



**2015 INTERIM REPORT**

**Anhui Conch Cement Company Limited**

(A Share: 600585 H Share: 00914)



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. Wong Kun Kau, the independent non-executive Director of the Company did not attend the sixth meeting of the sixth session of the Board of the Company, Mr. Tai Kwok Leung, the independent non-executive Director of the Company, was appointed and authorized to attend and vote on his behalf.

Mr. Guo Wensan (Chairman), Mr. Zhou Bo (Chief accountant) and Ms. Liu Yan (Officer-in-charge of the Finance Department) 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
Board	:	the board of Directors
Director(s)	:	the director(s) of the Company
Supervisory Committee	:	the supervisory committee of the Company
Supervisor(s)	:	the supervisor(s) of the Company
Baimashan Cement Plant	:	Baimashan Cement Plant of Anhui Conch Cement Co., Ltd., a branch company of the Company
Jiangxi Shengta Group	:	Jiangxi Shengta Industrial Group Co., Ltd. and its subsidiaries Ganzhou Tianhe Building Materials Co., Ltd. and Hongrui Building Materials Co., Ltd.
Lushan Conch	:	Jiangxi Lushan Conch Cement Co., Ltd.
Tongren Conch	:	Tongren Conch Panjiang Cement Co., Ltd.
Wuhu Conch	:	Wuhu Conch Cement Co., Ltd.
Indonesia Conch	:	PT Conch Cement Indonesia
Kalimantan Conch	:	PT Conch South Kalimantan Cement
Sdic Papua Cement	:	PT Sdic Papua Cement Indonesia
Conch Holdings	:	Anhui Conch Holdings Co., Ltd.
Conch Venture	:	Anhui Conch Venture Investment Co., Ltd.
CCVH	:	China Conch Venture Holdings Limited
Conch Venture Property	:	Wuhu Conch Venture Property Co., Ltd.
Haichang Port	:	YangZhou Haichang Port Industrial Co., Ltd.
Conch Kawasaki Engineering	:	Anhui Conch Kawasaki Engineering Co., Ltd.

## Definitions

Conch Kawasaki Energy Conservation	:	Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd.
Sanshan Port	:	Wuhu Sanshan Conch Port Co., Ltd.
Chaodong Cement	:	Anhui Chaodong Cement Co., Ltd., a company listed on SSE
Jidong Cement	:	Tangshan Jidong Cement Co., Ltd., a company listed on Shenzhen Stock Exchange
Qingsong Building Materials and Chemicals	:	Xinjiang Qingsong Building Materials and Chemicals (Group) Co., Ltd., a company listed on SSE
WCC	:	West China Cement Limited, a company listed on Hong Kong Stock Exchange
Reporting Period	:	the period from 1 January 2015 to 30 June 2015
Low-NOx staged combustion technology modification	:	the combustion technology that enables staged combustion of coal powder and air under different environment to prevent the formation of NOx emissions
SNCR flue gas denitration technology modification	:	selective non-catalytic reduction denitration technology modification, for the purpose of denitration by spraying ammonia or urea
PRC Accounting Standards	:	China Accounting Standards for Business Enterprises
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

## Definitions

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
Indonesia	:	Indonesia
RMB	:	Renminbi, the lawful currency of the PRC
PRC	:	The People's Republic of China
CSRC	:	China Securities Regulatory Commission
Articles	:	Articles of Association of the Company

# Contents

1. Corporate Profile	6
2. Summary of Accounting Data and Financial Indicators	8
3. Management Discussion and Analysis	11
4. Report of the Directors	22
5. Significant Events	25
6. Changes in Share Capital and Shareholdings of Substantial Shareholders	35
7. Directors, Supervisors, Senior Management and Staff	39
8. Financial Accounting Report (Unaudited)	42
9. Documents for Inspection	76

## 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 8398976
- 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 Representatives** : 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 auditor** : KPMG Certified Public Accountants  
8th Floor, Prince's Building, 10 Chater Road,  
Central, Hong Kong
- PRC auditor** : KPMG Huazhen Certified Public Accountants (Special  
General Partnership)  
8th Floor, Tower E2, 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 2015 (RMB'000)	As at 31 December 2014 (RMB'000)	Increase/ (decrease) over the beginning of the year (%)
Total assets	<b>105,179,724</b>	102,253,097	2.86
Net assets attributable to equity shareholders of the Company	<b>67,781,473</b>	66,216,608	2.36

**Table 2:**

Items	Six months ended 30 June 2015 (RMB'000)	Six months ended 30 June 2014 (RMB'000)	Increase/ (decrease) over the same period of the previous year (%)
Net cash flow generated from operating activities	<b>4,186,543</b>	8,153,994	(48.66)
Revenue	<b>24,223,323</b>	28,784,483	(15.85)
Net profit attributable to equity shareholders of the Company	<b>4,705,345</b>	5,821,291	(19.17)
Net profit attributable to equity shareholders of the Company after extraordinary items	<b>2,815,116</b>	5,553,227	(49.31)
Basic earnings per share (RMB/share)	<b>0.89</b>	1.10	(19.17)
Diluted earnings per share (RMB/share)	<b>0.89</b>	1.10	(19.17)
Basic earnings per share after extraordinary items (RMB/share)	<b>0.53</b>	1.05	(49.31)
Weighted average return on net assets (%)	<b>6.90</b>	9.92	Decreased by 3.02 percentage points
Weighted average return on net assets after extraordinary items (%)	<b>4.13</b>	9.46	Decreased by 5.33 percentage points

## 2. Summary of Accounting Data and Financial Indicators

**Table 3:**

<b>Extraordinary items for the Reporting Period</b>	<b>Amount</b> (RMB'000)
(1) Gain/(Loss) on disposal of non-current assets	1,222,581
(2) Government subsidy	610,950
(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 and available-for-sale financial assets	717,214
(4) Entrusted fee income obtained from entrusted operation	8,266
(5) Charges on share of funds received from non-financial enterprises included in the current income statement	1,339
(6) Other non-operating income and expenses other than the above items	(37,308)
(7) Effect of extraordinary items on income tax	(619,050)
(8) Effect of extraordinary items on minority interests	(13,763)
<b>Total</b>	<b>1,890,229</b>

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

<b>Items</b>	<b>Six months ended 30 June 2015 (RMB'000)</b>	Six months ended 30 June 2014 (RMB'000)	Increase/ (decrease) over the same period of the previous year (%)
Revenue	<b>24,223,323</b>	28,784,483	(15.85)
Net profit attributable to equity shareholders of the Company	<b>4,714,488</b>	5,810,861	(18.87)
<b>Items</b>	<b>As at 30 June 2015 (RMB'000)</b>	As at 31 December 2014 (RMB'000)	Increase/ (decrease) over the beginning of the year (%)
Total assets	<b>105,179,724</b>	102,253,097	2.86
Total liabilities	<b>34,172,875</b>	33,026,013	3.47

## 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 2015 (RMB'000)	Six months ended 30 June 2014 (RMB'000)	As at 30 June 2015 (RMB'000)	As at 31 December 2014 (RMB'000)
As reported in the statutory financial statements in accordance with the PRC Accounting Standards	<b>4,705,345</b>	5,821,291	<b>67,781,473</b>	66,216,608
- Deferral of subsidy income not subject to "China Accounting Standards for Business Enterprises No.16 – Government Subsidy" in accordance with the IFRS	<b>9,143</b>	(10,430)	<b>(357,489)</b>	(366,632)
As reported in accordance with the IFRS	<b>4,714,488</b>	5,810,861	<b>67,423,984</b>	65,849,976

## 3. Management Discussion and Analysis

### MACRO-ENVIRONMENT

During the first half of 2015, the growth of the PRC's economy slowed down. The year-on-year GDP growth rate was 7%, down by 0.4 percentage point as compared to the corresponding period of last year. Fixed asset investments across the country saw an 11.4% year-on-year growth rate, which was 5.9 percentage points lower than that of the same period of last year. Property investment sustained a year-on-year increase of 4.6%, down by 9.5 percentage points from that of the same period of last year. (Source: *National Bureau of Statistics of China*)

During the first half of 2015, the PRC's cement production volume amounted to 1,080 million tonnes, representing a 5.3% year-on-year decrease, which showed a variation of 8.9 percentage points from that of the same period last year. Investments in the PRC cement industry was down by 12.3% year-on-year to RMB43.17 billion. Affected by the year-on-year decrease in the growth rate of fixed asset investment and property investment, cement market demand was relatively weak, leading to intensified market competition and a significant year-on-year decline in cement price. As a result, the industry's profitability decreased significantly. (Source: *Digital Cement*)

### ANALYSIS OF OPERATIONAL CONDITIONS

#### Operations

During the first half of 2015, facing the downward pressure from the PRC macro-economy, the Group took proactive measures to overcome the adverse effects of various factors including slowdown in the growth rate of fixed asset investment and property investment and rapid decline in industry demand. Furthermore, in light of the unique characteristics of each regional market and changes in market conditions, the Group adjusted its marketing strategy in a timely manner and made active efforts in market development to maintain its growth in market share. The Group also leveraged its competitive edge in bulk centralized procurement and optimized the procurement channels of raw materials and fuel to lower the procurement costs. Moreover, the Group strengthened indicator management and optimized production organization to improve operation quality.

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group's revenue arising from its principal activities amounted to RMB23,586 million, representing a decrease of 15.67% from that for the same period of last year; its net profit attributable to equity shareholders of the Company amounted to RMB4,705 million, representing a decrease of 19.17% from that for the same period of last year; and earnings per share were RMB0.89. In accordance with the IFRS, the revenue amounted to RMB24,223 million, representing a decrease of 15.85% from that for the same period of last year; its net profit attributable to equity shareholders of the Company amounted to RMB4,714 million, representing a decrease of 18.87% from that for the same period of last year; and earnings per share were RMB0.89.

### 3. Management Discussion and Analysis

During the Reporting Period, the Group promoted steady progress in project construction. Four clinker production lines of Guiyang Conch Panjiang Cement Co., Ltd. and Qiyang Conch Cement Co., Ltd. as well as 11 cement grinding units of Lushan Conch and Linxia Conch Cement Co., Ltd. had successively completed construction and been put into operation. Meanwhile, construction of three aggregate projects of Yiyang Conch Cement Co., Ltd. had been completed, with the clinker, cement and aggregate production capacity increased by 9.7 million tonnes, 12.1 million tonnes and 5.5 million tonnes respectively. In addition, the Group successfully acquired Jiangxi Shengta Group, increasing its clinker and cement production capacity by 4.8 million tonnes and 5.4 million tonnes respectively.

With regard to international development, the phase-two project of PT Conch South Kalimantan Cement, the Merak grinding mill project and the projects in Maros and Papua Barat in Indonesia, as well as the project in Kyaukse of Burma made smooth progress. In addition, for the cement projects in Vientiane and Luang Prabang of Laos as well as Battambang of Cambodia, the relevant preliminary works are underway.

Meanwhile, the Group continued to push ahead with the development of energy conservation and environmental protection in cement projects. The seven residual heat electricity generation units located at Tongren Conch, Bazhong Conch Cement Co., Ltd. and other companies had been put into operation with an additional installed capacity of 58.5MW. The Group continued to implement Low-NO<sub>x</sub> staged combustion technology modification and SNCR flue gas denitration technology modification for clinker production lines. As at the end of the Reporting Period, the Group completed denitration technology modification to all its operating production lines, which were running smoothly.

As at the end of the Reporting Period, the clinker, cement and aggregate production capacity of the Group reached 227 million tonnes, 285 million tonnes and 19.9 million tonnes respectively, and the total installed capacity of residual heat electricity generation amounted to 1,060MW.

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

#### **Sales Market Overview**

During the Reporting Period, the Group realised an aggregate net sales volume of cement and clinker of 115 million tonnes, representing a year-on-year growth of 1.6%. Meanwhile, the sales revenue decreased by 15.67% as compared to the same period of last year due to a decrease in product composite selling price.



