西部水泥

WEST CHINA CEMENT LIMITED
中國西部水泥有限公司

(Incorporated in Jersey with limited liability, with registered number 94796)

(Stock Code: 2233)

2014 ANNUAL RESULTS ANNOUNCEMENT

Financial highlights:

RMB' Million (unless otherwise specified)	**Year ended 31 December 2014**	Year ended 31 December 2013	% Change
Cement Sales Volume (million tons)	**17.0**	17.6	(3.4%)
Total Cement & Clinker Sales Volume (million tons)	**17.7**	18.2	(2.7%)
Revenue	**3,883.4**	4,167.8	(6.8%)
Gross Profit	**598.1**	729.3	(18.0%)
EBITDA (including deductions for 2016 Senior Notes Redemption Costs)	**996.9**	1,193.2	(16.5%)
Profit Adjusted for Foreign Exchange Difference and 2016 Senior Notes Redemption Costs	**137.0**	309.5	(55.7%)
Profit Attributable to Owners of the Company[(1)]	**35.9**	378.3	(90.5%)
Basic Earnings Per Share	**0.8 cents**	8.3 cents	(90.4%)
Interim Dividend	**Nil**	Nil	Nil
Proposed Final Dividend	**0.2 cents**	2.0 cents	(90.0%)
Gross Profit Margin	**15.4%**	17.5%	(2.1 ppt)
EBITDA Margin	**25.6%**	28.6%	(3.0 ppt)

	31 December 2014	31 December 2013	
Total Assets	**10,768.0**	10,664.7	1.0%
Net Debt[(2)]	**3,409.6**	3,406.8	0.1%
Net Gearing[(3)]	**68.0%**	67.0%	1.0 ppt
Net Assets Per Share	**111 cents**	112 cents	(0.9%)

Notes:

(1) The decline was largely due to the payment of an early redemption premium of RMB92.2 million on the repayment of the 2016 Senior Notes during the year. In addition, there was an unrealized foreign exchange loss of RMB5.3 million relating to the Group's Senior Notes as compared with a foreign exchange gain of RMB72.8 million for the year ended 31 December 2013.

(2) Net debt equal to total borrowings, medium-term notes and senior notes less bank balances and cash and restricted bank deposits.

(3) Net gearing is measured as net debt to equity.

The board of directors (the "Board") of West China Cement Limited (the "Company") is pleased to announce its annual results of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2014 together with the comparative figures for the corresponding year of 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2014

	NOTES	**2014** *RMB'000*	2013 *RMB'000*
Revenue	*3*	**3,883,385**	4,167,843
Cost of sales		**(3,285,332)**	(3,438,503)
Gross profit		**598,053**	729,340
Other income	*4*	**148,156**	169,928
Selling and marketing expenses		**(35,826)**	(34,718)
Administrative expenses		**(258,243)**	(243,862)
Other gains and losses, net	*5*	**(94,911)**	66,651
Interest income	*6*	**4,925**	4,817
Finance costs	*7*	**(227,118)**	(217,074)
Profit before tax	*8*	**135,036**	475,082
Income tax expense	*9*	**(95,546)**	(92,812)
Profit and total comprehensive income for the year		**39,490**	382,270
Attributable to:			
— Owners of the Company		**35,902**	378,321
— Non-controlling interests		**3,588**	3,949
		39,490	382,270
Earnings per share			
— Basic (RMB)	*10*	**0.008**	0.083
— Diluted (RMB)	*10*	**0.008**	0.083

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2014

	NOTES	**2014** **RMB'000**	2013 *RMB'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**8,071,487**	8,003,796
Prepaid lease payments		**452,929**	448,244
Mining rights		**162,956**	133,116
Other intangible assets		**168,102**	169,693
Deferred tax assets		**16,118**	18,587
Amount due from non-controlling shareholder of a subsidiary	*11*	**39,457**	29,305
		8,911,049	8,802,741
Current assets			
Inventories		**548,318**	530,864
Trade and other receivables and prepayments	*11*	**600,921**	707,999
Restricted bank deposits		**212,119**	116,519
Bank balances and cash		**495,605**	506,586
		1,856,963	1,861,968
Total assets		**10,768,012**	10,664,709
EQUITY			
Share capital		**124,098**	124,715
Share premium and reserves		**4,846,769**	4,919,449
Equity attributable to owners of the Company		**4,970,867**	5,044,164
Non-controlling interests		**45,632**	41,094
Total equity		**5,016,499**	5,085,258

	NOTES	2014 RMB'000	2013 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	*12*	**83,000**	6,000
Senior notes	*13*	**2,408,288**	2,407,455
Medium-term notes	*14*	**796,548**	794,189
Asset retirement obligation		**14,761**	13,763
Deferred tax liabilities		**20,500**	14,575
Deferred income		**66,633**	55,014
		3,389,730	3,290,996
Current liabilities			
Borrowings	*12*	**745,173**	709,423
Trade and other payables	*15*	**1,597,581**	1,557,162
Income tax payable		**19,029**	21,870
		2,361,783	2,288,455
Total liabilities		**5,751,513**	5,579,451
Total equity and liabilities		**10,768,012**	10,664,709
Net current liabilities		**(504,820)**	(426,487)
Total assets less current liabilities		**8,406,229**	8,376,254

NOTES:

(All amounts in RMB thousands unless otherwise stated)

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2014, the Group has net current liabilities of RMB504,820,000, and has unutilised loan facilities totalling RMB145,200,000 readily available for drawdown within the next twelve months from the date of the approval of these consolidated financial statements. In addition, the Company's indirect wholly-owned subsidiary incorporated in the PRC, Yaobai Special Cement Group Co., Ltd. ("Shaanxi Yaobai") is able to issue on its demand further three-year medium-term notes of RMB800,000,000 by May 2015 for the purpose of, among others, expansion of production facilities, repayment of part of the bank loans and to supplement general working capital across the Group. Based on the Company's forecasts and projections of business performance, taking account of operating as well as capital expenditure and availability of borrowing facilities, the directors of Company are of the view that the Company is able to operate within the level of its current capacity.

In view of these circumstances, the directors of Company expect it will have sufficient liquidity to finance its operations for the next twelve months. Therefore, the consolidated financial statements have been prepared on a going concern basis. The going concern basis assumes that the Company will continue in operation for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of business.

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

2.1 Amendments to IFRSs and new interpretation that are mandatory effective for the current year

Except for early application of Amendments to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets* in prior year, the Group has applied for the first time in the current year the following amendments to IFRSs and a new Interpretation.

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

The application of amendments and the new interpretation in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") — *Continued*

2.2 New and revised IFRSs in issue but not yet effective

The Group has not early applied the following new standards and amendments to standards ("new and revised IFRSs") that have been issued but are not yet effective.

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

1 Effective for annual periods beginning on or after 1 January 2018, with earlier application permitted.
2 Effective for annual periods beginning on or after 1 January 2017, with earlier application permitted.
3 Effective for annual periods beginning on or after 1 July 2014, with earlier application permitted.
4 Effective for annual periods beginning on or after 1 January 2016, with earlier application permitted.
5 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions. Earlier application is permitted.

Except as disclosed below, the directors of the Company anticipate that the application of these new or revised IFRSs will have no material impact on amounts reported in the Group's consolidated financial statements.

IFRS 9 Financial Instruments

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") — *Continued*

2.2 New and revised IFRSs in issue but not yet effective — *Continued*

IFRS 9 Financial Instruments (Continued)

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

The directors of the Company are of the view that the expected credit loss model may result in early and additional provision of credit losses which are not yet incurred. However, it is not practicable to provide a reasonable estimate of the effect from using an expected credit loss model in respect of its financial assets until a detailed review has been completed.

IFRS 15 Revenue from Contracts with Customers

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

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

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

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

The directors of the Company are in the process of reviewing the effect of the application of IFRS 15 on the amounts reported and disclosures made in the Group's consolidated financial statements.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") — *Continued*

2.2 New and revised IFRSs in issue but not yet effective — *Continued*

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

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

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

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

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets (other than goodwill, mining assets and mining rights) respectively. The Group uses unit of production method for depreciation and amortisation for its mining assets and mining rights respectively. Goodwill is not amortised but reviewed for impairment on annual basis. The directors of the Company are in the process of reviewing the effect of the application of the amendments to IAS 16 on the amounts reported and disclosures made in the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

The Group is engaged in the production and sale of cement products. The Group's Chief Executive Officer, the chief operating decision maker (the "CODM") reviews the sales volume and average selling prices of its cement products by three areas, namely Southern Shaanxi, Central Shaanxi and Xinjiang. However, no further operating results by these areas are being provided, but the CODM reviews the consolidated results of the Group as a whole. Accordingly, no further segment information of operating segment has been disclosed in these consolidated financial statements for both years.

