AVIC Joy Holdings (HK) Limited
幸福控股（香港）有限公司

(Incorporated in Hong Kong with limited liability)
(Stock Code: 260)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

The board of directors (the "Board") of AVIC Joy Holdings (HK) Limited (the "Company") is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2014 together with the comparative figures for 2013 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
Year ended 31 December 2014

	Notes	**2014** **HK$'000**	2013 HK$'000
REVENUE	4	**1,619,742**	1,282,780
Cost of sales		**(1,392,976)**	(1,014,931)
Gross profit		**226,766**	267,849
Other income and gain	4	**38,073**	18,711
Selling and distribution expenses		**(104,892)**	(115,031)
Administrative expenses		**(167,054)**	(159,272)
Other operating expenses, net		**(26,881)**	(1,332)
Finance costs	6	**(47,945)**	(21,964)
Gain on disposal of subsidiaries		**9,934**	–
Loss on deregistration of joint ventures		**(2,893)**	–
Gain on deemed disposal of an associate		**–**	30,367
Share of profits and losses of joint ventures		**17,275**	(285)
Share of profits and losses of associates		**(1,187)**	(12,411)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS *(continued)*
Year ended 31 December 2014

	Notes	**2014** **HK$'000**	2013 *HK$'000*
PROFIT/(LOSS) BEFORE TAX	5	**(58,804)**	6,632
Income tax expense	7	**(15,727)**	(23,053)
LOSS FOR THE YEAR		**(74,531)**	(16,421)
Attributable to:			
Owners of the parent		**(82,135)**	(25,417)
Non-controlling interests		**7,604**	8,996
		(74,531)	(16,421)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic and diluted		**(HK1.87 cents)**	(HK0.59 cents)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	2014	2013
	HK$'000	*HK$'000*
LOSS FOR THE YEAR	**(74,531)**	(16,421)
OTHER COMPREHENSIVE INCOME:		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale investment:		
Change in fair value	**24,934**	15,661
Share of other comprehensive income of associates	**–**	801
Reserve released on deemed disposal of an associate	**–**	(801)
Share of other comprehensive income of joint ventures	**–**	1,298
Reserve released on deemed disposal of a joint venture	**–**	(300)
Exchange differences on translation of foreign operations	**(22,949)**	22,223
Realisation of exchange fluctuation reserve upon deregistration of subsidiaries	**8,103**	(12,132)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**10,088**	26,750
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(64,443)**	10,329
Attributable to:		
Owners of the parent	**(72,727)**	(474)
Non-controlling interests	**8,284**	10,803
	(64,443)	10,329

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2014

	Notes	**2014**	2013
		HK$'000	*HK$'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**342,259**	446,460
Investment properties		**98,823**	36,059
Prepaid land lease payments		**24,739**	52,184
Goodwill		**188,869**	150,518
Intangible assets	10	**977,949**	15,000
Investments in joint ventures		**133,417**	65,869
Investments in associates		**9,485**	–
Available-for-sale investment		**185,617**	160,683
Concession finance receivables	11	**137,441**	43,199
Trade receivables	12	**232,270**	22,613
Prepayments and deposits		**134,737**	165,992
Finance lease receivables	13	**13,971**	12,478
Loans receivable from related companies		**33,339**	–
Total non-current assets		**2,512,916**	1,171,055
CURRENT ASSETS			
Inventories		**1,634**	3,030
Contract for services		**36,560**	–
Assets held for sale		**–**	23,600
Trade and bills receivables	12	**227,042**	129,440
Prepayments, deposits and other receivables		**191,221**	41,422
Concession finance receivables	11	**84,783**	2,015
Held-to-maturity debt securities		**4,410**	–
Finance lease receivables	13	**6,549**	14,335
Due from non-controlling shareholders		**35,121**	29,357
Due from joint ventures		**97,138**	37,042
Due from an associate		**899**	–
Loan receivable from a related company		**–**	6,350
Pledged deposits		**1,904**	985,470
Cash and bank balances		**648,557**	382,273
Total current assets		**1,335,818**	1,654,334

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*
31 December 2014

	Notes	2014 HK$'000	2013 HK$'000
CURRENT LIABILITIES			
Trade and bills payables	14	**103,243**	191,496
Deferred income, other payables and accruals		**198,799**	79,892
Finance lease payables		**725**	–
Promissory notes		**100,000**	–
Convertible bonds		**51,407**	–
Interest-bearing bank and other borrowings		**179,747**	1,078,126
Loans from a related company		**38,798**	–
Due to non-controlling shareholders		**3,087**	15,399
Due to a joint venture		**5,040**	449
Due to associates		**161**	–
Tax payable		**15,487**	16,243
Total current liabilities		**696,494**	1,381,605
NET CURRENT ASSETS		**639,324**	272,729
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,152,240**	1,443,784
NON-CURRENT LIABILITIES			
Convertible bonds		**375,072**	47,618
Finance lease payables		**2,693**	–
Interest-bearing bank and other borrowings		**545,500**	51,096
Loans from a related company		**108,374**	147,179
Loans from non-controlling shareholders		**38,640**	–
Deferred tax liabilities		**248,351**	5,163
Deferred income and other payables		**382,424**	10,938
Total non-current liabilities		**1,701,054**	261,994
Net assets		**1,451,186**	1,181,790
EQUITY			
Equity attributable to owners of the parent			
Share capital: nominal value	15	**1,729,752**	876,757
Equity component of convertible bonds		**83,312**	21,686
Other reserves		**(717,952)**	187,519
		1,095,112	1,085,962
Non-controlling interests		**356,074**	95,828
Total equity		**1,451,186**	1,181,790

NOTES:

1. CORPORATE INFORMATION

AVIC Joy Holdings (HK) Limited (formerly known as China Environmental Investment Holdings Limited) is a limited liability company incorporated in Hong Kong. The registered office of the Company is located at Room A02, 35/F, United Centre, 95 Queensway, Hong Kong.

During the year, the Group was principally involved in the operation of compressed natural gas ("CNG"), liquefied petroleum gas ("LPG") and liquefied natural gas ("LNG") refueling stations, management and operation of light-emitting diode ("LED") energy management contracts ("EMC"), provision of finance lease and loan services and provision of land development services in the People's Republic of China (the "PRC").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and accounting principles generally accepted in Hong Kong. These financial statements also comply with the applicable requirements of the Hong Kong Companies Ordinance relating to the preparation of financial statements, which for this financial year and the comparative period continue to be those of the predecessor Companies Ordinance (Cap. 32), in accordance with transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit", which are set out in sections 76 to 87 of Schedule 11 to that Ordinance. The financial statements have been prepared under the historical cost convention, except for an available-for-sale investment, which has been measured at fair value. Assets held for sale for the year ended 31 December 2013 were stated at the lower of their carrying amounts and fair values less costs to sell. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2014. The financial statements of the subsidiaries are prepared for the same reporting period as those of the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards and new interpretations for the first time for the current year's financial statements.

Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011)	*Investment Entities*
Amendments to HKAS 32	*Offsetting Financial Assets and Financial Liabilities*
Amendments to HKAS 36	*Recoverable Amount Disclosures for Non-Financial Assets*
Amendments to HKAS 39	*Novation of Derivatives and Continuation of Hedge Accounting*
HK(IFRIC)-Int 21	*Levies*
Amendment to HKFRS 2 included in *Annual Improvements 2010-2012 Cycle*	*Definition of Vesting Condition*[1]
Amendment to HKFRS 3 included in *Annual Improvements 2010-2012 Cycle*	*Accounting for Contingent Consideration in a Business Combination*[1]
Amendment to HKFRS 13 included in *Annual Improvements 2010-2012 Cycle*	*Short-term Receivables and Payables*
Amendment to HKFRS 1 included in *Annual Improvements 2011-2013 Cycle*	*Meaning of Effective HKFRSs*

[1] Effective from 1 July 2014

Other than as further explained below regarding the impact of HKAS 32 Amendments, HKFRS 2 Amendment, HKFRS 3 Amendment and HKFRS 13 Amendment, the adoption of the revised standards and new interpretations has had no significant financial effect on these financial statements.

(a) The HKAS 32 Amendments clarify the meaning of "currently has a legally enforceable right to set off" for offsetting financial assets and financial liabilities. The amendments also clarify the application of the offsetting criteria in HKAS 32 to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments have had no impact on the Group as the Group does not have any offsetting arrangement.

(b) The HKFRS 2 Amendment clarifies various issues relating to the definitions of performance and service conditions which are vesting conditions, including (i) a performance condition must contain a service condition; (ii) a performance target must be met while the counterparty is rendering service; (iii) a performance target may relate to the operations or activities of an entity, or to those of another entity in the same group; (iv) a performance condition may be a market or non-market condition; and (v) if the counterparty, regardless of the reason, ceases to provide service during the vesting period, the service condition is not satisfied. The amendment has had no impact on the Group.

(c) The HKFRS 3 Amendment clarifies that contingent consideration arrangements arising from a business combination that are not classified as equity should be subsequently measured at fair value through profit or loss whether or not they fall within the scope of HKFRS 9 or HKAS 39. The amendment has had no impact on the Group.

(d) The HKFRS 13 Amendment clarifies that short-term receivables and payables with no stated interest rates can be measured at invoice amounts when the effect of discounting is immaterial. The amendment has had no impact on the Group.

2.3 NEW AND REVISED HKFRSs AND NEW DISCLOSURE REQUIREMENTS UNDER THE HONG KONG COMPANIES ORDINANCE NOT YET ADOPTED

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements:

HKFRS 9	*Financial Instruments*[4]
HKFRS 10 and HKAS 28 (2011) Amendments	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
HKFRS 11 Amendments	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
HKAS 16 and HKAS 38 Amendments	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
HKAS 16 and HKAS 41 Amendments	*Agriculture: Bearer Plants*[2]
HKAS 19 Amendments	*Defined Benefit Plans: Employee Contributions*[1]
HKAS 27 (2011) Amendments	*Equity Method in Separate Financial Statements*[2]
Amendments to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs issued in January 2014[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs issued in January 2014[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs issued in October 2014[2]

[1] Effective for annual periods beginning on or after 1 July 2014
[2] Effective for annual periods beginning on or after 1 January 2016
[3] Effective for annual periods beginning on or after 1 January 2017
[4] Effective for annual periods beginning on or after 1 January 2018
[5] Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) will come into operation as from the Company's first financial year commencing after 3 March 2014 in accordance with section 358 of that Ordinance, which will be the year ending 31 December 2015. The Group is in the process of making an assessment of the expected impact of the changes in the period of initial application of Part 9 of the Ordinance. So far it has concluded that the impact is unlikely to be significant and will primarily affect the presentation and disclosure of information in the consolidated financial statements.

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets. Further information about the impact will be available nearer the implementation date of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to HKFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model that will apply to revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. The Group expects to adopt HKFRS 15 on 1 January 2017 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

The Annual Improvements to HKFRSs 2010-2012 Cycle issued in January 2014 sets out amendments to a number of HKFRSs. Except for those described in note 2.2, the Group expects to adopt the amendments from 1 January 2015. None of the amendments are expected to have a significant financial impact on the Group. Details of the amendment most applicable to the Group are as follows:

HKFRS 8 Operating Segments: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

3. SEGMENT INFORMATION

For management purposes, the Group is divided by operating segments based on their products and services and has four reporting segments as follows:

(a) Sales of CNG, LPG, LNG and petroleum products of the Group's gas station operation;

(b) Management and operation of LED EMC;

(c) Provision of finance lease and loan services; and

(d) Provision of land development services.

Segment performance is evaluated based on operating profit, which is a measure of adjusted reportable segment profit before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income, finance costs, loss on disposal of an investment at fair value through profit or loss, gain on deemed disposal of an associate and a joint venture, gain on disposal of subsidiaries, loss on deregistration of joint ventures, share of profits and losses of joint ventures and associates, as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude pledged deposits, cash and cash equivalents, an available-for-sale investment and other unallocated head office and corporate assets as these assets are managed on a group basis.

Segment liabilities exclude interest-bearing bank and other borrowings, promissory notes, convertible bonds, tax payable, deferred tax liabilities and other unallocated head office and corporate liabilities as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

For the presentation of the Group's geographical information, revenues and result information is based on the locations of the customers, and assets information is based on the locations of the assets. As the Group's major operations and markets are located in Mainland China, no further geographical information is provided.