### 3. Management Discussion and Analysis

#### Market and sales by region

Region	Sales amount by region					
	Six months ended 30 June 2015		Six months ended 30 June 2014		Change in sales amount (%)	Change in sales proportion (Percentage points)
	Sales amount	Percentage	Sales amount	Percentage		
	(RMB'000)	(%)	(RMB'000)	(%)		
East China <sup>Note 1</sup>	6,894,863	29.23	9,403,660	33.62	(26.68)	(4.39)
Central China <sup>Note 2</sup>	6,317,752	26.79	7,113,969	25.43	(11.19)	1.36
South China <sup>Note 3</sup>	4,507,613	19.11	5,173,197	18.50	(12.87)	0.61
West China <sup>Note 4</sup>	5,012,726	21.25	5,511,713	19.71	(9.05)	1.54
Export and overseas	853,426	3.62	767,743	2.74	11.16	0.88
<b>Total</b>	<b>23,586,380</b>	<b>100.00</b>	<b>27,970,282</b>	<b>100.00</b>	<b>(15.67)</b>	<b>-</b>

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;
4. West China includes Sichuan province, Chongqing, Guizhou province, Yunnan province, Gansu province, Shaanxi province and Xinjiang.

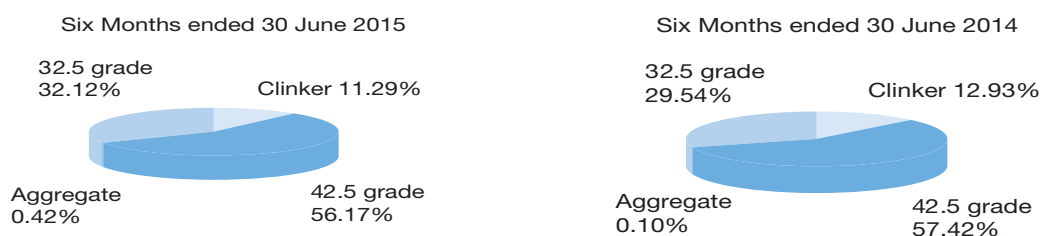
During the Reporting Period, with the mergers and acquisitions made by the Company and the release of production capacity of the new projects, which further reinforced the Group's market dominance and competitiveness in Central and West China, the sales volume of cement and clinker increased by 4.4% and 5.9% respectively on a year-on-year basis. Meanwhile, with the recovery of the international cement market and the success of the Group's efforts in exploring the Indonesian market, the sales volume in the export and overseas markets increased by 22% on a year-on-year basis.

#### Sales by type of products

During the Reporting Period, as the Group stepped up its efforts to promote sales of cement and reduced the proportion of clinker sold to external parties, the sales contribution of the 32.5-grade cement increased by 2.58 percentage points year-on-year to 32.12%, while the sales contribution of clinker decreased by 1.64 percentage points year-on-year to 11.29%. The Group also realized sales of aggregate in an amount of 4.1198 million tonnes.

### 3. Management Discussion and Analysis

#### Percentage of sales amount by type of products



#### PROFIT ANALYSIS

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

Item	Amount		Change from that of the corresponding period of last year (%)
	Six months ended 30 June 2015 (RMB'000)	Six months ended 30 June 2014 (RMB'000)	
Revenue from principal activities	<b>23,586,380</b>	27,970,282	(15.67)
Profit from operations	<b>5,457,310</b>	7,365,511	(25.91)
Profit before taxation	<b>6,241,954</b>	7,845,209	(20.44)
Net profit attributable to equity shareholders of the Company	<b>4,705,345</b>	5,821,291	(19.17)

During the Reporting Period, due to the substantial decrease in product prices, the Group's profit from operations, profit before taxation and net profit attributable to equity shareholders of the Company recorded a year-on-year decrease of 25.91%, 20.44% and 19.17% respectively.

### 3. Management Discussion and Analysis

#### Gross profit by type of products for the six months ended 30 June 2015 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	13,249,556	9,528,279	28.09	37.66	(9.57)
32.5 grade cement	7,576,292	5,208,757	31.25	38.22	(6.97)
Clinker	2,662,520	2,036,728	23.50	29.31	(5.81)
Aggregate	98,012	51,719	47.23	50.00	(2.77)
<b>Total</b>	<b>23,586,380</b>	<b>16,825,483</b>	<b>28.66</b>	<b>36.76</b>	<b>(8.1)</b>

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

During the Reporting Period, affected by the substantial decrease in product prices, the consolidated gross profit margin recorded a year-on-year decrease of 8.1 percentage points to 28.66%, while the gross profit margin of the 42.5-grade cement decreased by 9.57 percentage points on a year-on-year basis.

#### ANALYSIS OF COSTS AND EXPENSES

##### Comparison of consolidated costs

Item	Six months ended 30 June 2015		Six months ended 30 June 2014		Change in unit cost (%)	Change in costs proportion (Percentage points)
	Unit cost (RMB/ton)	Percentage to total cost (%)	Unit cost (RMB/ton)	Percentage to total cost (%)		
Raw materials	27.88	19.05	30.95	19.88	(9.92)	(0.83)
Fuel and power	85.35	58.33	94.99	61.02	(10.15)	(2.69)
Depreciation expense	13.11	8.96	11.88	7.63	10.35	1.33
Labor cost and others	19.99	13.66	17.84	11.47	12.05	2.19
<b>Total</b>	<b>146.33</b>	<b>100.00</b>	<b>155.66</b>	<b>100.00</b>	<b>(5.99)</b>	<b>-</b>

During the Reporting Period, the Company recorded consolidated costs of RMB146.33/tonne, representing a year-on-year decrease of RMB9.33/tonne or 5.99%, which was mainly attributable to the decrease in coal price and further improvement in the key guidance such as consumption of coal and electricity.

### 3. Management Discussion and Analysis

#### 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)
Selling expenses	1,370,136	1,319,472	5.81	4.72	1.09
Administrative expenses	1,314,465	1,081,259	5.57	3.86	1.71
Financial expenses (net)	324,965	370,806	1.38	1.33	0.05
<b>Total</b>	<b>3,009,566</b>	<b>2,771,537</b>	<b>12.76</b>	<b>9.91</b>	<b>2.85</b>

During the Reporting Period, the Group's selling, administrative and financial expenses in aggregate as a percentage to revenue generated from principal activities was 12.76%, up by 2.85 percentage points as compared to the corresponding period of last year. The increase was mainly attributable to the decrease in revenue generated from principal activities as compared to the corresponding period of last year as a result of the decline in product prices.

### 3. Management Discussion and Analysis

#### FINANCIAL POSITION

##### Asset and liability overview

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

Item	30 June	31 December	Change as at
	2015	2014	the end of the
	(RMB'000)	(RMB'000)	Reporting Period
			as compared
			to those at the
			beginning of
			the year
			(%)
Fixed assets	<b>61,371,695</b>	57,250,500	7.20
Current and other assets	<b>43,808,029</b>	45,002,597	(2.65)
Total assets	<b>105,179,724</b>	102,253,097	2.86
Current liabilities	<b>22,867,334</b>	14,397,009	58.83
Non-current liabilities	<b>10,930,383</b>	18,244,847	(40.09)
Minority interests	<b>3,600,534</b>	3,394,633	6.07
Equity attributable to shareholders of the Company	<b>67,781,473</b>	66,216,608	2.36
Total liabilities and equity	<b>105,179,724</b>	102,253,097	2.86

As at the end of the Reporting Period, the Group's total assets and liabilities prepared in accordance with the PRC Accounting Standards amounted to RMB105,179.72 million and RMB33,797.72 million respectively, representing an increase of 2.86% and 3.54% respectively as compared to those at the end of the previous year. As at the end of the Reporting Period, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 32.13%, which basically remained the same as compared to that at the end of the previous year.

Please refer to Note 25 to the Financial Accounting Report (Unaudited) in this report for information on the contingent liabilities of the Group.

As at the end of the Reporting Period, equity attributable to shareholders of the Company amounted to RMB67,781.47 million, representing an increase of 2.36% as compared to that at the end of the previous year; net assets per share attributable to shareholders of the Company was RMB12.79.



### 3. Management Discussion and Analysis

As at the end of the Reporting Period, the Group's net fixed assets prepared in accordance with the PRC Accounting Standards amounted to RMB61,371.70 million, representing an increase of 7.2% as compared to that at the end of the previous year; current liabilities amounted to RMB22,867.33 million, representing an increase of 58.83% as compared to that at the end of the previous year, which was mainly due to an increase in non-current liabilities due within one year of RMB6,410.82 million when compared to that at the end of last year.

As at the end of the Reporting Period, the Group's total current assets prepared in accordance with the PRC Accounting Standards amounted to RMB25,975.89 million, with a current ratio of 1.14 (as at the end of last year: 1.74). The Group' total current assets and total current liabilities prepared in accordance with the IFRSs amounted to RMB26,176.62 million and RMB22,867.33 million respectively, with a net gearing ratio of 0.20 (as at the end of last year: 0.11). Net gearing ratio was calculated as follows: interest-bearing liabilities minus cash and cash equivalents and divided by shareholders' equity.

#### Liquidity and Source of Funds

Maturity analysis of bank loans and other borrowings of the Group as at the end of the Reporting Period is as follows:

	<b>As at 30 June 2015 (RMB'000)</b>	As at 31 December 2014 (RMB'000)
Due within 1 year	<b>2,843,525</b>	2,329,167
Due after 1 year but within 2 years	<b>536,607</b>	799,273
Due after 2 years but within 5 years	<b>1,035,022</b>	1,095,273
Due after 5 years	<b>94,761</b>	209,975
<b>Total</b>	<b>4,509,915</b>	4,433,688

As at the end of the Reporting Period, the Group's aggregate borrowings were RMB4,509.92 million, representing an increase of RMB76.23 million as compared to that at the beginning of the year. The increase was mainly attributable to the increase in borrowings of the Group's subsidiaries during the Reporting Period.

Save for the aforesaid borrowings, the Group had outstanding corporate bonds in a principal amount of RMB15.5 billion, of which RMB7 billion would be due within 1 year, RMB5 billion would be due after 2 years but within 5 years and RMB3.5 billion would be due after 5 years.

During the Reporting Period, the Group's source of funding was mainly the net cash flow generated from operating activities and realization of investments.

### 3. Management Discussion and Analysis

#### Analysis of Cash Flow

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

	Six months ended 30 June 2015 (RMB'000)	Six months ended 30 June 2014 (RMB'000)
Net cash flows generated from operating activities	4,186,543	8,153,994
Net cash flows generated from investment activities	(7,412,600)	(2,872,739)
Net cash flows generated from financing activities	(3,776,931)	(4,868,755)
Effect of exchange rate movement on cash and cash equivalents	(15,100)	2,469
Net increase/(decrease) in cash and cash equivalents	(7,018,088)	414,968
Balance of cash and cash equivalents at the beginning of the Reporting Period	12,512,121	6,518,932
Balance of cash and cash equivalents at the end of the Reporting Period	5,494,033	6,933,900

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB4,187 million, representing a year-on-year decrease of RMB3,967 million. Such decrease was mainly due to the decrease in revenue as compared to the corresponding period of last year as a result of the decrease in the Group's product selling prices.

During the Reporting Period, the Group's net cash outflows generated from investment activities increased by RMB4,540 million as compared to that for the corresponding period of last year, mainly due to the increase in time deposits with maturity over three months.

During the Reporting Period, the Group's net cash outflows generated from financing activities decreased by RMB1,092 million as compared to that for the corresponding period of last year, mainly due to the decrease in repayment of borrowings due as compared to that of the corresponding period of last year.

#### Capital Expenditure

During the Reporting Period, capital expenditure of the Group amounted to RMB4,330 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 of projects.

