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

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 586)

ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2013

HIGHLIGHTS

- Turnover of the Company for 2013 amounted to approximately RMB1,591.4 million, representing an increase of 27.3% as compared with 2012.
- Net profit attributable to equity shareholders of the Company for 2013 amounted to approximately RMB1,836.8 million, representing an increase of 41.4% as compared with 2012.
- Basic earnings per share for 2013 amounted to RMB1.22.
- The Board proposes the distribution of final cash dividend of HK$0.25 per share for 2013.

The board of directors (the "Board") of China Conch Venture Holdings Limited (the "Company") hereby presents the audited results of operation and financial position for the year ended 31 December 2013 of the Company and its subsidiaries (the "Group").

The consolidated financial statements of the Group for the year ended 31 December 2013 have been approved by the Board and reviewed by the audit committee of the Board ("Audit Committee").

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the year ended 31 December 2013
(Expressed in Renminbi Yuan)

	Note	2013 RMB'000	2012 RMB'000
Turnover	3	**1,591,382**	1,250,435
Cost of sales		**(1,098,429)**	(847,995)
Gross profit		**492,953**	402,440
Other revenue	4	**17,532**	11,523
Other net income/(loss)	5	**1,272**	(292)
Distribution costs		**(27,040)**	(18,585)
Administrative expenses		**(102,718)**	(74,693)
Profit from operations		**381,999**	320,393
Finance costs	6(a)	**(53,602)**	(13,900)
Share of profit of an associate		**1,722,804**	1,176,249
Profit before taxation	6	**2,051,201**	1,482,742
Income tax	7(a)	**(72,651)**	(66,302)
Profit for the year		**1,978,550**	1,416,440
Attributable to:			
Equity shareholders of the Company		**1,836,786**	1,299,091
Non-controlling interests		**141,764**	117,349
Profit for the year		**1,978,550**	1,416,440
Earnings per share			
Basic and diluted *(RMB)*	8	**1.22**	0.87

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2013
(Expressed in Renminbi Yuan)

	2013	2012
	RMB'000	*RMB'000*
Profit for the year	**1,978,550**	1,416,440
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Share of changes of reserves of an associate, net of tax	**(145,769)**	(72,174)
Exchange differences on translation of financial statements of overseas subsidiaries and the Company	**680**	–
	(145,089)	(72,174)
Total comprehensive income for the year:	**1,833,461**	1,344,266
Attributable to:		
Equity shareholders of the Company	**1,691,697**	1,226,917
Non-controlling interests	**141,764**	117,349
Total comprehensive income for the year	**1,833,461**	1,344,266

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2013
(Expressed in Renminbi Yuan)

	Note	**2013**	2012
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**786,513**	775,569
Lease prepayments		**133,100**	110,518
Intangible assets		**1,193**	1,601
Interest in an associate	*10*	**9,806,938**	8,367,150
Non-current portion of trade and other receivables	*11*	**198,173**	153,193
Finance lease receivable		**52,098**	–
Deferred tax assets		**50,040**	39,012
		11,028,055	9,447,043
Current assets			
Inventories		**184,917**	263,630
Trade and other receivables	*11*	**1,029,643**	779,557
Finance lease receivable within one year		**14,461**	–
Restricted bank deposits		**3,662**	–
Bank deposits with maturity over three months		**17,790**	38,070
Cash and cash equivalents		**3,698,141**	276,388
		4,948,614	1,357,645
Current liabilities			
Loans and borrowings		**484,804**	390,000
Trade and other payables	*12*	**1,102,480**	897,849
Income tax payables		**8,263**	8,083
		1,595,547	1,295,932
Net current assets		**3,353,067**	61,713
Total assets less current liabilities		**14,381,122**	9,508,756
Non-current liabilities			
Loans and borrowings		**1,104,000**	30,000
Net assets		**13,277,122**	9,478,756
Capital and reserves			
Share capital		**14,347**	245,375
Reserves		**12,786,664**	8,815,618
Equity attributable to equity shareholders of the Company		**12,801,011**	9,060,993
Non-controlling interests		**476,111**	417,763
Total equity		**13,277,122**	9,478,756

NOTES TO THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) General information and the basis of presentation

The Company was incorporated in the Cayman Islands on 24 June 2013 as an exempted company with limited liability under the Companies Law (2011 Revision) (as consolidated and revised) of the Cayman Islands. Pursuant to a group reorganisation (the "Reorganisation") completed on 23 August 2013 to rationalize the Group's structure in preparation for the public offering of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the Group. The Company's shares were listed on the Stock Exchange on 19 December 2013.

The details of the Reorganisation are set out below.

Prior to August 2013, the Group's businesses are primarily conducted through three consolidated subsidiaries, namely Anhui Conch Kawasaki Engineering Co., Ltd., Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd., and Yangzhou Haichang Port Industrial Co., Ltd. ("Yangzhou Haichang Port"), all of which are domestic companies established in the PRC (collectively, the "PRC Subsidiaries"), which were owned by Anhui Conch Venture Investment Co., Ltd. ("CV Investment"). CV Investment also held a 49% equity interest in Anhui Conch Holdings Co., Ltd. ("Conch Holdings"), an associate accounted for under the equity method.

Immediately before the implementation of the Reorganisation, the registered shareholders of CV Investment were four staff associations (namely, Conch Holdings, Ningguo Cement Plant, Baimashan Cement Plant, and Wuhu Conch Profiles and Science Co., Ltd., collectively, the "Staff Associations") and 7 individual owners. Each of the four Staff Associations acts as the trustee on behalf of and for the benefits of their respective staff member beneficiaries.