Year ended 31 December 2014

	Sales of CNG, LPG, LNG and petroleum products *HK$'000*	Management and operation of LED EMC *HK$'000*	Provision of finance lease and loan services *HK$'000*	Provision of land development services *HK$'000*	Total *HK$'000*
Segment revenue:					
Revenue from external customers	1,440,010	177,222	–	–	1,617,232
Interest revenue	–	–	2,510	–	2,510
Intersegment revenue	–	–	10,079	–	10,079
	1,440,010	177,222	12,589	–	1,629,821
Reconciliation:					
Elimination of intersegment revenue					(10,079)
Revenue					1,619,742
Segment results	9,090	(14,214)	(1,401)	(2,517)	(9,042)
Reconciliation:					
Interest income					2,970
Gain on disposal of subsidiaries					9,934
Loss on deregistration of joint ventures					(2,893)
Share of profits and losses of joint ventures					17,275
Share of profits and losses of associates					(1,187)
Finance costs					(47,945)
Corporate and other unallocated expenses					(27,916)
Loss before tax					(58,804)
Income tax expense					(15,727)
Loss for the year					(74,531)

Year ended 31 December 2014

	Sales of CNG, LPG, LNG and petroleum products *HK$'000*	Management and operation of LED EMC *HK$'000*	Provision of finance lease and loan services *HK$'000*	Provision of land development services *HK$'000*	Total *HK$'000*
Segment assets	970,865	833,738	399,582	1,188,207	3,392,392
Reconciliation:					
Elimination of intersegment receivables					(428,973)
Held-to-maturity debt securities					4,410
Corporate and other unallocated assets					880,905
Total assets					3,848,734
Segment liabilities	189,387	774,838	74,053	320,918	1,359,196
Reconciliation:					
Elimination of intersegment payables					(428,973)
Corporate and other unallocated liabilities					1,467,325
Total liabilities					2,397,548
Other segment information:					
Share of profits and losses of:					
Joint ventures	17,275	–	–	–	17,275
Associates	(1,187)	–	–	–	(1,187)
Impairment losses/provision recognised in the statement of profit or loss	24,164	–	–	–	24,164
Impairment loss reversed in the statement of profit or loss	(1,829)	–	–	–	(1,829)
Depreciation and amortisation	52,858	3,391	139	–	56,388
Investments in joint ventures	133,417	–	–	–	133,417
Investments in associates	9,485	–	–	–	9,485
Capital expenditure*	51,335	2,130	3,082	1,010,696	1,067,243

* Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets including assets from the acquisition of subsidiaries.

Year ended 31 December 2013

	Sales of CNG, LPG, LNG and petroleum products *HK$'000*	Management and operation of LED EMC *HK$'000*	Provision of finance lease and loan services *HK$'000*	Total *HK$'000*
Segment revenue:				
Revenue from external customers	1,241,453	38,594	–	1,280,047
Interest revenue	–	–	2,733	2,733
Intersegment revenue	–	–	6,154	6,154
	1,241,453	38,594	8,887	1,288,934
Reconciliation:				
Elimination of intersegment revenue				(6,154)
Revenue				1,282,780
Segment results	58,230	(15,895)	(5,043)	37,292
Reconciliation:				
Interest income				1,960
Gain on deemed disposal of an associate				30,367
Gain on deemed disposal of a joint venture				4,005
Loss on disposal of an investment at fair value through profit or loss				(161)
Finance costs				(21,964)
Corporate and other unallocated expenses				(44,867)
Profit before tax				6,632
Income tax expense				(23,053)
Loss for the year				(16,421)

Year ended 31 December 2013

	Sales of CNG, LPG, LNG and petroleum products *HK$'000*	Management and operation of LED EMC *HK$'000*	Provision of finance lease and loan services *HK$'000*	Total *HK$'000*
Segment assets	969,956	283,265	204,420	1,457,641
Reconciliation:				
Elimination of intersegment receivables				(162,605)
Assets held for sale				23,600
Corporate and other unallocated assets				1,506,753
Total assets				2,825,389
Segment liabilities	187,753	273,120	10,973	471,846
Reconciliation:				
Elimination of intersegment payables				(162,605)
Corporate and other unallocated liabilities				1,334,358
Total liabilities				1,643,599
Other segment information:				
Share of profits and losses of:				
Joint ventures	(285)	–	–	(285)
Impairment losses/provision recognised in the statement of profit or loss	13,975	–	–	13,975
Impairment losses reversed in the statement of profit or loss	(12,628)	–	–	(12,628)
Depreciation and amortisation	51,817	2,512	132	54,461
Investments in joint ventures	65,869	–	–	65,869
Capital expenditure*	73,927	53,254	435	127,616

* Capital expenditure consists of additions to property, plant and equipment, investment properties and intangible assets including assets from the acquisition of subsidiaries.

4. REVENUE, OTHER INCOME AND GAIN

Revenue, which is also the Group's turnover, represents sales of CNG, LPG, LNG and petroleum products from the operation of gas stations, income from management and operation of LED EMC and interest income on finance leases and loans during the year.

An analysis of the Group's revenue, other income and gain is as follows:

	2014	2013
	HK$'000	*HK$'000*
Revenue		
Sales of CNG, LPG, LNG and petroleum products	**1,440,010**	1,241,453
Operation revenue of LED EMC	**177,222**	38,594
Interest income on finance leases and loans	**2,510**	2,733
	1,619,742	1,282,780
Other income		
Interest income	**2,970**	1,960
Commission income	**–**	1,621
Trading of petroleum and gas-related products	**384**	364
Finance income on concession finance and trade receivables	**20,317**	3,694
Government grants received*	**4,707**	3,418
Gross rental income	**2,873**	3,649
Forfeited deposit	**1,260**	–
Others	**5,562**	–
	38,073	14,706
Gain		
Gain on deemed disposal of a joint venture	**–**	4,005
	38,073	18,711

* Various government grants have been received to subsidise the operation of the Group's gas stations in various provinces in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	2014	2013
	HK$'000	*HK$'000*
Cost of inventories sold*	**1,191,888**	943,309
Construction and operation costs of LED EMC*	**182,033**	27,083
Cost of finance lease and loan services provided*	**72**	107
Auditors' remuneration	**2,760**	3,630
Depreciation on property, plant and equipment	**51,650**	48,519
Depreciation on investment properties	**1,411**	724
Amortisation of prepaid land lease payments	**2,768**	4,642
Amortisation of intangible assets	**1,045**	1,045
Gain on disposal of subsidiaries	**(9,934)**	–
Loss on deregistration of joint ventures	**2,893**	–
Gain on deemed disposal of a joint venture	**–**	(4,005)
Gain on deemed disposal of an associate	**–**	(30,367)
Loss on disposal of items of property, plant and equipment**	**4,546**	1,629
Loss on disposal of an investment at fair value through profit or loss**	**–**	161
Impairment of items of property, plant and equipment**	**7,259**	11,962
Impairment of items of investment properties**	**5,649**	–
Reversal of impairment of trade receivables**	**(1,829)**	(12,628)
Impairment of deposits and other receivables**	**11,256**	208
Provision for slow-moving inventories*	**–**	1,805
Minimum lease payments under operating leases in respect of land and buildings	**26,802**	28,532
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages, salaries, allowances and benefits in kind	**114,346**	120,930
Equity-settled share option expense	**503**	2,543
Pension scheme contributions	**148**	153
	114,997	123,626
Rental income less direct operating expenses of HK$Nil (2013: HK$478,000)	**(2,873)**	(3,171)
Foreign exchange differences, net	**608**	(7,139)

* Cost of sales disclosed on the face of the consolidated statement of profit or loss comprises cost of inventories sold, wages and salaries and allowances of HK$8,241,000 (2013: HK$12,329,000) disclosed under employee benefit expense and depreciation charges of HK$10,742,000 (2013: HK$30,298,000) above.