### 3. Management Discussion and Analysis

As at 30 June 2015, capital commitments in respect of the purchase of machinery and equipment for production that were committed but had not been provided for in the accounts are set out as follows:

	<b>As at 30 June 2015 (RMB'000)</b>	As at 31 December 2014 (RMB'000)
Authorized and contracted for	<b>2,478,675</b>	2,416,216
Authorized but not contracted for	<b>4,302,882</b>	5,518,527
<b>Total</b>	<b>6,781,557</b>	7,934,743

#### EXCHANGE RATE RISK AND RELATED HEDGING BY FINANCIAL INSTRUMENTS

During the Reporting Period, in order to mitigate the exposure to exchange rate risk, the Group applied the relevant financial instruments for hedging purposes. Given the increased two-way volatility in the exchange rate movement between RMB and US Dollar and in light of fluctuations in the exchange rate market, the Group adopted a monthly roll forward approach to lock in various forward exchange rates, so as to mitigate exposure to the exchange rate fluctuation risk.

#### PROSPECTS FOR THE SECOND HALF OF THE YEAR

In the second half of 2015, the PRC economy is expected to maintain a steady and positive development momentum. Effects of the fiscal and monetary policies promulgated in the first half of the year will gradually be realised, which will drive a steady and accelerating growth rate in investments.

For the cement industry, it is expected that the supply-demand condition will improve in the second half of the year. On the demand side, the implementation of various regional strategies including the State policy of “One Belt and One Road”, “Yangtze River Economic Belt” and “the Rise of Central China” will help accelerating construction progress of the key projects that are under development; this together with commencement of construction of new projects are expected to lead to improvement in the growth rate in infrastructure investments such as railways, urban rail transportation system, airports and hydraulic facilities during the second half of the year. With the recovery of the commodity housing market in the first half of the year, the growth rate in property development investment is expected to rise steadily in the second half of the year. All these will effectively drive growth in the demand for cement. On the supply side, the strict implementation of the “Emission Standard of Air Pollutants for Cement Industry” (with effect from 1 July 2015) and the

### 3. Management Discussion and Analysis

intensified implementation of the new “Environmental Protection Law” will accelerate the phase-out of small cement enterprises that fall short of environmental standards, thereby further narrowing the gap between supply and demand in the cement industry. Furthermore, higher concentration of the industry will promote healthier competition in the market, which will facilitate increase in the cement price.

In the second half of the year, the Group will continue to steadily promote the implementation of its development strategy of internationalization. Efforts will be made to push ahead with the construction of the Merak grinding mill project and the cement project in Papua Barat, Indonesia, and cement project in Kyaukse, Burma, as well as to actively carry out the preliminary preparation works for the cement projects in Vientiane and Luang Prabang, Laos, and in Battambang, Cambodia. Meanwhile, seizing the favourable opportunity arising from the structural adjustment of the PRC cement industry, the Group will carry out merger and acquisition activities, so as to further fine-tune its strategic market planning. Moreover, the Group will also accelerate the construction of the aggregate projects to facilitate sustainable development of the Company.

In respect of operation management, the Group will closely monitor changes in the domestic and overseas economic environment, and will thoroughly analyse and assess market conditions to promptly adjust the Company’s marketing strategy in response to market changes, in order to consolidate and expand its market share. Meanwhile, the Group will continue to strengthen benchmark management, leverage its advantage in bulk procurement, capitalize on the opportunity arising from the general decline in market demand, lower the purchase costs of bulk raw materials and fuels such as coal, so as to improve the market competitiveness of its products, and thus strive to create greater value for the shareholders of the Company!

## 4. Report of the Directors

### (1) PRINCIPAL INVESTMENTS DURING THE REPORTING PERIOD

#### 1. Investment in and establishment of project companies during the Reporting Period

- (1) In April 2015, Conch International Holdings (HK) Limited (“Conch International”, a wholly-owned subsidiary established by the Company in Hong Kong) and Cambodia KT Pacific Group Limited (“KT Group”) invested in and established Battambang Conch Cement Company Limited (“Battambang Conch”), which is located in Battambang, Cambodia, with the initial registered capital of US\$1 million. Conch International and KT Group contributed US\$0.51 million and US\$0.49 million respectively, representing 51% and 49% of the registered capital of Battambang Conch respectively.
- (2) In June 2015, in order to acquire the cement assets of Jiangxi Shengta Group, the Company and Guangzhou Qianzhou Investment Company Limited (“Qianzhou Investment”, a company invested and established by the former shareholders of Jiangxi Shengta Group) invested in and established Ganzhou Conch Cement Co., Ltd. (“Ganzhou Conch”). The registered capital of Ganzhou Conch is RMB400 million. The Company and Qianzhou Investment contributed RMB220 million and RMB180 million in cash respectively, representing 55% and 45% of the registered capital of Ganzhou Conch.

Jiangxi Shengta Group is located in Ganzhou City, and currently owns one 3,500t/d and two 5,000t/d new dry-process cement and clinker production lines as well as an ancillary cement grinding mill with an annual production capacity of 5.4 million tonnes.

#### 2. Capital increase in subsidiaries during the Reporting Period

- (1) In April 2015, the Company made cash injection to Lushan Conch, with the total amount of capital contribution amounting to RMB68.58 million. After completion of the capital increase, the registered capital of Lushan Conch increased from RMB31.42 million to RMB100 million, and the Company will retain its 100% equity interest in Lushan Conch.
- (2) In May 2015, the Company made cash injection to Yangchun Conch Cement Co., Ltd. (“Yangchun Conch”), with the total amount of capital contribution amounting to RMB370 million. After completion of the capital increase, the registered capital of Yangchun Conch increased from RMB180 million to RMB550 million, and the Company will retain its 100% equity interest in Yangchun Conch.



## 4. Report of the Directors

- (3) In January 2015, the Company made cash injection to Yueqing Conch Cement Co., Ltd. (“Yueqing Conch”), with the total amount of capital contribution amounting to RMB88 million. After completion of the capital increase, the registered capital of Yueqing Conch increased from RMB150 million to RMB238 million, and the Company will retain its 100% equity interest in Yueqing Conch.
- (4) In January 2015, the Company made cash injection to Qianxinan Resource Development Co., Ltd. (“Qianxinan”), with the amount of capital contribution amounting to RMB20.4 million. After completion of the capital increase, the registered capital of Qianxinan increased from RMB210 million to RMB250 million, and the Company will retain its 51% equity interest in Qianxinan.
- (5) In January 2015, the Company made cash injection to Tongren Conch, with the amount of capital contribution amounting to RMB130.05 million. After completion of the capital increase, the registered capital of Tongren Conch increased from RMB255 million to RMB510 million, and the Company will retain its 51% equity interest in Tongren Conch.

### 3. Shareholdings in other listed companies

During the Reporting Period, the Company formed an equity partnership with WCC by subscribing for a total of 903,400,000 new shares (representing 16.67% of the enlarged total issued shares of WCC) in WCC at a subscription price of HK\$1.69 per share, so as to push forward the implementation of our development strategy and further enhance our market coverage in West China. As at the end of the Reporting Period, the Group’s shareholdings in listed companies are set out as follows:

Stock code	Short name	Initial investment costs (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	965,343,507	-	524,223,667
000401	Jidong Cement	2,161,423,434	19.84	13.93	2,468,307,311	648,698,777	539,869,376
600425	Qingsong Building Materials and Chemicals	813,754,120	28.17	10.62	798,946,510	1,193,470,189	1,193,472,912
2233	WCC	1,204,113,019	-	16.67	1,204,113,019	-	-
<b>Total</b>		<b>4,277,310,268</b>			<b>5,436,710,347</b>	<b>1,842,168,966</b>	<b>2,257,565,955</b>

## 4. Report of the Directors

The shares held by the Group in Chaodong Cement and Jidong Cement were recognized as “available-for-sale financial assets”, while the shares in Qingsong Building Materials and Chemicals and WCC were recognized as “long-term equity investments”.

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

During the Reporting Period, there was no major investment project with a total investment amount exceeding 10% of the audited net assets of the Company of the previous year. For details of the investment projects of the Company during the Reporting Period, please refer to the subparagraph headed “Operations” under the paragraph headed “Analysis of Operational Conditions” under Chapter Three “Management Discussion and Analysis” of this report.

### 5. Principal majority-owned subsidiaries and invested companies

As at 30 June 2015, the Company had 124 majority-owned subsidiaries, 4 jointly-controlled entities and 3 associated entities. During the Reporting Period, there was no subsidiary or invested company in which the Company’s share of its net profit or investment income accounted for more than 10% of the net profit of the Company.

### 6. Financial entrustment

During the Reporting Period, there were no financial entrustment activities, nor there subsisted any financial entrustments which were extended from the previous periods.

## (2) IMPLEMENTATION OF THE 2014 PROFIT DISTRIBUTION PROPOSAL OF THE COMPANY

On 2 June 2015, the profit distribution proposal for the year 2014 was approved at the 2014 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 2014, under such proposal, the Company paid to all the shareholders of the Company a cash dividend of RMB6.50 (tax inclusive) for every 10 shares held, totaling RMB3,444,546,676.35 (tax inclusive). As at the end of the Reporting Period, the above dividend was paid to all the shareholders whose names appeared in the register of members of the Company 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 2015.

## 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 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 provided legal advice 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 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 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.

## 5. Significant Events

### (3) EVENTS REGARDING INSOLVENCY AND RESTRUCTURING

During the Reporting Period, there was no event regarding insolvency or restructuring of the Group.

### (4) ACQUISITIONS AND DISPOSALS OF MATERIAL ASSETS

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

### (5) STOCK OPTION INCENTIVE SCHEME

During the Reporting Period, the Group did not formulate and implement any stock option incentive scheme.

### (6) 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 related to daily operations

##### (1) Use of trademarks

On 23 September 1997, the Company and Conch Holdings, being its controlling shareholder, 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 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 trademark to Conch Holdings.

During the Reporting Period, the Group did not pay 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 requirement.

## 5. Significant Events

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

On 23 January 2015, 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 a purchase price of no more than RMB185 million and a validity period from the date of the contract to 31 December 2015. Due to several market factors, the diesel oil market changed relatively fast and the diesel oil price fluctuated frequently, therefore the Company purchased diesel oil from Sanshan Port at prices which will be adjusted in line with the market conditions, and mainly based on the governmental guidance prices for the month with appropriate discounts, provided that the monthly settlement price shall not be higher than the purchase price offered to similar subsidiaries of the Company by independent third-party suppliers. Payment would be settled on a monthly basis.

During the Reporting Period, for the performance of the above-mentioned naphtha supply contract, the Group procured diesel oil from Sanshan Port for an amount of RMB70.95 million.

### (3) *Transaction with Haichang Port – coal transfer services*

On 23 January 2015, 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 a contract sum of RMB70 million and a validity period commencing from the date of the contract and expiring on 31 December 2015. 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 and the fees charged by other ports which were independent third parties for the same kind of services provided to the Group, provided that such fees charged by Haichang Port shall not be higher than the prices offered by independent third-party ports to the Group. 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 RMB28.43 million.

## 5. Significant Events

### (4) *Transaction with Haichang Port – Sale of aggregate*

On 23 January 2015, as approved by the Board, Anhui Tongling Conch Cement Co., Ltd. (“Tongling Conch”, a wholly-owned subsidiary of the Company) and Haichang Port entered into an aggregate sale and purchase contract, with a contract sum of no more than RMB3.9 million and a validity period commencing from the date of the contract and expiring on 31 December 2015. The price was determined mainly with reference to the prevailing market prices and adjusted in line with the market price fluctuations, with reference to the selling prices and policies for sale of aggregate of similar specification offered to the independent third-party customers in the same region by Tongling Conch in the same period. Payment would be advanced prior to delivery.

During the Reporting Period, for the performance of the above mentioned aggregate sale and purchase contract, the transaction amount paid by Haichang Port to the Group amounted to RMB0.1 million.

