH Investment Limited, the remaining balance after repayment of the shareholder's loan would be applied to the repayment of loans and borrowings of the Company. For details, please see the Company's announcement dated 23 September 2015.

Among the net proceeds from the global offering amounting to approximately HK\$3,968.3 million (approximately RMB3,118.9 million), during the year ending 31 December 2014, the Company utilised an aggregate amount of approximately RMB1,029.5 million. The remaining net proceeds amounted to RMB2,089.4 million. During the Reporting Period, the Company further utilised approximately RMB885.1 million in the manner set out in the following table.

<b>Use of net proceeds</b>	<b>The amount utilised in 2015 (RMB million)</b>	<b>Balance as at 31 December 2015 (RMB million)</b>	<b>The actual business progress as at 31 December 2015</b>
The construction of production facility of autoclaved fiber cement board in Wuhu, Anhui Province	22.4	703.5	The construction of production facility, raw material procurement and construction of sales market of new building materials industry
The construction of production facility of autoclaved fiber cement board in Bozhou, Anhui Province	24.1	169.5	The construction of production facility, raw material procurement and construction of sales market of new building materials industry
To carry out refuse and solid waste treatment projects within the Company's business scope by applying various business models	783.1	289.9	Construction and operation of waste incineration project in Jinzhai of Anhui Province and Qiyang of Hunan Province
To repay the loans and borrowings	21.2	Nil	Loans have been repaid
General corporate purposes	34.3	41.4	
	<u>885.1</u>	<u>1,204.3</u>	

As at 31 December 2015, the Company utilised an aggregate amount of the net proceeds of approximately RMB1,914.6 million. The remaining net proceeds amounted to RMB1,204.3 million. The remaining net proceeds were deposited in the banks and recognised financial institutions in Hong Kong and China.

## **HUMAN RESOURCES**

The goal of the Group's human resources management is to reward and recognise the outstanding employees by providing them with agreeable salaries and welfare and implementing a comprehensive performance assessment scheme for their development and promotion within the Group. The Group arranges external training courses, seminars and technical courses for employees to enhance their professional knowledge and skills, their understanding of market development and management and operational skills.

As at 31 December 2015, the Group had approximately 1,141 employees. The remuneration of employees is based on qualifications, experience, work performance and market conditions. As required by the PRC regulations on social insurance, the Group participated in the social insurance schemes operated by local government authorities which include pension insurance, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance.

The Company adopted a share option scheme ("Share Option Scheme") pursuant to a resolution in writing passed by all shareholders on 3 December 2013 for the purpose of granting options to selected participants as incentives or rewards for their contribution to the Group. The Group has not granted any share option under the Share Option Scheme ever since its listing.

## **Future Plan and Outlook**

The Central Government has emphasized on solving the conflicts between man and nature when it put environmental-friendly development in its proposed development guidelines set forth as "Innovation, Coordination, Environmental-Friendliness, Opening and Sharing". During the "13th Five-Year" Period, construction of an agreeable ecological environment will be a big concern of the governments at all levels. In order to increase its environmental-protection efforts, the State will place greater emphasis on the disposal of solid and hazardous waste, and as a result, the investment in this field will increase continuously. In addition, with the promotion of construction industrialization and higher requirements on the building materials in terms of environmental-friendliness, the market of new building materials will be gradually cranked up. It can be expected that the industries of energy-saving and new building materials will meet with valuable opportunities during the "13th Five-Year" Period.

Facing both opportunities and challenges, the Group is determined to take proactive steps to "maintain growth and propel development". While looking for business opportunities in the domestic market, our energy-saving business will continue to consolidate and expand its market shares in Southeast Asia, South Asia, Africa and South America and carefully follow up the key projects and potential markets to secure more orders and turn the overseas markets into an important backup for the stable development of our Group in the coming years.

We will strengthen cooperation with the governmental authorities to make the existing projects good samples of demonstration and secure orders through the proper use of business models such as EP, EPC, BOT and PPP; reduce the adverse effect of government subsidies through the research on technology application in construction of grate furnace in the cement plant for power generation; expand the business scope of the Group by developing the disposal of industrial hazardous and solid waste by cement kiln through the control of Xi'an Yaobai Environmental Technology Engineering Co., Ltd. (西安堯柏環保科技工程有限公司). We will strive to develop our energy-saving and environmental-protection industry into a world-renowned and leading industry and realize a great leap-forward development.