All of the Group's revenue for the years ended 31 December 2014 and 2013 are derived from the sale of cements products to customers in the western part of PRC. No single customer contributed 10% or more to the Group's revenue for both 2014 and 2013. All of the Group's non-current assets are located in the PRC by locations of assets.

4. OTHER INCOME

	2014 ***RMB'000***	2013 *RMB'000*
Tax refund *(note)*	**129,525**	151,481
Government grant — others	**16,899**	18,251
Others	**1,732**	196
	148,156	169,928

Note: The tax refund mainly represents incentives in the form of value added tax ("VAT") refund approved by relevant government authorities as a result of utilising industrial waste as part of the production materials.

5. OTHER GAINS AND LOSSES, NET

	2014 RMB'000	2013 RMB'000
Net foreign exchange (losses) gains *(note (a))*	**(5,347)**	72,774
Loss on redemption of senior notes *(note (b))*	**(92,192)**	–
Gain on disposal of property, plant and equipment	**495**	372
Donations	**(964)**	(8,296)
Allowance for doubtful debts	**(3,363)**	(5,594)
Reversal of allowance for doubtful debts	**5,509**	2,685
Impairment loss on property, plant and equipment	**(3,923)**	–
Others	**4,874**	4,710
	(94,911)	66,651

Notes:

(a) The amounts mainly relate to the translation of the senior notes and bank borrowings from US$ to RMB for each of the years ended 31 December 2014 and 2013.

(b) During the year ended 31 December 2014, the Company exercised its early redemption option to early redeem the entire outstanding senior notes originally due in 2016 in full at redemption price equal 100% of the principal amount outstanding of US$400 million (equivalent to RMB2,459 million), plus the applicable redemption premium of US$15 million (equivalent to RMB92,192,000), resulting in a loss on redemption of RMB92,192,000 being recognised in the profit or loss during the current year.

6. INTEREST INCOME

Interest income represents interest received and receivable from bank deposits.

7. FINANCE COSTS

	2014 RMB'000	2013 RMB'000
Interest on bank loans wholly repayable within five years	**43,038**	47,547
Interest on other borrowings	**–**	4,360
Interest on senior notes	**227,965**	196,708
Interest on medium-term notes	**51,159**	37,989
	322,162	286,604
Less: amount capitalised	**(95,859)**	(70,302)
	226,303	216,302
Unwinding of discount	**815**	772
	227,118	217,074

The weighted average capitalisation rate on funds borrowed generally is 7.55% (2013: 8.25%) per annum.

8. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging (crediting):

	2014 *RMB'000*	2013 *RMB'000*
Depreciation and amortisation:		
Depreciation of property, plant and equipment	**602,032**	551,404
Amortisation of prepaid lease payments	**12,579**	12,712
Amortisation of mining rights (included in cost of sales)	**9,446**	7,827
Amortisation of other intangible assets (included in administrative expenses)	**2,344**	2,213
Total depreciation and amortisation	**626,401**	574,156
Auditors' remuneration	**3,413**	1,865
Staff costs:		
Wages and salaries (include directors' emoluments)	**258,262**	216,498
Share option expenses	**3,957**	4,448
Defined contribution retirement plan expenses	**18,761**	17,129
Total staff cost	**280,980**	238,075
Cost of inventories recognised as expenses	**3,257,202**	3,409,656
Gain on disposal of property, plant and equipment	**(495)**	(372)

9. INCOME TAX EXPENSE

	2014 *RMB'000*	2013 *RMB'000*
Current tax	**91,832**	69,705
Deferred tax		
Current year	**4,486**	20,486
Attributable to change in tax rate	**(772)**	2,621
	3,714	23,107
Income tax expense	**95,546**	92,812

Pursuant to the rules and regulations of Jersey and the British Virgin Islands, the Company and the subsidiary of the Company, West China Cement Co. Ltd. are not subject to any income tax in those jurisdictions.

The income tax provision of the Group in respect of operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits for each of the year ended 31 December 2014 and 2013 based on existing legislations, interpretations and practices.

Under the PRC Enterprise Income Tax ("EIT") Law, the enterprise income tax rate applicable to the Group's subsidiaries located in Mainland China is 25% except for the subsidiaries entitled to preferential tax treatment as detailed in note (a) below.

9. INCOME TAX EXPENSE — *Continued*

Income tax expenses for the year can be reconciled to the profit before tax as follows:

	2014	2013
	RMB'000	*RMB'000*
Profit before tax	**135,036**	475,082
Tax at domestic income tax rate of 25% (2013: 25%)	**33,759**	118,770
Tax effects of:		
Expenses not deductible for tax purpose	**68,648**	19,839
Income not taxable	**–**	(18,273)
Tax exemption and reduced tax rate *(note (a))*	**(25,983)**	(38,268)
Tax credit *(note (b))*	**(3,224)**	(210)
Change in tax rate for deferred tax assets recognised	**(772)**	2,621
Withholding tax on distributed profits of PRC subsidiaries and interest income on intra-group loans *(note (c))*	**12,519**	6,590
Tax losses not recognised as deferred tax assets	**10,599**	–
Utilisation of tax losses previously not recognised as deferred tax assets	**–**	(587)
Expiration of tax losses previously recognised as deferred tax assets	**–**	2,330
Tax expense for the year	**95,546**	92,812

Notes:

(a) Pursuant to the notice related to Western Development Policy from 1 January 2011 to 31 December 2020 (the "Notice"), an enterprise is entitled to the preferential EIT rate of 15%, if its principal business engages in projects listed in the Catalogue for Industries, Products and Technologies Currently and Particularly Encouraged by the State for Development as their principal business and the revenue from the principal operations accounts for over 70% of their total revenue of the enterprise. The operations of certain subsidiaries of the Group, namely Shaanxi Yaobai, Xi'an Lantian Yaobai Cement Co., Ltd. ("Lantian Yaobai"), Ankang Yaobai Cement Co., Ltd. ("Ankang Yaobai"), Hanzhong Yaobai Cement Co., Ltd. ("Hanzhong Yaobai"), Shifeng Cement Co., Ltd. ("Shifeng Cement"), Fuping Cement Co., Ltd. ("Fuping Cement"), Hancheng Yaobai Yangshanzhuang Cement Co., Ltd. ("Hancheng Yaobai Yangshanzhuang"), and Longqiao Yaobai Cement Co., Ltd. ("Longqiao Yaobai") have met the requirements of the Notice both in 2013 and 2014.

The Group's subsidiary, Hetian Yaobai Cement Co., Ltd. ("Hetian Yaobai") was established in Hetian, Xinjiang Uygur Autonomous Region ("Xinjiang"). Pursuant to the relevant laws and regulations of Xinjiang, Hetian Yaobai is entitled to a two-year tax holiday from its first profit-making year, that is 2013 and a further three-year 50% tax reduction pursuant to PRC enterprise income tax law.

9. INCOME TAX EXPENSE — *Continued*

The applicable EIT rates of above subsidiaries for the year are as follows:

	2014	2013
Shaanxi Yaobai	**15%**	15%
Lantian Yaobai	**15%**	15%
Ankang Yaobai	**15%**	15%
Hanzhong Yaobai	**15%**	15%
Shifeng Cement	**15%**	15%
Fuping Cement	**15%**	15%
Hancheng Yaobai Yangshanzhuang	**15%**	15%
Longqiao Yaobai	**15%**	15%
Hetian Yaobai (commenced operation on 2013)	**0%**	0%

No tax reductions and exemptions were granted to other subsidiaries of the Group in the PRC for both years.

(b) Tax credit represents credit on enterprise income tax for purchase of domestically produced equipment or environment protection related equipment pursuant to the applicable PRC tax laws and regulations.

(c) Withholding tax is imposed on dividends declared to foreign investors in respect of profit earned by PRC subsidiaries from 1 January 2008 onward at 10% tax rate under the EIT Law, and interest income in respect of intra-group loans within the Group is subject to a tax rate of 7% based on the double taxation arrangement between Hong Kong and Mainland China.

10. EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

	2014	2013
	RMB'000	*RMB'000*
Earnings		
Earnings for the purposes of basic and diluted earnings per share	**35,902**	378,321

Number of shares	**2014**	2013
	'000	*'000*
Weighted average number of ordinary shares for the purposes of basic earnings per share and diluted earnings per share	**4,528,466**	4,547,200

The calculation of diluted earnings per share did not take into account the share options of the Company for the years ended 31 December 2014 and 2013 because the exercise price or the exercise price after adjustment for the unvested share-based payments of these share options was higher than the average market price of the Company's share during those years, and hence their effect of assumed exercise would be anti-dilutive.