### (5) *Transaction with CV Green and Bozhou CV Green – Sale of cement*

On 23 January 2015, as approved by the Board, Baimashan Cement Plant, a branch company of the Company and Anhui Conch Venture New Energy-saving Building Material Co., Ltd. (“CV Green”) entered into a cement sale and purchase contract. On the same day, Bozhou Conch Cement Co., Ltd. (“Bozhou Conch”, a wholly-owned subsidiary of the Company) and Bozhou Conch Venture New Energy-saving Building Material Co., Ltd. (“Bozhou CV Green”) entered into a cement sale and purchase contract, with an aggregate contract sum of no more than RMB28.60 million and the validity period of each contract commencing from the date of the respective contract and expiring on 31 December 2015. The price was determined mainly with reference to the prevailing market prices and adjusted in line with the market price fluctuations, with reference to the selling prices and policies for cement products of similar specification offered by Baimashan Cement Plant and Bozhou Conch to the independent third-party customers in the same region in the same period. Payment would be advanced prior to delivery.

During the Reporting Period, for the performance of the two above mentioned cement sale and purchase contracts, the transaction amount paid by CV Green and Bozhou CV Green to the Group amounted to RMB13.57 million.

## 5. Significant Events

### (6) *Maintenance of anti-wearing parts of equipments and procurement of spare parts*

On 23 January 2015, as approved by the Board, the Company and Conch Kawasaki Energy Conservation entered into a contract on maintenance of anti-wearing parts and procurement of spare parts, pursuant to which Conch Kawasaki Energy Conservation would provide maintenance services such as surfacing welding on the anti-wearing parts of main units of cement and clinker production lines for the subsidiaries of the Company, and the Company would procure milling equipments, boilers and other equipments as necessary from Conch Kawasaki Energy Conservation. The total contract sum was RMB130 million. As stipulated in the aforesaid contract, the maintenance cost (including surfacing welding) of anti-wearing parts was determined through negotiations between the parties mainly based on costs (including welding wire, ancillary materials, utilities, replacement of parts, etc) and prevailing market prices; the cost of spare parts was determined through negotiations between the parties with reference to the prevailing market prices and at certain discounts to the Group, provided that the aforesaid service and spare parts costs shall not be higher than those offered by Conch Kawasaki Energy Conservation to other independent third-party customers.

During the Reporting Period, for the performance of the above mentioned contract on maintenance of anti-wearing parts and procurement of spare parts, the transaction amount paid by the Group to Conch Kawasaki Energy Conservation amounted to RMB38.3 million.

For further details regarding the connected transactions as set out in items (2) to (6) above, please refer to the Company's announcement dated 23 January 2015 published on the website of the Stock Exchange and the website of the Company, and the Company's announcement dated 24 January 2015 published on the SSE website and Shanghai Securities Journal. The continuing connected transactions as set out in items (2) to (6) above are not subject to the independent shareholders' approval requirements.

### **2. Residual heat electricity generation and coal-fired power plant projects**

On 21 May 2015, as approved by the Board, the Company and Conch Kawasaki Engineering entered into a contract of equipment supply and design for residual heat electricity generation projects, pursuant to which Conch Kawasaki Engineering had agreed to supply equipment and design services for a whole set of equipment for the construction of residual heat electricity generation projects to the subsidiaries of the Company. On the same day, Kalimantan Conch (a subsidiary of the Company) and Conch Kawasaki Engineering entered into a contract of equipment supply and design for coal-fired power plant projects, pursuant to which Conch Kawasaki Engineering had agreed to supply equipment and design services



## 5. Significant Events

for the construction of coal-fired power plant project to Kalimantan Conch. The aggregate contract sum for both contracts amounted to RMB258.35 million. The price as stipulated in the aforesaid two contracts 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 prices 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 two contracts (and only such contracts), the transaction amount paid by the Group to Conch Kawasaki Engineering amounted to RMB19.2 million; in connection with the performance of relevant contracts entered into in previous years, the accumulated transaction amount paid by the Group during the Reporting Period to Conch Kawasaki Engineering amounted to RMB30.22 million.

For further details, please refer to the Company's announcement dated 21 May 2015 published on the website of the Stock Exchange and the website of the Company respectively, and the Company's announcement dated 22 May 2015 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 21 May 2015, as approved by the Board, the Company and Conch Kawasaki Energy Conservation entered into a sale and purchase contract on milling equipment, pursuant to which the Company agreed to purchase 5 sets of milling equipments from Conch Kawasaki Energy Conservation, which would be installed at the cement and clinker production lines of the subsidiaries of the Company. The total contract sum was RMB92.45 million. The price as stipulated in the sale and purchase contract on milling equipment was mainly determined through negotiations between the parties based on the manufacturing costs of equipment, the prevailing market prices and the prices 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, in the context of the performance of the above sale and purchase contract on milling equipment (and only such contract), no transaction amount was incurred by the Group payable to Conch Kawasaki Energy Conservation; in connection with the performance of relevant contracts entered into in previous years, the accumulated transaction amount paid by the Group during the Reporting Period to Conch Kawasaki Energy Conservation amounted to RMB28 million.

## 5. Significant Events

For further details, please refer to the Company's announcement dated 21 May 2015 published on the website of the Stock Exchange and the website of the Company, and the Company's announcement dated 22 May 2015 published on the SSE website and Shanghai Securities Journal. Such connected transactions are not subject to the independent shareholders' approval requirements.

### 4. Non-operating business transactions with related parties

#### (1) *Provision of interest-bearing loans to Sdic Papua Cement*

During the Reporting Period, as approved by the Board, the Company provided a loan in an amount of RMB59,979,700 to Sdic Papua Cement (in which the Company holds 49% equity interests) to finance the construction of projects of Sdic Papua Cement and to effectively control the financing costs of overseas project construction. The loan is scheduled to be repaid by 10 December 2015, and carries interests with reference to the benchmark lending rate for loans with the same maturity published by the People's Bank of China (at an annualized interest rate of 5.35%).

Given that Mr. Wang Jianchao, an executive Director and the general manager of the Company, is also the deputy chairman of Sdic Papua Cement and Mr. Ding Feng, the vice general manager of the Company, is also a director of Sdic Papua Cement, Sdic Papua Cement is a related party of the Company in accordance with the SSE Listing Rules, and transactions with the Group constitute related party transactions. However, as the transaction amount was less than 0.5% of the latest published audited net asset value of the Group, the transaction was not subject to ad hoc announcement requirement. In accordance with the HKSE Listing Rules, the abovementioned transaction does not constitute a connected party transaction of the Company.

The loan was financed by the internal resources of the Company, and the provision of the loan did not have any impact on the operation of the Company.

#### (2) *Provision of interest-bearing loans to Sino-Myanmar International Trading Co., Ltd. ("Sino-Myanmar International")*

During the Reporting Period, as approved by the Board, the Company provided a loan in an amount of RMB68,325,600 to Sino-Myanmar International (in which the Company holds 45% equity interests) to finance the operation of international trading business of Sino-Myanmar International and to facilitate the construction of the cement project in Kyaukse, Burma. The loan is scheduled to be repaid by 28 February 2016, and carries interests at an annualized rate of 6.4%.

## 5. Significant Events

Given that Mr. Ding Feng, the vice general manager of the Company, is also a director of Sino-Myanmar International, Sino-Myanmar International is a related party of the Company in accordance with the SSE Listing Rules, and transactions with the Group constitute related party transactions. However, as the transaction amount was less than 0.5% of the latest published audited net asset value of the Group, the transaction was not subject to ad hoc announcement requirement. In accordance with the HKSE Listing Rules, the abovementioned transaction does not constitute a connected transaction of the Company.

The loan was financed by the internal resources of the Company, and the provision of the loan did not have any impact on the operation of the Company.

### (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.

#### 2. Guarantees

During the Reporting Period, all the external guarantees of the Company were in compliance with the approval procedures of the Board and/or the general meeting, and the guarantees provided by the Company to its controlling subsidiaries and invested companies in aggregate amounted to RMB1,101.25 million, all being guarantees for collateral liabilities, the details of which are as follows:

Guaranteed 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	Guiding Conch Panjiang Cement Co., Ltd. ("Guiding Conch")	50%	25,000	one year	2015.04.08	working capital	Agricultural Bank of China, Guiding Branch
2	Guizhou Liukuangruian Cement Co., Ltd. ("Liukuangruian")	51%	150,000	one year	2015.05.21	working capital	Agricultural Bank of China, Liuzhi Branch
3	Liukuangruian	51%	100,000	ten months	2015.02.02	working capital	Bank of China, Liuzhi Branch
4	Kalimantan Conch	71.25%	US\$20million (122,270)	three months	2015.06.17	working capital	Bank of America, Jakarta Branch
5	Sdic Papua Cement	49%	US\$115.15million (703,980)	ten years	2015.06.03	project construction investments	Bank of China, Jakarta Branch
<b>Total</b>			<b>1,101,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 5. Significant Events

Notes:

- (1) The Company provided a guarantee for loans granted to Guiding Conch on a pro rata basis in accordance with its shareholding proportion;
- (2) The Company provided full guarantee for loans granted to Liukuangruian, Liuzhi Gongkuang (Group) Co., Ltd. (a shareholder holding 49% equity interests in Liukuangruian) provided equity pledge;
- (3) The Company provided full guarantee for the loans of Kalimantan Conch in an amount of US\$20 million, and Changxing Materials (International) Co., Ltd. (a shareholder holding 25% interests in Indonesia Conch and 28.75% interests in Kalimantan Conch) provided counter-guarantee to the Company for these loans on a pro rata basis in accordance with its shareholding proportion. The RMB-denominated amounts of the guarantees provided by the Company for the loans of Kalimantan Conch in an amount of US\$20 million and for the loans of Sdic Papua Cement in an amount of US\$115.15 million were translated at the exchange rate of the US Dollar against Renminbi on 30 June 2015.

During the Reporting Period, the guarantees provided by the Company for other entities other than subsidiaries of the Company (i.e. Sdic Papua Cement as shown in the above table) amounted to RMB703.98 million. Save as disclosed above, 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. As at the end of the Reporting Period, the balance of the external guarantees provided by the Company (excluding those provided for its subsidiaries) amounted to RMB703.98 million.

During the Reporting Period, the guarantees provided by the Company for its subsidiaries in aggregate amounted to RMB397.27 million. As at the end of the Reporting Period, the balance of the guarantees provided by the Company for its subsidiaries in aggregate amounted to RMB2,835.91 million.

As at the end of the Reporting Period, the aggregate amount of external guarantees provided by the Company (including those provided for its subsidiaries) amounted to RMB3,539.89 million, representing 5.4% of the Company's net assets as at the end of the Reporting Period.

As of 30 June 2015, Ningguo Cement Plant of Anhui Conch Cement Co, Ltd., a branch company of the Company and Baimashan Cement Plant pledged their assets with a book value of approximately RMB450 million to International Finance Corporation as security for their long-term loan due within one year in the sum of RMB650 million.

As at 30 June 2015, 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.

## 5. Significant Events

### (8) COMMITMENTS

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 the Company such as rights to vote, nominate and elect Directors/Supervisors of the Company, so long as it holds the Company's shares. During the Reporting Period, Conch Venture has complied with the above undertakings.

### (9) AUDIT COMMITTEE

An audit committee ("Audit Committee") of the Board has been established by the Company. The terms of reference adopted by the Audit Committee 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. 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 interim report of 2015 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 present Directors, Supervisors, senior management members, controlling shareholder and de facto controller were subject to any penalties imposed by the relevant authorities.

(11) As at the end of the reporting period and up to the date of this interim report, there was no occurrence of any event that might impose material impacts on the Group.

## 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

### (2) TOTAL NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS OF THE TOP 10 REGISTERED SHAREHOLDERS AS AT THE END OF THE REPORTING PERIOD:

As of 30 June 2015, the Company had a total of 169,962 shareholders, 107 of which were holders of H Shares.

