



2013 INTERIM REPORT

Anhui Conch Cement Company Limited

(A Share: 600585 H Share: 00914)

Important

The Board, Supervisory Committee and Directors, Supervisors and the senior management of the Company warrant that the information in this report, for which they jointly and severally accept legal liability, is truthful, accurate and complete, and does not contain any misrepresentation, misleading statements or material omission.

Mr. Guo Wensan (Chairman), Mr. Wang Jianchao (General manager) and Mr. Zhou Bo (Chief accountant) warrant that the financial report contained herein is true, accurate and complete.

During the Reporting Period, there was no appropriation of the Company's funds for non-operating purpose by the controlling shareholders of the Company and its related parties.

During the Reporting Period, there was no external guarantee in violation of the established decision-making procedures.

Unless otherwise stated, all financial data in this report are prepared in accordance with the PRC Accounting Standards and all monetary amounts herein are denominated in RMB.

Definitions

The following terms and expressions contained in this report shall, unless the context otherwise requires, have the meanings assigned to them as follows:

The Company/Conch Cement	:	Anhui Conch Cement Co., Ltd.
The Group	:	the Company and its subsidiaries
Reporting Period	:	the period from 1 January 2013 to 30 June 2013
Director(s)	:	the director(s) of the Company
Board	:	the board of Directors
Baimashan Cement Plant	:	Baimashan Cement Plant of Anhui Conch Cement Co., Ltd.
Foshan Conch	:	Foshan Conch Cement Co., Ltd.
Guiding Conch	:	Guiding Conch Panjiang Cement Co., Ltd.
Conch Holdings	:	Anhui Conch Holdings Co., Ltd.
Conch Venture	:	Anhui Conch Venture Investment Co., Ltd.
Conch Kawasaki Engineering	:	Anhui Conch Kawasaki Engineering Co., Ltd.
Conch Kawasaki Energy Conservation	:	Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd.
Conch Design	:	Anhui Conch Construction Materials Design Institute
Conch Property	:	Wuhu Conch Property Management Co., Ltd.
Haichang Port	:	YangZhou Haichang Port Industrial Co., Ltd.
Longshan Cement	:	Yingde Longshan Cement Co., Ltd.
Jiangmen Conch	:	Jiangmen Conch Cement Co., Ltd.
Refractory Material	:	Anhui Conch Siam Refractory Material Co., Ltd.
PT Conch	:	PT Conch South Kalimantan Cement
Qingsong Building Materials and Chemicals	:	Xinjiang Qingsong Building Materials and Chemicals (Group) Co., Ltd.

Definitions

Sanshan Port	:	Wuhu Sanshan Conch Port Co., Ltd.
SNCR flue gas denitration technology modification	:	Selective non-catalytic reduction denitration technology modification, for the purpose of denitration by spraying ammonia or urea
Prosperity Conch	:	Prosperity Conch Cement Co., Ltd.
PRC Accounting Standards	:	China Accounting Standards for Business Enterprises
Wuhu Conch	:	Wuhu Conch Cement Co., Ltd.
A Shares	:	ordinary shares in the capital of the Company listed on the SSE, with a nominal value of RMB1.00 per share, which are subscribed for and traded in RMB
H Shares	:	foreign shares in the capital of the Company listed on the Stock Exchange, with a nominal value of RMB1.00 per share, which are subscribed for and traded in Hong Kong dollars
Stock Exchange	:	The Stock Exchange of Hong Kong Limited
HKSE Listing Rules	:	The Rules Governing the Listing of Securities on the Stock Exchange
SSE	:	Shanghai Stock Exchange
SSE Listing Rules	:	The Rules Governing the Listing of Stocks on the SSE
Clinker	:	semi-finished products made in the manufacturing process of cement
Hong Kong	:	Hong Kong Special Administrative Region of the PRC
RMB	:	Renminbi, the lawful currency of the PRC
PRC	:	The People's Republic of China
CSRC	:	China Securities Regulatory Commission

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1. Corporate Profile

- (1) Official Chinese name of the Company** : 安徽海螺水泥股份有限公司
Official English name of the Company : ANHUI CONCH CEMENT COMPANY LIMITED
Abbreviation in English : ACC
- (2) Legal Representative of the Company** : Guo Wensan
- (3) Secretary to the Board (Company Secretary)** : Yang Kaifa
Phone number : 0086 553 8398927
Fax number : 0086 553 8398931
Company secretary (Hong Kong) : Leo P. Y. Chiu
Phone number : 00852 2111 3220
Fax number : 00852 2111 3299
Securities Affairs Representative : Liao Dan
Phone number : 0086 553 8398911
Fax number : 0086 553 8398931
E-mail : dms@conch.cn
- (4) Registered address of the Company** : 39 Wenhua Road, Wuhu City, Anhui Province, the PRC
Office address of the Company : 1011 Jiuhua South Road, Wuhu City, Anhui Province, the PRC
Postal code : 241070
Email address of the Company : cement@conch.cn
Website of the Company : <http://www.conch.cn>
Contact address in Hong Kong : 40/F, Jardine House, 1 Connaught Place, Central, Hong Kong
- (5) Exchange on which the Company's shares are listed:**
- H Shares** : Stock Exchange
Stock code : 00914
A Shares : SSE
Stock code : 600585
Stock name : Conch Cement

1. Corporate Profile

- (6) International auditors** : KPMG Certified Public Accountants
8th Floor, Prince's Building, 10 Chater Road, Central,
Hong Kong
- PRC auditors** : KPMG Huazhen Certified Public Accountants (Special
General Partnership)
8th Floor, Office Tower 2, Oriental Plaza, 1 East Chang
An Avenue, Beijing, the PRC
- (7) H Shares share registrar and
transfer office** : Hong Kong Registrars Limited
17/F, Hopewell Centre, 183 Queen's Road East,
Wanchai, Hong Kong

2. Summary of Accounting Data and Financial Indicators

1. ACCOUNTING DATA PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING STANDARDS

Table 1:

Items	As at 30 June 2013 (RMB'000)	As at 31 December 2012 (RMB'000)	Increase/ (decrease) over the beginning of the year (%)
Total assets	85,819,948	87,523,523	(1.95)
Total equity attributable to equity shareholders of the Company	49,825,838	48,901,205	1.89

Table 2:

Items	Six months ended 30 June 2013 (RMB'000)	Six months ended 30 June 2012 (RMB'000)	Increase/ (decrease) over the same period of the previous year (%)
Revenue	23,587,088	20,559,155	14.73
Net profit attributable to equity shareholders of the Company	3,059,897	2,917,340	4.89
Net profit attributable to equity shareholders of the Company after extraordinary items	2,780,226	2,604,493	6.75
Basic earnings per share (RMB/share)	0.58	0.55	4.89
Diluted earnings per share (RMB/share)	0.58	0.55	4.89
Basic earnings per share after extraordinary items (RMB/share)	0.52	0.49	6.75
Weighted average return on net assets (%)	6.14	6.38	Decreased by 0.24 percentage point
Weighted average return on net assets after extraordinary items (%)	5.58	5.69	Decreased by 0.11 percentage point
Net cash flow generated from operating activities	6,354,890	6,732,739	(5.61)

2. Summary of Accounting Data and Financial Indicators

Table 3:

Extraordinary items for the Reporting Period	Amount (RMB'000)
(1) Loss on disposal of non-current assets	5,960
(2) Government subsidy	296,558
(3) Gain/(Loss) on changes in the fair value of financial assets held for trading and gain on disposal of financial assets held for trading	36,265
(4) Entrusted fee income obtained from entrusted operation	488
(5) Charges on share of funds received from non-financial enterprises included in the current income statement	3,919
(6) Other non-operating income and expenses other than the above items	3,201
(7) Effect of extraordinary items on income tax	(64,396)
(8) Effect of extraordinary items on minority interests	(2,324)
Total	279,671

2. FINANCIAL SUMMARY PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRS”)

Items	Six months ended 30 June 2013 (RMB'000)	Six months ended 30 June 2012 (RMB'000)	Increase/ (decrease) over the same period of the previous year (%)
Revenue	23,587,088	20,559,155	14.73
Net profit attributable to equity shareholders of the Company	3,058,517	2,932,979	4.28
	As at 30 June 2013 (RMB'000)	As at 31 December 2012 (RMB'000)	Increase/ (decrease) over the beginning of the year (%)
Total assets	85,819,948	87,523,523	(1.95)
Total liabilities	34,038,973	36,720,402	(7.30)

2. Summary of Accounting Data and Financial Indicators

3. EXPLANATIONS FOR DIFFERENCES BETWEEN CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING STANDARDS AND THE IFRS

	Net profit attributable to equity shareholders of the Company		Equity attributable to equity shareholders of the Company	
	Six months ended 30 June 2013 (RMB'000)	Six months ended 30 June 2012 (RMB'000)	As at 30 June 2013 (RMB'000)	As at 31 December 2012 (RMB'000)
As reported in the statutory financial statements in accordance with the PRC Accounting Standards	3,059,897	2,917,340	49,825,838	48,901,205
- Deferral of subsidy income not subject to "China Accounting Standards for Business Enterprises No.16 – Government Subsidy" in accordance with the IFRS	(1,380)	15,639	(365,045)	(363,665)
As reported in accordance with the IFRS	3,058,517	2,932,979	49,460,793	48,537,540

3. Management Discussion and Analysis

MACRO-ENVIRONMENT

During the first half of 2013, China's economy maintained a steady development. The year-on-year GDP growth rate was 7.6%, down by 0.2 percentage points as compared to the corresponding period of last year. Fixed asset investments across the country saw a year-on-year growth rate of 20.1%, basically similar to that in the same period of last year, whereas property investment sustained a year-on-year increase of 20.3%, up by 3.7 percentage points from that of the same period of last year. (Source: National Bureau of Statistics of China)

During the first half of 2013, the PRC's cement production volume rose by 9.67% year-on-year to 1,096 million tonnes, and the growth rate represented an increase of 4.19 percentage points from that in the same period of last year. Investments in the PRC cement industry was down by 9.45% year-on-year to RMB56 billion. The fixed asset investments recorded a stable growth, which greatly supported the cement market demand. Meanwhile, new production capacity in the industry reduced as compared to the same period of last year, its concentration level kept enhancing and the supply-and-demand condition was further improved. (Source: Digital Cement)

ANALYSIS OF OPERATIONAL CONDITIONS

Operations

During the first half of 2013, in response to the changing market conditions, the Group has developed sensible marketing strategies according to the market conditions of different regions to explore demands, make best use of production capacity to increase product sales volume. The Group also leveraged its competitive edge in bulk procurement of raw materials and fuel and captured the opportunities arising from the continuing decrease in coal price to lower the procurement costs, strengthened internal management to optimize each technical indicator and control operating costs, and enhanced its competitiveness, thereby achieving better operating results.

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group's revenue arising from its principal activities amounted to RMB23,209 million, representing an increase of 14.33% from that in the same period of last year; its net profit attributable to equity shareholders of the Company amounted to RMB3,060 million, representing an increase of 4.89% from that in the same period of last year; and earnings per share were RMB0.58. In accordance with the IFRS, the revenue amounted to RMB23,587 million, representing an increase of 14.73% from that in the same period of last year; its net profit attributable to equity shareholders of the Company amounted to RMB3,059 million, representing an increase of 4.28% from that in the same period of last year; and earnings per share were RMB0.58.

3. Management Discussion and Analysis

During the Reporting Period, the Group pursued its project development at an orderly pace as scheduled. Construction of three clinker production lines of 5,000 t/d held by Guiding Conch, Qianxian Conch Cement Co., Ltd. (“Qianxian Conch”) and Suzhou Conch Cement Co., Ltd. and eleven cement grinding units held by Huainan Conch Cement Co., Ltd. and Xiangshan Conch Cement Co., Ltd. were successively completed and they have been put into operation, resulting in additional clinker production capacity of 5.40 million tonnes and additional cement production capacity of 12.10 million tonnes. The Group also promoted the development of overseas projects at a steady pace. The cement project in South Kalimantan Indonesia, being the Group’s first overseas project, commenced construction at the end of last year and was in smooth progress, of which equipment installation of some secondary construction works had commenced.

Meanwhile, the Group continued to promote the development of the energy conservation and environmental protection in cement projects. The two residual heat electricity generation units located at Jianghua Conch Cement Co., Ltd. and Guiding Conch were put into operation with an additional residual heat electricity generating capacity of 18MW. The Group also successively implemented staged combustion technology modification for 45 clinker production lines and SNCR flue gas denitration technology modification for 25 clinker production lines.

During the Reporting Period, there were no significant changes in the core competitiveness of the Group.

Sales

During the Reporting Period, the Group achieved relatively satisfactory results by further improving its market operational management. It realised an aggregate net sales volume of cement and clinker of 103 million tonnes, representing a year-on-year growth of 28.30%. The sales revenue increased by 14.33% as compared to that in the same period of last year.

3. Management Discussion and Analysis

Market and sales by region

Region	Sales amount by region					
	Six months ended 30 June 2013		Six months ended 30 June 2012		Change in sales amount (%)	Change in sales proportion (Percentage points)
	Sales amount (RMB'000)	Percentage (%)	Sales amount (RMB'000)	Percentage (%)		
East China ^{Note 1}	7,748,181	33.38	7,828,607	38.56	(1.03)	(5.18)
Central China ^{Note 2}	6,643,696	28.63	4,969,769	24.48	33.68	4.15
South China ^{Note 3}	4,092,120	17.63	3,949,735	19.46	3.60	(1.83)
West China ^{Note 4}	4,042,552	17.42	2,895,967	14.27	39.59	3.15
Export	682,770	2.94	655,595	3.23	4.14	(0.29)
Total	23,209,319	100.00	20,299,673	100.00	14.33	-

Notes:

1. East China includes Jiangsu province, Zhejiang province, Shanghai, Fujian province and Shandong province;
2. Central China includes Anhui province, Jiangxi province, Hunan province and Hubei province;
3. South China includes Guangdong province and Guangxi province; and
4. West China includes Sichuan province, Chongqing, Guizhou province, Yunnan province, Gansu province, Shaanxi province and Xinjiang province.

The sales volume of each region increased by different amounts, and our market share was further increased.

Due to the intense competition in the cement market of East China, the Company adjusted its selling strategy on a timely basis and reported a year-on-year increase in sales volume of 15.07%, however the sales amount dropped slightly on a year-on-year basis due to the decrease in selling prices.