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2014	2013
	RMB'000	*RMB'000*
Trade receivables	**271,421**	189,752
Less: Allowance for doubtful debts	**(5,922)**	(7,351)
	265,499	182,401
Other receivables	**29,480**	27,973
Less: Allowance for doubtful debts	**(1,826)**	(2,543)
	27,654	25,430
Bills receivable	**83,920**	149,988
VAT recoverable	**131,860**	136,917
VAT refund receivable	**9,467**	22,489
Amount due from previous shareholders of subsidiaries	**22,984**	42,984
Amount due from non-controlling shareholder of a subsidiary *(note)*	**39,457**	29,305
Prepayments to suppliers	**46,988**	136,153
Prepaid lease payments	**12,549**	11,637
	640,378	737,304
Less: Non-current portion *(note)*	**(39,457)**	(29,305)
	600,921	707,999

Note:

The amount due from non-controlling shareholder of a subsidiary represents advances for procuring the acquisition of various mining rights which are being arranged through the non-controlling shareholder according to the arrangement procedures of the local authority. As the balance is related to the acquisition of mining rights upon the completion of the acquisition, it is classified as non-current as at the end of the reporting period.

The Group allows a credit period of 60–90 days to its trade customers. The following is an aged analysis of trade receivables net of allowance for doubtful debts presented based on the date of delivery of goods which approximated the respective dates on which revenue was recognised.

	2014	2013
	RMB'000	*RMB'000*
0 to 90 days	**192,032**	143,552
91 to 180 days	**61,827**	17,565
181 to 360 days	**3,663**	6,911
361 to 720 days	**7,256**	3,129
Over 720 days	**721**	11,244
	265,499	182,401

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS — *Continued*

Bills receivable are mainly aged within six months.

Before accepting any new customer, the Group uses a credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year. RMB155,966,000 (2013: RMB106,648,000) of the trade receivables that are neither past due nor impaired have high credit ranking attributable under the credit scoring system used by the Group.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of approximately RMB109,533,000 (2013: RMB75,753,000) which are past due as at the end of the reporting period for which the Group has not provided for impairment loss because there has not been a significant change in credit quality and the amounts are still considered recoverable. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired:

	2014	2013
	RMB'000	*RMB'000*
0 to 90 days	**36,066**	36,904
91 to 180 days	**61,827**	17,565
Over 180 days	**11,640**	21,284
	109,533	75,753

Allowance for doubtful debts has been made for estimated irrecoverable amounts of trade and other receivables. The movement in the allowance for doubtful debts is as follows:

	2014	2013
	RMB'000	*RMB'000*
At 1 January	**9,894**	6,985
Recognised in profit or loss	**3,363**	5,594
Amount recovered during the year	**(5,509)**	(2,685)
At 31 December	**7,748**	9,894

The allowance for doubtful debts represent individually impaired trade receivables with an aggregate balance of approximately RMB7,748,000 (2013: RMB9,894,000) which have financial difficulties.

12. BORROWINGS

	2014	2013
	RMB'000	*RMB'000*
Secured bank loans		
— denominated in RMB	**643,800**	610,000
— denominated in US$	**178,373**	99,423
	822,173	709,423
Unsecured other loans	**6,000**	6,000
	828,173	715,423
Carrying amount repayable as follows:		
Within one year	**745,173**	709,423
More than one year but not more than two years	**80,000**	3,000
More than two years but not more than five years	**3,000**	3,000
	828,173	715,423
Less: Amount due for settlement within one year and shown under current liabilities	**745,173**	709,423
Amount due after one year	**83,000**	6,000

	2014	2013
	RMB'000	*RMB'000*
Bank loans:		
The analysis of the terms of the bank loans were as follows:		
Fixed rate borrowings		
— within one year	**662,173**	450,000
Variable rate borrowings		
— within one year	**80,000**	259,423
— more than one year but not more than two years	**80,000**	–
	822,173	709,423

12. BORROWINGS — *Continued*

The ranges of effective interest rates on the Group's bank loans are as follows:

	2014	2013
Effective interest rate per annum:		
Fixed rate borrowings	**1.28% to 6.60%**	1.50% to 6.60%
Variable rate borrowings	**7.38%**	8.00%

Other loans:

Other loans were obtained from independent third parties, unsecured and denominated in RMB. As at 31 December 2014 and 2013, amount of RMB6,000,000 borrowings are interest free.

	2014	2013
	RMB'000	*RMB'000*
Within one year	**3,000**	–
More than one year but not more than two years	**–**	3,000
More than two years but not more than five years	**3,000**	3,000
	6,000	6,000

The fair values of all borrowings are approximate to their carrying amounts because the impact of discounting is not significant.

Details of pledge of assets for the Group's secured bank borrowings are set out in Note 16.

13. SENIOR NOTES

6.50% Senior Notes Due 2019

On 4 September 2014, the Company issued 6.5%, five-year senior notes with an aggregated principal amount of US$400,000,000 due in 2019 (the "2019 Senior Notes") at 100% of the face value. The 2019 Senior Notes are listed on The Stock Exchange of Hong Kong Limited ("HKSE") and guaranteed by certain subsidiaries of the Company and secured by pledges of the shares of these subsidiaries.

According to the terms and conditions of the 2019 Senior Notes, at any time or from time to time prior to 11 September 2017, the Company may at its option redeem the notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the notes redeemed plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date. The applicable premium is the greater of (1) 1.00% of the principal amount of such note and (2) the excess of (A) the present value at such redemption date of the redemption price of such note at 11 September 2017, plus all required remaining scheduled interest payments due on such note (but excluding accrued and unpaid interest to the redemption date) through 11 September 2017, computed using a discount rate equal to the adjusted treasury rate plus 100 basis points, over (B) the principal amount of such note on such redemption date.

At any time and from time to time prior to 11 September 2017 the Company may at its option redeem up to 35% of the aggregate principal amount of the notes at a redemption price of 106.50% of the principal amount of the notes, plus accrued and unpaid interest, if any, with the proceeds from issue of shares of the Company.

On or after 11 September 2017, the Company may on any one or more occasions redeem all or any part of the notes, at the redemption prices of 103.25% (if redeemed prior to 11 September 2018) or 101.625% (if redeemed on or after 11 September 2018), plus accrued and unpaid interest, if any, on the notes redeemed, to (but not including) the applicable date of redemption.

13. SENIOR NOTES — *Continued*

6.50% Senior Notes Due 2019 — *Continued*

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors of the Company considered the fair value of the Company's early redemption options at the initial recognition and as at 31 December 2014 is insignificant.

The effective interest rate is approximately 6.80% per annum after adjusted for transaction costs.

7.50% Senior Notes Due 2016

On 25 January 2011, the Company issued 7.5%, five-year senior notes with an aggregated principal amount of US$400,000,000 due in 2016 (the "2016 Senior Notes") at 100% of the face value. The effective interest rate is approximately 8.04% per annum after adjusted for transaction costs.

On 11 October 2014, the Company redeemed the entire outstanding 2016 Senior Notes in full equal 100% of the principal amount outstanding of US$400 million (equivalent to RMB2,459 million), plus the applicable redemption premium of US$15 million (equivalent to RMB92,192,000) and accrued and unpaid interest of US$6,333,000 (equivalent to RMB38,931,000).

The 2016 Senior Notes contain early redemption options exercisable by the Company. These options are regarded as embedded derivatives not closely related to the host contract. The directors of the Company considered the fair value of the Company's early redemption options is insignificant as at 31 December 2013 and date of redemption.

The 2019 Senior Notes and 2016 Senior Notes recognised in the consolidated statement of financial position were as follows:

	2014	2013
	RMB'000	*RMB'000*
Carrying amount at 1 January	**2,407,455**	2,468,506
Net proceeds from the issue of 2019 Senior Notes	**2,417,836**	–
Interest expenses	**227,965**	196,708
Interest paid/payable	**(194,375)**	(184,376)
Exchange losses (gains)	**8,207**	(73,383)
Redemption of 2016 Senior Notes	**(2,458,800)**	–
Carrying amount at 31 December	**2,408,288**	2,407,455
Fair value	**2,343,000**	2,518,000

14. MEDIUM-TERM NOTES

On 28 March 2013, Shaanxi Yaobai issued 6.1%, unsecured three-year medium-term notes with a principal amount of RMB800,000,000 (the "First Tranche of the Medium-term Notes") at 100% of the face value. The First Tranche of the Medium-term Notes was issued to investors in the national inter-bank market in the PRC. The Medium-term Notes have been registered with the National Association of Financial Market Institutional Investors of the PRC with an aggregate principal of RMB1,600,000,000. The Medium-term Notes, including the first tranche, will be used for the expansion of production facilities, the repayment part of the bank loans and general working capital of the Group.