** Included in "Other operating expenses, net" on the face of the consolidated statement of profit or loss.

6. FINANCE COSTS

An analysis of the Group's finance costs is as follows:

	2014	2013
	HK$'000	*HK$'000*
Interest on loans/bonds wholly repayable within five years:		
Bank loans	**24,312**	12,690
Other loans	**8,864**	5,250
Convertible bonds	**14,769**	4,472
	47,945	22,412
Less: interest capitalised	**–**	(448)
	47,945	21,964

7. INCOME TAX

No Hong Kong profits tax has been provided as the Group did not generate any assessable profits arising in Hong Kong during the year (2013: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates.

	2014	2013
	HK$'000	*HK$'000*
Group:		
Current – Mainland China		
Charge for the year	**13,539**	19,851
Underprovision in prior years	**–**	1,763
Deferred	**2,188**	1,439
	15,727	23,053

8. LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic loss per share amount is based on the loss for the year attributable to ordinary equity holders of the parent of HK$82,135,000 (2013: HK$25,417,000), and the weighted average number of ordinary shares of 4,386,248,292 (2013: 4,329,782,539) in issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the years ended 31 December 2014 and 2013 in respect of a dilution as the impact of the share options and convertible bonds outstanding had an anti-dilutive effect on the basic loss per share amounts presented.

9. DIVIDEND

The directors do not recommend the payment of dividend to shareholders for the year ended 31 December 2014 (2013: Nil).

10. INTANGIBLE ASSETS

31 December 2014

	Land development contract *HK$'000*	**Service contract** *HK$'000*	**Franchise** *HK$'000*	**Total** *HK$'000*
Cost at 1 January 2014, net of accumulated amortisation	**–**	**14,086**	**914**	**15,000**
Acquisition of subsidiaries	**964,000**	**–**	**–**	**964,000**
Amortisation provided during the year *(Note 5)*	**–**	**(994)**	**(51)**	**(1,045)**
Exchange realignment	**–**	**–**	**(6)**	**(6)**
At 31 December 2014	**964,000**	**13,092**	**857**	**977,949**
At 31 December 2014:				
Cost	**964,000**	**15,909**	**1,009**	**980,918**
Accumulated amortisation	**–**	**(2,817)**	**(152)**	**(2,969)**
Net carrying amount	**964,000**	**13,092**	**857**	**977,949**

31 December 2013

	Service contract *HK$'000*	Franchise *HK$'000*	Total *HK$'000*
Cost at 1 January 2013, net of accumulated amortisation	15,080	942	16,022
Amortisation provided during the year *(Note 5)*	(994)	(51)	(1,045)
Exchange realignment	–	23	23
At 31 December 2013	14,086	914	15,000
At 31 December 2013:			
Cost	15,909	1,016	16,925
Accumulated amortisation	(1,823)	(102)	(1,925)
Net carrying amount	14,086	914	15,000

11. CONCESSION FINANCE RECEIVABLES

The Group has entered into a number of service concession arrangements with government authorities from different districts in respect of its LED lighting services in the PRC. These service concession arrangements generally involve the Group as an operator (i) to construct streetlights for those arrangements on a Build-Operate-Transfer ("BOT") basis and (ii) to operate and maintain the streetlights on behalf of the relevant government authorities for periods ranging from 4 to 16 years.

The following is the summarised information of the financial asset components (receivables under service concession arrangements) with respect to the Group's service concession arrangements.

	2014	2013
	HK$'000	*HK$'000*
Receivables under service concession arrangements	**222,224**	45,214
Current portion	**(84,783)**	(2,015)
Non-current portion	**137,441**	43,199

Concession finance receivables comprise amounts receivable with respect to concession agreements in the PRC. The Group's concession finance receivables are unbilled as at the end of the reporting period.

12. TRADE AND BILLS RECEIVABLES

	2014	2013
	HK$'000	*HK$'000*
Trade and bills receivables	**459,325**	153,914
Impairment	**(13)**	(1,861)
	459,312	152,053
Less: Non-current portion of trade receivables	**(232,270)**	(22,613)
Current portion of trade and bills receivables	**227,042**	129,440

The Group's trade receivables from LED EMC will be billed and settled by equal monthly, bimonthly and quarterly instalments over a period of five to ten years pursuant to the contract terms. The fair value of the consideration recognised is determined using an imputed rate of interest ranging from approximately 6.55% to 15% (2013: 15%).

The Group's trading terms with its other trade customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 90 to 120 days, extending up to 180 days for major customers. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade and bills receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over these balances. Trade and bills receivables are non-interest-bearing.

An aging analysis of the gross trade and bills receivables as at the end of the reporting period, based on the invoice date, is as follows:

	2014	2013
	HK$'000	*HK$'000*
Billed:		
0 to 90 days	**108,396**	127,364
91 to 120 days	**1**	–
121 days to 1 year	**5**	–
Over 1 year	**13**	1,911
	108,415	129,275
Unbilled	**350,910**	24,639
	459,325	153,914

The aging analysis of the trade and bills receivables that are not individually nor collectively considered to be impaired is as follows:

	2014	2013
	HK$'000	*HK$'000*
Unbilled	**350,910**	24,639
Neither past due nor impaired	**108,396**	127,364
Less than 30 days past due	**1**	–
31 to 180 days past due	**5**	50
	459,312	152,053

Receivables that were neither past due nor impaired relate to a large number of diversified 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 directors of the Company are of the opinion that no provision for impairment 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. The Group does not hold any collateral or other credit enhancement over these balances.

13. FINANCE LEASE RECEIVABLES

The Group provides finance leasing services on certain equipment in Mainland China. These leases are classified as finance leases and have remaining lease terms ranging from one to five years.

	Minimum lease payments		Present value of minimum lease payments	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Finance lease receivables comprise:				
Within one year	**8,135**	17,155	**6,549**	14,335
In the second to fifth years, inclusive	**15,855**	13,190	**13,971**	12,478
	23,990	30,345	**20,520**	26,813
Less: unearned finance income	**(3,470)**	(3,532)		
Present value of minimum lease payments	**20,520**	26,813		
Analysed for reporting purposes as:				
Current assets	**6,549**	14,335		
Non-current assets	**13,971**	12,478		
	20,520	26,813		

The Group's finance lease receivables are denominated in Renminbi ("RMB"), which is the functional currency of the relevant group entity.