With the production capacity of the production lines put into operation at the second half of last year reaching full scale, as well as benefiting from several positive factors, such as stepped-up efforts in infrastructure construction and fast growth in fixed assets investments, the sales volume and sales amount in Central China increased by 56.69% and 33.68% respectively on a year-on-year basis.

3. Management Discussion and Analysis

During the first half of 2013, the market price in South China dropped after a high start at the beginning of the year. The price dropped significantly as compared to that of the corresponding period of last year, and the sales volume and sales amount increased by 12.69% and 3.6% respectively on a year-on-year basis.

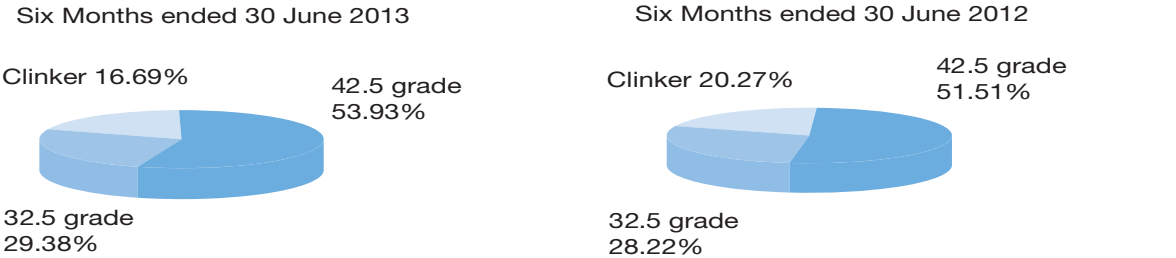
Results from sales network development and consolidation in West China emerged gradually. As the new construction projects including Guiding Conch and Qianxian Conch were successively completed and commenced production, which further reinforced the Group's market dominance and competitiveness, the sales volume and sales amount increased by 40.95% and 39.59% respectively on a year-on-year basis.

Export remained relatively stable, with a year-on-year increase of 6.97% and 4.14% respectively in export sales volume and sales amount.

Sales by type of products

During the Reporting Period, the Group attached importance to the achievement of production capacity of cement grinding mill and promoted the sales of cement, with a year-on-year increase of 2.98 percentage points and 3.58 percentage points respectively in the percentages of sales volume and sales amount of cement.

Percentage of sales amount by type of products



3. Management Discussion and Analysis

PROFIT ANALYSIS

Major items in the income statement prepared in accordance with the PRC Accounting Standards

Item	Amount		Change from that of the period of last year (%)
	Six months ended 30 June 2013 (RMB'000)	Six months ended 30 June 2012 (RMB'000)	
Revenue from principal activities	23,209,319	20,299,673	14.33
Profit from operations	3,635,232	3,110,803	16.86
Profit before taxation	4,060,820	3,638,550	11.61
Net profit attributable to equity shareholders of the Company	3,059,897	2,917,340	4.89

During the Reporting Period, benefiting from the increased sales volume of the Group's products, the Group's revenue from principal activities increased by 14.33% year-on-year to RMB23,209.32 million, and its profit from operations amounted to RMB3,635.23 million, representing a year-on-year increase of 16.86%. The net profit attributable to equity shareholders of the Company increased by 4.89% year-on-year to RMB3,059.90 million.

Gross profit by type of products for the six months ended 30 June 2013 and year-on-year comparison

Product	Revenue from principal activities (RMB'000)	Costs of principal activities (RMB'000)	Gross profit margin for the Reporting Period (%)	Gross profit margin for the same period of last year (%)	Year-on-year change
					in gross profit margin (Percentage points)
42.5 grade cement	12,516,922	8,901,123	28.89	26.81	2.08
32.5 grade cement	6,818,599	4,568,763	33.00	32.86	0.14
Clinker	3,873,798	3,127,282	19.27	19.75	(0.48)
Total	23,209,319	16,597,168	28.49	27.09	1.40

(Note: The 42.5-grade cement includes cement of grade 42.5 and above)

During the Reporting Period, despite the decrease in selling prices, the consolidated gross profit margin recorded a year-on-year increase of 1.40 percentage points to 28.49% as a result of the decrease in costs. The 42.5 grade cement recorded the highest increase in gross profit margin, representing a year-on-year increase of 2.08 percentage points.

3. Management Discussion and Analysis

ANALYSIS OF COSTS AND EXPENSES

Comparison of consolidated costs

Item	Six months ended 30 June 2013		Six months ended 30 June 2012		Change in unit cost (%)	Change in costs proportion (Percentage points)
	Unit cost (RMB/ton)	Percentage (%)	Unit cost (RMB/ton)	Percentage (%)		
Raw materials	27.72	17.26	27.70	15.08	0.07	2.18
Fuel and power	102.31	63.71	124.89	67.97	(18.08)	(4.26)
Depreciation expense	12.97	8.08	13.31	7.25	(2.55)	0.83
Labor cost and others	17.59	10.95	17.84	9.70	(1.35)	1.25
Total	160.59	100.00	183.74	100.00	(12.60)	-

During the Reporting Period, the Company recorded a consolidated cost of RMB160.59/ton, representing a year-on-year decrease of RMB23.15/ton or 12.60%. With regard to the cost elements, the cost of fuel and power decreased by RMB22.58/ton or 18.08% as compared to the same period of last year, which was mainly attributable to the decrease in coal price and improvement in the key indicators such as consumption of coal and electricity, while the depreciation expense decreased by 2.55% as compared to the same period of last year, which was mainly attributable to the further dilution of fixed cost due to increase in the sales volume.

Changes in major expense items prepared in accordance with the PRC Accounting Standards

Expenses for the period	Amount for the Reporting Period (RMB'000)	Amount for the same period of last year (RMB'000)	As a percentage to revenue from principal activities for the Reporting Period (%)	As a percentage of revenue from principal activities for the same period of last year (%)	Change in percentage of revenue from principal activities (Percentage points)
Administrative expenses	1,000,616	889,886	4.31	4.38	(0.07)
Financial expenses (net)	532,110	450,114	2.29	2.22	0.07
Total	2,742,197	2,302,856	11.81	11.34	0.47

3. Management Discussion and Analysis

During the Reporting Period, driven by the increase in sales volume of the company, the Group's selling, administrative and financial expenses increased by RMB439 million as compared to the corresponding period of last year. The above expenses in aggregate as a percentage of revenue from principal activities was 11.81%, which was substantially the same as compared to the corresponding period of last year.

FINANCIAL POSITION

Asset and liability overview

Changes in assets and liabilities prepared in accordance with the PRC Accounting Standards

Item	As at	As at	Changes as
	30 June 2013 (RMB'000)	31 December 2012 (RMB'000)	at the end of the Reporting Period as compared to those as at the beginning of the year (%)
Fixed assets	49,677,337	49,296,262	0.77
Current and other assets	36,142,611	38,227,261	(5.45)
Total assets	85,819,948	87,523,523	(1.95)
Current liabilities	14,241,474	14,521,329	(1.93)
Non-current liabilities	19,423,115	21,826,104	(11.01)
Minority interests	2,329,521	2,274,885	2.40
Equity attributable to shareholders of the Company	49,825,838	48,901,205	1.89
Total liabilities and equity	85,819,948	87,523,523	(1.95)

As at 30 June 2013, the Group's total assets and liabilities prepared in accordance with the PRC Accounting Standards amounted to RMB85,819.95 million and RMB33,664.59 million respectively, representing a decrease of 1.95% and a decrease of 7.38% respectively as compared to those at the end of the previous year. As at the 30 June 2013, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 39.23%, representing a decrease of 2.30 percentage points as compared to that at the end of the previous year. The Group maintained a sound financial structure with a net gearing ratio of 0.28 (end of last year: 0.30), which was calculated in accordance with the IFRS.

Please refer to Note 26 to the Financial Accounting Report (Unaudited) in this report for information of the contingent liabilities of the Group.

3. Management Discussion and Analysis

As at 30 June 2013, equity attributable to shareholders of the Company amounted to RMB49,825.84 million, representing an increase of 1.89% as compared to that at the end of the previous year; net assets per share attributable to shareholders of the Company was RMB9.40.

As at 30 June 2013, the Group's net fixed assets prepared in accordance with the PRC Accounting Standards amounted to RMB49,677.34 million, representing an increase of 0.77% as compared to that at the end of the previous year; the current liabilities amounted to RMB14,241.47 million, representing a decrease of 1.93% as compared to that at the end of the previous year.

As at 30 June 2013, the Group's total current assets prepared in accordance with the PRC Accounting Standards amounted to RMB21,145.33 million, with a current ratio of 1.48:1 (end of last year: 1.60:1). The Group's total current assets and total current liabilities prepared in accordance with the IFRSs amounted to RMB21,456.94 million and RMB14,241.47 million respectively.

Liquidity and Source of Funds

As at 30 June 2013, the borrowing balances of the Group are set out below:

	As at 30 June 2013 (RMB'000)	As at 31 December 2012 (RMB'000)
Bank loans	6,022,879	6,214,268
Loans from non-financial institutions	2,049,091	2,056,364
Corporate bonds	15,500,000	15,500,000
Total	23,571,970	23,770,632

Maturity analysis of bank loans and loans from non-financial institutions of the Group as at 30 June 2013 is as follows:

	As at 30 June 2013 (RMB'000)	As at 31 December 2012 (RMB'000)
Due within 1 year	4,716,037	2,658,426
Due after 1 year but within 2 years	1,082,850	2,968,873
Due after 2 years but within 5 years	1,933,083	2,343,333
Due after 5 years	340,000	300,000
Total	8,071,970	8,270,632

3. Management Discussion and Analysis

As at 30 June 2013, the Group's balances of bank loans and borrowings from non-financial institutions amounted to RMB8,071.97 million, representing a decrease of RMB198.66 million as compared to that at the beginning of the year. The decrease was mainly attributable to the repayment of loans due by the Group during the Reporting Period.

The Group had outstanding corporate bonds in a principal amount of RMB15.5 billion, of which RMB12.0 billion would be due after 3 years but within 5 years, and RMB3.5 billion would be due after 5 years.

Analysis of Cash Flow

Comparison of net cash flow prepared in accordance with the PRC Accounting Standards

	Six months ended 30 June 2013 (RMB'000)	Six months ended 30 June 2012 (RMB'000)
Net cash flows generated from operating activities	6,354,890	6,732,739
Net cash flows generated from investment activities	(3,440,849)	(5,688,168)
Net cash flows generated from financing activities	(2,217,367)	(3,092,615)
Effect of exchange rate movement on cash and cash equivalents	(6,957)	–
Net increase/(decrease) in cash and cash equivalents	689,717	(2,048,044)
Balance of cash and cash equivalents at the beginning of the year	8,110,974	7,747,188
Balance of cash and cash equivalents at the end of the period	8,800,691	5,699,144

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB6,355 million, representing a decrease of RMB378 million as compared to the corresponding period of last year. Such decrease was mainly due to the increase in payment for the purchase of materials as compared to that of the corresponding period of last year.

During the Reporting Period, the Group's net cash outflows from investment activities decreased by RMB2,247 million as compared to that of last year, mainly due to the decrease in capital expenditure as compared to that of the corresponding period of last year.

During the Reporting Period, the Group's net cash outflows from financing activities decreased by RMB875 million as compared to that of last year, mainly due to the repayment of borrowings due and decrease in dividend payment as compared to that of the corresponding period of last year.

3. Management Discussion and Analysis

Capital Expenditure

During the Reporting Period, capital expenditure of the Group amounted to approximately RMB3,378 million, which was mainly used in the investment in construction of cement and clinker production lines and the residual heat electricity generation projects as well as the expenditure for merger and acquisition projects carried out in the previous years.

As at 30 June 2013, capital commitments in respect of the purchase of machinery and equipment for production that were committed but have not been provided for in the accounts are set out as follows:

	As at 30 June 2013 (RMB'000)	As at 31 December 2012 (RMB'000)
Authorized and contracted for	2,944,169	2,205,920
Authorized but not contracted for	5,344,172	5,707,262
Total	8,288,341	7,913,182

EXCHANGE RATE RISK AND RELATED HEDGING BY FINANCIAL INSTRUMENTS

During the Reporting Period, the Group considers that the exchange rate risk exposed to and the related hedging by financial instruments used by the Group did not have a material change comparing with that having been disclosed in the annual report 2012 of the Group.

PROSPECT FOR THE SECOND HALF OF THE YEAR

In the second half of 2013, the PRC government will continue to maintain the sustainability and stability of its macro-economic policy and adopt a proactive fiscal policy and a prudent monetary policy to achieve stable economic growth. Competition in the cement market will remain relatively intense, yet the supply-and-demand condition will further improve. On the supply side, it has become an unquestionable fact that new production capacity showed a trend of decline. Meanwhile, with more stringent environmental regulations, efforts will be stepped up to phase out less advanced production capacities. The latest phase-out list released by the Ministry of Industry and Information Technology recently consists of 92.75 million tonnes of backward production capacities, which are scheduled to be completely demolished and closed by the end of 2013. On the demand side, with the implementation of the underlying policies by the central government to maintain stable growth, adjust economic structure, promote reforms and facilitate transformation and upgrade, investments in infrastructure will be increased, including acceleration in the construction of railways and highways in Central and West China. With the development of new urbanization process, the government will further expedite the redevelopment of shanty

3. Management Discussion and Analysis

towns and enhance investments in the construction of urban infrastructures, such as underground pipeline networks, sewage treatment and rail traffic. Driven by the aforesaid positive factors, demand for cement will maintain a stable growth.

In the second half of the year, adhering to the operation principal of “effortfully exploring market and effectively realizing production capacity”, the Group will develop its marketing policies in light of the characteristics of each regional market and make timely adjustments based on the supply-and-demand conditions and seasonal characteristics in the regional markets, with an aim to increase market shares and fulfill the operating target of the year. In respect of internal management, the Company will continue to promote energy conservation and emission reduction, while reducing cost and improving efficiency, so as to strengthen the construction of internal control professional system. It will also optimize its management process, focus on cadres building and improve management efficiency, with an aim to enhance the core competitiveness of the Company. Meanwhile, pursuant to the project investment plan formulated at the beginning of the year, the Company will proactively progress the construction of undergoing projects to strive for an earlier commencement of operation. In respect of acquisitions and mergers, adhering to the established principles and standards, the Group will actively identify suitable projects to fine-tune market layout. For industrial chain extension, the Group will vigorously push ahead the construction of the aggregate project, exploring and seeking for the suitable opportunity and effective mode to enter the commodity concrete market.