Subsequent to the First Tranche of the Medium-term Notes, Shaanxi Yaobai may until March 2015, being the validity period for the registration of the Medium-term Notes, determine whether or not to issue, and the terms of, further notes.

The effective interest rate of the First Tranche of the Medium-term Notes is approximately 6.26% per annum after adjusted for transaction costs.

The Medium-term Notes recognised in the consolidated statement of financial position were calculated as follows:

	2014	2013
	RMB'000	*RMB'000*
Carrying amount at 1 January	**794,189**	–
Net proceeds	**–**	792,800
Interest expenses	**51,159**	37,989
Interest paid/payable	**(48,800)**	(36,600)
Carrying amount at 31 December	**796,548**	794,189
Fair value	**823,600**	817,280

15. TRADE AND OTHER PAYABLES

	2014	2013
	RMB'000	*RMB'000*
Trade payables	**762,766**	722,504
Bill payables	**30,000**	–
	792,766	722,504
Amount due to non-controlling shareholder of a subsidiary	**3,774**	981
Payables for constructions and equipment purchase	**444,393**	437,734
Advance from customers	**96,502**	107,917
Other tax liabilities	**39,379**	55,128
Payroll and welfare payable	**28,511**	22,436
Acquisition consideration payable to previous shareholders of subsidiaries	**5,000**	14,600
Advance from previous shareholder of a subsidiary	**7,921**	8,755
Other payables	**95,007**	74,296
Interest payable	**84,328**	112,811
	1,597,581	1,557,162

15. TRADE AND OTHER PAYABLES — *Continued*

The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period.

	2014	2013
	RMB'000	*RMB'000*
0 to 90 days	**610,163**	543,786
91 to 180 days	**102,934**	78,258
181 to 360 days	**51,230**	52,008
361 to 720 days	**14,021**	39,599
Over 720 days	**14,418**	8,853
	792,766	722,504

The average credit period on purchases of goods is 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

16. ASSETS PLEDGED FOR SECURITY

At the end of the reporting period, certain assets of the Group were pledged to secure trade facilities and bank loans. The aggregate carrying amount of the pledged assets at the end of each reporting period is as follows:

	2014	2013
	RMB'000	*RMB'000*
Restricted bank deposit	**189,000**	100,000
Prepaid lease payments	**44,122**	6,446
Property, plant and equipment	**1,401,014**	913,304
	1,634,136	1,019,750

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Overview

The Group has continued to face a tough operating environment in 2014 in its home market of Shaanxi Province and in the Xinjiang Province market. Although the first half of the year had seen a moderate recovery in operations with a rebound in average selling prices ("ASPs"), the third quarter low season saw a resumption of competitive pricing in the Central Shaanxi region. In spite of a modest rebound in ASPs in the fourth quarter, this competitive pricing has depressed the Group's revenues and gross profit margins for the year as a whole. Due to a lack of new capacity expansion completed by the Group over the past 18 months, volumes of cement sold have remained essentially flat over the previous year. Despite these tough operations and poor profitability, the Group has been able to maintain healthy cash flows. The Group's EBITDA in 2014 was RMB996.9 million (2013: RMB1,193.2 million), including the redemption costs for the 2016 Senior Notes (described below). If these redemption costs are excluded, EBITDA equaled RMB1,089.1 million.

However, continuing a trend that has been established since 2013, the Group has seen a clear differentiation in the performance of its operations in the Southern Shaanxi region and the Central Shaanxi region in 2014. The Group's production plants in Southern Shaanxi, which account for just under half of its production capacity in Shaanxi Province, have been able to maintain very good ASP's leading to strong and stable profit margins. This has been as a result of the Group's high levels of market share in this region, tight supply and good infrastructure demand. Conversely, the Group's plants in the Weinan and Xi'an Districts of Central Shaanxi have faced competitive pricing and much weaker ASPs, especially in the third quarter, leading to lower margins for the Group in the second half of the year.

On the financial side, the Group has completed a reorganization of its debt structure in 2014 that has important implications for the long-term stability of its balance sheet and maturity of its debt profile. In September 2014, the Group issued US$400 million of 5 year Senior Notes bearing an interest rate of 6.5% per annum ("2019 Senior Notes"). The net proceeds of the 2019 Senior Notes were used to redeem in full the Group's outstanding 5 year Senior Notes bearing an interest rate of 7.5% that were issued in January 2011 ("2016 Senior Notes"). Although the 2016 Senior Notes were redeemed at a price of US$103.75, resulting in a refinancing charge in 2014 of approximately RMB92.2 million, the Group believes that the timing of this refinancing has been advantageous and ensures a stable debt profile for the Group extending into 2019. In addition to this, the Group has continued to reduce its capital expenditure in 2014 and this slowdown is likely to continue in 2015 with no new cement plant construction or acquisitions planned, and a focus instead on Waste Sludge Treatment Facilities which require much smaller investments.

The Group's capacity as at 31 December 2014 has remained at 23.7 million tons of cement. However, with the completion of construction and full commissioning of two new cement plants in Xinjiang and Guizhou Provinces, the Group's capacity will have reached 27 million tons by the first quarter of 2015. The construction of the Xinjiang Yili Plant, in Northwest Xinjiang Province with a cement capacity of 1.5 million tons; and the Guiyang Huaxi Plant in Guizhou Province with a cement capacity of 1.8 million tons, were both near to completion at year end 2014 and will be fully operational in the first quarter of 2015. The Group has no further plants under construction or immediate plans for expansion, and is now focused on the construction of Cement Kiln Waste Sludge Treatment Facilities at its Lantian Plant and municipal waste incineration at its Fuping plant as well as other plants into 2015 and beyond.

Operating Environment

A distinct differentiation between the Group's cement ASPs in Southern Shaanxi (Group cement capacity of 9.7 million tons) and Central Shaanxi (Group cement capacity of 11.4 million tons) has been the key feature of the Group's operations in 2014. Although demand has had some bearing, particularly in Central Shaanxi, this situation has mainly been a consequence of different supply side factors in the two areas.

Cement demand in Shaanxi Province as a whole has been affected by slower residential property demand growth, but this to a certain extent has been balanced out by good infrastructure project demand. Fixed Asset Investment ("FAI") growth for Shaanxi Province as a whole was 17.8% in 2014, although real estate investment only grew 8.3% whilst infrastructure investment grew by over 30%. On a regional basis, this infrastructure bias was also reflected by FAI growth rates in excess of 20% in the Southern Shaanxi regions of Shangluo, Ankang and Hanzhong, higher than the FAI growth rate for the Province as a whole.

Southern Shaanxi

The Group's operations and markets in Southern Shaanxi have remained stable throughout the period under review. This is mainly due to the region's stable supply side, with little new cement capacity built up over the past few years, long transportation distances from other regions and the effective closure of small-scale inefficient and polluting capacity in the region over previous years. The Group has focused on the Southern Shaanxi districts of Shangluo, Ankang and Hanzhong as strategic core markets, maintaining a position of market leadership and promoting a disciplined and efficient supply side. This strategic focus has allowed the Group to reap the rewards of higher margins in the area.

Demand in Southern Shaanxi has remained good during the period under review, led by strong infrastructure development, including railway, hydro projects and road construction in particular. Supply to the Xi'an to Chengdu High Speed Railway has continued with the Group supplying close to 1.1 million tons of cement in 2014. Other railway projects that have consumed significant product in 2014 include the Xi'an to Hefei Railway and the Ankang to Yangpingguan Double Track Railway that has just commenced construction in 2014. The Hanjiang to Weihe River Water Transfer Project has recommenced construction in 2014 and the Group has supplied product for the construction of hydro tunnels and junctions, pump stations and dams. The Group has also been supplying product to a number of road projects including two sections of the Baoji to Hanzhong Expressway, and the Ankang to Pingli Expressway.

The above supply demand scenario has led to strong pricing for the Group's products in Southern Shaanxi. During 2014, the Group has recorded cement ASPs in Southern Shaanxi of approximately RMB246 per ton (excluding VAT), higher than the Group's total ASP of RMB220 per ton, with capacity utilization running close to 80%.

Central Shaanxi

The market in Central Shaanxi, however, has been quite different during the period under review with much higher levels of competition and lower pricing. This is an area that has seen a significant build out of new capacity since 2010. Although all of this capacity build out has now been completed, with no further additions planned for the foreseeable future, the effect of this is still being reflected through lower cement ASP's in Xi'an and Central Shaanxi.

