



**2018 INTERIM REPORT**

**Anhui Conch Cement Company Limited**

(A Share: 600585 H Share: 00914)



1. 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 statement or material omission.
2. Mr. Tai Kwok Leung, an independent non-executive Director of the Company, was not able to attend the sixth meeting of the seventh session of the Board in person due to business trip, thus he entrusted and authorized Mr. Yang Mianzhi, an independent non-executive Director of the Company, to attend and vote at the meeting on his behalf.
3. The accounting data set out in this half-yearly report is unaudited.
4. Mr. Gao Dengbang, Chairman of the Company, Mr. Wu Bin, officer-in-charge of the accounting function and Ms. Liu Yan, officer-in-charge of the accounting department, have declared that they warrant the financial statements contained herein are true, accurate and complete.
5. 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.
6. During the Reporting Period, there was no external guarantee in violation of the established decision-making procedures.
7. 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.

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## 1. 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 Company Limited
The Group	:	the Company and its subsidiaries
Board	:	the Board of Directors of the Company
Director(s)	:	the Director(s) of the Company
Supervisory Committee	:	the supervisory committee of the Company
Supervisor(s)	:	the supervisor(s) of the Company
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.
Conch Design Institute	:	Anhui Conch Construction Materials Design Centre Co., Ltd.
Haiyi Shipping	:	Shanghai Haiyi Shipping Co., Ltd.
Baimashan Cement Plant	:	Baimashan Cement Plant of Anhui Conch Cement Company Limited
Tongling Conch	:	Anhui Tongling Conch Cement Co., Ltd.
Battambang Conch	:	Battambang Conch Cement Co., Ltd
North Sulawesi Conch	:	Conch North Sulawesi Cement, PT
Volga Conch	:	Conch Cement Volga Co., Ltd
Qarshi Conch	:	Qarshi Conch Cement Foreign Enterprise Co., Ltd.

## 1. Definitions

Xinli Finance	:	Anhui Xinli Finance Co., Ltd., a company listed on the SSE (formerly known as “Anhui Chaodong Cement Co., Ltd.”, which was shortly referred to as “Chaodong Cement”) (stock code: 600318)
WCC	:	West China Cement Limited, a company listed on the Stock Exchange (stock code: 2233)
Regional Committee(s)	:	Regional management unit(s) specially established by the Company for implementation of regional management in order to strengthen the Company’s management over its subsidiaries and enhance management efficiency by organising certain subsidiaries located in a particular province or neighboring areas into a regional management unit
Audit Committee	:	Audit committee of the Board
Reporting Period	:	the period from 1 January 2018 to 30 June 2018
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
SFO	:	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SSE	:	Shanghai Stock Exchange

## 1. Definitions

SSE Listing Rules	:	the Rules Governing the Listing of Stocks on the SSE
Clinker	:	semi-finished products made in the manufacturing process of cement
Hong Kong	:	Hong Kong Special Administrative Region of the PRC
RMB	:	Renminbi, the lawful currency of the PRC
PRC	:	The People's Republic of China
Articles	:	Articles of Association of the Company

## 2. Corporate Profile and Major Financial Indicators

- (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** : CONCH CEMENT
- (2) **Legal Representative of the Company** : Gao Dengbang
- (3) **Secretary to the Board (Company Secretary)** : Yu Shui (appointed with effect from 30 August 2018)  
**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 Representative** : Liao Dan  
**Phone number** : 0086 553 8398911  
**Fax number** : 0086 553 8398931  
**E-mail** : dms@chinaconch.com
- (4) **Registered address of the Company** : 39 Wenhua Road, Wuhu City, Anhui Province, the PRC  
**Office address of the Company** : 39 Wenhua Road, Wuhu City, Anhui Province, the PRC  
**Postal code** : 241000  
**Email address of the Company** : dms@chinaconch.com  
**Website of the Company** : <http://www.conch.cn>  
**Contact address in Hong Kong** : 40/F Jardine House, 1 Connaught Place, Central, Hong Kong

## 2. Corporate Profile and Major Financial Indicators

- (5) **Company's designated newspaper for information disclosure** : Shanghai Securities Journal, Securities Times
- Website for publication of this report** : <http://www.sse.com.cn>
- Location where this interim report is available for inspection** : Secretariat to the Board of the Company, SSE
- (6) **Exchange on which the Company's shares are listed:**
- H Shares** : Stock Exchange
- Stock code** : 00914
- Stock name** : Conch Cement
- A Shares** : SSE
- Stock code** : 600585
- Stock name** : Conch Cement
- (7) **International auditors** : KPMG  
8th Floor, Prince's Building, 10 Chater Road,  
Central, Hong Kong
- PRC auditors** : KPMG Huazhen LLP  
8th Floor, Tower E2, Oriental Plaza, 1 East Chang  
An Avenue, Beijing, the PRC
- (8) **H Shares share registrar and transfer office** : Hong Kong Registrars Limited  
17/F, Hopewell Centre, 183 Queen's Road East,  
Wanchai, Hong Kong