As part of the Reorganisation, CV Investment established Wuhu Conch Venture Enterprise Limited, an investment holding company with registered capital of RMB100,000,000 in the PRC on 31 May 2013. On 13 June 2013, CV Investment transferred its 49% equity interest in Conch Holdings to Conch Venture Wuhu at a total consideration of RMB766,445,373, which was settled by payment of RMB16,445,373 in cash and the transfer of bank loan repayment obligation of RMB750,000,000 from CV Investment to Conch Venture Wuhu. On 24 June 2013, Anhui Conch Venture New Energysaving Building Material Co., Ltd. was established as an indirect wholly-owned subsidiary of the Company in the PRC with a registered capital of HKD100,000,000. On 11 July 2013, CV Investment transferred its entire equity interest in Conch Venture Wuhu to Conch Venture Green at a consideration of RMB100,000,000 which was settled by cash on 12 August 2013. In July 2013, CV Investment transferred its entire equity interests in the PRC Subsidiaries to Conch Venture Wuhu at a total consideration of RMB274,075,668. Such consideration was settled by payment of RMB74,075,668 in cash and the transfer of bank loan repayment obligation of RMB200,000,000 from CV Investment to Conch Venture Wuhu.

Following the completion of the Reorganisation, the staff member beneficiaries of the Staff Associations and the 7 individual owners became the ultimate beneficial owners of the Company in substantially the same proportion of their direct and/or beneficial interests in CV Investment immediately before the Reorganisation.

As the Group's businesses, including the PRC Subsidiaries and its 49% equity interest in Conch Holdings, were directly and/or beneficially owned by the same beneficial owners in substantially the same proportionate ownership interests both before and after the Reorganisation, there was a continuation of risks and benefits to the ultimate beneficial owners. Accordingly, the Reorganisation has been accounted for as a combination of entities and businesses using the merger basis of accounting.

The consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement of the Group include the results of operations of the PRC Subsidiaries and the Group's share of the results of Conch Holdings as if the current group structure had been in existence throughout 2012 and up to completion of the Reorganisation in 2013. The consolidated statements of financial position of the Group as at 31 December 2012 have been prepared to present the state of affairs of the Group as at those dates as if the current group structure had been in existence at the respective dates. The total considerations of RMB1,140,521,041 for the transfers of PRC Subsidiaries, the 49% equity interest in Conch Holdings and Conch Venture Wuhu from CV Investment to the Group in connection with the Reorganisation, of which RMB766,445,373 was settled in June 2013 and RMB374,075,668 was settled in July 2013 as described above, are recorded within equity as deemed distributions to the then equity holder (i.e. CV Investment) arising from the Reorganisation.

Intra-group balances and transactions and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

(b) Statement of compliance

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

(c) Basis of preparation and presentation

The consolidated financial statements for the year ended 31 December 2013 comprise the Company and its subsidiaries and the Group's interest in an associate.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that financial instruments classified as available-for-sale or as trading securities 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 a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group's financial statements:

- Amendments to IAS 1, Presentation of financial statements — Presentation of items of other comprehensive income
- IFRS 10, Consolidated financial statements
- IFRS 12, Disclosure of interests in other entities
- IFRS 13, Fair value measurement
- Amendments to IFRS 7 — Disclosures — Offsetting financial assets and financial liabilities

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

Amendments to IAS 1, Presentation of financial statements — Presentation of items of other comprehensive income

The amendments require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statement of profit or loss and other comprehensive income in these financial statements has been modified accordingly. In addition, the Group has chosen to use the new titles "statement of profit or loss" and "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

IFRS 10, Consolidated financial statements

IFRS 10 replaces the requirements in IAS 27, Consolidated and separate financial statements relating to the preparation of consolidated financial statements and SIC 12 Consolidation — Special purpose entities. It introduces a single control model to determine whether an investee should be consolidated, by focusing on whether the entity has power over the investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect the amount of those returns.

IFRS 12, Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in Note 10.

IFRS 13, Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments.

Amendments to IFRS 7 — Disclosures — Offsetting financial assets and financial liabilities

The amendments introduce new disclosures in respect of offsetting financial assets and financial liabilities. Those new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32, Financial instruments: Presentation and those that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments and transactions, irrespective of whether the financial instruments are set off in accordance with IAS 32.

3. TURNOVER AND SEGMENT REPORTING

(a) Turnover

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

	2013	2012
	RMB'000	*RMB'000*
Energy preservation and environmental protection solutions		
Residual heat power generation	**1,174,970**	923,531
Vertical mill	**284,974**	157,901
Waste incineration	**645**	93,202
Subtotal	**1,460,589**	1,174,634
Port logistics services	**130,793**	75,801
Total	**1,591,382**	1,250,435

The Group's customer base is diversified and includes three customers with whom transactions have exceeded 10% of the Group's revenues in 2013 and 2012. Revenues from these customers amounted to RMB1,129.578 million and RMB733.319 million in 2013 and 2012 respectively.

(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.

- Energy preservation and environmental protection solutions included manufacturing and sales of residual heat power generation, vertical mill and waste incineration, and maintenance and related after sales services.
- Port logistics services: this segment mainly engages in cargo handling, trans-shipment and warehousing services.
- Green building materials: this segment mainly engages in alternative wall building materials, such as the Cellulose Fiber Cement Sheets, Autoclaved boards and wood wool cement boards and currently in initial expansion stage.
- Investments in construction material companies and other investments: this segment comprises investment in Conch Holdings.