In terms of demand, the slowdown in construction in the residential property market has been felt most keenly in the Xi'an Metropolitan Area market, although some of this slack has been taken up by infrastructure construction. During the period under review, the Group has continued to maintain its strong market share in Eastern Xi'an, Fuping County and the rest of Weinan District where urbanisation remains a strong demand driver, and has supplied cement to a number of infrastructure projects in these areas. These include the construction of Line 4 of the Xi'an Metro, the Xi'an — Xianyang Ring Road Project and the Weinan to Yushan and Tongchuan to Xunyi Expressways.

As a result of the above factors, the Group has had lower than average pricing for its cement products in Central Shaanxi. In the period under review, the Group has recorded cement ASPs in Central Shaanxi of RMB194 per ton (excluding VAT), lower than the Group's total ASP of RMB220 per ton, with capacity utilization at approximately 70%, leading to more depressed margins in this area.

The competitive pricing in the Central Shaanxi region became particularly acute during the third quarter of 2014, when volumes were seasonally low, leading to most producers operating at losses in this area. The Group, however, has been able to benefit from its core market strategy in the Southern Shaanxi area, where pricing and margins remained stable and at a higher level during this period. The Group's strong presence in these markets has to some extent mitigated the poor performance in Central Shaanxi, ensuring reasonable cash flows and positive margins during the worst periods of competition in the third quarter. The Group has also been able to benefit from its higher relative exposure to infrastructure and rural markets, allowing it to partially avoid some of the worst effects of the slowdown in residential demand growth in Central Shaanxi. The good growth in the infrastructure market has also been reflected in the Group's cement sales mix, with approximately 53% of Group cement sales in the high-grade category, compared with 46% in 2013.

Xinjiang & Guizhou Provinces

Operations at the Group's plants in Southern Xinjiang have remained slow throughout the year. The Group has sold approximately 826,000 tons of mostly low-grade cement from its Luxin and Yutian plants, representing a small increase over the 800,000 tons of volume sold in 2013. ASPs have remained at reasonable levels, higher than the Group's ASP, but due to the low capacity utilization, the Xinjiang plants have only been marginally profitable through 2014.

The Group's new Xinjiang Yili Plant, in Northwest Xinjiang, was in test production in the third quarter of 2014 and as part of this test production produced some cement, selling approximately 224,000 tons. However, as construction of the plant was not fully completed during this period and relevant operating licenses are not to be issued until the first quarter of 2015, these sales have been capitalized.

Similarly in Guizhou Province, the Group's new Guiyang Huaxi Plant was also in test production during the second half of 2014, and sold approximately 369,000 tons of cement plus an additional 162,000 tons of clinker. These sales have also been capitalized as construction of the plant was also not fully completed during this period and relevant operating licenses are not to be issued until the first quarter of 2015. Both of these plants will be fully operational in 2015, with all sales recognized in the Group's Profit and Loss account.

Energy Conservation, Emissions & Environmental Protection Solutions

Energy conservation and emission controls have become increasingly important in the cement industry in China. The Group continues to work towards the best of industry standards and further development of environmental protection solutions. All of the Group's production facilities employ NSP technology. The plants are situated in close proximity to their respective limestone quarries and, at many of the plants, limestone conveyor belt systems are used in order to minimize emissions from transportation. The Group has also been the first cement producer in Shaanxi Province to use desulfurized gypsum and construction waste as raw material inputs into some of its cement products, and regularly recycles fly ash from power plants as well as slag from iron & steel plants as inputs into some of its cement products.

The Group has residual heat recovery systems installed at most of its production facilities. As at 31 December 2014, these systems are operational at 14 out of 19 production lines, with an installation rate of over 80% of total Group capacity. These systems reduce the Group's production lines' electricity consumption by approximately 30% and reduce Carbon dioxide ("CO_2") emissions by approximately 20,000 tons per million tons of cement production.

During the period under review, the Group completed the installation of De-nitration ("De-NOx") equipment at its Shangluo Zhen'an and Weinan Hancheng plants in Shaanxi Province. All De-NOx equipment installation has now been completed at the Group's Shaanxi Province plants. De-NOx equipment installation has also been completed at the Group's newly constructed Xinjiang Yili and Guizhou Huaxi plants and installation at the Xinjiang Luxin and Yutian plants has commenced during the period under review and will be completed in the first half of 2015. This equipment reduces nitrous oxide emissions by approximately 60% per ton of clinker produced, bringing NOx emissions to within the new standards stipulated by the Ministry of Environmental Protection. In addition, modifications of production lines to meet new particulate matter ("PM") emission standards have been completed at the Weinan Pucheng and Shangluo Zhen'an plants in 2014, and all of the Group's plants have now been upgraded to meet new PM emission standards.

At the beginning of 2014, the Group completed the construction of Phase I of the Lantian Cement Kiln Waste Sludge Treatment Facility, an important milestone in the Group's environmental protection solutions efforts and the beginnings of a new income stream for the Group. The facility makes use of the high temperature of the Lantian Plant cement kiln to incinerate waste sludge, with gasses and ashes generated from this incineration process absorbed and solidified, thus producing no secondary pollution. During 2014, the Group has won a number of contracts with industrial enterprises, including Samsung (China) Semiconductor Corporation, to process waste. The facility underwent test runs starting from March 2014 and production in the second half of 2014, and has processed approximately 7,600 tons of sludge waste, including both sewage sludge waste and industrial sludge waste, generating a modest profit.

Expansion and Acquisitions

The Group has neared completion of the construction of two cement plants in 2014 and both of these plants are to be fully commissioned in the first quarter of 2015. The Xinjiang Yili Plant, located in Yining County in the Ili Kazakh Autonomous Prefecture in North west Xinjiang Province and adjacent to the Khorgas Special Economic Zone ("SEZ"), has a capacity of 1.5 million tons and is well placed to benefit from development associated with the Silk Road Economic Belt Development Policy. The Guiyang Huaxi Plant, with a capacity of 1.8 million tons, is excellently located in close proximity to Guiyang City centre, the capital of Guizhou Province, and within the Guiyang — Anshun ("Gui-An") New Area. Both of these plants started test production in the second half of 2014 and have both contributed some clinker and cement sales, which have been capitalized. The Group expects normal production from these plants in 2015, when the Group will reach a total capacity of 27 million tons.

The Group has no other on-going cement plant construction projects. The absence of any further expansion coupled with relatively modest capital expenditure needed to complete the two projects in Xinjiang and Guizhou Provinces respectively, has resulted in a sharp reduction in total capital expenditure for the Group as compared with previous financial years. The Group has incurred RMB628.4 million of investing cash flow for these projects, as well as the Waste Sludge Treatment Facility and other minor projects, in 2014.

Safety and Social Responsibility

The Group's safety and environmental protection department continuously monitors and reviews safety procedures and continually reviews these procedures in accordance with evolving environmental and safety regulations in the PRC. In the year under review, the Group has reviewed and updated its internal EHS (Environmental, Health & Safety) Rules, focusing on accident emergency rescue procedures, safety training for each member of staff and an overhaul of the Group's Safety Manuals, in order to enhance the Group's safety culture. In addition, the Group has commenced the second phase of the Sustainable Safety Development Project along with its strategic partner and shareholder Italcementi Group, benefiting from Italcementi's global safety expertise and experience. This second phase of the project involves continuous training for both management and on-site employees, on-site inspections and audits, stringent safety reports and on-going suggestions for safety improvements at all of the Group's plants.

During the year, charitable donations made by the Group amounted to RMB1 million, including donations made in sponsoring deprived students for college education, and supporting education, sports and cultural events.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by 6.8% from RMB4,167.8 million for the year ended 31 December 2013 to RMB3,883.4 million for the year ended 31 December 2014. Cement sales volume fell marginally by 3.4%, from approximately 17.6 million tons to approximately 17.0 million during the year. Including clinker sales, total volume for the year ended 31 December 2014 amounted to approximately 17.7 million tons, compared to the 18.2 million tons sold in 2013.

In addition, the Group commenced test production, and sold some cement products, at its two newly constructed plants in Xinjiang and Guizhou Provinces during the second half of 2014. The Xinjiang Yili Plant sold approximately 224,000 tons of cement and the Guiyang Huaxi Plant sold approximately 369,000 tons of cement and 162,000 tons of clinker during the second half of 2014. However, as these plants were not fully completed during the period under review, and relevant operating licenses are not to be issued until the first quarter of 2015 for both plants, these sales have been capitalized and not included in the Group's Profit and Loss accounts. The revenue and profit from these plants will be included in the Group's Profit and Loss accounts in 2015 once full operating licenses have been issued and the plants have been fully commissioned.