4. Report of the Directors

(1) PRINCIPAL INVESTMENTS DURING THE REPORTING PERIOD

1. Investment in project companies and capital increase in subsidiaries during the Reporting Period

- (1) In February 2013, the Company invested in and established Jinxian Conch Cement Co., Ltd., which is located in Jinxian County, Jiangxi Province, with a registered capital of RMB42 million. The Company owns 70% of its equity interests.
- (2) In March 2013, the Company invested in and established Linxia Conch Cement Co., Ltd., which is located in Hezheng County, Linxia Hui Autonomous Prefecture, Gansu Province, with a registered capital of RMB200 million. The Company owns 100% of its equity interests.
- (3) In March 2013, the Company invested in and established Conch International Holdings (HK) Limited in Hong Kong, with an authorized share capital of HK\$300 million, of which the issued share capital amounted to HK\$15.2 million. The Company owns 100% of its equity interests.
- (4) In June 2013, the Company made a cash injection of RMB30 million to Ma'anshan Conch, a wholly-owned subsidiary of the Company, to increase its registered capital from RMB50 million to RMB80 million. The Company retains 100% of its equity interests.

2. Shareholdings in other listed companies and investments in securities

As approved and authorized by the Board, the Company utilized some of its own funds for making investment in certain PRC-listed companies in the cement industry with competitive strengths and growth potential.

4. Report of the Directors

- (1) As at the end of the Reporting Period, the Group's shareholdings in other listed companies are set out as follows:

Stock code	Short name	Initial investment amount (RMB)	Percentage of shareholding at the beginning of the Reporting Period	Percentage of shareholding at the end of the Reporting Period	Carrying amount as at the end of the Reporting Period (RMB)	Profit/loss recognized during the Reporting Period (RMB)	Change in equity interest during the Reporting Period (RMB)
			(%)	(%)			
600318	Chaodong Cement	98,019,695	16.28	16.28	460,418,833	-	23,631,420
000401	Jidong Cement	2,682,819,996	15.39	16.01	1,773,177,958	-	(1,169,127,743)
600425	Qingsong Building Materials and Chemicals	1,907,845,892	20.08	21.97	1,882,791,348	(22,789,962)	(22,503,070)
Total		4,688,685,583	-	-	4,116,388,139	(22,789,962)	(1,167,999,393)

Note: The shares held by the Group in Chaodong Cement and Jidong Cement were recognized in "Available-for-sale financial assets", while the shares in Qingsong Building Materials and chemicals were recognized in "Long-term equity investments".

- (2) During the Reporting Period, the Group's investments in securities are set out as follows:

Stock code	Short name	Initial investment amount (RMB)	Number of shares held (shares)	Carrying amount as at the end of the Reporting Period (RMB)	Proportion to total security investments as at the end of the Reporting Period	Profit/loss recognized during the Reporting Period (RMB)
600802	Fujian Cement	24,748,978	3,131,642	22,453,873	100%	10,360,785

Note: The shares held by the Company in Fujian Cement were recognized in "Financial assets held for trading".

4. Report of the Directors

3. Use of fund-raising proceeds from issue of corporate bonds during the Reporting Period

The net proceeds (“Proceeds”) raised from public issue of corporate bonds in 2012 amounted to RMB5,995.24 million. The raised fund was applied to supplement the Company’s liquidity and adjust its debt structure. During the Reporting Period, RMB1,490 million of the raised fund was utilized by the Company. As at the end of the Reporting Period, the accumulated proceeds used by the Company amounted to RMB5,700 million, of which RMB3,000 million was used to supplement the Company’s liquidity and RMB2,700 million was used to repay loans. The remaining proceeds amounted to RMB295.24 million.

4. Major investments not applying the Proceeds during the Reporting Period

(Unit: RMB'000)

Items	Description of the investment projects	Progress of the project	Total investment of the project	Investment amount during the Reporting Period	Accumulated investment amount	Gain from the project during the Reporting Period
1	4,800 t/d cement and clinker production line (phase 1) and 9MW residual heat electricity generation projects of Liangping Conch Cement Co., Ltd.	Under construction	887,370	197,970	333,390	-
2	3,200 t/d cement and clinker production line and 5MW residual heat electricity generation projects of Qianxinanzhou Resources Development Co., Ltd.	Under construction	672,070	214,590	421,190	-
3	4,500 t/d cement and clinker production line (phase 1) and 9MW residual heat electricity generation projects of Qianxian Conch	In operation	612,770	183,370	535,220	-370
	Total		2,172,210	595,930	1,289,800	-370

4. Report of the Directors

5. Principal majority-owned subsidiaries and invested companies

As at 30 June 2013, the Company had 111 majority-owned subsidiaries, 1 jointly-controlled entity and 2 associated entities.

During the Reporting Period, the relevant financial information of the three subsidiaries with the highest net profits shown in the accounting statements prepared in accordance with the PRC Accounting Standards is set out below:

(Unit: RMB'000)

Items	Name	Registered capital	Total assets	Net assets	Revenue from principal activities	Profit from principal activities	Net profit
1	Wuhu Conch	660,000	4,393,805	1,681,759	1,550,128	316,706	264,214
2	Anhui Tongling Conch Cement Co., Ltd.	742,000	3,811,085	1,610,091	1,511,989	270,802	217,901
3	Anhui Chizhou Conch Cement Co., Ltd.	950,000	3,880,172	2,790,436	1,218,612	222,256	170,914

6. Entrusted loans

To support the production, operation and development of the project company acquired by the Company, namely Sichuan Nanwei Cement (a wholly-owned subsidiary of the Company), in April 2012, the Company entrusted the Bank of China Wuhu Branch to advance a loan of RMB130 million to Sichuan Nanwei Cement to supplement its liquidity. The entrusted loan is for a term of three years (i.e. from 27 April 2012 to 27 April 2015), and the interest rate shall be adjusted on a half-year basis according to the adjustments in the benchmark interest rate made by the People's Bank of China, which currently is at the level of 5.264%.

(2) IMPLEMENTATION OF THE 2012 PROFIT DISTRIBUTION PROPOSAL OF THE COMPANY

On 28 May 2013, the profit distribution proposal for the year 2012 was approved at the 2012 annual general meeting of the Company. On the basis of 5,299,302,579 shares which was the total number of shares in issue of the Company at the end of 2012, under such proposal, the Company paid to all the shareholders of the Company a cash dividend of RMB2.50 (tax inclusive) for every 10 shares held, totaling RMB1,324,825,645 (tax inclusive). As of 20 June 2013, the above dividend was paid to all the shareholders whose names appeared in the register of members on the relevant record date.

(3) The Board did not recommend the payment of interim dividend or the transfer of surplus reserve to share capital for the interim period of 2013.

5. Significant Events

(1) CORPORATE GOVERNANCE

Since the listing of the Company on the Stock Exchange and the SSE in 1997 and 2002 respectively, the Company has been continuously improving its corporate governance, perfecting its internal control and management systems and regulating its operation in accordance with the relevant domestic and overseas listing rules and regulatory requirements. Shareholders in general meeting, the Board and the Supervisory Committee of the Company have clearly defined power and duties, each assuming and performing its specific responsibilities and making its own decisions in an independent, efficient and transparent manner.

The general meeting is the body with the highest authority in the Company and operates in accordance with the Rules of Procedures of General Meeting. During the Reporting Period, legal advisers were present in witness of the convening of general meetings of the Company and legal advice were obtained in connection with the convention of general meetings to ensure that decision-making procedures and contents of general meetings are legal and valid and that shareholders of the Company can fully exercise their own rights.

The Board is the decision-making body for business operation of the Company, which is accountable to the shareholders in general meeting. It operates in accordance with the Articles and the Rules of Procedures of Board Meeting. The Directors organize and implement various resolutions of the general meeting in a diligent, prudent and responsible manner through decisions in scientific approach to facilitate the healthy and sound development of the Company.

The Supervisory Committee of the Company is a monitoring body of the Company, accountable to the shareholders in general meeting. It operates in accordance with the Rules of Procedures of Supervisory Committee. The Supervisors of the Company effectively monitor the performance of duties of the Directors and senior management and the legal compliance in the Company's operations.

(2) MATERIAL LITIGATION, ARBITRATION AND NEGATIVE MEDIA INQUIRY

During the Reporting Period, the Group was not involved in any material litigation, arbitration or negative media inquiry which might have a material impact on the Group's business operation and management, nor were any of the current Directors, Supervisors and members of senior management of the Company involved in any material litigation or arbitration.

(3) ACQUISITIONS OR DISPOSALS OF MATERIAL ASSETS

During the Reporting Period, the Group did not acquire or dispose of any material assets.

5. Significant Events

(4) CONNECTED (OR RELATED PARTY) TRANSACTIONS

During the Reporting Period, the Group entered into the following significant connected (or related party) transactions under the SSE Listing Rules and the HKSE Listing Rules:

1. Connected transactions or continuing connected transactions relating to daily operations

(1) Use of trademarks

On 23 September 1997, the Company and its controlling shareholder Conch Holdings, entered into a trademark licensing agreement (“Trademark Licensing Agreement”), pursuant to which the Company has been granted a license to use certain permitted trademarks (including trademarks of “海螺” and “CONCH”) on permitted products in permitted regions for the period as set out in the terms of the Trademark Licensing Agreement. The validity period of the Trademark Licensing Agreement is provided to be the same as the validity period of the permitted trademarks, and where the validity period of the permitted trademarks is extended, the Trademark Licensing Agreement in respect of the trademarks is agreed to be extended automatically. Under the Trademark Licensing Agreement, the Company is required to pay RMB1.513 million per annum for the use of the trademarks to Conch Holdings.

During the Reporting Period, the Group did not pay any of the above fees to Conch Holdings. Pursuant to the HKSE Listing Rules and the SSE Listing Rules, no announcements were required to be made in respect of such connected transaction, nor was such connected transaction subject to the independent shareholders’ approval requirements.

(2) Transaction with Sanshan Port – procurement of diesel oil

On 22 March 2013, as approved by the Board, the Company and Sanshan Port entered into a naphtha supply contract, pursuant to which Sanshan Port will supply to the Company’s subsidiaries located in Anhui Province with diesel oil needed for production, with the purchase price being RMB320 million and the validity period of one year (i.e. from 1 April 2013 to 31 March 2014). Due to several market factors, the diesel oil market changes more quickly and the diesel oil price fluctuates frequently, therefore the Company purchased diesel oil from Sanshan Port at prices which will be adjusted in line with the market conditions, with monthly settlement price determined through negotiations between the parties mainly based on the prevailing market prices, provided that such settlement price shall not be higher than the purchase price offered to the Company by independent third parties. Payment would be settled on a monthly basis. During the Reporting Period, for the performance of the above-mentioned naphtha

5. Significant Events

supply contract, the Group procured diesel oil from Sanshan Port for an amount of RMB33,464,800. Coupled with the purchases made under the naphtha supply contracts entered into in previous years, the aggregate amount of purchases of diesel oil by the Group from Sanshan Port during the Reporting Period amounted to RMB58,285,100.

(3) *Transaction with Sanshan Port – procurement of coal*

On 22 March 2013, as approved by the Board, each of Wuhu Conch and Baimashan Cement Plant entered into a coal sale and purchase contract respectively with Sanshan Port, pursuant to which Wuhu Conch and Baimashan Cement Plant will procure coal from Sanshan Port to meet production need, with the purchase prices being RMB13.96 million and RMB52.64 million respectively and the validity period for both contracts commencing from 1 April 2013 and expiring on 31 December 2013. The purchase prices were mainly determined based on the quality of the coal (i.e. calorific value) with reference to the prevailing market prices, provided that such prices shall not be higher than the prices offered to Wuhu Conch or Baimashan Cement Plant by independent third parties for the same type of coal in the same period. Payment would be settled on a monthly basis. During the Reporting Period, the Group did not procure any coal from Sanshan Port, so the transaction amount was RMB nil.

(4) *Transaction with Sanshan Port – Sale of commodity clinker*

On 22 March 2013, as approved by the Board, Baimashan Cement Plant and Sanshan Port entered into a clinker sale and purchase contract, with the selling price being RMB67 million and the validity period commencing from 1 April 2013 and expiring on 31 December 2013. The price at which Baimashan Cement Plant sold clinker to Sanshan Port was determined mainly based on the market prices for the same period and adjusted in line with the market conditions, with reference to the quoted prices offered by Baimashan Cement Plant and enjoying the same preferential policy of “discount price for large quantity” of Baimashan Cement Plant as the independent third-party customers. Payment would be advanced prior to delivery. During the Reporting Period, for the performance of the above-mentioned clinker sale and purchase contract, the Group sold commodity clinker to Sanshan Port for an amount of RMB14,550,000.

(5) *Transaction with Haichang Port – coal transfer services*

On 22 March 2013, as approved by the Board, Shanghai Conch Logistic Co., Ltd. (a wholly-owned subsidiary of the Company) and Haichang Port entered into a port operation contract, pursuant to which Haichang Port will provide coal transfer services to the subsidiaries of the Company located along the Yangtze River, with the contract sum being RMB110 million and the validity period of one

5. Significant Events

year (i.e. from 1 April 2013 to 31 March 2014). The fees charged by Haichang Port for its coal transfer services provided to the Group were determined mainly with reference to the prevailing market prices in the same period and the fees charged by other parts which were independent third parties for the same kind of services provided to the Group, provided that such fees shall not be higher than the prices offered by Haichang Port to its independent customers. Payment would be settled in respect of each vessel of coals within 30 days after the coals are transferred. During the Reporting Period, for the performance of the above-mentioned port operation contract, the transaction amount paid by the Group to Haichang Port amounted to RMB22,100,400. Coupled with the port operation contracts entered into in previous years, the aggregate transaction amount paid by the Group to Haichang Port during the Reporting Period amounted to RMB50,379,600.

For further details regarding the connected transactions as set out in items (2) to (5) above, please refer to the Company's announcement dated 22 March 2013 and published on the website of the Stock Exchange and the website of the Company, and the Company's announcement dated 23 March 2013 and published on the SSE website and Shanghai Securities Journal. The continuing connected transactions as set out in items (2) to (5) above are not subject to the independent shareholders' approval requirements.