We will further boost confidence on new building material industry, establish a customer resource network centred on core markets including Jiangsu, Zhejiang, Shanghai, Anhui, Shandong and Henan, efficiently exploit the advantage of the Group on complete supporting functions of production line, take full advantage of strategic cooperation relations between upstream and downstream industries after steadily improving the foundation of post-processing enterprise customers, explore businesses targeted on engineering project, steel structure house, light steel villa, housing industrialization, existing building reconstruction, etc., expand export channels, and always take sales target increase as the top priority of operating development. Meanwhile, we will strengthen the production promotion, actively engage in the industrial development, maintain interactions with upstream and downstream industrial chains, and strive to be heard in the industry. In addition, we will continue to pay attention to customer demand and improve production quality, enhance process quality control, raise efficiency of equipment operation, strive to reduce the production cost, guarantee the product's certified rate, so as to meet the market demand with high quality products and customer demand with sincere services.

Looking forward, the Group will adhere to its philosophy known as "exploiting environment-protection career to create beautiful homeland" and concentrate on three major industries (i.e. energy preservation, environmental protection and new building materials). With focusing on enhancing quality, reducing costs and increasing efficiency, we will strive to develop the market, advance overseas market development, increase the value of our industries, strengthen systematic management and control, innovate our operating modes, closely follow the state's industrial policies and make efforts to achieve the targets as set forth in the "13th Five-Year" Development Plan to reward our shareholders with brilliant operating results.

## **FINAL DIVIDENDS**

At the Board meeting held on 24 March 2016, the directors proposed to declare a final cash dividend of HK\$0.30 per share for the year ended 31 December 2015. The proposed final dividend is subject to the approval of shareholders at the forthcoming annual general meeting ("AGM"). Final dividend is expected to be paid on 12 July 2016.

## **ANNUAL GENERAL MEETING**

The AGM of the Company will be held on Tuesday, 21 June 2016. The notice of the AGM, which will be incorporated into the circular to the shareholders, will be sent together with the Company's annual report for the year ended 31 December 2015 ("2015 Annual Report").



## **CLOSURE OF REGISTER OF MEMBERS**

For determining the qualification of shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 16 June 2016 to Tuesday, 21 June 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify as shareholders to attend and vote at the AGM, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 15 June 2016.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Monday, 27 June 2016 to Wednesday, 29 June 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfers of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Friday, 24 June 2016.

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

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

## **COMPLIANCE WITH CORPORATE GOVERNANCE CODE**

The Board confirmed that during the Reporting Period, save for the following deviation, the Company has complied with the principles and code provisions of the Corporate Governance Code set out in Appendix 14 to the Listing Rules to formulate its operation during the Reporting Period, and the Company has further refined the corporate governance structure and enhanced its corporate governance under the guidance of the regulatory documents including the Listing Rules and the articles of association.

According to Code Provision A.1.1 of the Corporate Governance Code, the board of directors of any listed company should meet regularly and board meetings should be held at least four times a year at approximately quarterly intervals. During the Reporting Period, the Board held four meetings in the first three quarters, two of which were regular meetings to approve the final results for the year ended 31 December 2014 and the interim results for the six months ended 30 June 2015. The Board considered that each Director spent adequate time to supervise the affairs of the Company during the meetings held in the first three quarters. In 2016, the Company will hold one regular Board meeting for each quarter to comply with Code Provision A.1.1 of the Corporate Governance Code to discuss or approve matters in relation to, among other things, operating strategies, external expansion, financial planning of the Company.

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

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

## **REVIEW OF ANNUAL RESULTS**

The annual results of the Group for the year ended 31 December 2015 have been reviewed by the audit committee of the Company.

## **PUBLICATION OF RESULTS ANNOUNCEMENT**

This results announcement is available on the website of Hong Kong Exchanges and Clearing Limited ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.conchventure.com](http://www.conchventure.com)). The 2015 Annual Report containing all the information required by the Listing Rules will be despatched to the shareholders of the Company and published on the above websites in due course.

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

The People’s Republic of China

24 March 2016

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