(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 bases:

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 2013 and 2012 is set out below:

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

	Year ended 31 December 2012			
	Energy preservation and environmental protection solutions	Port logistics services	Investments in construction material companies and other investments	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Reportable segment revenue	1,174,634	75,801	–	1,250,435
Reportable segment profit before tax	289,647	16,846	1,176,249	1,482,742
Interest income	8,485	503	–	8,988
Interest expenses	970	12,930	–	13,900
Depreciation and amortisation	13,997	20,409	–	34,406
Reversal of impairment losses	(6,512)	–	–	(6,512)
Reportable segment assets	1,762,940	674,598	8,367,150	10,804,688
Reportable segment liabilities	879,001	446,931	–	1,325,932

(ii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, lease prepayments, intangible assets, interest in an associate and other non-current assets ("specified non-current assets"). The geographical location of customers is based on the location at which the services were provided or the goods were delivered. 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.

	2013	2012
	RMB'000	*RMB'000*
Revenue		
Mainland China	**1,321,382**	835,616
Brazil	**–**	259,100
Thailand	**25,473**	149,248
Japan	**4,840**	6,471
Vietnam	**64,601**	–
Indonesia	**172,837**	–
Other Asia countries	**2,249**	–
	1,591,382	1,250,435

The specified non-current assets are all located in Mainland China in the year.

4. OTHER REVENUE

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Interest income	**14,804**	8,988	**82**	–
Government grants	**2,728**	2,535	**–**	–
	17,532	11,523	**82**	–

5. OTHER NET (INCOME)/LOSS

	2013	2012
	RMB'000	*RMB'000*
Net loss on disposal of property, plant and equipment	**342**	58
Exchange (gain)/loss	**(1,614)**	234
	(1,272)	292

6. PROFIT BEFORE TAXATION

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

	2013	2012
	RMB'000	*RMB'000*
(a) Finance costs:		
Interest on loans and borrowings	**53,602**	17,154
less: interest expense capitalised into construction in progress	**–**	(3,254)
	53,602	13,900

For the year ended 31 December 2013, no borrowing costs have been capitalised. For the year ended 31 December 2012, the borrowing costs had been capitalised at a rate of 4.8%–6.56% per annum.

	2013	2012
	RMB'000	*RMB'000*
(b) Staff costs:		
Salaries, wages and other benefits	**53,078**	42,934
Contributions to defined contribution plans (i)	**6,105**	5,672
	59,183	48,606

(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.

		2013	2012
		RMB'000	*RMB'000*
(c)	**Other items:**		
	Cost of inventories	**830,108**	656,796
	Depreciation	**44,438**	31,671
	Amortisation of lease prepayments	**2,493**	2,411
	Amortisation of intangible assets	**649**	324
	Research and development costs	**11,266**	22,730
	Impairment losses/(reversal of impairment losses) on trade receivables	**3,352**	(6,512)
	Operating lease charges	**1,467**	1,222
	Auditors' remuneration	**6,300**	540

7. INCOME TAX IN THE CONSOLIDATED INCOME STATEMENTS

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

	2013	2012
	RMB'000	*RMB'000*
Current tax:		
Provision for PRC income tax for the year	**82,463**	64,526
Under/(over) provision in respect of prior years	**1,216**	(656)
Provision for current income tax	**83,679**	63,870
Deferred tax:		
Origination and reversal of temporary differences	**(11,028)**	2,432
	72,651	66,302

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the Group is not subject to any income tax in the Cayman Islands and the British Virgin Islands.

(ii) No provision for Hong Kong Profits Tax was made for the subsidiary located in Hong Kong as this subsidiary did not have assessable profits subject to Hong Kong Profits Tax during the reporting periods. The payments of dividends by Hong Kong companies are not subject to any Hong Kong withholding tax.

(iii) The provision for PRC income tax is based on a statutory rate of 25% of the assessable income of the Company's mainland China subsidiaries as determined in accordance with the relevant income tax rules and regulations of the PRC. A subsidiary obtained high technology enterprise certificate and is entitled to the preferential tax rate of 15% since 2008.

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

	2013	2012
	RMB'000	*RMB'000*
Profit before taxation	**2,051,201**	1,482,742
Notional tax on profit before taxation, calculated at the rates applicable to profit in the tax jurisdictions concerned	**518,480**	370,685
PRC tax concessions	**(16,313)**	(8,115)
Additional deduction for research and development costs	**(845)**	(2,029)
Tax effect of non-deductible expense	**814**	479
Under/(over) provision in respect of prior years	**1,216**	(656)
Share of profit of an associate	**(430,701)**	(294,062)
Income tax	**72,651**	66,302

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 RMB1,836,786,000 (2012: RMB1,299,091,000) and the weighted average of 1,509,795,000 ordinary shares (2012: 1,500,000,000 shares) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	2013	2012
	'000	*'000*
Effect of issuance of shares upon reorganisation	**1,500,000**	1,500,000
Effect of shares issued by initial public offering on 19 December 2013	**9,261**	–
Effect of shares issued by exercise of over-allotment option on 27 December 2013	**534**	–
Weighted average number of ordinary shares at 31 December	**1,509,795**	1,500,000

(b) Diluted earnings per share

There were no dilutive potential ordinary shares outstanding during at the years ended 31 December 2013 and 2012.

9. DIVIDENDS

Pursuant to a resolution passed at the Board meeting on 27 March 2014, a final dividend of HK$0.25 per share totalling HK$451,188,000 (equivalent to approximately RMB356,528,000) was proposed for the approval at the annual general meeting. The dividend has not been provided for in the consolidated financial statements for the year ended 31 December 2013.