At 31 December 2014, the Group's finance lease receivables with a carrying amount of HK$18,883,000 (2013: HK$14,401,000) were pledged as security for the Group's certain bank loans.

14. TRADE AND BILLS PAYABLES

An aging analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2014	2013
	HK$'000	*HK$'000*
0 to 90 days	**48,318**	189,408
91 to 120 days	**52,920**	–
Over 120 days	**2,005**	2,088
	103,243	191,496

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

The Group's bills payable amounted to HK$11,340,000 (2013: HK$74,021,000) as at the end of the reporting period and has an average maturity period of 90 days. Bills payable was secured by pledged time deposits of HK$1,904,000 (2013: HK$27,076,000). In the prior year, the bills payable was also secured by property, plant and equipment and investment properties with carrying amount as at 31 December 2013 of HK$51,587,000 and HK$30,259,000, respectively. Bills payable was denominated in RMB.

15. SHARE CAPITAL

	2014	2013
	HK$'000	*HK$'000*
Authorised: *(Note (i))*		
10,000,000,000 ordinary shares of HK$0.20 each *(Note (ii))*	**–**	2,000,000
Issued and fully paid:		
4,483,782,539 ordinary shares (2013: 4,383,782,539 ordinary shares)	**1,729,752**	876,757

During the year, 100,000,000 ordinary shares of HK$0.2 each were issued to a bondholder upon the exercise of convertible bonds for a total consideration, before expenses of HK$20,000,000.

All the shares issued during the year rank pari passu in all respects with the existing shares.

Notes:

(i) Under the Hong Kong Companies Ordinance (Chapter 622), which became effective on 3 March 2014, the concept of authorised share capital no longer exists.

(ii) In accordance with Section 135 of the Hong Kong Companies Ordinance (Chapter 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Chapter 622) on 3 March 2014, any amount standing to the credit of the share premium account and capital redemption reserve has become part of the Company's share capital.

16. EVENTS AFTER THE REPORTING PERIOD

(a) On 18 July 2014, Beijing Sinogas Company Limited ("Beijing Sinogas"), an indirect non-wholly-owned subsidiary of the Company, and AVIC Tianxu Hengyuan Energy-Saving Technology Co., Ltd. ("AVIC Tianxu Hengyuan"), an indirect wholly-owned subsidiary of the Company, entered into a properties transfer agreement, pursuant to which Beijing Sinogas has conditionally agreed to transfer its properties to AVIC Tianxu Hengyuan at a cash consideration of RMB11,026,470. The properties transfer agreement lapsed on 18 January 2015 as the conditions precedent remained outstanding and no extension of the completion was agreed between Beijing Sinogas and AVIC Tianxu Hengyuan.

(b) On 3 December 2014, the Company entered into an agreement with Great Concept Investments Holdings Limited, a direct wholly-owned subsidiary of the Company, Sanlin Resources Limited ("Sanlin") and Sino Gas Holdings Group Limited ("Sino Gas BVI"), an indirect non-wholly owned subsidiary of the Company, in relation to a proposed group restructuring which comprises (1) the transfer of (i) 60% of the equity interest in Zhengzhou Sinogas Company Limited ("Zhengzhou Sinogas"), a non-wholly owned subsidiary of the Company; (ii) 80% of the equity interest in Henan Sinogas Nanhai Energy Sources Company Limited ("Henan Sinogas"), a non-wholly owned subsidiary of the Company; (iii) 100% of the equity interest in Xinzheng Sinogas Company Limited ("Xinzheng Sinogas"), a wholly-owned subsidiary of the Company; (iv) 100% of the equity interest in Sinogas (Shanxi) Gas Company Limited ("Shanxi Sinogas"), a wholly-owned subsidiary of the Company; and (v) 50% of the equity interest in Henan Blue Sky Sinopetroleum Clean Energy Science & Technology Company Limited ("Henan Blue Sky"), a joint venture of the Company, to Sino Gas BVI (or its nominated subsidiary) for an aggregate consideration (the "PRC Transfers Consideration") of RMB93,653,263.10; (2) the disposal of the 10% of the issued share capital of Sino Gas BVI and the sum owed by China Full Limited ("China Full"), a subsidiary of Sino Gas BVI, to the Company in the amount of RMB8,767,307 by the Group to Sanlin for an aggregate consideration of RMB20,767,307 to be settled in cash payable by Sanlin to the Company; and (3) the settlement of the debts (the "Debts Settlement"), amounting to RMB84,305,108.18 as at 30 September 2014, owed by Sinogas (Zhuhai) Limited ("Zhuhai Sinogas"), a direct wholly-owned subsidiary of China Full, and its subsidiaries, Zhengzhou Sinogas, Henan Sinogas, Xinzheng Sinogas, Henan Blue Sky, Shanxi Sinogas, Shanxi Xinneng CNG Company Limited ("Shanxi Xinneng"), a non-wholly owned subsidiary of Shanxi Sinogas, to the Company and its subsidiaries (excluding Sino Gas BVI and its subsidiaries as enlarged by Zhengzhou Sinogas, Henan Sinogas, Xinzheng Sinogas, Henan Blue Sky, Shanxi Sinogas and Shanxi Xinneng). Details of the group restructuring were included in the Company's announcement dated 3 December 2014 and circular dated 25 February 2015. The group restructuring was approved by the shareholders of the Company at the extraordinary general meeting of the Company on 3 March 2015.

(c) On 6 January 2015, the Company entered into a sale and purchase agreement to purchase a property in Shanghai (the "Property") at a consideration of RMB1,566,032,890. The Property comprised of the building with office and retail units and the parking spaces which together with an aggregate gross floor area of 16,352.29 square metres. Details of the acquisition were included in the Company's announcement dated 6 January 2015 and circular dated 26 February 2015. The acquisition of the Property has not yet completed as at the reporting date of these financial statements.

(d) On 20 January 2015, a deed of amendment (the "Deed") was entered into between the Company as the issuer and Billirich Investment Limited ("Billirich") as the bondholder. Pursuant to the Deed, the Company conditionally agreed to extend the maturity date of the 2% coupon convertible bond in principal amount of HK$51,775,872 issued by the Company on 3 March 2012 to Billirch for three years, from 6 March 2015 to 6 March 2018, other terms remained unchanged (the "Extension"). The Extension was approved by the Independent Shareholders (as defined in the circular of the Company dated 9 February 2015) at the extraordinary general meeting on 3 March 2015. A new convertible bond certificate was issued to Billirich on 3 March 2015. Details of the Extension were disclosed in the announcement and circular of the Company dated 20 January 2015 and 9 February 2015, respectively.