Name of shareholder	Nature of shareholder	Number of shares held at the end of the Reporting Period (share)	Percentage of shareholding (%)	Class of shares
1. Conch Holdings <sup>(Note 2)</sup>	State-owned legal person	1,948,869,927	36.78	A Share
2. HKSCC Nominees Limited <sup>(Note 3)</sup>	Foreign legal person	1,298,159,387	24.50	H Share
3. Conch Venture <sup>(Note 2)</sup>	Domestic non-state-owned legal person	286,713,246	5.41	A Share
4. Hong Kong Securities Clearing Company Limited	Foreign legal person	56,046,035	1.06	A Share
5. Genesis Asset Managers, LLP – Customer Funds	Others	53,233,087	1.00	A Share
6. GIC PRIVATE LIMITED	Others	24,602,671	0.46	A Share
7. Xiong Liwu	Individual	19,384,941	0.37	A Share
8. FIL Investment Management (Hong Kong) Limited – Customer Funds	Others	18,590,953	0.35	A Share
9. Bank Negara Malaysia	Others	16,717,282	0.32	A Share
10. Industrial & Commercial Bank of China – SSE 50 Trading Open-end Index Securities Investment Fund	Others	16,341,530	0.31	A Share

## 6. Changes in Share Capital and Shareholdings of Substantial Shareholders

Notes:

- (1) All the above shares are floating shares not subject to 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 1,298,159,387 H Shares, representing 24.50% of the total share capital of the Company, and 99.89% 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, among the above-mentioned shareholders, Conch Holdings and Conch Venture have connected relationship under the SSE Listing Rules. Save for the aforesaid, the Board was not aware of any other connected relationship or party acting in concert among the above shareholders.

**(3) AS AT 30 JUNE 2015, 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	1,948,869,927 A Shares (long position) (Note 1)	Interests of a controlled corporation/Beneficial owner	48.73% (Note 2)
Anhui Provincial Investment Group Holdings Co., Ltd.	1,948,869,927 A Shares (long position) (Note 1)	Interests of a controlled corporation	48.73% (Note 2)
CCVH	1,948,869,927 A Shares (long position) (Note 1)	Interests of a controlled corporation	48.73% (Note 2)
Conch Venture	298,447,816 A Shares (long position)	Interests of a controlled corporation/Beneficial owner	7.46% (Note 2)



## 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.	78,594,578 H Shares (long position) (Note 4)	Beneficial owner/investment manager	6.05% (Note 3)
JPMorgan Chase & Co.	8,307,981 H Shares (short position) (Note 4)	Beneficial owner	0.63% (Note 3)
JPMorgan Chase & Co.	90,647,072 H Shares (long position) (Note 4)	Custodian	6.97% (Note 3)
Genesis Asset Managers, LLP	132,690,773 H Shares (long position)	Investment manager	10.21% (Note 3)
BlackRock, Inc.	93,952,413 H Shares (long position) (Note 5)	Interests of a controlled corporation	7.23% (Note 3)
BlackRock, Inc.	211,000 H Shares (short position) (Note 5)	Interests of a controlled corporation	0.02% (Note 3)
Taiwan Cement Corporation	116,568,000 H Shares (long position) (Note 6)	Interests of a controlled corporation	8.97% (Note 3)
Investec Asset Management Limited	78,399,000 H Shares (long position)	Investment manager	6.03% (Note 3)

## 6. Changes in Share Capital and Shareholdings of Substantial Shareholders

Note:

- (1) Anhui Provincial Investment Group Holdings Co., Ltd. (“Anhui Provincial Investment Group”) and Conch Venture Property held 51% and 49% of the equity interests in Conch Holdings, respectively. Conch Venture Property is wholly owned by Anhui Conch Venture New Energy-saving Building Material Co., Ltd. (“CV Green”), which is in turn wholly owned by China Conch Venture Holdings (HK) Limited (“CV HK”). CV HK is wholly owned by China Conch Venture Holdings International Limited (“CV International”). CV International is a wholly-owned subsidiary of CCVH, a company listed on the main board of the Stock Exchange (stock code: 586). Pursuant to the SFO, Anhui Provincial Investment Group, Conch Venture Property, CV Green, CV HK, CV International and CCVH were deemed to have interests in the entire number of shares of the Company held by Conch Holdings.

Among the 298,447,816 A Shares held by Conch Venture, 286,713,246 Shares were held by Conch Venture directly and 11,734,570 Shares were held in the name of Wuhu Conch Property Management Co., Ltd. (a wholly-owned subsidiary of Conch Venture).

- (2) The total number of domestic shares in issue was 3,999,702,579 shares, all of which were A Shares.
- (3) The total number of H Shares in issue was 1,299,600,000 shares.
- (4) Based on the disclosure of interests form submitted by JPMorgan Chase & Co. on 22 June 2015 in respect of the relevant event that occurred on 17 June 2015, these shares were held through certain subsidiaries of JPMorgan Chase & Co.. Of the 169,241,650 H Shares (long position), 35,814,603 H Shares were held in the capacity of beneficial owner while 42,779,975 H Shares were held in the capacity of investment manager. Furthermore, 90,647,072 H Shares (securities in lending pool) were held in the capacity of custodian.
- (5) Based on the disclosure of interests form submitted by BlackRock, Inc. on 1 July 2015 in respect of the relevant event that occurred on 29 June 2015, these shares were held through certain subsidiaries of BlackRock, Inc..
- (6) Based on the disclosure of interests form submitted by Taiwan Cement Corporation on 12 December 2008 in respect of the relevant event that occurred on 11 December 2008, 38,856,000 H Shares were held by Taiwan Cement Corporation through certain of its subsidiaries. Assuming that the company has not disposed of any shares, upon implementation of the proposal of capitalization of capital reserve fund by the Company in 2010 and 2011, Taiwan Cement Corporation should hold 116,568,000 H Shares accordingly.

Save for the aforesaid shareholders, as at 30 June 2015, 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

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

### (5) ISSUE OF PREFERENCE SHARES AND PRE-EMPTIVE RIGHTS

During the Reporting Period, the Company did not issue any preference shares. Under the Articles and the laws of the PRC, the Company is not required to offer to its existing shareholders on a pre-emptive basis right to acquire new shares in proportion to their shareholdings.

## 7. Directors, Supervisors, Senior Management and Staff

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

As approved at the first extraordinary general meeting 2015 of the Company held on 10 March 2015, Mr. Zhao Jianguang was appointed as an independent non-executive Director of the sixth session of the Board, whose appointment became effective from 10 March 2015 and shall remain effective until the expiry day of the tenure of the sixth session of the Board (expected to be 27 May 2016). Mr. Fang Junwen ceased to be the independent non-executive Director, whose resignation was effective from 7 January 2015.

As approved at the 2014 annual general meeting held on 2 June 2015, Mr. Qi Shengli and Mr. Wang Pengfei were appointed as the Supervisors of the sixth session of the Supervisory Committee, whose appointments were effective from 2 June 2015 and up to the expiry day of the tenure of the sixth session of the Supervisory Committee (expected to be 27 May 2016). Mr. Wang Jun and Mr. Zhu Yuming ceased to be the Supervisors, whose resignations were effective from 2 June 2015. As recommended by the committee of the Company's staff union, Mr. Wang Chunjian was appointed as the staff representative supervisor of the Company since 23 March 2015, while Mr. Ding Feng ceased to be the staff representative supervisor of the Company.

As recommended by the Remuneration and Nomination Committee of the Board, on 23 March 2015, the fifth meeting of the sixth session of Board of the Company appointed Mr. Li Qunfeng, Mr. Li Xiaobo and Mr. Ding Feng as the deputy general managers of the Company. Mr. Li Qunfeng and Mr. Li Xiaobo ceased to be the assistant to general managers of the Company.

The Board of the Company would like to express its sincere gratitude to the resigned Directors and Supervisors during the Reporting Period for their valuable contributions to the development of the Company during their tenure in office.

## 7. Directors, Supervisors, Senior Management and Staff

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

Name	Position	Number of shares held as of 31 December 2014 (shares)	Reduction of shareholding during the Reporting Period (shares)	Number of shares held as of 30 June 2015 (shares)
Li Xiaobo	Deputy general manager	193,000	–	193,000
Ke Qiubi	Assistant to general manager	504,445	–	504,445
Chen Yongbo	Assistant to general manager	15,000	3,000	12,000
Xia Xiaoping	Deputy chief accountant	115,000	–	115,000

Save as disclosed above, the Directors, Supervisors and senior management members 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

During the Reporting Period, none of the Directors, chief executive and Supervisors of the Company nor any of their respective close 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 had material interest in any contract entered into by the Company or its subsidiaries.

### (4) CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Company has complied with the relevant requirements of the Code Provisions.

## 7. Directors, Supervisors, Senior Management and Staff

### (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 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 of 30 June 2015, the Group employed 48,493 staff members with a total remuneration of approximately RMB1,724.89 million, which was the total remuneration of staff during the Reporting Period.

## 8. Financial Accounting Report (Unaudited)

### Consolidated statement of profit or loss

for the six months ended 30 June 2015 – unaudited  
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
<b>Revenue</b>	3	<b>24,223,323</b>	28,784,483
Cost of sales and services rendered		<b>(17,635,061)</b>	(18,598,993)
<b>Gross profit</b>		<b>6,588,262</b>	10,185,490
Other revenue	5	<b>1,003,193</b>	651,287
Other net income	5	<b>1,827,047</b>	7,717
Selling and marketing costs		<b>(1,370,136)</b>	(1,319,472)
Administrative expenses		<b>(1,317,336)</b>	(1,084,631)
<b>Profit from operations</b>		<b>6,731,030</b>	8,440,391
Finance costs	6(a)	<b>(499,958)</b>	(547,257)
Share of profits/(losses) of associates		<b>41,576</b>	(25,736)
Share of losses of joint ventures		<b>(8,148)</b>	(916)
<b>Profit before taxation</b>	6	<b>6,264,500</b>	7,866,482
Income tax	7	<b>(1,514,374)</b>	(1,741,894)
<b>Profit for the period</b>		<b>4,750,126</b>	6,124,588
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>4,714,488</b>	5,810,861
Non-controlling interests		<b>35,638</b>	313,727
<b>Profit for the period</b>		<b>4,750,126</b>	6,124,588
<b>Earnings per share</b>	9		
Basic		<b>RMB0.89</b>	RMB1.10
Diluted		<b>RMB0.89</b>	RMB1.10

The notes on pages 49 to 75 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 22.

## 8. Financial Accounting Report (Unaudited)

### Consolidated statement of profit and loss and other comprehensive income

for the six months ended 30 June 2015 – unaudited

(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
<b>Profit for the period</b>		<b>4,750,126</b>	6,124,588
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		(5,646)	6,657
Available-for-sale equity securities: net movement in fair value reserve	8	311,546	(80,233)
Shares of other comprehensive income of the investees		(3,437)	–
<b>Other comprehensive income for the period</b>		<b>302,463</b>	(73,576)
<b>Total comprehensive income for the period</b>		<b>5,052,589</b>	6,051,012
<b>Attributable to:</b>			
Equity shareholders of the Company		5,018,555	5,735,348
Non-controlling interests		34,034	315,664
<b>Total comprehensive income for the period</b>		<b>5,052,589</b>	6,051,012

The notes on pages 49 to 75 form part of this interim financial report.



## 8. Financial Accounting Report (Unaudited)

### Consolidated statement of financial position

at 30 June 2015 – unaudited

(Expressed in Renminbi Yuan)

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
<b>Non-current assets</b>			
Fixed assets			
Investment property	10	31,573	32,114
Other property, plant and equipment	11	64,447,517	62,469,127
Lease prepayments	12	4,303,281	4,043,759
		<b>68,782,371</b>	66,545,000
Intangible assets			
Goodwill	4	422,314	374,557
Interest in associates	13	2,049,105	2,207,368
Interest in joint ventures		527,244	436,776
Loans and receivables	14	481,314	394,873
Available-for-sale equity securities	15	3,433,651	3,935,395
Deferred tax assets		394,647	283,477
		<b>79,003,100</b>	76,982,606
<b>Current assets</b>			
Inventories	16	5,098,755	4,375,977
Trade receivables	17	3,776,353	4,218,815
Prepayments and other receivables	18	2,651,785	2,152,632
Amounts due from related parties	24(d)	308,022	212,754
Tax recoverable		228,942	158,707
Restricted cash deposits		959,377	139,485
Bank deposits with maturity over three months		7,659,357	1,500,000
Cash and cash equivalents	19	5,494,033	12,512,121
		<b>26,176,624</b>	25,270,491

The notes on pages 49 to 75 form part of this interim financial report.