10. INTEREST IN AN ASSOCIATE

	2013	2012
	RMB'000	*RMB'000*
Share of net assets	**9,806,938**	8,367,150

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	incorporated	The PRC	RMB800,000,000	49%	Investment holding

The particulars of Conch Holdings's investment holdings as at 31 December 2013 are as follows:

Name of investee	**Form of business structure**	**Place of incorporation and operation**	**Particulars of issued and paid up capital**	**Ownership interest held by Conch Holdings**	**Principal activities**
Anhui Conch Cement Co., Ltd. ("Conch Cement")	incorporated	The PRC	5,299,302,579 ordinary shares of RMB1 each	36.78%	Manufacture and sale of cement related products
Wuhu Conch Profiles and Science Co., Ltd. ("Conch Profiles")	incorporated	The PRC	360,000,000 ordinary shares of RMB1 each	32.07%	Manufacture of new chemical and building materials
Anhui Conch Building Materials Design and Research Institute ("Conch Design Institute")	incorporated	The PRC	RMB60,000,000	100%	Design and contract cement/ light steel construction
Yingde Conch International Hotel Co., Ltd.	incorporated	The PRC	RMB63,800,000	100%	Hotel service
Wuhu Conch International Hotel Co., Ltd.	incorporated	The PRC	RMB68,500,000	100%	Hotel service
Anhui Conch IT Engineering Co., Ltd. ("Conch IT Engineering")	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:

	2013	2012
	RMB'000	*RMB'000*
Gross amounts of the associate		
Current assets	**5,321,932**	7,675,349
Non-current assets	**22,523,136**	19,775,827
Current liabilities	**(7,790,517)**	(10,345,739)
Non-current liabilities	**(40,392)**	(29,620)
Equity	**20,014,159**	17,075,817
Revenue	**309,088**	301,144
Profit after tax for the year	**3,515,926**	2,400,508
Other comprehensive income	**(297,488)**	(147,293)
Total comprehensive income	**3,218,438**	2,253,215
Dividend received from the associate	**114,170**	–
Reconciled to the Group's interests in the associate		
Gross amounts of net assets of the associate	**20,014,159**	17,075,817
Group's effective interest	**49%**	49%
Group's share of net assets of the associate	**9,806,938**	8,367,150
Carrying amount in the consolidated financial statements	**9,806,938**	8,367,150

11. TRADE AND OTHER RECEIVABLES

	The Group		**The Company**	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade receivables	**537,104**	365,851	**–**	–
Gross amounts due from customers for construction contract work	**74,803**	94,738	**–**	–
Bills receivable	**238,467**	136,071	**–**	–
Less: allowance for doubtful debts	**(37,172)**	(33,820)	**–**	–
Trade and bills receivables	**813,202**	562,840	**–**	–
Deposits and prepayments	**19,738**	56,548	**–**	–
Other receivables	**45,522**	62,687	**–**	–
Amounts due from third parties	**878,462**	682,075	**–**	–
Amounts due from subsidiaries	**–**	–	**81,408**	–
Amounts due from related parties	**151,181**	97,482	**–**	–
	1,029,643	779,557	**81,408**	–
Non-current portion of gross amounts due from customers for construction contract work	**198,173**	153,193	**–**	–
Total current and non-current trade and other receivables	**1,227,816**	932,750	**81,408**	–

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

As at 31 December 2013, the Group endorsed the undue bills receivable of RMB63,549,000, (2012: RMB80,735,000) 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 2013, the maximum exposure to loss from its continuous involvement represents the amount of bills receivable of RMB63,549,000 (2012: RMB80,735,000) which the Group endorsed to its suppliers. These undue bills receivable were due within 6 months.

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

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

(a) Ageing analysis

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

	2013	2012
	RMB'000	*RMB'000*
Within 1 year	**727,954**	452,164
After 1 year but within 2 years	**72,032**	89,419
After 2 years but within 3 years	**7,869**	6,901
After 3 years but within 5 years	**5,347**	14,356
	813,202	562,840

(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:

	2013	2012
	RMB'000	*RMB'000*
At the beginning of the year	**33,820**	40,332
Impairment losses recognised/(reversal of impairment losses)	**3,352**	(6,512)
At the end of the year	**37,172**	33,820

The Group's trade and other receivables of RMB735,000 was individually determined to be impaired by the management at 31 December 2013 (2012: Nil).

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

	2013	2012
	RMB'000	*RMB'000*
Current	**508,904**	332,703
Less than 1 year past due	**277,133**	195,711
1 to 2 years past due	**25,546**	34,426
2 to 3 years past due	**1,619**	–
Total amount past due	**304,298**	230,137
	813,202	562,840

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

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

(c) Construction contracts

The aggregate amount of costs incurred plus recognised profits less recognised losses to date, included in the gross amount due from customers for contract work at 31 December 2013 is RMB332,869,100 (2012: RMB349,637,000). The gross amounts due from customers from contract work are expected to be recovered upon contract term.

As at 31 December 2013, included in trade receivables are retention receivables in respect of construction contracts of RMB8,230,000 (2012: RMB28,174,000). These balances are expected to be recovered within one to two years.

12. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2013	2012	**2013**	2012
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Trade payables	**491,427**	311,811	**–**	–
Bills payable	**95,448**	137,314	**–**	–
	586,875	449,125	**–**	–
Receipts in advance	**35,896**	46,587	**–**	–
Other payables and accruals	**174,039**	120,828	**–**	–
Amounts due to third parties	**796,810**	616,540	**–**	–
Amounts due to subsidiaries	**–**	–	**39,694**	–
Amounts due to related parties	**305,670**	281,309	**–**	–
Trade and other payables	**1,102,480**	897,849	**39,694**	–

As at 31 December 2013, certain bills payable were secured by the following assets of the Group:

	2013	2012
	RMB'000	*RMB'000*
Restricted bank deposits	**3,662**	–

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

	2013	2012
	RMB'000	*RMB'000*
Within 1 year	**586,875**	449,125

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

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

During the period of the "12th Five-Year Plan", the development of cyclic and green economy has been a major driving force of the economic growth and transformation of China. In 2013, the State Council of China issued the Opinions on Accelerating the Development of Energy-preservation and Environmental-protection Industries (關於加快發展節能環保產業的意見), which stated the aim to promote energy-preservation and environmental-protection industries as the pillar industries of the national economy by maintaining an average output growth of over 15% per year and reaching a total output of approximately RMB4.5 trillion in 2015. As the residual heat power generation, waste incineration and green building materials businesses of the Company are industries of energy-preservation and environmental-protection supported by the national industrial policies, such favourable policies will bring enormous business opportunities for the Group.

The Group has achieved remarkable results in 2013. Its residual heat power generation business has established presence in Southeast Asia, and its customer base has been further diversified into various industries such as steel in addition to the cement industry, achieving cross-region and cross-industry development. Supported by the national industrial policy to encourage the development of industries of energy-preservation and environmental-protection, the Company put efforts in market expansion and engaged in 8 waste incineration projects in 2013. In addition, the construction of green building materials bases in Wuhu and Bozhou commenced in 2013. It is expected that the revenue of the Group will further increase upon the completion of various projects. In respect of port logistics business, the Group achieved throughput of 19.00 million tonnes, representing an increase of 8.00 million tonnes as compared with the corresponding period of the previous year. During 2013, the Group sold 27 sets of residual heat power generation equipments and 15 sets of vertical mills, representing increases of 8 and 5 sets as compared to the corresponding period of the previous year, respectively.

Profits

Item	**2013 Amount** ***(RMB'000)***	2012 Amount *(RMB'000)*	**Changes between the reporting period and the corresponding period of the previous year** ***(%)***
Turnover	**1,591,382**	1,250,435	**27.3**
Profit before taxation	**2,051,201**	1,482,742	**38.3**
Share of profit of an associate	**1,722,804**	1,176,249	**46.5**
Net profit attributable to equity shareholders of the Company	**1,836,786**	1,299,091	**41.4**

During 2013, the Group further strengthened its internal control and strived to explore new markets, and recorded turnover of RMB1.59 billion and profit before taxation of RMB2.05 billion, representing increases of 27.3% and 38.3% as compared with the corresponding period of the previous year, respectively. Share of profit of an associate amounted to RMB1.72 billion, representing an increase of 46.5% as compared with the corresponding period of the previous year. The increase was mainly attributable to the significant profit growth of Conch Cement, whose 36.78% equity interest was held by Conch Holdings which in turn was held as to 49% by the Group, resulting in an increase of profit attributable to the Group. During 2013, net profit attributable to the equity shareholders of the Company amounted to RMB1.84 billion, representing an increase of 41.4% as compared with the corresponding period of the previous year. Basic earnings per share amounted to RMB1.22.

Share of revenue and profit of Conch Cement

	2013		2012		**Change in**	**Change in**
	Amount	**Percentage**	Amount	Percentage	**amount**	**percentage** *(percentage*
Item	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(%)*	*point)*
Turnover	**1,591,382**	**100.0**	1,250,435	100.0	**27.3**	**–**
Other customers	**792,505**	**49.8**	919,736	73.6	**–13.8**	**–23.8**
Conch Cement	**798,877**	**50.2**	330,699	26.4	**141.6**	**23.8**
Profit for the year	**1,978,550**	**100.0**	1,416,440	100.0	**39.7**	**–**
Share of profit of an associate	**1,722,804**	**87.1**	1,176,249	83.0	**46.5**	**4.1**
Profit attributable to operations	**255,746**	**12.9**	240,191	17.0	**6.5**	**–4.1**

During the year, revenue from sales to Conch Cement was RMB799 million and accounted for 50.2% of total turnover, representing increases of 141.6% and 23.8 percentage points as compared with the corresponding period of the previous year, respectively, primarily because (i) the Group completed certain residual heat power generation projects for Conch Cement's overseas markets; (ii) of an increase in sales of vertical mills to Conch Cement in connection with its cement production lines in Western China; and (iii) of an increase in the revenue from Conch Cement, its major customer, attributable to the effective enhancement of the productivity of Yangzhou Haichang Port by the Group.

Turnover by business segments

	2013		2012		**Change in**	**Change in**
	Amount	**Percentage**	Amount	Percentage	**amount**	**percentage** *(percentage*
Item	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(%)*	*point)*
Residual heat power generation	**1,174,970**	**73.8**	923,531	73.9	**27.2**	**–0.1**
Vertical mills	**284,974**	**17.9**	157,901	12.6	**80.5**	**5.3**
Waste incineration	**645**	**0.1**	93,202	7.5	**–99.3**	**–7.4**
Subtotal	**1,460,589**	**91.8**	1,174,634	94.0	**24.3**	**–2.2**
Port logistics services	**130,793**	**8.2**	75,801	6.0	**72.5**	**2.2**
Total	**1,591,382**	**100.0**	1,250,435	100.0	**27.3**	**–**

The Group engages in various businesses including residual heat power generation, vertical mill, waste incineration and port logistics services. In terms of turnover, the turnover of residual heat power generation, vertical mill and port logistics services recorded increases of 27.2%, 80.5% and 72.5% respectively during the year as compared with the corresponding period of the previous year, primarily because the Group received more orders from Conch Cement. In terms of the percentage of turnover, the percentage of turnover from vertical mill increased by 5.3 percentage points during the year due to the increase in sales of vertical mills to Conch Cement in connection with its cement production lines in Western China. The percentage of turnover from waste incineration decreased by 99.3%, or 7.4 percentage points, which was due to the recognition of partial design fee incomes as the design and construction of new waste incineration projects only commenced at the end of 2013.