Overall cement prices have been lower than those seen in 2013, and this has resulted in the lower revenues recorded at year end 2014. Cement ASPs for the year ended 31 December 2014 were RMB220 per ton as compared with RMB228 per ton in 2013. Although ASP's were higher than those in 2013 in the first half of 2014, they fell quite significantly in the second half of 2014, especially in the third quarter, dragging down the average for the year. The reasons for these fluctuations in ASPs are discussed in the "Operating Environment" section above.

Cost of Sales

Cost of sales fell by 4.5% from RMB3,438.5 million for the year ended 31 December 2013 to RMB3,285.3 million for the year ended 31 December 2014.

There were savings in coal costs as a result of general falls in coal prices in the PRC over the previous 12 months. The average cost per ton of coal decreased by approximately 14.2% from approximately RMB459 per ton for the year ended 31 December 2013 to approximately RMB394 per ton for the year ended 31 December 2014, with coal consumption volumes remaining fairly consistent to last year. This has resulted in a cost saving of approximately RMB6 per ton of cement produced. Total coal costs for the year ended 31 December 2014 decreased by approximately 15.8% as compared with 2013. However, the cost savings from lower coal prices have been partially offset by higher staff costs, depreciation costs and environmental protection costs.

There have been no significant changes in material costs and consumption during the year.

Electricity costs decreased by approximately 7.2% as compared with 2013. Average electricity prices, after taking savings from the waste heat recycling systems into account, decreased to approximately RMB0.43 per kwh in the year ended 31 December 2014 from approximately RMB0.45 per kwh in 2013. Electricity consumption per ton of cement produced has remained fairly consistent and, along with the lower average electricity prices, has resulted in an electricity cost saving of approximately RMB1 per ton of cement produced.

Total depreciation costs for the year ended 31 December 2014 were 4.8% higher as compared with 2013. This was mainly due to capital investment, such as plant modifications and upgrades relating to more stringent emission standards and new heat recycling systems that do not have a direct bearing on sales volume or capacity increases.

Staff costs, which accounted for 4.1% of total cost of sales for the year ended 31 December 2014 (2013: 3.1%), increased by approximately 22.7%, or approximately RMB29.5 million, as compared with 2013. In addition to normal wage inflation factors, this sharp increase has also been due to two main factors. Firstly, performance-related wages have risen at the Group's plants in Southern Shaanxi as a result of their strong operational performance in the period under review. Secondly, the Group's Xinjiang Yutian plant has seen a significant rise in wage expenses during the year due to a full period of recognition in the Group's accounts as compared with 2013, when wage expenses were capitalized until the plant commenced operations in April 2013. The higher staff costs have resulted in a cost increase of approximately RMB2 per ton of cement produced.

Gross Profit and Gross Profit Margin

Gross profit decreased by RMB131.2 million, or 18.0%, from RMB729.3 million for the year ended 31 December 2013 to RMB598.1 million for the year ended 31 December 2014. The fall in gross profit was mainly due to the decrease in ASPs in the second half of 2014. Gross profit margins therefore decreased from 17.5% for the year ended 31 December 2013 to 15.4% for the year ended 31 December 2014.

Administrative and Selling & Marketing Expenses

Administrative expenses primarily include staff costs, general administrative expenses, depreciation and amortization. These expenses increased by 5.9% from RMB243.9 million for the year ended 31 December 2013 to RMB258.2 million for the year ended 31 December 2014. Selling & Marketing expenses rose by 3.2% from RMB34.7 million to RMB35.8 million during the year as compared with 2013.

Other Income

Other income comprises VAT refunds, which is a form of government incentive for the recycling of industrial waste as a production input, and other government subsidies. Other income decreased by approximately 12.8% from RMB169.9 million for the year ended 31 December 2013 to RMB148.2 million for the year ended ended 31 December 2014. The ratio of VAT rebates over revenue was 3.3% for the year ended 31 December 2014 (2013: 3.6%). The fall in the VAT rebates over revenue ratio was largely due to the decreases in ASPs. Lower ASPs result in lower output VAT, which in turn results in lower net VAT and rebates.

Senior Notes Issuance

In September 2014, the Company successfully issued USD400 million 6.5% Senior Notes due September 2019. The proceeds of the Notes were used to redeem in full the outstanding USD400 million 7.5% Senior Notes due January 2016, and this redemption was completed on 11 October 2014.

Other Gains and Losses, net

Other losses increased by RMB161.6 million from a RMB66.7 million gain for the year ended 31 December 2013 to a RMB94.9 million loss for the year ended 31 December 2014. The change was primarily due to the payment of an early redemption premium of RMB92.2 million (year ended 31 December 2013: Nil) on the redemption of the 2016 Senior Notes during the year. There has also been an unrealized foreign exchange loss of RMB5.3 million relating to the Group's Senior Notes as compared with a foreign exchange gain of RMB72.8 million for the year ended 31 December 2013, as a result of the weakness of the RMB against the USD during 2014. In addition, the Group has taken an impairment loss of RMB3.9 million on its Yutian Plant in 2014 (2013: Nil) due to the continued relatively low capacity utilization rates at this plant in 2014.

Interest Income

Interest income increased by RMB0.1 million from RMB4.8 million for the year ended 31 December 2013 to RMB4.9 million for the year ended 31 December 2014.

Finance Costs

Finance costs increased by RMB10.0 million, or 4.6%, from RMB217.1 million for the year ended 31 December 2013 to RMB227.1 million for the year ended 31 December 2014. Gross finance costs, before adjusting for interest capitalization, increased from RMB286.6 million for the year ended 31 December 2013 to RMB322.2 million for the year ended 31 December 2014. The rise in gross finance costs, before adjusting for interest capitalization, was due to two main reasons. Firstly, there was an increase of RMB13.2 million of interest payments on the Medium Term Notes ("MTN") as a result of the Group incurring a full year of interest payments in 2014 compared with part year payments in 2013 due to the MTNs being issued in March 2013. Secondly, there was an increase of approximately RMB31 million in Senior Notes interest incurred as compared to 2013, mainly due to the overlap between the issuance of the 2019 Senior Notes in September 2014 and the redemption of the 2016 Senior Notes in October 2014, resulting in interest incurred on both notes over a period of 6 weeks.

Interest capitalized as part of the costs of assets for the year ended 31 December 2014 was RMB95.9 million, an increase of RMB25.6 million as compared with RMB70.3 million for the year ended 31 December 2013.

Income Tax Expense

Income tax expenses increased by RMB2.7 million, or 2.9%, from RMB92.8 million for the year ended 31 December 2013 to RMB95.5 million for the year ended 31 December 2014. Current income tax expense increased by RMB22.1 million to RMB91.8 million, whereas deferred tax expenses decreased by RMB19.4 million to RMB3.7 million.

The Group's tax expenses in 2014 have been similar to the level of 2013 even though the Group's gross profit has been lower and the Group' profit before tax is significantly lower than the previous year. This is due to the following reasons. There have been significant other losses this year at the Company level, including the redemption costs of the 2016 Senior Notes and extra interest incurred as a result of the notes refinancing, and the move from a large foreign exchange gain in 2013 to a loss in 2014. These losses cannot be offset against gains at the subsidiary level and therefore the Group has not been able to reduce these taxes incurred at the operating level. In addition, certain of the Group's operating subsidiaries have incurred a loss in 2014, and these losses cannot be offset against gains from other operating subsidiaries. In spite of this, the effective tax rate for the Group's operating subsidiaries has remained broadly in line with 2013 at below 20% as many of the Group's operating entities enjoy various preferential tax rates, such as the preferential rate of 15% for qualifying entities under the Western Development Policy.

The decrease in deferred tax expense was due to a reduction in tax loss reversals. During the year ended 31 December 2013, RMB19.2 million of deferred tax assets relating to unused tax losses were reversed and charged to the profit or loss, while only RMB7.4 million of unused tax losses were reversed to the profit or loss during the year.

The detailed income tax expenses for the Group are outlined in note 9 to the consolidated financial statements above.

Profit Attributable to the Owners of the Company

Profit attributable to the owners of the Company decreased by 90.5% from RMB378.3 million for the year ended 31 December 2013 to RMB35.9 million for the year ended 31 December 2014. This sharp fall is primarily due to the RMB92.2 million redemption costs of the 2016 Senior Notes, recognition of unrealized exchange losses of RMB5.3 million during the period under review as compared with unrealized exchange gains of RMB72.8 million for the year ended 31 December 2013, and the poor operational performance in the second half of 2014.

Basic earnings per share for the year ended 31 December 2014 decreased by RMB7.5 cents to RMB0.8 cents.