(6) *Transaction with Longshan Cement – procurement of clinker*

On 28 May 2013, as approved by the Board, each of Jiangmen Conch and Foshan Conch (both being wholly-owned subsidiaries of the Company) entered into a supplemental contract with Longshan Cement to make adjustments to the procurement quantity of clinker and transaction amounts for the years of 2013 and 2014 as prescribed under the cement and clinker sale and purchase contract entered into on 15 May 2012. Pursuant to the supplemental contracts, the maximum amount of clinker to be procured by Jiangmen Conch from Longshan Cement for each of 2013 and 2014 was adjusted from 500,000 tonnes/year to 600,000 tonnes/year and the annual transaction cap was adjusted from RMB142.5 million to RMB171 million, while the maximum amount of clinker to be procured by Foshan Conch from Longshan Cement for each of 2013 and 2014 was adjusted from 300,000 tonnes/year to 500,000 tonnes/year and the annual transaction cap was adjusted from RMB85.5 million to RMB142.5 million. The purchase price of clinker was determined, with reference to the market price, by Longshan Cement with Jiangmen Conch and Foshan Conch respectively after negotiations. Such purchase price shall not be higher than that offered to other independent customers by Longshan Cement.

5. Significant Events

During the Reporting Period, Jiangmen Conch and Foshan Conch mainly considered the cost, product quality, market demand and the price of similar products offered by other third parties in the same area when determining whether it would procure clinker from Longshan Cement or other independent suppliers. The purchase prices would be settled on a monthly basis. During the Reporting Period, Jiangmen Conch procured clinker from Longshan Cement for an amount of RMB48,120,300, which did not exceed the annual transaction cap of RMB171 million as prescribed under the said supplemental contract; and Foshan Conch procured clinker from Longshan Cement for an amount of RMB47,299,200, which did not exceed the annual transaction cap of RMB142.5 million as prescribed under the said supplemental contract.

For further details, please refer to the Company's announcements dated 15 May 2012 and 28 May 2013 respectively and published on the website of the Stock Exchange and the website of the Company, and the Company's announcements dated 16 May 2012 and 29 May 2013 respectively and published on the SSE website and Shanghai Securities Journal. These continuing connected transactions are not subject to the independent shareholders' approval requirements.

(7) *Transaction with Longshan Cement – mutual procurement of spare parts and production ancillary materials*

On 15 May 2012, as approved by the Board, Prosperity Conch (a subsidiary of the Company) and Longshan Cement entered into a spare parts and production ancillary materials procurement contract in relation to the mutual procurement of spare parts and production ancillary materials between Prosperity Conch and Longshan Cement, for a purchase price not more than RMB20.5 million per annum. The term of the said contract commenced from 15 May 2012 and will expire on 31 December 2014. The prices of spare parts and production ancillary materials mutually procured between Prosperity Conch and Longshan Cement were based on the prices they may procure from their other suppliers. Both parties settled the payments by their own funds on a monthly basis.

During the Reporting Period, Prosperity Conch and Longshan Cement mutually procured spare parts and production ancillary materials at an amount of RMB5,265,500, which did not exceed the annual transaction cap as prescribed under the said spare parts and production ancillary materials procurement contract.

For further details, please refer to the Company's announcement dated 15 May 2012 and published on the website of the Stock Exchange and the website of the Company, and the Company's announcement dated 16 May 2012 and published on the SSE website and Shanghai Securities Journal. These continuing connected transactions are not subject to the independent shareholders' approval requirements.

5. Significant Events

(8) *Transaction with Longshan Cement – mutual procurement of limestone*

On 28 May 2013, as approved by the Board, Prosperity Conch (a subsidiary of the Company) and Longshan Cement entered into a limestone procurement contract in relation to the mutual procurement of limestone between Prosperity Conch and Longshan Cement. The term of the said contract commenced from 1 June 2013 and will expire on 31 December 2014. The transaction caps for the mutual procurement of limestone between both parties for the year of 2013 and 2014 are expected to be RMB49.75 million and RMB81.6 million respectively. The prices of limestone mutually procured between both parties were determined after taking consideration of several factors such as the quality and grades of limestone offered by other suppliers as well as the production costs and relevant tax incurred by each other. The purchase prices would be settled on a monthly basis.

During the Reporting Period, the transaction amount of mutual procurement of limestone between Prosperity Conch and Longshan Cement amounted to RMB3,129,200.

For further details, please refer to the Company's announcement dated 28 May 2013 and published on the website of the Stock Exchange and the website of the Company, and the Company's announcement dated 29 May 2013 and published on the SSE website and Shanghai Securities Journal. These continuing connected transactions are not subject to the independent shareholders' approval requirements.

(9) *Transaction with Longshan Cement – sale of fire-resistant tiles*

On 28 May 2013, as approved by the Board, Refractory Material (a subsidiary of the Company) and Longshan Cement entered into a sale and purchase contract in relation to the sale of fire-resistant tiles to Longshan Cement. The term of the said contract commenced from 28 May 2013 and will expire on 31 December 2014. Pursuant to the sale and purchase contract, the quantity of the fire-resistant tiles to be procured by Longshan Cement from Refractory Material will be 1,500 tonnes per annum with an expected annual purchase price of not more than RMB8 million, provided that the final transaction volume and settlement payment will be based on the actual take-up by Longshan Cement. The selling price of the fire-resistant tiles was determined through negotiations between the parties in accordance with market principles, provided that such price shall not be lower than that offered by Refractory Material to the subsidiaries of the Company located in Guangdong Province. The payment would be settled on cargo-by-cargo basis, i.e. payment for each cargo of goods would be made upon delivery. As at the end of the Reporting Period, the above transaction has not proceeded.

5. Significant Events

For further details, please refer to the Company's announcement dated 28 May 2013 and published on the website of the Stock Exchange and the website of the Company, and the Company's announcement dated 29 May 2013 and published on the SSE website and Shanghai Securities Journal. These continuing connected transactions are not subject to the independent shareholders' approval requirements.

2. Residual heat electricity generation projects

On 28 May 2013, as approved by the Board, the Company and Conch Kawasaki Engineering entered into an equipment supply and design contract, pursuant to which Conch Kawasaki Engineering had agreed to provide supply and design services for a whole set of equipment for the construction of residual heat electricity generation projects to the relevant subsidiaries of the Company. The aggregate contract sum amounted to RMB219.75 million. The price as stipulated in the aforesaid equipment supply and design contract was mainly determined through negotiations between the parties based on the scale of such projects, various technical specifications, the prevailing market prices of such services and the prices charged by Conch Kawasaki Engineering against other customers, provided that such price shall not be higher than that offered by Conch Kawasaki Engineering to other independent customers.

During the Reporting Period, in the context of the performance of the above equipment supply and design contract (and only such contract), the transaction amount paid by the Group to Conch Kawasaki Engineering amounted to RMB3,138,100. Coupled with the performance of other similar contracts entered into in previous years, the aggregate amount paid by the Group to Conch Kawasaki Engineering during the Reporting Period amounted to RMB283,381,100.

For further details, please refer to the Company's announcement dated 28 May 2013 and published on the website of the Stock Exchange and the website of the Company respectively, and the Company's announcement dated 29 May 2013 and published on the SSE website and Shanghai Securities Journal. Such connected transactions are not subject to the independent shareholders' approval requirements.

3. Purchase of milling equipment

On 28 May 2013, as approved by the Board, the Company and Conch Kawasaki Energy Conservation entered into a sales and purchase contract on CK milling equipment, pursuant to which the Company agreed to purchase the CK raw material milling equipment from Conch Kawasaki Energy Conservation, which would be installed at the cement and clinker production lines of five subsidiaries of the Company. The total contract sum was RMB110 million. The price stipulated in the aforesaid sales and purchase contract on CK milling equipment was determined through negotiations between the parties on the basis of the costs of the equipment and the prevailing

5. Significant Events

market prices of such equipment, and also with reference to the fees charged by Conch Kawasaki Energy Conservation against other customers, provided that such price shall not be higher than that offered by Conch Kawasaki Energy Conservation to other independent customers.

During the Reporting Period, for the performance of the above-mentioned sales and purchase contract on CK milling equipment (and only such contract), the transaction amount paid by the Group to Conch Kawasaki Energy Conservation was nil. Coupled with the performance of other similar contracts entered into in previous years, the aggregate amount paid to Conch Kawasaki Energy Conservation by the Group during the Reporting Period amounted to RMB21,530,800.

For further details, please refer to the Company's announcement dated 28 May 2013 and published on the website of the Stock Exchange and the website of the Company, and the Company's announcement dated 29 May 2013 and published on the SSE website and Shanghai Securities Journal. Such connected transactions are not subject to the shareholders' approval requirements.

4. Addition to construction contribution to Conch Tower

On 19 February 2013, as approved by the Board, the Company, Wuhu Conch Venture Property Company Limited (the "Conch Venture Property") and Wuhu Conch International Grand Hotel Co., Ltd. (the "Conch Hotel") entered into the Supplementary Agreement to the Conch Tower Joint Construction Agreement (the "Supplementary Agreement"), which recorded the revision of the total investment amount of and the capital contribution proportion of the three parties for Conch Tower as stipulated in the Conch Tower Joint Construction Agreement (the "Joint Construction Agreement") entered into on 13 October 2009.

Pursuant to the Joint Construction Agreement, the original total investment amount was expected to be RMB260 million (excluding decoration), amongst which, (i) Conch Venture Property would contribute RMB26 million by way of provision of state-owned land use right for the Project, representing 10% of the total investment amount; (ii) the Company would contribute approximately RMB52 million in cash, representing 20% of the total investment amount; and (iii) Conch Hotel would contribute approximately RMB182 million in cash, representing 70% of the total investment amount.

5. Significant Events

There is an increase in the volume of construction and installation works and in the investment of equipment of Conch Tower's main structure, as well as an increase of secondary construction works due to the adjustment of design planning. These combined effects have led to an increase in total investment amount of Conch Tower. The three parties reached new agreements regarding the total investment amount of and their capital contribution proportion for Conch Tower, and entered into the Supplementary Agreement. According to the Supplementary Agreement, the total investment amount of the Conch Tower has been adjusted from RMB260 million to RMB312 million. On the basis of the designated functions of different sections of the building, as well as the actual gross floor area of each storey, the capital contribution proportion of the three parties has also been revised accordingly: (i) Conch Venture Property will still contribute RMB26 million by way of provision of state-owned land use right for the Project, representing 8.27% of the total investment amount; (ii) the Company will contribute approximately RMB90.5 million in cash, representing 29.07% of total investment amount; and (iii) Conch Hotel will contribute approximately RMB195.5 million in cash, representing 62.66% of the total investment amount. The three parties will share and be entitled to the ownership of such portions of gross floor area and site area of the property thereof in proportion to their respective capital contributions in the Project.

As at the end of the Reporting Period, the Company has made capital contribution of RMB57,273,900 for the construction of Conch Tower, of which RMB6,053,700 was paid during the Reporting Period.

For further details, please refer to the Company's announcements dated 13 October 2009 and 19 February 2013 and published on the website of the Stock Exchange and the website of the Company, the Company's announcement dated 14 October 2009 and published on the SSE website and Shanghai Securities Journal, and the Company's announcement dated 20 February 2013 and published on the SSE website. Such connected transaction is not subject to the shareholders' approval requirements.

(7) MATERIAL CONTRACTS

1. The Company was not involved in any material entrustment, contracting or leasing of assets of other companies, nor were any other companies involved in any entrustment, contracting or leasing of assets of the Company during the Reporting Period or during the previous periods but subsisting in the Reporting Period.

5. Significant Events

2. Guarantees

During the Reporting Period, the external guarantees provided by the Company relating to bank loans of its majority-owned subsidiaries, and all the guarantees were approved by the Board of the Company. During the Reporting Period, the guarantees provided by the Company for its majority-owned subsidiaries amounted to RMB1,877 million, all being guarantees for collateral liabilities, the details of which are as follows:

No.	Guaranteed company	Shareholding proportion of the Company	Amount guaranteed by the Company (RMB'000)	Guaranteed period	Date of guarantee contract	Use of loans	Name of creditor
1	Zunyi Conch Panjiang Cement Co., Ltd. ("Zunyi Conch")	50%	100,000	nine months	2013.03.28	working capital	China Minsheng Banking Corp. Ltd., Shanghai Branch
2	Guiding Conch	50%	100,000	nine months	2013.03.28	working capital	China Minsheng Banking Corp. Ltd., Shanghai Branch
3	Guiyang Conch Panjiang Cement Co., Ltd. ("Guiyang Conch")	50%	75,000	ten months	2013.03.05	working capital	China Minsheng Banking Corp. Ltd., Shanghai Branch
4	Guizhou Liukuanguaian Cement Co., Ltd. ("Liukuanguaian")	51%	102,000	three years	2013.03.12	project construction	China Minsheng Banking Corp. Ltd., Shanghai Branch
5	PT Conch	71.25%	1,500,000	ten years	2013.05.28	project construction	The Export-Import Bank of China
Total			1,877,000	-	-	-	-

Note: The Company provided guarantees for Zunyi Conch, Guiding Conch, Guiyang Conch and Liukuanguaian on a pro rata basis in accordance with its shareholding proportion; and it provided full guarantee for the loans of PT Conch in an amount of RMB1,500 million, for which Changxing Materials (International) Co., Ltd. (a shareholder holding a total of 28.75% interests in PT Conch) provided counter-guarantee to the Company on a pro rata basis in accordance with its shareholding proportion.

As at 30 June 2013, the balance of guarantees provided by the Company for its majority-owned subsidiaries amounted to RMB4,470.32 million, representing 9.28% of the net assets of the Company at the end of the Reporting Period.

5. Significant Events

During the Reporting Period, the Company did not provide any guarantee for its controlling shareholder, de facto controllers, other related parties and any other entities which are not legal persons or individuals. The aggregate amount of guarantees provided by the Company did not exceed 50% of the Company's net assets as shown in its latest audited financial statements.

As at 30 June 2013, Ningguo Cement Plant of Anhui Conch Cement Co., Ltd. and Baimashan Cement Plant (being branch companies of the Company) pledged their assets with a book value of approximately RMB523 million to International Finance Corporation as security for their long-term loan in the sum of RMB650 million.