## 2. Corporate Profile and Major Financial Indicators

### (9) Accounting data prepared in accordance with the PRC Accounting Standards

**Table 1:**

Items	As at 30 June 2018 (RMB'000) (Unaudited)	As at 31 December 2017 (RMB'000)	Increase/ (decrease) over the beginning of the year (%)
Total assets	<b>124,326,896</b>	122,142,585	1.79
Net assets attributable to equity shareholders of the Company	<b>95,918,403</b>	89,406,295	7.28

**Table 2:**

Items	Six months ended 30 June 2018 (RMB'000) (Unaudited)	Six months ended 30 June 2017 (RMB'000) (Unaudited)	Increase/ (decrease) over the same period of the previous year (%)
Net cash flow generated from operating activities	<b>11,946,486</b>	5,047,043	136.70
Revenue	<b>45,742,247</b>	31,907,916	43.36
Net profit attributable to equity shareholders of the Company	<b>12,942,089</b>	6,716,723	92.68
Net profit attributable to equity shareholders of the Company after extraordinary items	<b>12,744,902</b>	5,123,433	148.76
Basic earnings per share (RMB/share)	<b>2.44</b>	1.27	92.68
Diluted earnings per share (RMB/share)	<b>2.44</b>	1.27	92.68
Basic earnings per share after extraordinary items (RMB/share)	<b>2.41</b>	0.97	148.76
Weighted average return on net assets (%)	<b>13.65</b>	8.46	Increased by 5.19 percentage points
Weighted average return on net assets after extraordinary items (%)	<b>13.45</b>	6.45	Increased by 7.00 percentage points

## 2. Corporate Profile and Major Financial Indicators

**Table 3:**

<b>Extraordinary items for the Reporting Period</b>	<b>Amount</b> (RMB'000) (Unaudited)
(1) Gain/(Loss) on disposal of non-current assets	-1,686
(2) Government subsidy	204,200
(3) Gain/(Loss) on changes in the fair value of financial assets held for trading and gain on disposals of financial assets held for trading and other investments in equity instruments	29,985
(4) Gain/(Loss) on entrusted investment or asset management	59,682
(5) Entrusted fee income obtained from entrusted operation	564
(6) Charges on share of funds received from non-financial enterprises included in the current income statement	925
(7) Other non-operating income and expenses other than the above items	-28,294
(8) Effect of extraordinary items on income tax	-65,808
(9) Effect of extraordinary items on minority interests	-2,381
<b>Total</b>	<b>197,187</b>

### (10) Financial summary prepared in accordance with the International Financial Reporting Standards (“IFRSs”)

<b>Items</b>	<b>Six months ended 30 June 2018 (RMB'000) (Unaudited)</b>	Six months ended 30 June 2017 (RMB'000) (Unaudited)	Increase/ (decrease) over the same period of the previous year (%)
Revenue	<b>45,742,247</b>	31,907,916	43.36
Net profit attributable to equity shareholders of the Company	<b>12,964,099</b>	6,738,733	92.38

## 2. Corporate Profile and Major Financial Indicators

	<b>As at 30 June 2018 (RMB'000) (Unaudited)</b>	As at 31 December 2017 (RMB'000)	Increase/ (decrease) over the beginning of the year (%)
Total assets	<b>124,326,896</b>	122,142,585	1.79
Total liabilities	<b>25,631,047</b>	30,453,291	-15.83

### (11) Explanations for differences between consolidated financial statements prepared in accordance with the PRC Accounting Standards and the IFRSs

	Net profit attributable to equity shareholders of the Company		Equity attributable to equity shareholders of the Company	
	Six months ended 30 June 2018 (RMB'000) (Unaudited)	Six months ended 30 June 2017 (RMB'000) (Unaudited)	As at 30 June 2018 (RMB'000) (Unaudited)	As at 31 December 2017 (RMB'000)
As reported in the statutory financial statements prepared in accordance with the PRC Accounting Standards	<b>12,942,089</b>	6,716,723	<b>95,918,403</b>	89,406,295
- Deferral of subsidy income not subject to "China Accounting Standards for Business Enterprises No.16 – Government Subsidy" in accordance with the IFRSs	<b>22,010</b>	22,010	<b>-234,339</b>	-256,348
As reported in accordance with the IFRSs	<b>12,964,099</b>	6,738,733	<b>95,684,064</b>	89,149,947