Turnover by geographical locations

	2013		2012		**Relative Change in amount**	**Change in percentage**
	Amount	**Percentage**	Amount	Percentage		
Item	***(RMB'000)***	***(%)***	*(RMB'000)*	*(%)*	***(%)***	***(percentage point)***
China	**1,321,382**	**83.0**	835,616	66.8	**58.1**	**16.2**
South America	**–**	**–**	259,100	20.7	**–100.0**	**–20.7**
Asia (excluding China)	**270,000**	**17.0**	155,719	12.5	**73.4**	**4.5**
Total	**1,591,382**	**100.0**	1,250,435	100.0	**27.3**	**–**

During 2013, the turnover of the Group was largely generated from China market, which accounted for 83.0% of the total turnover, representing an increase of 58.1% as compared with the corresponding period of the previous year. As the Group put efforts in expanding the overseas residual heat power generation markets, turnover from Asia (excluding China) increased by 73.4% as compared with the corresponding period of the previous year.

Costs and expenses

	2013		2012		**Relative Change in amount**	**Change in percentage**
	Amount	**Percentage**	Amount	Percentage		
Item	***(RMB'000)***	***(%)***	*(RMB'000)*	*(%)*	***(%)***	***(percentage point)***
Equipment and components	**516,553**	**47.0**	397,415	46.9	**30.0**	**0.1**
Raw materials	**291,785**	**26.6**	222,361	26.2	**31.2**	**0.4**
Subcontracting costs	**201,983**	**18.4**	168,691	19.9	**19.7**	**–1.5**
Labour costs and overhead	**24,774**	**2.2**	15,519	1.8	**59.6**	**0.4**
Depreciation and amortization	**39,188**	**3.6**	26,831	3.2	**46.1**	**0.4**
Others	**24,146**	**2.2**	17,178	2.0	**40.6**	**0.2**
Total	**1,098,429**	**100.0**	847,995	100.0	**29.5**	**–**

During the year, the total cost of sales of the Group was RMB1.1 billion, representing an increase of 29.5% as compared with the corresponding period of the previous year, mainly due to the increase in residual heat power generation and vertical mills project as well as the increased throughput volume of port logistics services. In terms of individual item, the proportion of subcontracting costs decreased by 1.5 percentage points, mainly due to the increase in the total costs of vertical mills and port logistic services, resulting in a higher growth rates for costs of raw materials, labour costs and overhead, depreciation and amortization as compared to that of subcontracting costs.

Gross profit and gross profit margin

Item	**2013** Gross profit (RMB'000)	**2013** Gross profit margin (%)	2012 Gross profit (RMB'000)	2012 Gross profit margin (%)	**Relative Change in amount** (%)	**Change in gross profit margin** (percentage point)
Residual heat power generation	**353,745**	**30.1**	286,710	31.0	**23.4**	**–0.9**
Vertical mills	**62,311**	**21.9**	44,179	28.0	**41.0**	**–6.1**
Waste incineration	**–**	**–**	30,884	33.1	**–100.0**	**–33.1**
Subtotal	**416,056**	**28.5**	361,773	30.8	**15.0**	**–2.3**
Port logistics services	**76,897**	**58.8**	40,667	53.6	**89.1**	**5.2**
Total	**492,953**	**31.0**	402,440	32.2	**22.5**	**–1.2**

During the year, the consolidated gross profit margin of products of the Group was 31.0%, representing a decrease of 1.2 percentage points as compared with the corresponding period of the previous year, primarily due to the decrease in selling prices as a result of the intensified competitions in the residual heat power generation and vertical mill markets. Gross profit margin for port logistics services increased by 5.2 percentage points, which was attributable to effective control over fixed cost as a result of the increase in the throughput capacity of ports and the improvement of loading and unloading efficiency.

Distribution costs

During the year, the distribution costs of the Group were RMB27.04 million, representing an increase of RMB8.455 million or 45.5% as compared with the corresponding period of the previous year, primarily due to the increase in transportation and port service charges and wharfage.

Administrative expenses

During the year, the administrative expenses of the Group were RMB102.718 million, representing an increase of RMB28.025 million or 37.5% as compared with the corresponding period of the previous year, primarily due to the recognition of listing fees of RMB28.975 million for the listing of shares of the Company in 2013.

Finance costs, net

During the year, the finance costs of the Group were RMB53.602 million, representing an increase of RMB39.702 million or 285.6% as compared with the corresponding period of the previous year, primarily due to the increase in interest expenses as a result of the taking up of loans of RMB950 million by the Group as part of its restructuring and the increase in new loans.

Profit before taxation

During the year, the profit before taxation of the Group was RMB2.05 billion, representing an increase of RMB568 million or 38.3% as compared with the corresponding period of the previous year, primarily due to the profit growth of Conch Cement, whose 36.78% equity interest was held by Conch Holdings which in turn was held as to 49% by the Group, resulting in an increase of profit attributable to the Group.