As at 30 June 2013, save for the guarantees and pledges of assets as disclosed above, the Group did not provide any other guarantees or pledges, nor did the Group have any other significant contingent liabilities.

(8) COMMITMENTS

1. Commitment by shareholders: In 2007, the Company issued A Shares to Conch Venture as consideration for the purchase of the relevant assets of Conch Venture. Conch Venture has made the following undertakings in relation to the shareholders' rights arrangements in respect of the shares held: Except the rights of a shareholder of a proprietary nature (including but not limited to rights to receive dividends), Conch Venture will forgo its other shareholder's rights of Conch Cement such as rights to vote, nominate and elect Directors/Supervisors of the Company, for so long as it holds the Company's shares. During the Reporting Period, Conch Venture has complied with the above undertakings.
2. Commitment by the Company: On 12 June 2012, the Company, Wuhu Conch and Qingsong Building Materials and Chemicals entered into the Share Subscription Agreement, pursuant to which, the Company and Wuhu Conch participated in the private placement of Qingsong Building Materials and Chemicals to subscribe for 107,800,000 shares and 30,000,000 shares of Qingsong Building Materials and Chemicals respectively, representing 15.64% and 4.35% of its total shares respectively. According to the Share Subscription Agreement, the aforesaid shares held by the Company and Wuhu Conch are subject to a lock-up period of 12 months from the date of subscription (i.e. 19 June 2012). During the Reporting Period, the Company and Wuhu Conch did not transfer any of their shares in Qingsong Building Materials and Chemicals.

5. Significant Events

(9) AUDIT COMMITTEE

An audit committee (“Audit Committee”) has been established by the Company. The terms of reference adopted by the Audit Committee complied with the requirements of the Code Provisions. The Audit Committee is responsible for the review and supervision of financial reporting procedures and the internal control system of the Group as well as the giving of advice and recommendations to the Board. This half-year report of 2013 of the Company has been reviewed by the Audit Committee.

(10) PENALTIES AND REMEDIES IN RELATION TO THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

During the Reporting Period, none of the Company, its Directors, Supervisors, senior management, controlling shareholder and de facto controller were subject to any penalties by the relevant authorities.

6. Changes in Share Capital and Shareholdings of Substantial Shareholders

(1) THERE WAS NO CHANGE IN THE TOTAL NUMBER OF SHARES AND THE SHAREHOLDING STRUCTURE OF THE COMPANY DURING THE REPORTING PERIOD, DETAILED BELOW:

Class of shares	Before change		Increase/decrease(+,-)			After change	
	Number	Percentage (%)	Issue	Transfer	Subtotal	Number	Percentage (%)
			of new shares	from capital reserve			
(1) Shares subject to trading restrictions	-	-	-	-	-	-	-
1. State-owned legal person shares	-	-	-	-	-	-	-
2. Other domestic shares	-	-	-	-	-	-	-
(2) Shares not subject to trading restrictions	5,299,302,579	100	-	-	-	5,299,302,579	100
1. RMB-denominated ordinary shares (i.e. A Shares)	3,999,702,579	75.48	-	-	-	3,999,702,579	75.48
2. Overseas-listed foreign shares (i.e. H Shares)	1,299,600,000	24.52	-	-	-	1,299,600,000	24.52
(3) Total number of shares	5,299,302,579	100	-	-	-	5,299,302,579	100

6. Changes in Share Capital and Shareholdings of Substantial Shareholders

(2) TOTAL NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS OF THE TOP 10 SHAREHOLDERS AND TOP 10 HOLDERS OF SHARES WITHOUT TRADING RESTRICTIONS AS AT THE END OF THE REPORTING PERIOD:

As at 30 June 2013, the Company had a total of 132,341 shareholders, 130 of which were holders of H Shares.

Name of shareholder	Nature of shareholder	Number of shares held at the end of Period the Reporting (share)	Percentage of shareholding (%)	Class of shares
1. Conch Holdings	State-owned legal person	1,918,329,108	36.20	A Share
2. HKSCC Nominees Limited ^(Note 3)	Foreign legal person	1,297,698,878	24.49	H Share
3. Conch Venture	Domestic non-state-owned legal person	286,713,246	5.41	A Share
4. Ping An Trust & Investment Co., Ltd. – Conch Equity Interest	Domestic non-state-owned legal person	37,790,167	0.71	A Share
5. Bosera Value Growth Securities Investment Fund	Others	29,669,662	0.56	A Share
6. Conch Design	State-owned legal person	28,953,736	0.55	A Share
7. China Construction Bank – Penghua Value Advantage Equity Securities Investment Fund	Others	27,778,798	0.52	A Share
8. DEUTSCHE BANK AKTIENGESELLSCHAFT	Others	22,385,746	0.42	A Share
9. International Capital Corporation – Standard Chartered – GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION PTE LTD	Others	21,217,725	0.40	A Share
10. The Industrial and Commercial Bank of China – Shanghai Stock Exchange 50 Trading Open-end Index Securities Investment Fund	Others	19,921,715	0.38	A Share

6. Changes in Share Capital and Shareholdings of Substantial Shareholders

Notes:

- (1) All shares held by the above shareholders are floating shares without trading restrictions.
- (2) During the Reporting Period, there was no change in the number of the shares of the Company held by Conch Holdings and Conch Venture, and such shares were not subject to any pledge, freezing order or trust.
- (3) HKSCC Nominees Limited held 1,297,698,878 H Shares, representing 24.49% of the total share capital of the Company, and 99.85% of the issued H share capital of the Company. These shares were held on behalf of various clients.
- (4) So far as the Board is aware, as at the end of the Reporting Period, Conch Venture indirectly held 49% shares of Conch Holdings and held 5.41% share of the Company, and Conch Holdings held 36.20% shares of the Company, therefore Conch Venture and Conch Holdings have connected relationship. Conch Design, as the wholly-owned subsidiary of Conch Holdings, was regarded as party acting in concert under the Management Methods on Acquisitions by Listed Companies of CSRC. Save for those disclosed above, the Company was not aware of any other connected relationship or party acting in concert among the above shareholders.

(3) AS AT 30 JUNE 2013, THE FOLLOWING PERSONS (OTHER THAN THE DIRECTORS OR CHIEF EXECUTIVE OF THE COMPANY) HELD INTERESTS OR SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY AS RECORDED IN THE REGISTER REQUIRED TO BE KEPT BY THE COMPANY UNDER SECTION 336 OF THE SECURITIES AND FUTURES ORDINANCE (“SFO”) (CHAPTER 571 OF THE LAWS OF HONG KONG) (REFERENCES TO DIRECTORS OR CHIEF EXECUTIVE IN THIS PARAGRAPH INCLUDE SUPERVISORS):

Name of shareholder	Number of ordinary shares held	Capacity	Percentage of shareholding of the relevant class of shares
Conch Holdings	1,947,282,844 A Shares (long position) (Note a)	Interests of a controlled corporation/beneficial owner	48.69% (Note b)
Anhui Provincial Investment Group Holdings Co., Ltd.	1,947,282,844 A Shares (long position) (Note a)	Interests of a controlled corporation	48.69% (Note b)
Conch Venture	2,249,347,945 A Shares (long position) (Note a)	Interests of a controlled corporation/beneficial owner	56.24% (Note b)

6. Changes in Share Capital and Shareholdings of Substantial Shareholders

Name of shareholder	Number of ordinary shares held	Capacity	Percentage of shareholding of the relevant class of shares
JPMorgan Chase & Co.	153,009,668 H Shares (long position) (Note d)	Beneficial owner/investment manager/custodian	11.77% (Note c)
JPMorgan Chase & Co.	11,563,084 H Shares (short position) (Note d)	Beneficial owner	0.89% (Note c)
Taiwan Cement Corporation	116,568,000 H Shares (long position) (Note e)	Interests of a controlled corporation	8.97% (Note c)
Genesis Asset Managers, LLP	130,188,638 H Shares (long position)	Investment manager	10.02% (Note c)
BlackRock, Inc.	97,249,806 H Shares (long position) (Note f)	Interests of a controlled corporation	7.48% (Note c)
BlackRock, Inc.	882,000 H Shares (short position) (Note f)	Interests of a controlled corporation	0.07% (Note c)
Citigroup Inc.	70,936,807 H Shares (long position) (Note g)	Interests of a controlled corporation/person holding a security interest in shares/custodian	5.46% (Note c)
Citigroup Inc.	26,759,260 H Shares (short position) (Note g)	Interests of a controlled corporation	2.06% (Note c)

6. Changes in Share Capital and Shareholdings of Substantial Shareholders

Notes:

- (a) Anhui Provincial Investment Group Holdings Co., Ltd. (“Anhui Provincial Investment Group”) held 51% of the equity interests in Conch Holdings; and Wuhu Conch Venture Property Co., Ltd. (then a wholly-owned subsidiary of Conch Venture, hereinafter referred to as “Wuhu Conch Venture Property”) held 49% of the equity interests in Conch Holdings. Pursuant to the SFO, Anhui Provincial Investment Group, Conch Venture and Wuhu Conch Venture Property were deemed to have interests in the entire number of shares of the Company held by Conch Holdings. Wuhu Conch Venture Property was also the person in the above register.

Among the 1,947,282,844 A Shares held by Conch Holdings, 1,918,329,108 A Shares were held by Conch Holdings as beneficial owner and 28,953,736 A Shares were held in the name of Conch Design. Wuhu Conch Venture Property held 1,947,282,844 A Shares of the Company in the name of Conch Holdings.

Among the 2,249,347,945 A Shares held by Conch Venture, 286,713,246 A Shares were held by Conch Venture as beneficial owner; 1,947,282,844 A Shares were held in the name of Conch Holdings and 15,351,855 A Shares were held in the name of Conch Property (a wholly-owned subsidiary of Conch Venture).

- (b) The total number of domestic shares in issue was 3,999,702,579 shares, all of which were A Shares.
- (c) The total number of H Shares in issue was 1,299,600,000 shares.
- (d) Based on the disclosure of interests form submitted by JPMorgan Chase & Co. in respect of the relevant event that occurred on 19 June 2013, these shares were held through certain subsidiaries of JPMorgan Chase & Co. Of the 153,009,668 H Shares (long position), 25,466,405 H Shares were held in the capacity of beneficial owner; 51,970,526 H Shares in the capacity of investment manager; and 75,572,737 H Shares (securities in lending pool) in the capacity of custodian.
- (e) Based on the disclosure of interests form submitted by Taiwan Cement Corporation in respect of the relevant event that occurred on 11 December 2008, these shares were held through certain subsidiaries of Taiwan Cement Corporation.
- (f) Based on the disclosure of interests form submitted by BlackRock, Inc. in respect of the relevant event that occurred on 28 June 2013, these shares were held through certain subsidiaries of BlackRock, Inc.
- (g) Based on the disclosure of interests form submitted by Citigroup Inc. in respect of the relevant event that occurred on 24 June 2013, of the 70,936,807 H Shares (long position) held by it, 53,926,192 H Shares were held in the capacity of corporation controlled by the substantial shareholders; 183,000 H Shares in the capacity of person holding a security interest in shares; and 16,827,615 H Shares (securities in lending pool) in the capacity of custodian.

Save for the aforesaid shareholders, as at 30 June 2013, the Company was not aware of any interests and short positions as recorded in the register required to be kept pursuant to section 336 of the SFO.

(4) PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

For the six months ended 30 June 2013, neither the Company nor any of its subsidiaries purchased, sold or redeemed any listed securities of the Company.

7. Directors, Supervisors, Senior Management and Staff

(1) APPOINTMENT OR CESSATION IN OFFICE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

The term of office of the Directors/Supervisors of the fifth session of the Board and the Supervisory Committee of the Company expired during the Reporting Period. As approved at the 2012 annual general meeting of the Company held on 28 May 2013, Mr Guo Wensan, Mr Guo Jingbin, Mr Ji Qinying, Ms Zhang Mingjing and Mr Zhou Bo were appointed as the executive Directors of the sixth session of the Board of the Company; and Mr Fang Jinwen, Mr Wong Kun Kau and Mr Tai Kwok Leung were appointed as the independent non-executive Directors of the sixth session of the Board of the Company; while Mr Wang Jun and Mr Zhu Yuming were appointed as the supervisors of the sixth session of the Supervisory Committee of the Company. The term of office of the Directors/Supervisors of the sixth session of the Board and the Supervisory Committee of the Company will be three years with effect from 28 May 2013.

On 28 May 2013, Mr Kang Woon and Mr Ding Meicai resigned as independent non-executive Directors, and Mr Wu Jianping resigned as executive Director, while Mr Wang Yanmou resigned as Supervisor of the Company.

During the Reporting Period, Mr Ji Qinying requested to resign as the Company's general manager, and each of Mr Wang Pengfei, Mr He Chengfa and Ms Zhang Mingjing requested to resign as the Company's deputy general manager. After careful consideration, the Board approved the requests for resignation of the aforementioned four senior management staff. In accordance with the recommendation of the Remuneration and Nomination Committee of the Board, the Board agreed to appoint Mr Wang Jianchao as the Company's general manager, Mr Wu Bin as the Company's deputy general manager, Mr Zhou Bo as the Company's chief accountant, Mr Li Qunfeng, Mr Xu Gengyou and Mr Li Xiaobo as the assistant to general manager of the Company, and Mr Xia Xiaoping as the deputy chief accountant of the Company. The appointments of the aforesaid staff will take effect from the date of approval by the Board.

The Board would express its gratitude to the above retired directors, supervisors and senior management staff for their contribution to the Company during their tenure.

(2) CHANGE IN THE NUMBER OF SHARES OF THE COMPANY HELD BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY DURING THE REPORTING PERIOD

As at the end of the Reporting Period, Mr. Ke Qiubi and Mr Li Xiaobo (both being the assistant to the general manager of the Company) and Mr Xia Xiaoping (deputy chief accountant of the Company) held 604,445, 193,000 and 150,000 A Shares of the Company respectively. The shares of the Company held by the aforementioned three management members were purchased by them before they were appointed as the senior management of the Company. Since their appointments, they did not take any action to increase and/or reduce their shareholding in the Company, thus there was no change in the number of shares held by them.

7. Directors, Supervisors, Senior Management and Staff

Save as disclosed above, the Directors, supervisors and senior management of the Company did not hold or purchase or sell any shares of the Company during the Reporting Period.