## 8. Financial Accounting Report (Unaudited)

### Consolidated statement of financial position (Cont'd)

at 30 June 2015 – unaudited  
(Expressed in Renminbi Yuan)

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
<b>Current liabilities</b>			
Trade payables	21	3,767,025	4,014,855
Other payables and accruals		8,393,120	7,188,773
Bank loans and other borrowings	20	9,837,869	2,329,168
Amounts due to related parties	24(d)	418,853	350,316
Current portion of long-term payables		1,418	1,959
Current taxation		449,048	511,936
		<b>22,867,333</b>	<b>14,397,007</b>
<b>Net current assets</b>			
		<b>3,309,291</b>	<b>10,873,484</b>
<b>Total assets less current liabilities</b>			
		<b>82,312,391</b>	<b>87,856,090</b>
<b>Non-current liabilities</b>			
Bank loans and other borrowings	20	10,158,596	17,587,076
Long-term payables		5,617	5,617
Deferred income		516,813	514,140
Deferred tax liabilities		624,516	522,173
		<b>11,305,542</b>	<b>18,629,006</b>
<b>NET ASSETS</b>			
		<b>71,006,849</b>	<b>69,227,084</b>
<b>CAPITAL AND RESERVES</b>			
Share capital		5,299,303	5,299,303
Reserves		62,124,681	60,550,673
<b>Total equity attributable to equity shareholders of the Company</b>			
		<b>67,423,984</b>	<b>65,849,976</b>
<b>Non-controlling interests</b>			
		<b>3,582,865</b>	<b>3,377,108</b>
<b>TOTAL EQUITY</b>			
		<b>71,006,849</b>	<b>69,227,084</b>

The notes on pages 49 to 75 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 2015 – unaudited

(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company											
	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve RMB'000	Retained profits RMB'000	Share of the comprehensive income of the investees RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2015		5,299,303	10,243,790	218,575	(49,863)	2,649,654	569,110	46,919,407	-	65,849,976	3,377,108	69,227,084
<b>Changes in equity for the six months ended 30 June 2015:</b>												
Profit for the period		-	-	-	-	-	-	4,714,488	-	4,714,488	35,638	4,750,126
Other comprehensive income	8	-	-	-	(4,042)	-	311,546	-	(3,437)	304,067	(1,604)	302,463
<b>Total comprehensive income</b>		-	-	-	(4,042)	-	311,546	4,714,488	(3,437)	5,018,555	34,034	5,052,589
Dividends declared by non-wholly owned subsidiaries to non-controlling shareholders		-	-	-	-	-	-	-	-	-	(20,826)	(20,826)
Dividends approved in respect of the previous year	22	-	-	-	-	-	-	(3,444,547)	-	(3,444,547)	-	(3,444,547)
Capital contribution received by non-wholly owned subsidiaries from non-controlling shareholders		-	-	-	-	-	-	-	-	-	192,549	192,549
<b>Balance at 30 June 2015</b>		<b>5,299,303</b>	<b>10,243,790</b>	<b>218,575</b>	<b>(53,905)</b>	<b>2,649,654</b>	<b>880,656</b>	<b>48,189,348</b>	<b>(3,437)</b>	<b>67,423,984</b>	<b>3,582,865</b>	<b>71,006,849</b>

The notes on pages 49 to 75 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 2015 – 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	Total		
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2014		5,299,303	10,243,790	224,202	(27,814)	2,649,654	(418,880)	37,793,246	55,763,501	2,638,258	58,401,759
<b>Changes in equity for the six months ended 30 June 2014:</b>											
Profit for the period		-	-	-	-	-	-	5,810,861	5,810,861	313,727	6,124,588
Other comprehensive income	8	-	-	-	4,720	-	(80,233)	-	(75,513)	1,937	(73,576)
Total comprehensive income		-	-	-	4,720	-	(80,233)	5,810,861	5,735,348	315,664	6,051,012
Dividends declared by non-wholly owned subsidiaries to non-controlling shareholders		-	-	-	-	-	-	-	-	(9,620)	(9,620)
Dividends approved in respect of the previous year	22	-	-	-	-	-	-	(1,854,756)	(1,854,756)	-	(1,854,756)
Capital contribution received by non-wholly owned subsidiaries from non-controlling shareholders		-	-	-	-	-	-	-	-	940	940
Acquisition of subsidiaries with non-controlling interests		-	-	-	-	-	-	-	-	452,540	452,540
<b>Balance at 30 June 2014</b>		<b>5,299,303</b>	<b>10,243,790</b>	<b>224,202</b>	<b>(23,094)</b>	<b>2,649,654</b>	<b>(499,113)</b>	<b>41,749,351</b>	<b>59,644,093</b>	<b>3,397,782</b>	<b>63,041,875</b>

The notes on pages 49 to 75 form part of this interim financial report.

## 8. Financial Accounting Report (Unaudited)

### Condensed consolidated cash flow statement

for the six months ended 30 June 2015 – unaudited  
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2015 RMB'000	2014 RMB'000
<b>Operating activities</b>			
Cash generated from operations		5,933,874	10,245,664
– Income tax paid		(1,747,331)	(2,091,670)
– Interest paid		(576,090)	(679,205)
<b>Net cash generated from operating activities</b>		<b>3,610,453</b>	<b>7,474,789</b>
<b>Investing activities</b>			
Payments for the purchase of property, plant and equipment		(2,840,508)	(3,192,956)
Proceeds from maturity of bank deposits over three months		4,200,000	2,921,900
New restricted cash deposits and bank deposits with maturity over three months		(11,160,631)	(1,600,809)
Proceeds from disposal of available-for-sale equity, securities and interest in associate		4,120,310	–
Payment for the investment in an associate		(1,204,113)	(167,264)
Other cash flows arising from investing activities		(527,657)	(833,610)
<b>Net cash used in investing activities</b>		<b>(7,412,599)</b>	<b>(2,872,739)</b>
<b>Financing activities</b>			
Proceeds from new bank loans and other borrowings		1,330,264	576,053
Repayments of bank loans and other borrowings		(1,254,038)	(2,482,523)
Dividends paid to equity shareholders of the Company	22	(3,444,547)	(1,854,756)
Capital contribution from non-controlling interests		192,549	940
Other cash flow arising from financing activities		(25,070)	(429,264)
<b>Net cash used in financing activities</b>		<b>(3,200,842)</b>	<b>(4,189,550)</b>
<b>Net increase in cash and cash equivalents</b>		<b>(7,002,988)</b>	<b>412,500</b>
<b>Effect of foreign exchange rate changes</b>		<b>(15,100)</b>	<b>2,468</b>
<b>Cash and cash equivalents at 1 January</b>		<b>12,512,121</b>	<b>6,518,932</b>
<b>Cash and cash equivalents at 30 June</b>		<b>5,494,033</b>	<b>6,933,900</b>

The notes on pages 49 to 75 form part of this interim financial report.

## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 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 21 August 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 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.

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 2014 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 2014 that is included in the interim financial report as comparative information does not constitute the Group’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The Group has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Group’s auditor has reported on those financial statements. The auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (or under their equivalent requirements found in section 141 of the predecessor Companies Ordinance (Cap. 32 of the Laws of Hong Kong)).

## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 2 CHANGES IN ACCOUNTING POLICIES

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

- Annual Improvements to IFRSs 2010-2012 Cycle
- Annual Improvements to IFRSs 2011-2013 Cycle

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

#### 3 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by 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 period is set out below:

##### For the six months ended 30 June 2015

	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	6,885,131	7,130,507	4,968,066	5,103,918	135,701	24,223,323	-	24,223,323
Inter-segment revenue	1,208,660	6,481,831	87,739	16,084	-	7,794,314	(7,794,314)	-
<b>Reportable segment revenue</b>	<b>8,093,791</b>	<b>13,612,338</b>	<b>5,055,805</b>	<b>5,120,002</b>	<b>135,701</b>	<b>32,017,637</b>	<b>(7,794,314)</b>	<b>24,223,323</b>
<b>Reportable segment profit/(loss)</b>	<b>435,866</b>	<b>6,446,324</b>	<b>1,247,627</b>	<b>508,036</b>	<b>(114,476)</b>	<b>8,523,377</b>	<b>(2,258,877)</b>	<b>6,264,500</b>
Interest income	4,305	496,189	1,660	5,363	436	507,953	(254,649)	253,304
Interest expense	73,585	446,159	51,528	124,216	21,095	716,583	(216,625)	499,958
Depreciation and amortisation for the period	215,327	952,458	313,623	662,734	34,375	2,178,517	(2,996)	2,175,521
Additions to non-current segment assets during the period	226,429	2,759,738	353,451	1,101,840	210,707	4,652,165	-	4,652,165
<b>At 30 June 2015</b>								
<b>Reportable segment assets (including investment in associates and joint ventures)</b>	<b>10,696,244</b>	<b>98,839,582</b>	<b>11,820,140</b>	<b>28,902,332</b>	<b>3,541,215</b>	<b>153,799,513</b>	<b>(48,619,789)</b>	<b>105,179,724</b>
<b>Reportable segment liabilities</b>	<b>6,652,358</b>	<b>38,648,936</b>	<b>3,901,194</b>	<b>15,322,980</b>	<b>3,296,296</b>	<b>67,821,764</b>	<b>(33,648,889)</b>	<b>34,172,875</b>

## 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 2014

	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	9,553,256	7,953,006	5,613,843	5,653,494	10,884	28,784,483	-	28,784,483
Inter-segment revenue	1,051,734	8,003,276	37,106	117	-	9,092,233	(9,092,233)	-
<b>Reportable segment revenue</b>	<b>10,604,990</b>	<b>15,956,282</b>	<b>5,650,949</b>	<b>5,653,611</b>	<b>10,884</b>	<b>37,876,716</b>	<b>(9,092,233)</b>	<b>28,784,483</b>
<b>Reportable segment profit/(loss)</b>	<b>1,013,945</b>	<b>5,899,184</b>	<b>1,730,084</b>	<b>1,135,059</b>	<b>(15,363)</b>	<b>9,762,909</b>	<b>(1,896,427)</b>	<b>7,866,482</b>
Interest income	4,855	371,986	3,416	12,354	353	392,964	(216,715)	176,249
Interest expense	80,410	462,161	52,967	131,070	3,234	729,842	(182,585)	547,257
Depreciation and amortisation for the period	197,793	889,135	294,319	518,120	934	1,900,301	(2,493)	1,897,808
Additions to non-current segment assets during the period	298,596	2,030,990	448,237	2,899,115	270,035	5,946,973	-	5,946,973
<b>At 31 December 2014</b>								
<b>Reportable segment assets (including investment in associates and joint ventures)</b>	<b>10,342,793</b>	<b>79,588,343</b>	<b>11,455,653</b>	<b>27,623,579</b>	<b>1,583,378</b>	<b>130,593,746</b>	<b>(28,340,649)</b>	<b>102,253,097</b>
<b>Reportable segment liabilities</b>	<b>6,268,202</b>	<b>23,579,451</b>	<b>3,682,951</b>	<b>13,796,078</b>	<b>1,357,708</b>	<b>48,684,390</b>	<b>(15,658,377)</b>	<b>33,026,013</b>

## 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	
	2015 RMB'000	2014 RMB'000
<b>Revenue</b>		
Elimination of inter-segment revenue	(7,794,314)	(9,092,233)
<b>Profit</b>		
Elimination of inter-segment profits	(2,281,423)	(1,917,700)
Differences between		
PRC accounting standards and IFRS*	22,546	21,273
	(2,258,877)	(1,896,427)
<b>Assets</b>		
Elimination of inter-segment balances	(48,619,789)	(28,340,649)
<b>Liabilities</b>		
Elimination of inter-segment balances	(34,024,049)	(16,042,536)
Differences between		
PRC accounting standards and IFRS*	375,160	384,159
	(33,648,889)	(15,658,377)

\* Differences between PRC accounting standards and IFRS:

The difference mainly 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		Specified non-current assets	
	Six months ended		At	
	30 June 2015	30 June 2014	30 June 2015	31 December 2014
	RMB'000	RMB'000	RMB'000	RMB'000
The People's Republic of China ("the PRC")	23,321,754	28,008,660	72,327,368	71,325,209
Others	901,569	775,823	2,847,435	1,438,525
	24,223,323	28,784,483	75,174,803	72,763,734

#### 4 BUSINESS COMBINATIONS

The Group acquired certain core assets which constitute to a business under IFRS 3, "Business Combinations", from independent third party during the six months' period ended 30 June 2015. The acquired core assets are located in the PRC and are principally engaged in the manufacture and sale of clinkers and cement related products.