Income tax expenses

During the year, the income tax expenses of the Group were RMB72.651 million, representing an increase of RMB6.349 million or 9.6% as compared with the corresponding period of the previous year, primarily due to the growth of profit before tax of its major business.

Financial position

As at 31 December 2013, the financial position of the Group remained sound and stable with a relatively low gearing ratio. Total assets and equity attributable to equity shareholders of the Company amounted to RMB15.98 billion and RMB12.80 billion, representing increases of RMB5.17 billion and RMB3.74 billion, respectively, as compared with the end of the previous year. Gearing ratio of the Group was 16.9%, representing an increase of 4.6 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 2013** ***(RMB'000)***	At 31 December 2012 *(RMB'000)*	**Change between the end of the reporting period and the end of the previous year** ***(%)***
Property, plants and equipment	**786,513**	775,569	**1.4**
Non-current assets	**11,028,055**	9,447,043	**16.7**
Current assets	**4,948,614**	1,357,645	**264.5**
Current liabilities	**1,595,547**	1,295,932	**23.1**
Non-current liabilities	**1,104,000**	30,000	**3,580.0**
Net current assets	**3,353,067**	61,713	**5,333.3**
Equity attributable to equity shareholders of the Company	**12,801,011**	9,060,993	**41.3**
Total assets	**15,976,669**	10,804,688	**47.9**
Total liabilities	**2,699,547**	1,325,932	**103.6**

Non-current assets and non-current liabilities

As at 31 December 2013, the non-current assets of the Group was RMB11.03 billion, representing an increase of 16.7% as compared with the end of the previous year, primarily due to an increase of equities in its associates. Non-current liabilities of the Group was RMB1.10 billion, representing a significant increase as compared with the end of the previous year, primarily because certain short-term loans undertaken by the Group during its restructuring were reclassified as long-term loans.

Current assets and current liabilities

As at 31 December 2013, the current assets of the Group was RMB4.95 billion, representing an increase of 264.5% as compared with the end of the previous year, primarily due to the increase in money funds following its successful listing in December 2013. Current liabilities of the Group was RMB1.60 billion, representing an increase of 23.1% as compared with the end of the previous year, primarily due to the Group taking up short-term borrowings and new short-term loans as part of its restructuring. Current ratio and debt to equity ratio (calculated by dividing total loans by total equity) were 3.10 and 0.12, respectively, as compared to 1.05 and 0.04 of the corresponding period of the previous year respectively.

Net current assets

As at 31 December 2013, the net current assets of the Group was RMB3.35 billion, representing an increase of RMB3.29 billion as compared with the end of the previous year, primarily due to a significant increase in current assets because of the raised funds from its successful listing in December 2013.

Equity attributable to equity shareholders of the Company

As at 31 December 2013, the equity attributable to the equity shareholders of the Group was RMB12.80 billion, representing an increase of 41.3% as compared with the end of the previous year, primarily due to the successful listing of the Group and an increase of equity interests in the associates.

Bank loans

Item	**At 31 December 2013** ***(RMB'000)***	At 31 December 2012 *(RMB'000)*
Due within one year	**484,804**	390,000
Due after one year but within two years	**904,000**	30,000
Due after two years but within five years	**200,000**	–
Due after five years	**–**	–
Total	**1,588,804**	420,000

As at 31 December 2013, the total loans of the Group amounted to RMB1,588.80 million, representing an increase of RMB1,168.80 million as compared to the end of the previous year, primarily due to the loans of RMB950 million and new loans undertaken by the Group as part of its restructuring.

USE OF PROCEEDS FROM THE INITIAL PUBLIC OFFERING

The shares in the Company first became listed on the Stock Exchange on 19 December 2013. The prospectus (the "Prospectus") in connection with the listing and the global offering dated 9 December 2013 was issued by the Company on the same date. Gross proceeds raised from the global offering as mentioned above and the exercise of over allotment dated 27 December 2013 in such connection amounted to about HK$4,132.4 million, and the net proceeds (after deduction of listing expenses and underwriting commissions) amounted to about HK$3,968.3 million. As at 31 December 2013, about HK$99.1 million of such net proceeds was used to repay the shareholder loan provided by HLGH Investment Limited to the Company under the loan agreement dated 16 July 2013, and the repayment was in accordance with the disclosure in the Prospectus. The remaining balance was kept in banks and approved financial institutions in Hong Kong.

FOREIGN EXCHANGE RISK

The foreign exchange risk faced by the Group mainly derives from account receivables and payables arising from sales and procurement and proceeds from the issue of new shares which are denominated in foreign currencies, mainly including US dollars, Hong Kong dollars and Japanese Yen. The Group adopted effective management and control measures to control the risk within acceptable range.

CASH FLOW

Item	**2013** *(RMB'000)*	2012 *(RMB'000)*
Net cash generated from operating activities	**308,825**	153,854
Net cash generated from/(used in) investing activities	**58,687**	(163,550)
Net cash generated from/(used in) financing activities	**3,053,561**	(30,876)
Net increase/(decrease) in cash and cash equivalents	**3,421,073**	(40,572)
Cash and cash equivalents at the beginning of the year	**276,388**	316,960
Effect of foreign exchange rate changes on cash and cash equivalents	**680**	–
Cash and cash equivalents at the end of the year	**3,698,141**	276,388

Net cash generated from operating activities

During 2013, net cash generated from the operating activities of the Group amounted to RMB308.825 million, representing an increase of RMB154.971 million as compared with the corresponding period of the previous year. The increase was mainly attributable to the increase in the sales of residual heat power generation, vertical mill and port logistics, resulting in an increase in cash inflow from operations.