(3) INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

For the six months ended 30 June 2013, none of the Directors, chief executive and supervisors of the Company nor any of their respective associates held any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO), nor had they been granted or exercised the above interests or rights, which were recorded in the register of the Company required to be kept and maintained in accordance with section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the HKSE Listing Rules.

During the Reporting Period, none of the Directors and supervisors of the Company had material interest in any contract entered into by the Company or its subsidiaries.

(4) CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

For the six months ended 30 June 2013, the Company has complied with all the code provisions (“Code Provisions”) set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 14 to the HKSE Listing Rules.

(5) MODEL CODE

The Company has adopted a set of code of conduct regarding securities transactions by Directors on terms no less exacting than the required standard of dealing prescribed in the Model Code as set out in Appendix 10 to the HKSE Listing Rules. Having made 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 and code of conduct formulated by the Company in relation to Directors’ securities transactions during the Reporting Period.

(6) STAFF AND REMUNERATION

As at 30 June 2013, the Group employed 43,553 staff members with a total remuneration of approximately 1,283.23 million, which was the total remuneration of staff during the Reporting Period.

8. Financial Accounting Report (Unaudited)

Consolidated income statement

for the six months ended 30 June 2013 – unaudited
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2013 RMB'000	2012 RMB'000
Revenue	3,4	23,587,088	20,559,155
Cost of sales and services rendered		(17,023,072)	(15,103,389)
Gross profit		6,564,016	5,455,766
Other revenue	5	501,237	600,569
Other net income	5	25,505	1,878
Selling and marketing costs		(1,209,471)	(962,856)
Administrative expenses		(1,163,902)	(891,777)
Profit from operations		4,717,385	4,203,580
Finance costs	6(a)	(594,398)	(531,770)
Share of losses of associates		(23,483)	(1,819)
Share of losses of joint ventures		(18,933)	(6,015)
Profit before taxation	6	4,080,571	3,663,976
Income tax	7	(912,014)	(678,194)
Profit for the period		3,168,557	2,985,782
Attributable to:			
Equity shareholders of the Company		3,058,517	2,932,979
Non-controlling interests		110,040	52,803
Profit for the period		3,168,557	2,985,782
Earnings per share	9		
Basic		RMB0.58	RMB0.55
Diluted		RMB0.58	RMB0.55

The notes on pages 51 to 77 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 23.

8. Financial Accounting Report (Unaudited)

Consolidated statement of profit and loss

for the six months ended 30 June 2013 – unaudited
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2013 RMB'000	2012 RMB'000
Profit for the period		3,168,557	2,985,782
Other comprehensive income for the period (after tax and reclassification adjustments):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		(7,062)	–
Available-for-sale equity securities: net movement in fair value reserve	8	(859,122)	(380,466)
Other comprehensive income for the period		(866,184)	(380,466)
Total comprehensive income for the period		2,302,373	2,605,316
Attributable to:			
Equity shareholders of the Company		2,194,358	2,552,513
Non-controlling interests		108,015	52,803
Total comprehensive income for the period		2,302,373	2,605,316

The notes on pages 51 to 77 form part of this interim financial report.

8. Financial Accounting Report (Unaudited)

Consolidated balance sheet

at 30 June 2013 – unaudited
(Expressed in Renminbi Yuan)

	Note	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Non-current assets			
Fixed assets			
Investment property	10	33,739	–
Other property, plant and equipment	11	53,618,005	52,607,328
Lease prepayments	12	3,534,183	3,291,595
		57,185,927	55,898,923
Intangible assets		1,989,900	1,901,155
Goodwill		212,389	212,389
Interest in associates	13	1,931,844	1,868,374
Interest in joint ventures		239,082	248,912
Loans and receivables	14	200,400	314,449
Available-for-sale equity securities	15	2,233,597	3,297,305
Deferred tax assets		369,873	160,441
		64,363,012	63,901,948
Current assets			
Inventories	16	4,053,921	4,038,538
Other investments	17	22,454	106,324
Trade receivables	18	5,461,078	8,389,079
Prepayments and other receivables	19	2,159,474	2,234,634
Amounts due from related parties	25(e)	372,512	522,330
Tax recoverable		138,733	96,965
Restricted cash deposits		126,173	108,731
Bank deposits with maturity over three months		321,900	14,000
Cash and cash equivalents	20	8,800,691	8,110,974
		21,456,936	23,621,575

The notes on pages 51 to 77 form part of this interim financial report.

8. Financial Accounting Report (Unaudited)

Consolidated balance sheet (Cont'd)

at 30 June 2013 – unaudited
(Expressed in Renminbi Yuan)

	Note	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Current liabilities			
Trade payables	22	3,701,098	5,133,852
Other payables and accruals		4,911,494	5,705,945
Bank loans and other borrowings	21	4,716,037	2,658,427
Amounts due to related parties	25(e)	381,052	270,906
Current portion of long-term payables		53,128	54,152
Obligations under finance leases		57,996	57,996
Current taxation		420,660	640,045
		14,241,465	14,521,323
Net current assets			
		7,215,471	9,100,252
Total assets less current liabilities			
		71,578,483	73,002,200
Non-current liabilities			
Bank loans and other borrowings	21	18,826,974	21,079,634
Long-term payables		353,374	354,936
Deferred income		416,939	417,667
Deferred tax liabilities		200,221	346,842
		19,797,508	22,199,079
NET ASSETS			
		51,780,975	50,803,121
CAPITAL AND RESERVES			
Share capital		5,299,303	5,299,303
Reserves		44,161,490	43,238,237
Total equity attributable to equity shareholders of the Company			
		49,460,793	48,537,540
Non-controlling interests			
		2,320,182	2,265,581
TOTAL EQUITY			
		51,780,975	50,803,121

The notes on pages 51 to 77 form part of this interim financial report.

8. Financial Accounting Report (Unaudited)

Consolidated statement of changes in equity

for the six months ended 30 June 2013 – unaudited

(Expressed in Renminbi Yuan)

	Note	Attributable to equity shareholders of the Company							Total	Non-controlling interests	Total equity
		Share capital	Share premium	Capital reserve	Exchange reserve	Statutory surplus reserve	Fair value reserve	Retained profits			
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2012		5,299,303	10,243,790	224,202	-	1,802,794	841,153	26,045,566	44,456,808	1,992,018	46,448,826
Changes in equity for the six months ended 30 June 2012:											
Profit for the period		-	-	-	-	-	-	2,932,979	2,932,979	52,803	2,985,782
Other comprehensive income	8	-	-	-	-	-	(380,466)	-	(380,466)	-	(380,466)
Total comprehensive income		-	-	-	-	-	(380,466)	2,932,979	2,552,513	52,803	2,605,316

Dividends declared by non-wholly owned subsidiaries to non-controlling shareholders		-	-	-	-	-	-	-	-	(67,677)	(67,677)
Dividends approved in respect of the previous year	23	-	-	-	-	-	-	(1,854,756)	(1,854,756)	-	(1,854,756)
Acquisition of subsidiaries with non-controlling interests		-	-	-	-	-	-	-	-	36,165	36,165
Capital contribution received by non-wholly owned subsidiaries from non-controlling shareholders		-	-	-	-	-	-	-	-	94,386	94,386
Balance at 30 June 2012		5,299,303	10,243,790	224,202	-	1,802,794	460,687	27,123,789	45,154,565	2,107,695	47,262,260
Changes in equity for the six months ended 31 December 2012:											
Profit for the period		-	-	-	-	-	-	3,398,124	3,398,124	102,723	3,500,847
Other comprehensive income	8	-	-	-	(3,152)	-	(11,997)	-	(15,149)	(1,116)	(16,265)
Total comprehensive income		-	-	-	(3,152)	-	(11,997)	3,398,124	3,382,975	101,607	3,484,582

Dividends declared by non-wholly owned subsidiaries to non-controlling shareholders		-	-	-	-	-	-	-	-	(3,704)	(3,704)
Acquisition of subsidiaries with non-controlling interests		-	-	-	-	-	-	-	-	32,260	32,260
Capital contribution received by non-wholly owned subsidiaries from non-controlling shareholders		-	-	-	-	-	-	-	-	27,723	27,723
Appropriations to reserves for current year profit	23	-	-	-	-	846,860	-	(846,860)	-	-	-
Balance at 31 December 2012		5,299,303	10,243,790	224,202	(3,152)	2,649,654	448,690	29,675,053	48,537,540	2,265,581	50,803,121

The notes on pages 51 to 77 form part of this interim financial report.

8. Financial Accounting Report (Unaudited)

Consolidated statement of changes in equity (Cont'd)

for the six months ended 30 June 2013 – unaudited
(Expressed in Renminbi Yuan)

	Note	Attributable to equity shareholders of the Company							Non-controlling interests	Total equity	
		Share capital	Share premium	Capital reserve	Exchange reserve	Statutory surplus reserve	Fair value reserve	Retained profits			
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Balance at 1 January 2013		5,299,303	10,243,790	224,202	(3,152)	2,649,654	448,690	29,675,053	48,537,540	2,265,581	50,803,121
Changes in equity for the six months ended 30 June 2013:											
Profit for the period		-	-	-	-	-	-	3,058,517	3,058,517	110,040	3,168,557
Other comprehensive income	8	-	-	-	(5,037)	-	(859,122)	-	(864,159)	(2,025)	(866,184)
Total comprehensive income		-	-	-	(5,037)	-	(859,122)	3,058,517	2,194,358	108,015	2,302,373
Dividends declared by non-wholly owned subsidiaries to non-controlling shareholders		-	-	-	-	-	-	-	-	(12,293)	(12,293)
Dividends approved in respect of the previous year	23	-	-	-	-	-	-	(1,324,826)	(1,324,826)	-	(1,324,826)
Acquisition of subsidiaries with non-controlling interests		-	-	-	-	-	-	-	-	12,600	12,600
Others		-	-	-	-	-	-	53,721	53,721	(53,721)	-
Balance at 30 June 2013		5,299,303	10,243,790	224,202	(8,189)	2,649,654	(410,432)	31,462,465	49,460,793	2,320,182	51,780,975

The notes on pages 51 to 77 form part of this interim financial report.

8. Financial Accounting Report (Unaudited)

Condensed consolidated cash flow statement

for the six months ended 30 June 2013 – unaudited
(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Net cash generated from operating activities	5,681,902	6,033,471
Net cash used in investing activities	(3,440,849)	(5,686,544)
Net cash used in financing activities	(1,544,378)	(2,394,971)
Net increase/(decrease) in cash and cash equivalents	696,675	(2,048,044)
Effect of foreign exchange rate changes	(6,958)	–
Cash and cash equivalents at 1 January	8,110,974	7,747,188
Cash and cash equivalents at 30 June	8,800,691	5,699,144

The notes on pages 51 to 77 form part of this interim financial report.

8. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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1 BASIS OF PREPARATION

This interim financial report of Anhui Conch Cement Company Limited (the “Company”) and its subsidiaries (the “Group”) has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” adopted by the International Accounting Standards Board (“IASB”). It was authorised for issuance on 15 August 2013.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2012 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2013 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

In preparing this interim financial report, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the 2012 annual financial statements.

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2012 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRSs”).

The interim financial report is unaudited, but has been reviewed by the Audit Committee of the Company.

The financial information relating to the financial year ended 31 December 2012 that is included in the interim financial report as being previously reported information does not constitute the Group’s annual financial statements prepared under IFRSs for that financial year but is derived from those financial statements. The Group’s annual financial statements for the year ended 31 December 2012 are available at the Company’s registered office. The auditors have expressed an unqualified opinion on those financial statements in their audit report dated 22 March 2013.

2 CHANGES IN ACCOUNTING POLICIES

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the following developments are relevant to the Group’s financial statements:

- Amendments to IAS 1, Presentation of financial statements – Presentation of items of other comprehensive income
- IFRS 10, Consolidated financial statements
- IFRS 11, Joint arrangements
- IFRS 12, Disclosure of interests in other entities
- IFRS 13, Fair value measurement
- Annual Improvements to IFRSs 2009-2011 Cycle
- Amendments to IFRS 7 – Disclosures – Offsetting financial assets and financial liabilities

8. Financial Accounting Report (Unaudited)

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2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

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

The amendments to IAS 1 require entities to present the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met separately from those that would never be reclassified to profit or loss. The Group's presentation of other comprehensive income in these financial statements has been modified accordingly.

IFRS 10, Consolidated financial statements

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

As a result of the adoption of IFRS 10, the Group has changed its accounting policy with respect to determining whether it has control over an investee. The adoption does not change any of the control conclusions reached by the Group in respect of its involvement with other entities as at 1 January 2013.

IFRS 11, Joint arrangements

IFRS 11, which replaces IAS 31, Interests in joint ventures, divides joint arrangements into joint operations and joint ventures. Entities are required to determine the type of an arrangement by considering the structure, legal form, contractual terms and other facts and circumstances relevant to their rights and obligations under the arrangement. Joint arrangements which are classified as joint operations under IFRS 11 are recognised on a line-by-line basis to the extent of the joint operator's interest in the joint operation. All other joint arrangements are classified as joint ventures under IFRS 11 and are required to be accounted for using the equity method in the Group's consolidated financial statements. Proportionate consolidation is no longer allowed as an accounting policy choice.

As a result of the adoption of IFRS 11, the Group has changed its accounting policy with respect to its interests in joint arrangements and re-evaluated its involvement in its joint arrangements. The Group has reclassified the investment from jointly controlled entity to joint venture. The investment continues to be accounted for using the equity method and therefore this reclassification does not have any material impact on the financial position and the financial result of the Group.

8. Financial Accounting Report (Unaudited)

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2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 12, Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. Since those disclosure requirements only apply to a full set of financial statements, the Group has not made additional disclosures in this interim financial report as a result of adopting IFRS 12.

IFRS 13, Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. Some of the disclosures are specifically required for financial instruments in the interim financial reports. The Group has provided those disclosures in note 24. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

Annual Improvements to IFRSs 2009-2011 Cycle

This cycle of annual improvements contains amendments to five standards with consequential amendments to other standards and interpretations. Among them, IAS 34 has been amended to clarify that total assets for a particular reportable segment are required to be disclosed only if the amounts are regularly provided to the chief operating decision maker (CODM) and only if there has been a material change in the total assets for that segment from the amount disclosed in the last annual financial statements. The amendment also requires the disclosure of segment liabilities if the amounts are regularly provided to the CODM and there has been a material change in the amounts compared with the last annual financial statements. The amendment does not have any impact on the segment disclosure of the Group, and the Group has continued to disclose segment assets and segment liabilities in note 3.