During the period from the respective dates of acquisitions to 30 June 2015, these acquired core assets contributed a revenue of RMB27,460,000 and profit of RMB1,088,000 to the Group result. If the acquisitions had occurred on 1 January 2015, management estimates that the consolidated revenue of the Group for the period ended 30 June 2015 would have been RMB24,534,529,000, and the consolidated profit for the year would have been RMB4,760,753,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the respective dates of acquisition would remain the same even if the acquisitions had all occurred on 1 January 2015.

Name of the company	Voting right	Date of acquisition	Principal activities
Ganzhou Conch Cement Co., Ltd. ("Ganzhou Conch")	55%	13 June 2015	Manufacture and sale of clinker and cement products

## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 4 BUSINESS COMBINATIONS (CONTINUED)

Summary of assets acquired in Ganzhou Conch, and the goodwill arising, are as follows:

Fair value of identifiable assets acquired assumed:

	RMB'000
Property, plant and equipment	1,667,774
Lease prepayments	201,402
Intangible assets	107,931
Inventories	23,324
<b>Total identifiable assets of the acquiree</b>	<b>2,000,431</b>

#### Goodwill

Goodwill has been recognised as a result of the above acquisition as follows:

	RMB'000
Total consideration transferred	2,048,188
Fair value of identifiable net assets	(2,000,431)
<b>Goodwill arising from the above business combinations</b>	<b>47,757</b>

The goodwill arose from the acquisition represents the control premium paid, the benefits of expected synergies to be achieved from integrating the assets into the Group's existing business, future market development and the acquired workforce.

## 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	
	2015	2014
	RMB'000	RMB'000
Subsidy income	749,889	461,948
Interest income	253,304	176,249
Negative goodwill	–	13,090
	<b>1,003,193</b>	<b>651,287</b>

##### (b) Other net income

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Net unrealised gains on trading securities	–	7,037
Change in fair value of derivatives	16,005	(8,654)
Net gain/(loss) on disposal of fixed assets	72,064	(582)
Exchange (loss)/gains	(75,440)	3,628
Net gain on disposal of available-for-sale equity securities	648,699	–
Net gain on disposal of interest in associate	1,150,517	–
Others	15,202	6,288
	<b>1,827,047</b>	<b>7,717</b>

## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 6 PROFIT BEFORE TAXATION

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

(a) Finance costs:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Interest on bank loans and other borrowings	505,862	572,949
Less: interest expense capitalised into construction-in-progress	(5,904)	(25,692)
	499,958	547,257

(b) Other items:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Depreciation of investment property and other property, plant and equipment	2,046,540	1,788,438
Amortisation of interests in leasehold land held for own use under operating leases	53,391	46,143
Other amortisation	75,590	63,227
Staff costs	1,525,593	1,384,077

## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 7 INCOME TAX

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
<b>Current tax-PRC Corporate Income Tax</b>		
Provision for the period	1,627,049	1,814,885
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(112,675)	(72,991)
	<b>1,514,374</b>	<b>1,741,894</b>

No provision for Hong Kong Profits Tax was made for the six months ended 30 June 2015 and 2014 as the Group did not earn any income which is subject to Hong Kong Profits Tax.

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:

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. 千陽海螺水泥有限責任公司 (Note (i))	15%
Baoji Zhongxi Fenghuangshan Cement Co., Ltd. 寶雞眾喜鳳凰山水泥有限公司 (Note (i))	15%
Baoji Zhongxi Jinlinghe Cement Co., Ltd. 寶雞市眾喜金陵河水泥有限公司 (Note (i))	15%



## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 7 INCOME TAX (CONTINUED)

Guangxi Sihegongmao Co., Ltd. 廣西四合工貿有限責任公司 (Note (i))	15%
Longling Conch Cement Co., Ltd. 龍陵海螺水泥有限責任公司 (Note (i))	15%
Guizhou Liukuangruian Cement Co., Ltd. 貴州六礦瑞安水泥有限公司 (Note (i))	15%
Qianxian Conch Cement Co., Ltd. 乾縣海螺水泥有限責任公司 (Note (i))	15%
Qianxinan Resource Development Co., Ltd. 黔西南州發展資源開發有限公司 (Note (i))	15%
Sichuan Nanwei Cement Co., Ltd. 四川南威水泥有限公司 (Note (i))	15%
Liangping Conch Cement Co., Ltd. 梁平海螺水泥有限責任公司 (Note (i))	15%
Shuicheng Conch Cement Co., Ltd. 水城海螺盤江水泥有限責任公司 (Note (i))	15%
Guangxi Lingyun Tonghong Cement Co., Ltd. (“Guangxi Lingyun”) 廣西凌雲通鴻水泥有限公司 (Note (i))	15%
Tongren Conch Panjiang Cement Co., Ltd. (“Tongren Conch”) 銅仁海螺盤江水泥有限責任公司 (Note (i))	15%
Hami Hongyi Construction Co., Ltd. (“Hami Construction”) 哈密弘毅建材有限責任公司 (Note (ii))	12.5%

Note:

- (i) Pursuant to Notice No.4 issued by State Administration of Taxation on 10 March 2015 and relevant local tax authorities’ notices, these companies were entitled to a 15% preferential income tax rate as qualifying companies located in western areas in the PRC. Guangxi Lingyun and Tongren Conch are newly entitled to a preferential income tax rate of 15%, effective from 1 January 2015 to 31 December 2015.
- (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. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 8 OTHER COMPREHENSIVE INCOME

##### Available-for-sale equity securities:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Changes in fair value recognised during the period (after tax)	311,546	(80,233)
Net movement in the fair value reserve during the period recognised in other comprehensive income	311,546	(80,233)

#### 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 2015 of RMB4,714,488,000 (six months ended 30 June 2014: RMB5,810,861,000) and the weighted average number of shares in issue during the six months ended 30 June 2015 of RMB5,299,303,000 (six months ended 30 June 2014: RMB5,299,303,000).

##### (b) Diluted earnings per share

The Company had no dilutive potential ordinary shares outstanding during the six months ended 30 June 2015 and 2014.

#### 10 INVESTMENT PROPERTY

During the six month ended 30 June 2015 the Group leased out a property with carrying value of RMB31,573,000 under operating lease and classified the property as an investment property accordingly. The investment property is subsequently measured using the cost model.

## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 11 OTHER PROPERTY, PLANT AND EQUIPMENT

##### (a) Acquisitions and disposals

During the six months ended 30 June 2015, the Group acquired property, plant and equipment with a cost of RMB4,033,699,000 (six months ended 30 June 2014: RMB5,403,157,000).

Assets with a carrying amount of RMB9,312,000 were disposed of during the six months ended 30 June 2015 (six months ended 30 June 2014: RMB8,488,000), resulting in a net gain on disposal of RMB72,064,000 (six months ended 30 June 2014: a net gain of RMB582,000).

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

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Contracted for	2,478,675	2,416,216
Authorised but not contracted for	4,302,882	5,518,527
	<b>6,781,557</b>	7,934,743

#### 12 LEASE PREPAYMENTS

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

During the six months ended 30 June 2015, the Group acquired interests in leasehold land held for own use under operating leases with a cost of RMB321,841,000 (six months ended 30 June 2014: RMB386,609,000).

## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 13 INTERESTS IN ASSOCIATES

As at 30 June 2015, the interest in associates include the investments in Qingsong Building Materials and Chemicals (Group) Co., Ltd. (“Qingsong Building Materials and Chemicals”) of RMB798,947,000, a listed company on the Shanghai Stock Exchange (“SSE”), West China Cement Limited (“West Cement”) of RMB1,204,113,000, a listed company on the Hong Kong Stock Exchange (“HKSE”) and Anhui King Bridge Cement Co., Ltd. (“King Bridge Cement”) of RMB46,045,000.

During the first half year of 2015, the Group sold 241,965,562 shares of Qingsong Building Materials and Chemicals at an amount of RMB2,554,473,000. As at 30 June 2015, the Group held 146,388,704 shares, 10.62% interest, of Qingsong Building Materials and Chemicals.

On 18 June 2015, the Group entered into the Subscription Agreement with West Cement to subscribe 903,467,970 shares of West Cement at a consideration of RMB1,204,113,000 through Conch International Holding (HK) Co., Ltd., a wholly-owned subsidiary of the Company. This subscription was completed on 26 June 2015. After the subscription, the Group held 16.67% interest of West Cement and become the second largest shareholder of West Cement.

#### 14 NON-CURRENT LOANS AND RECEIVABLES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Loans and receivables	707,138	633,536
Less: Current portion of non-current loans and receivables (note 18)	(225,824)	(238,663)
	<b>481,314</b>	394,873

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

#### 15 AVAILABLE-FOR-SALE EQUITY SECURITIES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Available-for-sale equity securities		
– Listed in the PRC	3,433,651	3,935,395

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 2015.

## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 16 INVENTORIES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Raw materials	1,850,940	1,880,896
Work in progress	173,765	172,034
Finished goods	2,615,915	1,888,804
Spare parts	458,135	434,243
	<b>5,098,755</b>	<b>4,375,977</b>

#### 17 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 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 year (inclusive)	<b>3,776,353</b>	4,218,815

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.

As at 30 June 2015, the Group endorsed the undue bank acceptance notes receivable of RMB1,656,823,000 (31 December 2014: RMB1,617,233,000) to its suppliers to settle trade payables of the same amount and derecognised these notes receivables and the payables to suppliers in their entirety as the Group's management considered that the risks and rewards of ownership of these undue bills have been substantially transferred. The Group's continuous involvement in these derecognised undue notes receivable is limited to when the issuance banks of these undue notes are unable to settle the amounts to the holders of these notes. As at 30 June 2015, the maximum exposure to loss from its continuous involvement represents the amount of notes receivable of RMB1,656,823,000 (31 December 2014: RMB1,617,233,000) which the Group endorsed to its suppliers. These undue notes receivable were due within 6 months.

## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 18 PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Purchase prepayments	567,685	529,099
Current portion of loans and receivables (note 14)	225,824	238,663
Loans to related parties	156,265	27,960
Value-added tax recoverable	939,782	1,043,257
Interest receivable	138,692	53,542
Other receivables	623,537	260,111
	<b>2,651,785</b>	<b>2,152,632</b>

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

#### 19 CASH AND CASH EQUIVALENTS

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Deposits with banks within 3 months	1,500,000	8,524,500
Cash at bank and in hand	3,994,033	3,987,621
	<b>5,494,033</b>	<b>12,512,121</b>

## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 20 BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings are as follows:

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
<b>Non-current bank loans and other borrowings</b>			
Bank loans			
– Unsecured		1,659,117	2,089,975
Unsecured debentures	(i)	8,492,206	15,482,555
Other borrowings			
– Unsecured	(ii)	7,273	14,546
		<b>10,158,596</b>	<b>17,587,076</b>

- (i) In May 2011, the Company issued corporate bonds with an aggregate principal amount of RMB9,500,000,000, of which RMB7,000,000,000 with a maturity period of 5 years (“5-year bond”) and RMB2,500,000,000 with a maturity period of 7 years (“7-year bond”). The 5-year bond and the 7-year bond carry fixed annual interest rate of 5.08% and 5.20% respectively, which will be paid annually. The principal of the 5-year bond is fully repayable on 23 May 2016, the Company classified it as the current bank loans and other borrowings. The 7-year bond is fully repayable on 23 May 2018.