CHAIRMAN'S STATEMENT

2014 was a difficult and yet an eventful year for the Group amid the continuous slowdown of China's macroeconomic growth and the accelerating adjustment of industrial policies in the PRC. In order to diversify and strengthen the earning base and optimize resources deployment, the Group has undergone a series of restructuring and acquisitions during the year. The financial results of the Group for the year ended 31 December 2014 registered a growth in turnover by 26% to HK$1,619.7 million (2013: HK$1,282.8 million). However, due to the pressure on gas price, the increasing direct and operating costs among our business segments, the contribution particularly from the gas segment reduced by 84.4%. Together with the increase in finance costs arose from the new convertible note and convertible bond, the Group made a loss attributable to the owners of the parent of HK$82.1 million (2013: HK$25.4 million) for the year.

The gas segment of the Group recorded revenue of HK$1,440 million (2013: HK$1,241.5 million), representing an increase of 16% from 2013. However, the segment profit from natural gas business dropped to HK$9.1 million in 2014 (2013: HK$58.2 million), representing a significant decrease of HK$49.1 million, which was mainly attributable to the intense competition in the downstream gas market and the surge in operating expenses. A series of measures have been implemented by the management, including strict cost controls and reallocation of the Group's resources through restructuring its current gas business. Considering the China's government policy to boost green energy consumption and to promote the development of natural gas-powered vehicles nationwide, the Group will continue to look for ways to improve the performance of the gas business against the backdrop of a very challenging environment.

The revenue of the Group's LED business was slightly improved in 2014. The revenue of the Group's LED segment increased by 3.6 times to HK$177.2 million (2013: HK$38.6 million). The growth was mainly due to completion of several LED EMC projects that started to generate income during the year, which contributed to reducing the loss of LED business segment to HK$14.2 million in 2014 (2013: HK$15.9 million). In order to achieve economies of scale, the Group will continuously focus on exploring and identifying new profitable LED EMC projects in both outdoor public lighting and indoor lighting markets. In addition, the Group is committed to fulfilling social and environmental responsibilities as an energy-saving enterprise by providing a full range of LED lighting solutions, technologies and services to the market.

The Group's finance leasing business, Guangdong Zi Yu Tai Finance Leasing Company Limited ("Ziyutai") has undertaken a number of projects and obtained additional financing during the year. A turnover of HK$12.6 million (2013: HK$8.9 million) was recorded for the year, representing a growth of 42%. The development of finance leasing business was promising, due to the clarification made by the National Tax Department in favor of sales and leaseback business in early 2014. Also, in August 2014, the State Council in the PRC issued the Guidance on Accelerating the Development of Productive Services Industry and Promoting the Restructuring and Upgrading of Industrial Structure to encourage the development of finance leasing industry, which provides a favorable policy environment for Ziyutai's development.

In October 2014, the Group entered into a new business area through investment in Ontex Enterprises Limited, which together with its subsidiaries (the "Project Companies") is principally engaged in class 1 land development of 中部濱海新城 (New Central Costal City) and construction of 融港大道 (Ronggang Boulevard) (collectively the "Project") in Fuqing City, Fujian Province. The Project will be operated in collaboration between Project Companies, local governments and construction companies under public-private-partnership ("PPP"). It is expected that the Project will not only enable the Group to participate in socio-economic development and urbanization of new small towns in the PRC, but will also provide economic benefits for the Group in the coming years.

The Company has changed its name from "China Environmental Investment Holdings Limited" to "AVIC Joy Holdings (HK) Limited" to reflect its diversified business portfolio. Looking forward, the Group will endeavor to focus on improving operating efficiency, strengthening risk control measures as well as looking for new investment opportunities to enhance shareholders' value.

Finally, I would like to extend my thanks to the Board, all staff, professional and shareholders for their support during the year.

Ji Guirong
Chairman

Hong Kong, 25 March 2015

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

The Group's consolidated revenue increased by 26% to HK$1,619.7 million (2013: HK$1,282.8 million) for the year ended 31 December 2014. The business of the Group comprises operation of compressed natural gas ("CNG") and liquefied petroleum gas ("LPG") and liquefied natural gas ("LNG") refueling stations, management and operation of light-emitting diode ("LED") energy management contracts ("EMC"), provision of finance lease and loan financing services and class 1 land development in the PRC. The increase in consolidated revenue was mainly attributed to the growth of the Group's three major business segments, namely, gas, LED and finance leasing business in the PRC.

The Group's gross profit for the year was HK$226.8 million (2013: HK$267.8 million), representing a decrease of 15% compared to last year mainly due to the increased direct cost across the Group's business segments.

The Group made a loss attributable to owners of the parent for the year ended 31 December 2014 amounted to HK$82.1 million, an increase of HK$56.7 million from HK$25.4 million in 2013. The substantial increase in loss attributable to owners of the parent was mainly attributable to the decreased contribution from gas business by approximately HK$49.1 million, and the overall increase in finance costs resulting from the increase in imputed interest expenses of HK$10.3 million arose from the new convertible bonds and convertible notes, and additional interest expenses of HK$15.7 million due to the increased borrowings during the year.

Operational Review

(1) Gas Business

Although the Group's gas business encountered a reduction in gross margin, it continued to make positive contributions to the Group on a segment basis. During the year, the Group achieved total sales volume of CNG and LPG amounted to 188,873,048 cubic meter and 57,971 tons respectively, representing a respective growth of 5% and 21% compared with last year. In addition, in response to the industry trend and government promotion to adopt LNG as a new and purer form of energy, a new LNG refueling station was opened in Shandong province and achieved an initial sales volume of 176 tons. For the year ended 31 December 2014, the Group's gas business segment had a total revenue of HK$1,440 million (2013: HK$1,241.5 million), representing an increase of 16% from last year. However, the segment result slid to HK$9.1 million (2013: HK$ 58.2 million), decreased by 84% from last year. The substantial decrease was primarily attributed to the increased direct cost due to the upward price adjustment promulgated by the National Development and Reform Commission of the PRC, as well as the increased operating cost during the year.

In late 2014, the Group has undergone a restructuring in its gas business, disposing of part of the gas business with a view to achieving more effective management and more efficient resources allocation.

(2) *LED Business*

During the year, the sales revenue of the Group's LED business amounted to HK$177.2 million (2013: HK$38.6 million), increased by 3.6 times from last year. The significant growth was due to the fact that the installations of most LED EMC projects signed in previous years have been completed and started to generate income during the year. However, the segment result recorded a loss of HK$14.2 million (2013: HK$15.9 million), which was mainly attributable to the recognition of initial setup and up-front cost during the year.