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

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

The adoption of the amendments does not have an impact on the Group's interim financial report because the Group has not offset financial instruments, nor has it entered into master netting arrangement or similar agreement which is subject to the disclosures of IFRS 7.

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3 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following five reportable segments based on the region in which the Group's business operates: East China, Central China, South China, West China and Overseas. All segments are primarily engaged in manufacture and sale of clinkers and cement products. No operating segments have been aggregated to form the reportable segments.

(a) Segment results, assets and liabilities

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

Segment assets include all assets in the financial statements prepared in accordance with China Accounting Standards for Business Enterprises (2006) ("PRC accounting standards"). Segment liabilities include all liabilities in the financial statements prepared in accordance with PRC accounting standards.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments in accordance with PRC accounting standards.

The measure used for reporting segment profit is profit before taxation in accordance with PRC accounting standards.

In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning revenue (including inter segment revenue), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment revenue are priced with reference to prices charged to external parties for similar orders.

8. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the periods ended 30 June 2013 and 2012 is set out below:

For the six months ended 30 June 2013

	East China RMB'000	Central China RMB'000	South China RMB'000	West China RMB'000	Overseas RMB'000	Subtotal RMB'000	Reconciling items (note b) RMB'000	Total RMB'000
Revenue from external customers	6,645,964	8,681,446	4,096,590	4,163,088	-	23,587,088	-	23,587,088
Inter-segment revenue	579,280	4,263,752	32,460	10,968	-	4,886,460	(4,886,460)	-
Reportable segment revenue	7,225,244	12,945,198	4,129,050	4,174,056	-	28,473,548	(4,886,460)	23,587,088
Reportable segment profit/(loss)	390,729	4,176,106	744,153	610,267	(1,372)	5,919,883	(1,839,312)	4,080,571
Interest income	3,911	255,182	2,756	3,477	-	265,326	(203,269)	62,057
Interest expense	67,920	510,230	68,092	117,807	-	764,049	(169,651)	594,398
Depreciation and amortisation for the period	193,345	875,115	268,786	413,337	1,105	1,751,688	-	1,751,688
Impairment of plants and equipment	-	4,598	-	156,089	-	160,687	-	160,687
Additions to non-current segment assets during the period	175,924	692,866	413,898	1,536,440	211,116	3,030,244	(33,618)	2,996,626
At 30 June 2013								
Reportable segment assets (including investment in associates and joint ventures)	12,420,308	63,471,980	14,802,622	21,262,617	345,166	112,302,693	(26,482,745)	85,819,948
Reportable segment liabilities	8,910,343	17,905,002	7,339,513	13,427,156	190,002	47,772,016	(13,733,043)	34,038,973

8. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (continued)

For the six months ended 30 June 2012

	East China	Central China	South China	West China	Overseas	Subtotal	Reconciling items (note b)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	6,263,986	7,448,880	3,894,405	2,951,884	-	20,559,155	-	20,559,155
Inter-segment revenue	584,455	4,295,031	50,934	6,403	-	4,936,823	(4,936,823)	-
Reportable segment revenue	6,848,441	11,743,911	3,945,339	2,958,287	-	25,495,978	(4,936,823)	20,559,155
Reportable segment profit/(loss)	509,212	5,334,353	629,410	204,804	(2,753)	6,675,026	(3,011,050)	3,663,976
Interest income	5,019	187,431	2,346	6,464	11	201,271	(115,741)	85,530
Interest expense	(85,121)	(398,236)	(67,276)	(96,878)	-	(647,511)	115,741	(531,770)
Depreciation and amortisation for the period	(182,883)	(784,874)	(241,615)	(336,004)	(13)	(1,545,389)	-	(1,545,389)
Additions to non-current segment assets during the period	371,450	1,738,843	965,483	1,973,464	8,983	5,058,223	-	5,058,223
At 31 December 2012								
Reportable segment assets (including investment in associates and joint ventures)	10,669,257	72,824,447	11,543,664	19,603,989	293,008	114,934,365	(27,410,842)	87,523,523
Reportable segment liabilities	6,226,392	29,982,356	3,364,410	12,108,718	128,633	51,810,509	(15,090,107)	36,720,402

8. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 SEGMENT REPORTING (CONTINUED)

(b) Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Revenue		
Elimination of inter-segment revenue	(4,886,460)	(4,936,823)
Profit		
Elimination of inter-segment profits	(1,859,061)	(3,036,476)
Differences between PRC accounting standards and IFRS*	19,749	25,426
	(1,839,312)	(3,011,050)
	At 30 June 2013 RMB '000	At 31 December 2012 RMB'000
Assets		
Elimination of inter-segment balances	(26,482,745)	(27,410,842)
Liabilities		
Elimination of inter-segment balances	(14,107,437)	(15,463,075)
Differences between PRC accounting standards and IFRS*	374,394	372,968
	(13,733,043)	(15,090,107)

* Differences between PRC accounting standards and IFRS:

The difference arises from the deferred income in respect of certain government grants recognised under IFRS.

8. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 SEGMENT REPORTING (CONTINUED)

(c) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, lease prepayments, intangible assets, goodwill, interests in associates and jointly controlled entities ("specified non-current assets"). The geographical location of customers is based on the location, at which the services were provided or the goods delivered. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, the location of the operation to which they are allocated, in the case of lease prepayments, intangible assets and goodwill, and the location of operations, in the case of interests in associates and jointly controlled entities.

	Revenue from external customers Six months ended		Specified non-current assets	
	30 June 2013 RMB'000	30 June 2012 RMB'000	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
The People's Republic of China ("the PRC")	22,904,320	19,903,560	61,285,609	60,488,688
Others	682,768	655,595	279,691	70,399
	23,587,088	20,559,155	61,565,300	60,559,087

4 SEASONALITY OF OPERATIONS

The Group on average experiences higher cement demands in the second half of the year. As a result, the Group typically reports lower sales volume in the first half of the year.

8. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

5 OTHER REVENUE AND NET INCOME

(a) Other revenue

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Subsidy income	416,427	514,558
Interest income	62,057	85,530
Dividend income from listed securities	22,753	481
	501,237	600,569

(b) Other net income

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Net unrealised gains/(losses) on trading securities	10,167	(7,031)
Change in fair value of derivatives	3,152	(2,318)
Net gain on disposal of fixed assets	5,961	8,269
Exchange gains/(losses)	2,831	(1,962)
Others	3,394	4,920
	25,505	1,878

8. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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6 PROFIT BEFORE TAXATION

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

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
(a) Finance costs:		
Finance charge on obligations under finance leases	1,332	2,543
Interest on bank loans and other borrowings	620,123	598,641
Less: interest expense capitalised into construction-in-progress	(27,057)	(69,414)
	594,398	531,770

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
(b) Other items:		
Depreciation	1,668,053	1,469,520
Amortisation of interests in leasehold land held for own use under operating leases	39,105	25,140
Other amortisation	44,530	50,729
Impairment of plants and equipment (note 11(b))	160,687	–
Staff costs	1,189,822	1,050,099

7 INCOME TAX

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Current tax-PRC Corporate Income Tax		
Provision for the period	981,693	720,596
Deferred tax		
Origination and reversal of temporary differences	(69,679)	(42,402)
	912,014	678,194

No provision for Hong Kong Profits Tax was made for the six months ended 30 June 2013 and 2012 as the Group did not earn any income which is subject to Hong Kong Profits Tax.

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7 INCOME TAX (CONTINUED)

Individual companies within the Group are generally subject to Corporate Income Tax at 25% on taxable income determined according to the relevant income tax rules and regulations of the PRC, except for:

Beiliu Conch Cement Co., Ltd. 北流海螺水泥有限責任公司 (Note i)	15%
Xingye Kuiyang Conch Cement Co., Ltd. 興業葵陽海螺水泥有限責任公司 (Note i)	15%
Fusui Xinning Conch Cement Co., Ltd. 扶綏新寧海螺水泥有限責任公司 (Note i)	15%
Xing'an Conch Cement Co., Ltd. 興安海螺水泥有限責任公司 (Note i)	15%
Pingliang Conch Cement Co., Ltd. 平涼海螺水泥有限責任公司 (Note i)	15%
Dazhou Conch Cement Co., Ltd. 達州海螺水泥有限責任公司 (Note i)	15%
Guangyuan Conch Cement Co., Ltd. 廣元海螺水泥有限責任公司 (Note i)	15%
Chongqing Conch Cement Co., Ltd. 重慶海螺水泥有限責任公司 (Note i)	15%
Liquan Conch Cement Co., Ltd. 禮泉海螺水泥有限責任公司 (Note i)	15%
Guigyang Conch Panjiang Cement Co., Ltd. 貴陽海螺盤江水泥有限責任公司 (Note i)	15%
Guiding Conch Panjiang Cement Co., Ltd. 貴定海螺盤江水泥有限責任公司 (Note i)	15%
Zunyi Conch Panjiang Cement Co., Ltd. 遵義海螺盤江水泥有限責任公司 (Note i)	15%
Qianyang Conch Cement Co., Ltd. ("Qianyang Conch") 千陽海螺水泥有限責任公司 (Note i)	15%
Baoji Zhongxi Fenghuangshan Cement Co., Ltd. ("Fenghuangshan") 寶雞眾喜鳳凰山水泥有限公司 (Note i)	15%

8. Financial Accounting Report (Unaudited)

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7 INCOME TAX (CONTINUED)

Baoji Zhongxi Jinlinghe Cement Co., Ltd. (“Jinlinghe”) 寶雞市眾喜金陵河水泥有限公司 (Note i)	15%
Guangxi Sihegongmao Co., Ltd. (“Sihegongmao”) 廣西四合工貿有限責任公司 (Note i)	15%
Longling Conch Cement Co., Ltd. (“Longling Conch”) 龍陵海螺水泥有限責任公司 (Note i)	15%
Hami Hongyi Construction Co., Ltd. (“Hami Construction”) 哈密弘毅建材有限責任公司 (Note ii)	0%

Note:

- (i) Pursuant to Notice No.12 issued by State Administration of Taxation on 6 April 2012 and relevant local tax authorities’ notices, the above 17 companies were entitled to 15% preferential income tax rate as qualifying companies located in western areas in the PRC. Five of above companies, Qianyang Conch, Fenghuangshan, Jinlinghe, Sihegongmao and Longling Conch were entitled to 15% preferential income tax rate, effective from 1 January 2012 to 31 December 2020. The remaining 12 companies were entitled to 15% preferential income tax rate, effective from 1 January 2011 to 31 December 2020.
- (ii) In 2012, Hami Construction was recognised by the local tax authorities as enterprise located in depressed regions with operation in encouraged industries as defined by relevant authorities. According to Cai Shui [2011] No. 53 jointly issued by the Ministry of Finance and the State Administration of Taxation, Hami Construction is entitled to a tax holiday of a tax-free period for the first and second years and a 50% reduction in income tax rate for the third to fifth years, starting from the first year generating revenue. In accordance with local tax authority’s notice, the applicable income tax rates for Hami Construction are 0% in 2012 and 2013, and 12.5% from 2014 to 2016.

8 OTHER COMPREHENSIVE INCOME

	Six months ended 30 June	
	2013 RMB’000	2012 RMB’000
Available-for-sale equity securities:		
Changes in fair value recognised during the period (after tax)	(859,122)	(380,466)
Net movement in the fair value reserve during the period recognised in other comprehensive income	(859,122)	(380,466)

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9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the six months ended 30 June 2013 of RMB 3,058,517,000 (six months ended 30 June 2012: RMB2,932,979,000) and the weighted average number of shares in issue during the six months ended 30 June 2013 of 5,299,303,000 (six months ended 30 June 2012: 5,299,303,000).

(b) Diluted earnings per share

The Company had no dilutive potential ordinary shares outstanding during the six months ended 30 June 2013 and 2012.

10 INVESTMENT PROPERTY

During the six months ended 30 June 2013, the Group leased out a property under operating lease and classified the property as an investment property accordingly. The investment property is subsequently measured using the cost model.

11 OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Acquisitions and disposals

During the six months ended 30 June 2013, the Group acquired property, plant and equipment with a cost of RMB2,695,595,000 (six months ended 30 June 2012: RMB6,192,528,000).

Assets with a carrying amount of 3,627,000 were disposed of during the six months ended 30 June 2013 (six months ended 30 June 2012: RMB2,994,000), resulting in a net gain on disposal of RMB5,961,000 (six months ended 30 June 2012: a net gain of RMB8,269,000).

(b) Impairment losses

According to the policy of elimination of backward production capacity issued by Ministry of Industry and Information Technology, as well as the requirements of cement production line renovation project, the Group provided impairment for the plants and machines scheduled to be eliminated by the end of 2014. As at 30 June 2013, the management assessed the recoverable amounts of these plants and machines and as a result the carrying amount of the plants and machines was written down by RMB160,687,000 (included in "Administrative expenses"). The estimates of recoverable amount were based on these assets' fair values less costs of disposal, and the fair value was determined by reference to the public bid from third parties for such assets.

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11 OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(c) Capital commitments outstanding not provided for in the interim financial report

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Contracted for	2,944,169	2,205,920
Authorised but not contracted for	5,344,172	5,707,262
	8,288,341	7,913,182

12 LEASE PREPAYMENTS

Lease prepayments represent interest in leasehold land held for own use under operating leases.

During the six months ended 30 June 2013, the Group acquired interests in leasehold land held for own use under operating leases with a cost of RMB280,906,000 (six months ended 30 June 2012: RMB500,784,000).

13 INTERESTS IN ASSOCIATES

On 27 May 2013, Xinjiang Qingsong Building Materials and Chemicals (Group) Co., Ltd. ("Qingsong Building Materials and Chemicals") distributed stock dividend of 10 shares for every 10 shares. After this distribution, the Group holds 276,826,946 shares in Qingsong Building Materials and Chemicals. In June 2013, the Group additionally acquired 26,072,416 shares at a price of RMB3.87 per share totalling RMB 100,900,250 through the Shanghai Stock Exchange ("SSE"). As at 30 June 2013, the Group holds a total of 302,899,362 shares and 21.97% equity interest in Qingsong Building Materials and Chemicals.