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.

Anhui Conch Holdings Co., Ltd. (“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

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 20 BANK LOANS AND OTHER BORROWINGS (CONTINUED)

- (ii) Other unsecured borrowings were national debt loan (國債轉貸) provided by the Anhui Finance Bureau. The loan bears interest at a rate of 3.30% (2014: 3.30%) per annum and is repayable in June 2017. The amount of RMB7,273,000 is re-classified to current other borrowings as it will be paid in June 2016.

	Note	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
<b>Current bank loans and other borrowings</b>			
Bank loans			
– Unsecured		2,186,251	1,671,895
Unsecured debentures	(i)	6,994,345	–
Other borrowings			
– Secured	(iii)	650,000	650,000
– Unsecured	(iv)	7,273	7,273
		<b>9,837,869</b>	<b>2,329,168</b>

- (iii) 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% (2014: 5.32%) per annum and is repayable in September 2015. At 30 June 2015, the loan was secured by property, plant and equipment of the Group with carrying amount of RMB291,574,000 (2014: RMB311,728,000) and leasehold land held for own use under operating leases of the Group with carrying amount of RMB158,678,000 (2014: RMB161,800,000). The loan is subject to various financial covenants that are reported to IFC on a yearly basis.

- (iv) At 30 June 2015, other unsecured borrowings of the Group represent national debt loan provided by the Anhui Finance Bureau.

At 30 June 2015 and 31 December 2014, the bank loans were repayable as follows:

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 year or on demand	2,186,251	1,671,895
After 1 year but within 2 years	529,334	792,000
After 2 years but within 5 years	1,035,022	1,088,000
After 5 years	94,761	209,975
Total non-current bank loans	1,659,117	2,089,975
	<b>3,845,368</b>	<b>3,761,870</b>



## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 21 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 2015 RMB'000	At 31 December 2014 RMB'000
Within 1 year (inclusive)	3,740,030	3,984,848
Between 1 and 2 years (inclusive)	19,858	22,830
Between 2 and 3 years (inclusive)	4,593	4,577
More than 3 years	2,544	2,600
	<b>3,767,025</b>	4,014,855

#### 22 DIVIDENDS

The 2015 annual general meeting held on 2 June 2015 approved the final dividend for the year ended 31 December 2014 of approximately RMB3,444,546,676 (RMB0.65 per ordinary share) (six months ended 30 June 2014: RMB1,854,756,000) and the dividends had been paid on 19 June 2015.

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2015 (six months ended 30 June 2014: Nil).

#### 23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

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

###### (i) Financial instruments carried at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair values measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3: Fair value measured using significant unobservable inputs

## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

###### (ii) Fair value hierarchy

	Fair value measurements as at 30 June 2015 using			
	Fair value at 30 June 2015 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
<b>Recurring fair value measurement</b>				
Financial assets:				
Derivative financial instruments	34,876	-	34,876	-
Available-for-sale equity securities:				
- Listed	3,433,651	3,433,651	-	-
	<b>3,468,527</b>	<b>3,433,651</b>	<b>34,876</b>	<b>-</b>

	Fair value measurements as at 31 December 2014 using			
	Fair value at 31 December 2014 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
<b>Recurring fair value measurement</b>				
Financial assets:				
Derivative financial instruments	20,343	-	20,343	-
Available-for-sale equity securities:				
- Listed	3,935,395	3,935,395	-	-
Financial liability:				
Available-for-sale equity securities:				
- Listed	(1,473)	-	(1,473)	-
	<b>3,954,265</b>	<b>3,935,395</b>	<b>18,870</b>	<b>-</b>

During the six months ended 30 June 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2014: Nil).

## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 23 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

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

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

The 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 2014 and 30 June 2015 except for the following financial instruments, for which their carrying amounts and fair value are disclosed below:

	At 30 June 2015		At 31 December 2014	
	Carrying amount RMB'000	Fair value RMB'000	Carrying amount RMB'000	Fair value RMB'000
Current bank loans and other borrowings	9,837,869	9,932,505	2,329,168	2,334,919
Non-current bank loans and other borrowings	10,158,596	10,348,679	17,587,076	17,635,967
	19,996,465	20,281,184	19,916,244	19,970,886

#### 24 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
China Conch Venture Holdings Limited ("China Conch Venture") 中國海螺創業控股有限公司	Shareholder of Conch Holdings, some directors of the Company are also directors and equity holders of China Conch Venture
Anhui Conch Venture Investment Company Limited ("CV Investment") 安徽海螺創業投資有限責任公司	Shareholder of the Company, some directors of the Company are also directors and equity holders of CV Investment

## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 24 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

##### (a) Related parties information (continued)

<b>Name of related party</b>	<b>Nature of relationship</b>
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	Associate of Conch Holdings
Anhui Conch Construction Materials Design Centre ("Conch Design Institute") 安徽海螺建材設計研究院	Subsidiary of Conch Holdings
Anhui Conch Information Technology Engineering Co., Ltd. ("Conch IT Engineering") 安徽海螺信息技術工程有限責任公司	Subsidiary of Conch Design Institute
Wuhu Conch Venture Enterprise Limited ("Conch Venture Wuhu") 蕪湖海創實業有限責任公司	Subsidiary of China Conch Venture
Anhui Conch Kawasaki Engineering Company Limited ("CK Engineering") 安徽海螺川崎工程有限公司	Subsidiary of China Conch Venture
Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd. ("CK Equipment") 安徽海螺川崎節能設備製造有限公司	Subsidiary of China Conch Venture
Yangzhou Haichang Port Industrial Co., Ltd. ("HC Port") 揚州海昌港務實業有限公司	Subsidiary of China Conch Venture
Anhui Conch Venture New Energy-saving Building Material Co., Ltd. ("Conch Venture Green") 安徽海創新型節能建築材料有限責任公司	Subsidiary of China Conch Venture
Bozhou Conch Venture New Energy-saving Building Material Co., Ltd. ("Bozhou Conch Venture Green") 亳州海創新型節能建築材料有限責任公司	Subsidiary of China Conch Venture

## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 24 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

##### (a) Related parties information (continued)

<u>Name of related party</u>	<u>Nature of relationship</u>
Pingliang Conch Venture Environment Engineering Co., Ltd. (“Conch Venture Environment”) 平涼海創環境工程有限責任公司	Subsidiary of China 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 CV investment
Wuhu Sanshan Port Co., Ltd. (“Sanshan Port”) 蕪湖三山海螺港務有限公司	Subsidiary of CV investment
Conch Property Management Co., Ltd. (“Conch Property Management”) 蕪湖海螺物業管理有限公司	Subsidiary of CV investment
Shanghai Haiyi Shipping Co., Ltd. (“Shanghai Haiyi”) 上海海一航運有限公司	Subsidiary of CV investment
Shanghai Conch International Investment Co., Ltd (“Conch IID Shanghai”) 上海海螺國際投資發展有限公司	Subsidiary of CV investment
Wuhu Xinyuan Ship Building Industry Co., Ltd (“Xinyuan Ship Building”) 蕪湖新遠船業修造有限公司	Subsidiary of Conch IID Shanghai
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
PT. SDIC Papua Cement Indonesia (“Papua Cement”) 印尼巴布亞水泥有限公司	Joint venture of the Company, a director of the Company is also a director of Papua Cement
Qingsong Building Materials and Chemicals 新疆青松建材化工(集團)股份有限公司	Associate of the Company

## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 24 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

##### (a) Related parties information (continued)

<b>Name of related party</b>	<b>Nature of relationship</b>
King Bridge Cement 安徽朱家橋水泥有限公司	Associate 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
Hwasu Corporation 安徽華塑股份有限公司	In trust of a subsidiary of the Company before 30 April 2015
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 before 5 May 2014
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 before 8 Dec 2014
Yingde Dragon Mountain Cement Co., Ltd. ("Dragon Mountain") 英德龍山水泥有限責任公司	Same ultimate holding company with Prosperity Minerals (International) Limited*

\* Prosperity Minerals (International) Limited is non-controlling shareholder of the subsidiary of the Company. Pursuant to the amendments to the listing rules announced on 21 March 2014, Dragon Mountain is not the Group's related party since 1 July 2014.

## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 24 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	
	2015 RMB'000	2014 RMB'000
Receiving services	1,510	1,568
Guarantee provided by Conch Holdings	15,819,265	15,936,365
Provision of services and sales of goods	1,196	1,207
Loans repaid to Conch Holdings	–	1,870,000
Interests on loans	–	26,544

###### (ii) Transactions with other related parties

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Sales of goods	55,947	74,981
Sales of fixed assets	219,338	55,556
Provision of services	13,135	9,202
Purchase of fixed assets	297,652	560,729
Purchase of materials	183,363	355,873
Receiving services	156,330	139,442
Management fee	8,266	12,142
Loans to related parties	128,305	–
Interest on loans	1,339	704
Guarantee provided the Company	703,980	–

## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 24 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

##### (c) Key management personnel remuneration

Remuneration for key management personnel is as follows:

	Six months ended 30 June	
	2015 RMB'000	2014 RMB'000
Short-term employees benefits	1,031	827
Post-employment benefits	172	145
	<b>1,203</b>	<b>972</b>
Directors and supervisors	418	255
Senior management	785	717
	<b>1,203</b>	<b>972</b>

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

###### (i) Due from related parties

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
CK Engineering	16,638	30,623
Conch Kawasaki Equipment	113,831	142,811
CK Equipment	71,011	–
Conch Design Institute	59,846	51
Conch Profiles and Science	1,195	2,391
Qingsong Building Materials and Chemicals	5,877	4,671
Chengli Building Material	20,114	16,369
Papua Cement	–	1,681
Hwasu Corporation	–	9,704
CV Investment	–	2,242
Xinyuan Ship Building	16,918	1,413
Conch Venture Environment	1,425	–
Conch Holdings	1,129	–
Other related parties	38	798
	<b>308,022</b>	<b>212,754</b>



## 8. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 24 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

###### (ii) Due to related parties

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
CK Engineering	47,704	115,035
Conch Kawasaki Equipment	122,386	93,258
CK Equipment	61,085	71,229
Conch Design Institute	13,764	13,703
Conch Profiles and Science	1,969	4,244
Sanshan Port	12,291	1,917
HC Port	5,364	60
Conch IT Engineering	7,940	2,441
Chengli Building Material	74	406
Conch Holdings	757	-
Papua Cement	125,728	-
Conch Venture Property	8,688	21,531
Conch Venture Wuhu	7,888	23,660
Xinyuan Ship Building	946	1,441
Shanghai Haiyi	1,140	1,090
Other related parties	1,129	301
	<b>418,853</b>	<b>350,316</b>

#### 25 CONTINGENT LIABILITIES

At 30 June 2015, outstanding letters of credit issued by the Group amounted to approximately RMB86,234,000 (31 December 2014: RMB135,761,000). The directors do not consider these outstanding letters of credit will bring additional risk to the Group.

At 30 June 2015, the Group has issued the following a guarantee of RMB703,980,000 (31 December 2014: Nil) in respect of a loan made by a bank to its joint venture Papua Cement. For the guarantees above, the directors do not consider it probable that a claim will be made against the Group under any of the guarantees.

## 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

21 August 2015