(3) *Finance Leasing Business*

The Group's finance leasing segment recorded a total revenue of HK$12.6 million (2013: HK$8.9 million) for the year, representing an increase of 42% as compared to last year. During the year, the Group's finance leasing subsidiary Ziyutai signed 16 new finance leasing contracts ranging from 2 to 5 years, and 5 new short-term finance leasing consultation contracts primarily for the provision of finance assistance to the Group's LED business. The segment loss for the year was HK$1.4 million (2013: HK$5 million), decreased by 72% from last year.

(4) *PPP Class 1 Land Development Business*

The Group acquired a new business in October 2014 through investment in Ontex Enterprises Limited, which together with its subsidiaries is principally engaged in class 1 land development of 中部濱海新城 (New Central Costal City) and construction of 融港大道 (Ronggang Boulevard) (collectively the "Project") in Fuqing City of Fujian Province, which will be funded and operated through public-private-partnership ("PPP"). The Project was still at the early stage of development by the end of 2014 and therefore not yet generating revenue for the Group.

Business Outlook

The continuous promotion and management of environmental improvement in China has been facilitating the growth of natural gas business. The construction of No. 4 Shaanxi-Beijing Pipeline and the second China-Russia gas deal signed in late 2014 further laid a solid foundation for a sustainable development of the natural gas market. Nevertheless, the Group still faces great challenges due to unbalanced seasonal demand and supply of natural gas and the ongoing nationwide pricing reforms on petroleum products. Given the complexities of the business environment, the Group will continue its effort to improve the operating efficiency of its gas business so as to enhance shareholders' return.

During the year, the Group's LED project companies have signed a series of new contracts with both governmental and commercial clients in the PRC, covering large public road lighting projects and small indoor commercial lighting projects. In the future, echoing Chinese government's strong policy support for the energy-saving and environmental protection industry, the Group's LED project companies will continue to seek business opportunities across the country and strengthen the relationship with local authorities, industrial suppliers and existing clients.

A sustained growth is expected in China's finance leasing industry. The Group will carry out timely review over existing projects and new proposals, while proactively looking for customers with acceptable credit risks so as to expand business scale and increase overall return.

With the continuous economic development and urbanization process in the PRC, the mutually beneficial form of PPP is expected to succeed and attract more capital and investments. The Group's PPP class 1 land development project with Fuqing Government in Fujian Province of the PRC entered into this year is expected to create return from land sales in the coming years.

Financial Resources

At 31 December 2014, the Group's total borrowings (including interest-bearing bank and other borrowings, loans from related companies and non-controlling shareholders, promissory notes and convertible bonds) amounted to approximately HK$1,437.5 million (2013: HK$1,324 million), of which HK$723.1 million (2013: HK$162.6 million) and HK$Nil (2013: HK$958.4 million) were related to bank borrowings at operating subsidiaries level funding the local PRC operations denominated in Renminbi and United States Dollars respectively. As a result, the Group's gearing ratio, representing the ratio of Group's total borrowings to total equity of HK$1,451.2 million (2013: HK$1,181.8 million) was 99% (2013: 112%). Cash and bank balances and pledged deposits amounted to HK$650.5 million (2013: HK$1,367.7 million). Net borrowing amounted to HK$787 million (2013: net cash of HK$43.7 million).

During the year, the Group was not materially exposed to foreign currency risk.

Dividend

The Board does not recommend the payment of dividend for the year ended 31 December 2014 (2013: Nil).

Staff Benefits

At 31 December 2014, the Group had a total of 1,313 employees (2013: 1,430). The staff costs for the year ended 31 December 2014 amounted to approximately HK$121.1 million (2013: HK$130.3 million). The Group continues to provide remuneration package to employees according to market practices, their experience and performance. Other benefits include contribution of statutory mandatory provident fund for the employees and medical scheme. There was no major change on staff remuneration policies during the year.

Human Resources

Apart from remunerating and promoting staff according to an established mechanism based on individual performance, experience, professional qualification and prevailing market practices, the Group provides internal training for existing staff and makes further study as part of the welfare or incentive system for staff. This aims to encourage staff to embark on life-long study, and to formulate a feasible plan for their career development, which lays a solid foundation for sound and sustainable development of the Group.

Pledge of Assets

At 31 December 2014, the Group had pledged certain of its finance lease receivables and bank deposits for bills payable and bank borrowings granted.

Events After The Reporting Period

(a) On 18 July 2014, Beijing Sinogas Company Limited ("Beijing Sinogas"), an indirect non-wholly-owned subsidiary of the Company, and AVIC Tianxu Hengyuan Energy-Saving Technology Co., Ltd. ("AVIC Tianxu Hengyuan"), an indirect wholly-owned subsidiary of the Company, entered into a properties transfer agreement, pursuant to which Beijing Sinogas has conditionally agreed to transfer its properties to AVIC Tianxu Hengyuan at a cash consideration of RMB11,026,470. The properties transfer agreement lapsed on 18 January 2015 as the conditions precedent remained outstanding and no extension of the completion was agreed between Beijing Sinogas and AVIC Tianxu Hengyuan.

(b) On 3 December 2014, the Company entered into an agreement with Great Concept Investments Holdings Limited, a direct wholly-owned subsidiary of the Company, Sanlin Resources Limited ("Sanlin") and Sino Gas Holdings Group Limited ("Sino Gas BVI"), an indirect non-wholly owned subsidiary of the Company, in relation to a proposed group restructuring which comprises (1) the transfer of (i) 60% of the equity interest in Zhengzhou Sinogas Company Limited ("Zhengzhou Sinogas"), a non-wholly owned subsidiary of the Company; (ii) 80% of the equity interest in Henan Sinogas Nanhai Energy Sources Company Limited ("Henan Sinogas"), a non-wholly owned subsidiary of the Company; (iii) 100% of the equity interest in Xinzheng Sinogas Company Limited ("Xinzheng Sinogas"), a wholly-owned subsidiary of the Company; (iv) 100% of the equity interest in Sinogas (Shanxi) Gas Company Limited ("Shanxi Sinogas"), a wholly-owned subsidiary of the Company; and (v) 50% of the equity interest in Henan Blue Sky Sinopetroleum Clean Energy Science & Technology Company Limited ("Henan Blue Sky"), a joint venture of the Company, to Sino Gas BVI (or its nominated subsidiary) for an aggregate consideration (the "PRC Transfers Consideration") of RMB93,653,263.10; (2) the disposal of the 10% of the issued share capital of Sino Gas BVI and the sum owed by China Full Limited ("China Full"), a subsidiary of Sino Gas BVI, to the Company in the amount of RMB8,767,307 by the Group to Sanlin for an aggregate consideration of RMB20,767,307 to be settled in cash payable by Sanlin to the Company; and (3) the settlement of the debts (the "Debts