### 3. Business Overview of the Company

#### (1) OVERVIEW OF THE CEMENT INDUSTRY

In the first half of 2018, the cement industry performed well in general with obvious divergence in regional market performance and increasingly distinct characteristics of a robust southern market against a weak northern market. On the supply side, increasing normalization of off-peak season production in the industry, more flexible and diverse regulatory mechanisms by local governments, as well as the integration of off-peak season production with the prevention and control of air pollution in certain regions have brought improvement to the environment and effectively reduced product supply. Furthermore, the central government environmental protection inspection fully launched the “Looking Back (回頭看)” campaign to reinforce the accountabilities of enterprises with environmental issues and accelerate the phase-out of backward production capacities, pushing ahead the transformation and upgrading of the cement industry. In terms of demand, the growth in fixed asset investments and infrastructure investments in China both slowed down, while the property investments maintained relatively strong growth momentum with relatively stable demand in cement market. In the first half of this year, the PRC’s cement production volume decreased by 0.6% compared to the same period last year to approximately 997 million tonnes. Benefitting from constant improvement in the supply-and-demand condition of cement industry in the first half of this year, the product price recorded significant increase as compared with that of the same period last year, significantly enhancing the profitability of the industry. (source: *Digital Cement*)

#### (2) INTRODUCTION OF THE MAIN BUSINESS OF THE COMPANY

During the Reporting Period, the Group was principally engaged in production and sale of cement, commodity clinker and aggregate. The Group produced and sold cement products according to market demands, which mainly included 42.5-grade cement, 32.5R-grade cement and 52.5-grade cement, widely used in the construction of domestic infrastructures including large-scale engineering projects such as railways, expressways, airports and hydraulic power as well as urban property development, cement products and the rural markets.

As part of the basic raw material industry, cement is a regional product as its sales radius is subject to transportation and local cement price, resulting in a sales model different from that of the consumer staples. The Group has adopted a sales model with its focus on direct sales and supplemented by distribution, and has established over 500 marketing departments in the marketplaces where the Company operates across the PRC and overseas, building up a relatively extensive marketing network. Meanwhile, the Group continued to improve its “T-type” development strategy by proactively accelerating the construction or lease of the transfer storages and other landing passageway in the middle and lower reaches of Yangtze River and along the coast, so as to further improve the market planning and strengthen the control of the market.

### 3. Business Overview of the Company

During the Reporting Period, the Group continued to optimise its domestic and oversea market planning, proactively explored into the upstream and downstream industrial chain and steadily implemented its development strategy.

#### (3) CHANGES IN THE PRIMARY ASSETS OF THE COMPANY DURING THE REPORTING PERIOD

During the Reporting Period, the balance of financial assets held for trading of the Group increased by 32.29 million as compared to that at the beginning of the year, the balance of financial assets at fair value through profit or loss decreased by RMB2.31 million as compared to that at the beginning of the year, the balance of other investments in equity instruments increased by RMB401.10 million as compared to that at the beginning of the year, and the balance of available-for-sale financial assets decreased by RMB461.41 million as compared to that at the beginning of the year, which were mainly attributable to changes in the presentation requirements for such financial assets under the Accounting Standards for Business Enterprises No.37 – Presentation and Reporting of Financial Instruments (as amended in 2017) issued by the Ministry of Finance. The balance of investment properties increased by 42.25% as compared with the beginning of the year, which was primarily attributable to the lease out of certain idle buildings of the subsidiaries during the Reporting Period. Save as disclosed above, there was no material change in the fixed assets, intangible assets and other primary assets of the Group.

#### (4) CHANGES IN CORE COMPETITIVENESS OF THE COMPANY DURING THE REPORTING PERIOD

Since its listing in 1997, the Company has focused on developing and growing its cement business by promoting independent innovation and technology innovation, facilitating environmental protection and energy conservation technology application and developing recycling economy. After over 20-years' constant, healthy and steady development, and by continuously enhancing internal management and promoting technological innovation, the Company has created the unique "Conch model", establishing relatively strong advantage in resources, technology, human resources, funding, market share and brand recognition.

As a pioneer of the innovation of new dry-process cement technique and application of energy conservation and consumption reduction technology, the Group further consolidated and enhanced its competitive strengths mentioned above through upgrading to technology, strengthening management in safety and environmental protection as well as improving its internal operation quality, so as to maintain its core competitiveness. The Group also strived to increase competitive strength by pushing ahead with the construction of factories equipped with information system and intelligent system, so as to maintain its low-cost advantage in the industry.



## 4. Management Discussion and Analysis on the Operations of the Group

### ANALYSIS ON THE OPERATIONAL CONDITIONS FOR THE FIRST HALF OF 2018

#### (1) Overview of operation development

In the first half of 2018, in light of new developments including continuous and ongoing national supply-side structural reform, strengthened environmental regulations and control as well as the industry's normalization of off-peak season production, the Group strove to overcome a number of adverse factors such as rising prices for raw materials and fuel. By strengthening research and analysis on the market supply and demand and adhering to the marketing strategy of "one policy for one region, one policy for one plant and implementation of differential policies", the Group reasonably grasped the pace of production and sales and capitalized on the market demands, achieving stable increase in sales volume and significant growth in product price. Moreover, the Group made bulk procurement of raw materials and fuel, optimized resource allocation and strengthened indicator management and control over production and operation, leading to continued improvement of operation quality and substantial improvement in operating results.