FINANCIAL AND LIQUIDITY POSITION

As at 31 December 2014, the Group's total assets increased by 1.0% to RMB10,768.0 million (2013: RMB10,664.7 million) while total equity decreased by 1.4% to RMB5,016.5 million (2013: RMB5,085.3 million). During 2014, the Company repurchased 29,860,000 ordinary shares of the Company at an average price of RMB0.74 (or HK$0.93) per share. These shares were subsequently cancelled on 16 May 2014.

As at 31 December 2014, the Group had cash and cash equivalents, as well as restricted bank deposits, amounting to RMB707.7 million (2013: RMB623.1 million). After deducting total borrowings, Senior Notes and MTN of RMB4,117.3 million (2013: RMB4,029.9 million), the Group had net debt of RMB3,409.6 million (2013: RMB3,406.8 million). 80.0% (2013: 62.9%) of borrowings are at a fixed interest rate. Please refer to notes 12, 13, 14 and 16 of the consolidated financial statements above for the details of the borrowings, Senior Notes, MTN and the respective pledge of assets.

As at 31 December 2014, the Group's net gearing ratio, measured as net debt to equity, was 68.0% (2013: 67.0%).

Consistent with industry norms, the Group continuously monitors its gearing ratio and manages its capital to optimise the cost of capital and to safeguard the Group's ability to continue as a going concern. As at 31 December 2014, the Group had net current liabilities of RMB504.8 million (31 December 2013: RMB426.5 million). This net amount includes bank borrowings of RMB745.2 million (31 December 2013: RMB709.4 million) classified as current liabilities. The Group intends to rollover part of these bank borrowings, as permitted under the existing facility terms, when they fall due.

During the year, there was no material change in the Group's funding and treasury policy.

CONTINGENT LIABILITIES

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

CAPITAL EXPENDITURE AND CAPITAL COMMITMENT

Capital expenditure, measured as the addition of property, plant and equipment, prepaid lease payments and mining rights, for the year ended 31 December 2014 amounted to RMB719.5 million (2013: RMB737.5 million). Capital commitments as at 31 December 2014 amounted to RMB180.5 million (2013: RMB585.8 million), of which RMB100 million to RMB150 million is planned for 2015 and any remainder thereafter. Both capital expenditure and capital commitments were mainly related to the construction of new production facilities, installation of residual heat recovery systems, upgrading of existing production facilities and investment in subsidiaries. The Group has funded these commitments from operating cash flow and available banking facilities.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2014, the Group employed a total of 4,947 (2013: 5,013) full time employees. Compensation for the employees includes basic wages, variable wages, bonuses and other staff benefits. For the year ended 31 December 2014, employees benefit expenses were RMB281.0 million (2013: RMB238.1 million). The remuneration policy of the Group is to provide remuneration packages, in terms of basic salary, short term bonuses and long term rewards such as options, so as to attract and retain top quality staff. The remuneration committee of the Company reviews such packages annually, or when the occasion requires. The executive Directors, who are also employees of the Company, receive compensation in the form of salaries, bonuses and other allowances.

MATERIAL ACQUISITION AND DISPOSALS

The Group had no material acquisitions or disposals during the year ended 31 December 2014.

FOREIGN EXCHANGE RISK MANAGEMENT

During the year, the Group's sales and purchases were all denominated in Renminbi. However, some of the Group's bank borrowings and the proceeds raised through the Senior Notes issued by the Company in September 2014 were denominated in foreign currency. Renminbi is not a freely convertible currency. Future exchange rates of the Renminbi could vary significantly from the current or historical exchange rates as a result of controls that could be imposed by the PRC government. The exchange rates may also be affected by economic developments and political changes on a domestic and/or international level, and the demand and supply of the Renminbi. The appreciation or devaluation of the Renminbi against foreign currencies may have an impact on the operating results of the Group. The Group currently does not maintain a foreign currency hedging policy. However, the management team of the Company will continue to monitor foreign exchange exposure and will consider hedging its foreign currency exposure should the need arise.

PROSPECTS

Shaanxi Province

The clear distinction between the Group's performance in the Central Shaanxi and Southern Shaanxi areas have remained a key feature of the Group's operations in 2014. In the South, the Group enjoys a market leading position with concentrated supply and little competition from outside areas due to transportation distances. This has resulted in tight and disciplined markets and superior margins. In Central Shaanxi however, oversupply and competitive pricing policies have remained a significant feature, leading to pricing volatility and much lower margins. Therefore, although the Group experienced good operations and financial performance in its Southern plants, the Group's 2014 financial performance has been dragged down by the volatility and poor margins at its plants in the centre of the province.

Supply

Looking forward, the Group remains very confidant that it can maintain its strong performance in Southern Shaanxi in 2015 and beyond due to the disciplined supply side in this area. There has been limited new cement capacity built in the south over the past few years and infrastructure demand remains strong. A large amount of small scale grinding capacity has been eliminated over the past three years and the continued strong pricing in the south has again highlighted the success of the Group's core market strategy in this area.

This however contrasts with the situation in Central Shaanxi, which remains in oversupply due to significant capacity additions since 2010. Although it is very positive that the last of these capacity additions were completed in early 2014, with no new projects under construction or planned in the foreseeable future, the Group sees a market structure where continued volatility remains a possibility. The Group has long recognized that it is the supply side that is of primary importance in the structure of the industry in Shaanxi Province, and therefore expects further developments in consolidation or the fostering of a more disciplined market into 2015 and beyond. This process is also likely to be supported by some possible reductions in supply as a result of stricter environmental controls and an eventual elimination of PC32.5 low-grade cement over the medium term.

Demand

The outlook for demand in Shaanxi Province, especially infrastructure as a result of the Western Development and Silk Road Economic Belt Development Policies and the accompanying acceleration of the development of the "Xi-Xian (Xian and Xianyang) New Area", remains reasonable. Although residential property construction has recorded slower growth in 2014, with an uncertain outlook for 2015, this is likely to be balanced out by the infrastructure development described above. Demand in the Group's rural markets is likely to remain stable with continued urbanization trends supporting current demand growth rates.

As described above, demand in the Group's Southern Shaanxi markets is likely to remain strong. The Xi'an to Chengdu High Speed Railway and the Hanjiang to Weihe River Water Transfer Project will be in a high cement demand stage in 2015 and there remains close to 400,000 tons of cement to be supplied to the Xi'an to Hefei Railway in 2015. Supply to the Baoji to Hanzhong Expressway continues and the Group will start supplying to the Hanzhong to Pingkan Section in 2015. Construction of the Ankang to Yangpingguan Double track railway commenced in 2014 and the Group expects to supply a total of 1.3 million tons to this project going forward. There are also a number of new projects expected to commence construction in Southern Shaanxi in 2015, including the Pingli to Zhenping Expressway, and Zhen'an Yuehe Hydropower Station and the Hanjiang Xunyang Hydro Electric Station which are expected to each consume up to 500,000 tons of cement over the construction period.

In Central Shaanxi, in spite of the slower residential market, urban transport and infrastructure remains a key feature of construction activity. Metro Line 4 will continue construction into 2015 with Lines 5 and 6 already being planned. A number of major roads including the Weinan to Yushan and Xi'an to Lintong Expressways, and the Xi'an to Xianyang Ring Road, are under construction with more expected to commence in 2015, including the Pucheng to Huanglong and the Heyang to Fengxian Expressways. Water conservancy is also a theme in

Central Shaanxi with the construction of the Nanguomen Reservoir and Yanchuan Yellow River Pilotage Project having commenced in 2014. More significantly, the Inner Mongolia to Jiangxi Coal Transport Railway, a major five year project with over 330km situated in Shaanxi Province, is expected to commence construction in the second quarter of 2015. In addition to this, the Group expects progress in 2015 on the commencement of construction of the Xi'an to Tongchuan and Xi'an North Railway Station to Airport lines of the Central Shaanxi Intercity Railway system. In addition to the above urban transportation infrastructure, urbanization and slum clearance in Xi'an and central Shaanxi remain key government targets in the medium term.

Other Areas — Xinjiang and Guizhou

Although operations in Hotan in Southern Xinjiang Province have remained slow in 2014, only registering single digit volume growth and marginal profitability, the Group does expect some upturn in operations in Xinjiang Province in 2015. Firstly, the Group's new 1.5 million ton Yili Plant in Northern Xinjiang Province is expected to commence full production in the first quarter of 2015 and this will lead to increased volumes in Xinjiang Province as a whole. Secondly, a number of small infrastructure projects have commenced construction in Hotan District in 2014, including the Yutian Ji Yin Hydro Project, the Hotan Airport Extension, the Moyu — Hetian Section Expansion of the 3012 National Road and the Pishan Akeqiao Hydro Project, and these are expected to contribute to some increases in cement demand at the Group's Luxin and Hetian Plants in 2015.