Settlement"), amounting to RMB84,305,108.18 as at 30 September 2014, owed by Sinogas (Zhuhai) Limited ("Zhuhai Sinogas"), a direct wholly-owned subsidiary of China Full, and its subsidiaries, Zhengzhou Sinogas, Henan Sinogas, Xinzheng Sinogas, Henan Blue Sky, Shanxi Sinogas, Shanxi Xinneng CNG Company Limited ("Shanxi Xinneng"), a non-wholly owned subsidiary of Shanxi Sinogas, to the Company and its subsidiaries (excluding Sino Gas BVI and its subsidiaries as enlarged by Zhengzhou Sinogas, Henan Sinogas, Xinzheng Sinogas, Henan Blue Sky, Shanxi Sinogas and Shanxi Xinneng). Details of the group restructuring were included in the Company's announcement dated 3 December 2014 and circular dated 25 February 2015. The group restructuring was approved by the shareholders of the Company at the extraordinary general meeting of the Company on 3 March 2015.

(c) On 6 January 2015, the Company entered into a sale and purchase agreement to purchase a property in Shanghai (the "Property") at a consideration of RMB1,566,032,890. The Property comprised of the building with office and retail units and the parking spaces which together with an aggregate gross floor area of 16,352.29 square metres. Details of the acquisition were included in the Company's announcement dated 6 January 2015 and circular dated 26 February 2015. The acquisition of the Property has not yet completed as at the reporting date of these financial statements.

(d) On 20 January 2015, a deed of amendment (the "Deed") was entered into between the Company as the issuer and Billirich Investment Limited ("Billirich") as the bondholder. Pursuant to the Deed, the Company conditionally agreed to extend the maturity date of the 2% coupon convertible bond in principal amount of HK$51,775,872 issued by the Company on 3 March 2012 to Billirch for three years, from 6 March 2015 to 6 March 2018, other terms remained unchanged (the "Extension"). The Extension was approved by the Independent Shareholders (as defined in the circular of the Company dated 9 February 2015) at the extraordinary general meeting on 3 March 2015. A new convertible bond certificate was issued to Billirich on 3 March 2015. Details of the Extension were disclosed in the announcement and circular of the Company dated 20 January 2015 and 9 February 2015, respectively.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year.

CORPORATE GOVERNANCE PRACTICES

The Board is of the view that the Company has complied with the applicable code provisions ("Code Provisions") set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") during the year ended 31 December 2014, save and except as hereunder:

(i) Code Provision A.4.1 stipulates that all non-executive directors (including independent non-executive directors) of the Company should be appointed for a specific term. The non-executive directors of the Company were appointed without specific terms, but they are subject to retirement and re-election at least once every three years in accordance with the articles of association of the Company;

(ii) Code Provision A.6.7 stipulates that independent non-executive directors and other non-executive directors should attend general meetings. Due to other important business engagements at the relevant time, not all independent non-executive directors and the non-executive director of the Company were able to attend the annual general meeting held on 27 June 2014 (the "AGM") and extraordinary general meeting on 28 October 2014 of the Company;

(iii) Code Provision D.1.4 stipulates that the Company should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. The Company did not have letters of appointment for directors of the Company, however, the directors of the Company shall be subject to retirement and re-election pursuant to the articles of association of the Company. Moreover, the non-executive directors are required to refer to the guidelines set out in "A Guide on Directors' Duties" issued by the Companies Registry, and "Guidelines for Directors" and "Guide for Independent Non-Executive Directors" published by the Hong Kong Institute of Directors in performing their duties and responsibilities as directors. In addition, the non-executive directors are required to comply with the requirements under statue and common law, the Listing Rules, Companies Ordinance, legal and other regulatory requirements, if applicable;

(iv) Code Provision E.1.2 stipulates that the chairman of the board should attend the annual general meeting. However, due to other important business engagements at the relevant time, the chairman of the Board (the "Chairman") did not attend the AGM. Nevertheless, Mr. Ji Hui, the chief executive officer of the Company, took the chair of the AGM and an independent non-executive director, being the chairman of the audit committee and the remuneration committee, and a member of the nomination committee was present thereat and was available to answer questions to ensure effective communication with the shareholders of the Company; and

(v) Rule 3.10(1) and 3.10A of the Listing Rules stipulates that every board of directors of the Company must include at least three independent non-executive directors which must at least represent one-third of the Board. Following the retirements of Mr. Wang Zhonghua ("Mr. Wang") and Mr. Zhong Qiang ("Mr. Zhong") on 27 June 2014, the number of independent non-executive directors fell below the minimum number and proportion required under Rules 3.10(1) and 3.10A of the Listing Rules.

Rule 3.21 of the Listing Rule stipulates that the audit committee established by a listed issuer must comprise a minimum of three members. Following the retirements of Mr. Wang and Mr. Zhong, the audit committee had one member and two members for the periods from 27 June 2014 to 10 August 2014 and 11 August 2014 to 18 August 2014, respectively. Hence the number of members of the audit committee fell below the minimum number required under Rule 3.21 of the Listing Rules.

Following the appointments of independent non-executive directors on 11 August 2014 and 19 August 2014 for filling the vacancies, the number of directors increased to nine, of which three directors are independent non-executive directors (representing one-third of the Board) and accordingly, the Company has complied with the Rules 3.10(1), 3.10A and 3.21 from 19 August 2014 onwards.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Following specific enquiry by the Company, all directors of the Company confirmed that they had complied with the required standards as set out in the Model Code during the year.

REVIEW OF FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 December 2014 have been reviewed by the audit committee of the Company.

PUBLICATION ON THE WEBSITES OF THE STOCK EXCHANGE OF HONG KONG LIMITED AND THE COMPANY

This results announcement is published on the websites of The Stock Exchange of Hong Kong Limited (www.hkex.com.hk) and the Company (www.avicjoyhk.com). The 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 the shareholders of the Company and available on the same websites in due course.

By order of the Board
AVIC Joy Holdings (HK) Limited
Ji Hui
Chief Executive Officer

Hong Kong, 25 March 2015

As at the date of this announcement, the Board comprises nine directors, of which Mr. Ji Guirong (Chairman) is the non-executive director; Mr. Ji Hui (Chief Executive Officer), Mr. Zang Zheng, Mr. Zhang Chuanjun, Mr. Xiao Wei and Mr. Wang Xiaowei are the executive directors; Mr. Hu Xiaowen, Mr. Gong Changhui and Mr. Wu Meng are the independent non-executive directors.