Net cash generated from investing activities

During 2013, net cash generated from the investing activities of the Group amounted to RMB58.687 million, representing an increase of RMB222.237 million as compared with the corresponding period of the previous year. The increase was mainly attributable to the increase in dividend received from the associate and the decrease in capital expenditure of the Group as compared with the corresponding period of the previous year.

Net cash generated from financing activities

During 2013, net cash generated from the financing activities of the Group amounted to RMB3,053.56 million, representing an increase of RMB3,084.44 million as compared with the corresponding period of the previous year. The increase was mainly attributable to the raised funds from its listing during the year.

CAPITAL EXPENDITURE

As at 31 December 2013, the capital expenditure of the Group amounted to RMB90.644 million, which was mainly the expenditure for purchasing property, plant and equipment by Yangzhou Haichang Port and CK Engineering and the investment in green building material projects in progress in Bozhou and Wuhu.

As at 31 December 2013, the outstanding capital commitments in respect of acquisition of machinery and equipments used in manufacturing were as follows:

Items	**At 31 December 2013** ***(RMB'000)***	At 31 December 2012 *(RMB'000)*
Contracted for	**69,863**	53,796
Authorized but not contracted for	**163,142**	1,121
Total	**233,005**	54,917

CONTINGENT LIABILITIES

As at 31 December 2013, the Group had no material contingent liabilities.

MATERIAL ACQUISITIONS OR DISPOSALS

During 2013, the Company and its relevant subsidiaries or associates had not conducted any material acquisitions or disposals.

OUTLOOK FOR 2014

In 2014, the Mainland China will focus on maintaining the steady growth as well as economic and social stability in the course of macroeconomic control. Maintaining steady growth of national economy remains the main task of China for 2014. Economic transformation and reform proposed at the Economic Work Conference and the policies to promote industrialization of the construction market and urbanization will also bring opportunities to the rapid development of the Company.

In 2014, based on the relevant industrial policies of China, the Group will steadily promote the development of energy-preservation industry, and further expand the market share of urban domestic waste incineration utilizing cement kilns. The Company has conducted research and study on the grate furnace technology, which is expected to be launched within this year. For the residual heat power generation business, the Company will focus on expanding into other industries, including steel, and overseas markets. In addition, management of CCA board projects will be enhanced by coordinating the preparatory works before the commencement of production in order to ensure the achievement of expected revenue upon the commencement of production on schedule. The Company will also improve the operating efficiency of port logistics services through increasing the throughput of ports. In order to strengthen management, the Company will further improve the internal control system by regulating the process. The Company is committed to maximizing the interests of shareholders and pursuing a sustainable, sound and rapid development.

The Company will further expand and develop the end market of the waste incineration solution to consolidate its leading position in the market and boost its future development. It will also expand the application of the residual heat power generation solution, accelerate the development of green building materials business and set out acquisition targets prudently to enrich the existing business portfolio. The Company will strive to develop into a leading group specializing in energy-preservation and environmental-protection as well as green building materials business in 3 to 5 years.

REVIEW OF ANNUAL RESULTS

The annual results of the Company for the year ended 31 December 2013 have been reviewed by the Audit Committee, which consist of three independent non-executive Directors, namely Mr. Chan Chi On (Chairman of the Audit Committee), Mr. Chan Kai Wing and Mr. Lau Chi Wah, Alex.

FINAL DIVIDENDS

At the Board meeting held on 27 March 2014, the Directors proposed to declare a final cash dividend of HK$0.25 per share for the year ended 31 December 2013. The proposed final dividend is subject to the approval of shareholders at the forthcoming annual general meeting. Final dividend is expected to be paid on Wednesday, 11 June 2014.

ANNUAL GENERAL MEETING

The annual general meeting of the Company ("AGM") for 2014 will be held on Wednesday, 21 May 2014. The notice of the AGM, which will be incorporated in the circular to the shareholders, will be sent together with the 2013 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 Monday, 19 May 2014 to Wednesday, 21 May 2014, 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, investors are required to lodge all transfers of shares accompanied by the relevant share certificates with the Company's 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, 16 May 2014.

For determining the entitlement to the proposed final dividend, the register of members of the Company will be closed from Tuesday, 27 May 2014 to Wednesday, 28 May 2014, 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 share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 26 May 2014.

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

During the period from 19 December 2013 ("Listing Date") to 31 December 2013, neither the Company nor its subsidiaries had purchased, sold or redeemed any listed securities of the Company.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Board is of the opinion that the Company complied with the principles and code provisions of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules during the period from the Listing Date to 31 December 2013.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the transaction 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 (the "Model Code") set out in Appendix 10 of the Listing Rules. Having made specific enquiries by the Company, all the Directors confirmed that they complied with the Model Code and the Securities Dealing Code during the period from the Listing Date to 31 December 2013.

PUBLICATION OF RESULTS ANNOUNCEMENT

This results announcement is available for viewing on the website of Hong Kong Exchanges and Clearing Limited (http://www.hkexnews.hk) and the website of the Company (http://www.conchventure.com). The annual report of the Company for the year ended 31 December 2013 containing all information required by the Listing Rules will be dispatched to the shareholders of the Company and published on the above websites in due course.

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

China, 27 March 2014

As at the date of this announcement, the Company's non-executive Director is Mr. GUO Jingbin; executive Directors are Mr. JI Qinying, Mr. LI Jian and Mr. LI Daming; and independent non-executive Directors are Mr. CHAN Chi On (alias Derek CHAN), Mr. CHAN Kai Wing and Mr. LAU Chi Wah, Alex.