14 NON-CURRENT LOANS AND RECEIVABLES

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Loans and receivables	397,126	535,134
Less: Current portion of non-current loans and receivables (note 19)	(196,726)	(220,685)
	200,400	314,449

Non-current loans and receivables represent advances made to local government authorities.

8. Financial Accounting Report (Unaudited)

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15 AVAILABLE-FOR-SALE EQUITY SECURITIES

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Available-for-sale equity securities		
– Listed in the PRC	2,233,597	3,297,305

All available-for-sale equity securities held by the Group are listed either on the SSE or the Shenzhen Stock Exchange. The fair value of these investments is measured with reference to the respective quoted market prices as at 30 June 2013.

16 INVENTORIES

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Raw materials	1,779,794	1,674,245
Work in progress	191,771	196,537
Finished goods	1,654,594	1,766,104
Spare parts	427,762	401,652
	4,053,921	4,038,538

17 OTHER INVESTMENTS

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Listed equity securities at fair value		
– Listed in the PRC	22,454	106,324

All trading securities held by the Group are listed on the SSE. The fair value of these investments is measured with reference to the respective quoted market prices as at 30 June 2013.

8. Financial Accounting Report (Unaudited)

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18 TRADE RECEIVABLES

Included in trade receivables are trade debtors and notes receivable (net of impairment losses for bad and doubtful debts) with the following ageing analysis as of the balance sheet date:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within 1 year (inclusive)	5,461,078	8,389,079

Trade debtors are due within 30-60 days from the day of billing, except for retention money in respect of certain sales contracts which is due upon the expiry of the retention period. Notes receivable are due within 6 months from the day of issuance. Debtors with balances that are more than 2 months past due are requested to settle all outstanding balances before any further credit is granted.

19 PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Purchase prepayments	624,096	667,913
Current portion of loans and receivables (note 14)	196,726	220,685
Loans to related parties	27,960	223,250
Value-added tax recoverable	1,066,757	921,210
Interest receivable	3,274	1,652
Forward exchange contracts	5,186	2,034
Other receivables	235,475	197,890
	2,159,474	2,234,634

All of the prepayments and other receivables are expected to be recovered within one year.

8. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

20 CASH AND CASH EQUIVALENTS

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Deposits with banks within 3 months	3,200,000	1,630,000
Cash at bank and in hand	5,600,691	6,480,974
	8,800,691	8,110,974

As at 30 June 2013, the Group did not have cash at banks that are pledged as security (31 December 2012: Nil).

21 BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings are as follows:

	Note	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Non-current bank loans and other borrowings			
Bank loans			
– Unsecured		2,684,115	2,913,115
Loans from Conch Holdings			
– Unsecured		–	2,020,000
Unsecured debentures	(i)	15,471,041	15,467,428
Other borrowings			
– Secured	(ii)	650,000	650,000
– Unsecured	(iii)	21,818	29,091
		18,826,974	21,079,634

- (i) In November 2012, the Company issued corporate bonds with an aggregate principal amount of RMB6,000,000,000 of which RMB2,500,000,000 with a maturity period of 5 years (“5-year bond”) and RMB3,500,000,000 with a maturity period of 10 years (“10-year bond”). The 5-year bond and the 10-year bond carry fixed annual interest rate of 4.89% and 5.10% respectively, which will be paid annually. The principal of the 5-year bond is fully repayable on 7 November 2017 and the 10-year bond is fully repayable on 7 November 2022.

Conch Holdings provides unconditional and irrevocable joint liability guarantee for the above bonds over the respective maturity periods.

8. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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21 BANK LOANS AND OTHER BORROWINGS (CONTINUED)

- (ii) Other secured borrowings of the Group and the Company are provided by the International Finance Corporation (“IFC”). The loan bears interest at a rate of 5.32% (2012: 5.32%) per annum and is repayable in September 2015. At 30 June 2013, the loan was secured by property, plant and equipment of the Group with carrying amount of RMB359,290,000 (2012: RMB392,866,000) and leasehold land held for own use under operating leases of the Group with carrying amount of RMB163,573,000 (2012: RMB173,985,000). The loan is subject to various financial covenants that are reported to IFC on a yearly basis.
- (iii) Other unsecured non-current borrowings were national debt loan provided by the Anhui Finance Bureau. The loan bears interest at a rate of 3.36% (2012: 3.36%) per annum and is repayable in June 2017.

	Note	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Current bank loans and other borrowings			
Bank loans			
– Unsecured		2,688,764	2,651,154
Loans from Conch Holdings			
– Unsecured	(i)	2,020,000	–
Other borrowings			
– Unsecured	(ii)	7,273	7,273
		4,716,037	2,658,427

- (i) Loans from Conch Holdings bear interest at fixed rates of 4.69% to 5.78% (2012: 4.69% to 5.78%) per annum. The loans are unsecured and repayable on 27 March and 31 May 2014 respectively.
- (ii) Other unsecured current borrowings of the Group were national debt loan provided by the Anhui Finance Bureau (2012: RMB7,273,000). The loan bears interest at a rate of 3.36% (31 December 2012: 3.36%) per annum.

8. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

21 BANK LOANS AND OTHER BORROWINGS (CONTINUED)

Details of bank loans and other borrowings are as follows:

At 30 June 2013 and 31 December 2012, the bank loans were repayable as follows:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within 1 year or on demand	2,688,764	2,651,154
After 1 year but within 2 years	992,850	941,600
After 2 years but within 5 years	1,351,265	1,671,515
After 5 years	340,000	300,000
Total non-current bank loans	2,684,115	2,913,115
	5,372,879	5,564,269

22 TRADE PAYABLES

Included in trade payables are trade creditors and notes payable with the following ageing analysis as of the balance sheet date:

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Within 1 year (inclusive)	3,692,843	5,064,731
Between 1 and 2 years (inclusive)	4,748	64,220
Between 2 and 3 years (inclusive)	1,178	2,298
More than 3 years	2,329	2,603
	3,701,098	5,133,852

23 DIVIDENDS

The 2012 annual general meeting held on 28 May 2013 approved the final dividend for the year ended 31 December 2012 of approximately RMB1,324,826,000 (RMB0.25 per ordinary share) (six months ended 30 June 2012: RMB1,854,756,000) and the dividends had been paid on 20 June 2013.

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2013 (six months ended 30 June 2012: Nil).

8. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Fair value hierarchy

	Fair value measurements as at 30 June 2013 using			
	Fair value at 30 June 2013 RMB'000	Quoted prices in active market for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurement				
Financial assets:				
Prepayments and other receivables	5,186	–	5,186	–
Other investments	22,454	22,454	–	–
Available-for-sale equity securities:				
– Listed	2,233,597	2,233,597	–	–
	2,261,237	2,256,051	5,186	–

8. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (continued)

(i) Fair value hierarchy (continued)

	Fair value measurements as at 31 December 2012 using			
	Fair value at 31 December 2012 RMB'000	Quoted prices in active market for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurement				
Financial assets:				
Prepayments and other receivables	2,034	–	2,034	–
Other investments	106,324	106,324	–	–
Available-for-sale equity securities:				
– Listed	3,297,305	3,297,305	–	–
	3,405,663	3,403,629	2,034	–

During the six months ended 30 June 2013, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2012: Nil).

8. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

24 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (continued)

(ii) Valuation techniques and inputs used in Level 2 fair value measurements

The prepayments and other receivables in Level 2 are the forward exchange contracts. The fair value of forward exchange contracts is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant government yield curve as at the end of the reporting period plus an adequate constant credit spread.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2012 and 30 June 2013 except for the following financial instruments, for which their carrying amounts and fair value are disclosed below:

	At 30 June 2013		At 31 December 2012	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Current bank loans and other borrowings	4,716,037	4,692,101	2,658,427	2,644,473
Long-term payables	353,374	344,485	354,936	342,000
Non-current bank loans and other borrowings	3,355,933	3,213,772	5,612,206	5,553,355
Unsecured debentures	15,471,041	15,613,666	15,467,428	15,714,235
	23,896,385	23,864,024	24,092,997	24,254,063

8. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

25 MATERIAL RELATED PARTY TRANSACTIONS

(a) Related parties information

Name of related party	Nature of relationship
Conch Holdings 安徽海螺集團有限責任公司	Substantial shareholder of the Company
Anhui Conch Venture Investment Company Limited (“Conch Venture”) 安徽海螺創業投資有限責任公司	Shareholder of Conch Holdings and the Company, some directors of the Company are also directors and equity holders of Conch Venture
Wuhu Conch Profiles and Science Co., Ltd. (“Conch Profiles and Science”) 蕪湖海螺型材科技股份有限公司	Subsidiary of Conch Holdings
Anhui Conch Construction Materials Design Centre (“Conch Design”) 安徽海螺建材設計研究院	Subsidiary of Conch Holdings
Yingde Conch Profiles Co., Ltd. (“Yingde Profiles”) 英德海螺型材有限責任公司	Subsidiary of Conch Profiles and Science
Wuhu Conch New Materials Co., Ltd. (“Conch New Materials”) 蕪湖海螺新材料有限公司	Subsidiary of Conch Profiles and Science
Anhui Conch Information Technology Engineering Co., Ltd. (“Conch Information”) 安徽海螺信息技術工程有限責任公司	Subsidiary of Conch Design
Anhui King Bridge Cement Co., Ltd. (“King Bridge Cement”) 安徽朱家橋水泥有限公司	Associate of the Company
Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd. (“Conch Kawasaki Equipment”) 安徽海螺川崎裝備製造有限公司	Joint venture of the Company
Wuhu Sanshan Port Co., Ltd. (“Sanshan Port”) 蕪湖三山港務有限公司	Subsidiary of Conch Venture
Wuhu Conch Venture Property Investment Co., Ltd. (“Conch Venture Property”) 蕪湖海創置業有限責任公司	Subsidiary of Conch Venture

8. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

25 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related parties information (continued)

Name of related party	Nature of relationship
Anhui Conch Kawasaki Engineering Company Limited (“Conch Kawasaki Engineering”) 安徽海螺川崎工程有限公司	Subsidiary of Conch Venture
Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd. (“Conch Kawasaki Energy Conservation”) 安徽海螺川崎節能設備製造有限公司	Subsidiary of Conch Venture
Yingde Dragon Mountain Cement Co., Ltd. (“Dragon Mountain”) 英德龍山水泥有限責任公司	A director of the Company has been a director of Dragon Mountain in the past twelve months
Conch Property Management (“Conch Property”) 蕪湖海螺物業管理有限公司	Subsidiary of Conch Venture
Yangzhou Haichang Port Industrial Co., Ltd. (“Haichang Port”) 揚州海昌港務實業有限公司	Subsidiary of Conch Venture
Chongqing Gaolin Building Material Co., Ltd. (“Gaolin Building Material”) 重慶高林建材有限公司	In trust of a subsidiary of the Company
Debao Haibao Cement Co., Ltd. (“Haibao Cement”) 德保縣海寶水泥有限責任公司	In trust of a subsidiary of the Company
Jiande Chengli Building Material Co., Ltd. (“Chengli Building Material”) 建德市成利建材有限公司	In trust of a subsidiary of the Company

8. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

25 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions between the Group and related companies

The Group has entered into the following material related party transactions:

(i) Transactions with Conch Holdings

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Receiving services	1,498	2,089
Guarantee provided by Conch Holdings	16,034,707	12,208,840
Provision of services and sales of goods	1,147	40
Loans from Conch Holdings	350,000	900,000
Loans repaid to Conch Holdings	350,000	280,000
Interests on loans	55,603	129,584

(ii) Transactions with other related parties

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Sales of goods	73,798	32,725
Provision of services	6,888	15,883
Purchase of fixed assets	513,350	510,394
Purchase of materials	218,411	308,934
Receiving services	129,871	39,115
Management fee	488	195
Loans to related parties	10,210	219,750
Loans repaid from related parties	205,500	280,000
Interest on loans	3,919	1,821

8. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

25 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Key management personnel remuneration

Remuneration for key management personnel is as follows:

	Six months ended 30 June	
	2013 RMB'000	2012 RMB'000
Short-term employees benefits	812	651
Post-employment benefits	143	103
	955	754
Directors and supervisors	361	221
Senior management	594	533
	955	754

(d) Amounts due from/to related parties

(i) Due from related parties

	At	At
	30 June 2013 RMB'000	31 December 2012 RMB'000
Conch Kawasaki Engineering	132,956	202,126
Conch Kawasaki Equipment	150,337	419,469
Conch Kawasaki Energy Conservation	64,174	81,077
Dragon Mountain	7,191	2,175
Conch Design	1,589	1,541
Conch Venture Property	-	7
Conch Profiles and Science	538	332
Yingde Profiles	14	-
Sanshan Port	660	-
Haichang Port	-	4,782
Chengli Building Material	39,355	24,932
Conch Holdings	381	-
Gaolin Building Material	385	2,227
Haibao Cement	2,892	6,701
	400,472	745,369

8. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

25 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Amounts due from/to related parties (continued)

(ii) Due to related parties

	At 30 June 2013 RMB'000	At 31 December 2012 RMB'000
Conch Kawasaki Engineering	128,179	40,495
Conch Kawasaki Equipment	98,127	112,690
Conch Kawasaki Energy Conservation	47,625	91,623
Dragon Mountain	2,775	698
Conch Design	8,818	2,272
Conch Profiles and Science	1,336	1,894
Sanshan Port	11,251	10,889
Haichang Port	11,579	-
Conch Information	2,745	2,363
Gaolin Building Material	38	666
Conch Holdings	2,049,109	2,025,427
Conch New Materials	1,544	1,847
Conch Venture Property	37,926	-
Conch Property	-	41
	2,401,052	2,290,905

26 CONTINGENT LIABILITIES

At 30 June 2013, outstanding letters of credit issued by the Group amounted to approximately RMB94,923,000 (31 December 2012: RMB105,916,000).

9. Documents for Inspection

- (1) A copy of the financial statements bearing the signatures and seals of the officer-in-charge of each of the Company, the accounting functions and the accounting department;
- (2) Originals of all the corporate documents and the announcements of the Company which were disclosed in the newspapers designated by the CSRC during the Reporting Period;
- (3) A copy of this half-year report of the Company published on the Stock Exchange.

Anhui Conch Cement Company Limited

Guo Wensan

Chairman

15 August 2013