The Group also expects its Xinjiang operations to benefit significantly from future infrastructure development resulting from the PRC's Silk Road Economic Belt Development Policy. The Yili Plant is extremely well placed adjacent to a trade zone bordering the Republic of Kazakhstan, where trade and construction is expected to grow under this government policy. The Luxin and Yutian Plants in southern Xinjiang are also very well placed along the main transportation routes of Southern Xinjiang and able to benefit from any future development and upgrades of these transportation routes.

In Guizhou, the Group's new 1.8 million ton Guiyang Huaxi Plant is also expected to commence full operation in the first quarter of 2015. The Plant is very well located close to Guiyang City within the Gui-An ("Guiyang-Anshun") New Area, and is expected to benefit from cement demand generated from the construction of the Guiyang to Anshun Expressway, the Guiyang Ring Road Expressway, the Guiyang Loop High Speed Railway, the Guiyang to Xingyi Railway and the Guiyang to Anshun High Speed Railway amongst other projects that have commenced construction in 2014 or are due to commence in 2015. Cement and clinker sales during test production in the second half of 2014 point to a buoyant market in Guiyang, and the Group expects to run this plant at relatively high capacity utilization levels generating good margins.

Environmental Protection Solutions & Safety

Environmental protection solutions will become increasingly important for the Group in 2015 and beyond, with a focus on the Group's new venture into cement kiln waste treatment. Phase I of the Lantian Cement Plant Kiln Waste Sludge Treatment Facility has been operational in 2014, processing a small amount of industrial waste in the second half of 2014. The Group expects to complete the construction of Phase II by the end of 2015, which once completed will have an annual capacity to treat over 200,000 tons of both industrial and municipal waste. The Group therefore hopes to treat approximately 60,000 tons of waste in 2015, moving towards full capacity in 2016. In addition, the Group is currently planning the construction of a waste sludge treatment facility at its Fuping Plant for the treatment of municipal waste.

Plant upgrades to meet new nitrogen oxide ("NOx") and particulate matter ("PM") emission standards have now been completed at all of the Group's plants in Shaanxi Province. In 2015, the Group expects to complete similar upgrades at its Luxin and Hetian Plants in Xinjiang Province thus completing this cycle of upgrades. The Group's two new plants in Xinjiang and Guizhou Provinces, which are to be fully completed in the first quarter of 2015, have been constructed with the required De-NOx and PM equipment, as well as Waste Heat Recycling systems, from the outset and will be fully compliant with emission standards when they commence full operation.

The Group will also continue to develop its internal EHS (Environment, Health and Safety) procedures in 2015. Implementation of the third phase of the Safety Sustainability Development Project, with the support of the Italcementi Group, will commence in the first half of 2015. This phase will focus on production line safety, high altitude and conveyor belt safety management and the strict implementation of a LOTO (Lockout/Tagout) policy at all of the Group's plants. In addition, the Group will continue to work on the implementation of monitoring of hazardous materials and emissions in its production processes.

Group Targets

With the full commissioning of the Xinjiang Yili and Guiyang Huaxi Plants in the second quarter of 2015, the Group will have reached a capacity of 27 million tons in Shaanxi, Xinjiang and Guizhou Provinces. With no further plants under construction or plans for expansion, the Group's focus will be on maintaining its leadership position in Southern Shaanxi as well as promoting a more disciplined market in Central Shaanxi. The Group will also have over 4 million tons of capacity in the Xinjiang market, where it expects increased volumes from the new Yili Plant and progress in development policies as a result of the Silk Road Economic Belt Development Policy. The Group's Guiyang Huaxi Plant will also enter its first year of full production in 2015 and prospects in Guizhou Province remain buoyant. Waste treatment will become an increasingly important part of the Group's focus, and although profit contribution from this is likely to be relatively small in 2015, the Group will continue to develop its technological expertise in this field and plan for future treatment facilities at some of its existing cement plants.

The lack of capacity expansion is likely to result in a continued reduction in Group capital expenditure in 2015, which is expected to result in further improvements to the Group's financial outlook. The successful refinancing of the Group's 2016 Senior Notes in 2014 is important in this respect, as a large part of the Group's long term debt now has a maturity extending into 2019. With this stable financial outlook, the Group is well placed to focus on raising returns from its excellently located cement plant assets and position itself both operationally and financially to benefit from any further consolidation in the PRC cement industry.

DIVIDENDS

At the Board meeting held on 16 March 2015 (Monday), the Directors proposed to recommend the payment of a final dividend of RMB0.002 per ordinary share for the year ended 31 December 2014. Details of the dividends for the year ended 31 December 2014 are set forth in note 10 to the consolidated financial statements above.

The final dividend of RMB0.002 per ordinary share is subject to approval by the shareholders at the forthcoming annual general meeting of the Company to be held on 29 May 2015 (Friday), and will be paid to the shareholders whose names appear on the register of members of the Company at the close of business on 8 June 2015.

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividends.

ANNUAL GENERAL MEETING

The annual general meeting of the Company will be held on 29 May 2015 (Friday). A notice convening the annual general meeting will be despatched to the shareholders of the Company in the manner required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules") in due course.

CLOSURE OF REGISTER OF MEMBERS

In order to be eligible for attending and voting at the forthcoming annual general meeting of the Company to be held at 29 May 2015 (Friday), all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shop 1712–16, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 26 May 2015 (Tuesday). The register of members of the Company will be closed from 27 May 2015 (Wednesday) to 29 May 2015 (Friday), both days inclusive, during which period no transfer of shares will be registered.

In order to determine who are entitled to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, Shop 1712–16, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 4 June 2015 (Thursday). The register of members of the Company will be closed from 5 June 2015 (Friday) to 8 June 2015 (Monday), both days inclusive, during which period no transfer of shares will be registered. Subject to shareholder's approval of the proposed final dividend at the annual general meeting to be held on 29 May 2015 (Friday), the final dividend will be paid on or around 31 July 2015 (Friday) to shareholders whose names appear on the register of members of the Company at the close of business on 8 June 2015 (Monday).

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the shareholders of the Company. These can be achieved by an effective Board, segregation of duties with clear accountability, sound internal control, appropriate risk assessment procedures and transparency of the Company. The Board will continue to review and improve the corporate governance practices from time to time to ensure the Group is led by an effective Board in order to optimize returns for the shareholders of the Company.

During the year ended 31 December 2014, the Company has applied the principles of and has complied with all code provisions of the Corporate Governance Code and Corporate Governance Report (the "Code") as set forth in Appendix 14 of the Listing Rules.

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by the directors of Listed Issuers (the "Model Code") as set forth in Appendix 10 of the Listing Rules as its own code of conduct for dealing in securities by the Directors. Specific enquiries have been made with all the Directors and each of them has confirmed and declared that they have complied with the required standards as set out in the Model Code during the year ended 31 December 2014.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has been established in compliance with Rules 3.21 and Rules 3.22 of the Listing Rules and with written terms of reference in compliance with the Code. The primary duties of the Audit Committee are to review and monitor the financial reporting and internal control principles of the Company and to assist the Board to fulfill its responsibilities over audit. The Audit Committee consists of three independent non-executive Directors, namely Mr. Lee Kong Wai Conway, Mr. Wong Kun Kau and Mr. Tam King Ching Kenny. Mr. Lee Kong Wai Conway is the chairman of the Audit Committee. The Audit Committee has reviewed the Group's consolidated financial statements for the year ended 31 December 2014.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

During the year, the Company, between 8 April 2014 and 5 May 2014, repurchased a total of 29,860,000 shares on the Stock Exchange for an aggregate consideration of HK$27,782,400, all of which were subsequently cancelled on 16 May 2014. As at 16 May 2014, the Company had 4,517,339,850 outstanding shares.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement is published on the websites of the Company (www.westchinacement.com) and The Stock Exchange of Hong Kong Limited (www.hkexnews.hk). An annual report of the Company for the year ended 31 December 2014 containing all the information required by the Listing Rules will be despatched to shareholders of the Company and will be made available on the abovementioned websites in due course.

By Order of the Board
West China Cement Limited
Zhang Jimin
Chairman

Hong Kong, 16 March 2015

As at the date of this announcement, the executive Directors are Mr. Zhang Jimin, Mr. Wang Jianli and Dr. Ma Weiping, the non-executive Director is Mr. Ma Zhaoyang, and the independent non-executive Directors are Mr. Lee Kong Wai, Conway, Mr. Wong Kun Kau and Mr. Tam King Ching, Kenny.