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group's revenue generated from its principal activities amounted to RMB44,799 million, representing an increase of 44.58% from that for the corresponding period of the previous year; the net profit attributable to equity shareholders of the Company amounted to RMB12,942 million, representing an increase of 92.68% from that for the corresponding period of the previous year; and earnings per share was RMB2.44, representing an increase of RMB1.17 per share from that for the corresponding period of the previous year. In accordance with the IFRSs, the operating revenue amounted to RMB45,742 million, representing an increase of 43.36% from that for the corresponding period of the previous year; the net profit attributable to equity shareholders of the Company amounted to RMB12,964 million, representing an increase of 92.38% from that for the corresponding period of the previous year; and earnings per share was RMB2.45.

During the Reporting Period, the Group continued to carry out the construction of projects in the PRC. Construction for the cement grinding units for the phase two project of Yueqing Conch Cement Co., Ltd. had been completed and put into operation, construction for the cement aggregates projects of Jianghua Conch Cement Co., Ltd., Yangchun Conch Cement Co., Ltd. and Jiande Conch Cement Co., Ltd. had been completed and put into operation, and construction for four cement aggregates projects of Chongqing Conch Cement Co., Ltd. and Xing'an Conch Cement Co., Ltd. as well as the commercial concrete project of Bazhong Conch Building Materials Co., Ltd. has begun.

## 4. Management Discussion and Analysis on the Operations of the Group

Meanwhile, the Group proactively pushed forward the construction and development of overseas projects. One clinker production line and two cement grinding units of Battambang Conch of Cambodia had completed construction and been put into operation. The main construction project of North Sulawesi Conch of Indonesia had completed, which will be put into operation shortly. The construction project of Luangprabang Conch Cement Co., Ltd. (“Luangprabang Conch”) in Laos is at its peak phase, and construction for the projects of Myanmar Conch Cement (Mandalay) Co., Ltd. (“Mandalay Conch”) had begun. The preliminary preparation works for the projects of Vientiane Conch Cement Co., Ltd. (“Vientiane Conch”) in Laos, Volga Conch in Russia and Qarshi Conch in Uzbekistan had made orderly progress.

As at the end of the Reporting Period, the production capacity of clinker, cement, aggregates and commercial concrete of the Company amounted to 248 million tonnes, 344 million tonnes, 30.90 million tonnes and 0.6 million cubic meters respectively.

During the Reporting Period, the Group continued to strengthen environmental protection management by increasing investment in environmental protection and push ahead technology improvement in respect of energy conservation and environmental protection to reduce emissions. Meanwhile, the Group fully cooperated with the pollution control measures along the Yangtze River, actively fulfilling its corporate responsibilities and obligations in building a beautiful China. During the Reporting Period, in addition to the significant achievements made in respect of wet desulphurization technology improvement, the Group also made great efforts in the modification of electric dust collectors in the clinker production lines, technology improvement of dust collectors in the loading machines, control over unorganized emission of dumping grounds, noise abatement and other aspects, achieving remarkable performance in emission reduction. The construction of the “Demonstration Project for Collection and Purification of CO<sub>2</sub> from the Smoke Emitted by Cement Kilns” (“CCS”) piloted by the Group in Baimashan Cement Plant will be completed for trial run soon, laying a solid foundation for the further promotion and application of carbon emission reduction projects.

## 4. Management Discussion and Analysis on the Operations of the Group

### (2) Major operational information during the Reporting Period

#### 1. Analysis of revenue and cost

Principal activities by industry, product and region

##### Principal activities by industry

Industry	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Change in operating revenue from that of the corresponding period of the previous year (%)	Change in operating cost from that of the corresponding period of the previous year (%)	Change in gross profit margin from that of the corresponding period of the previous year (%)
Building material industry	44,799,280	24,713,643	44.83	44.58	19.00	Increased by 11.86 percentage points

##### Principal activities by product

Product	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Change in operating revenue from that of the corresponding period of the previous year (%)	Change in operating cost from that of the corresponding period of the previous year (%)	Change in gross profit margin from that of the corresponding period of the previous year (%)
42.5-grade cement <sup>Note 1</sup>	28,157,963	15,384,326	45.36	53.38	23.63	13.15
32.5R-grade cement	11,440,982	5,799,651	49.31	31.92	5.39	12.76
Clinker	4,812,946	3,397,860	29.40	31.38	26.48	2.73
Aggregate and carpolite	345,239	99,618	71.15	18.41	-25.84	17.23
Commercial concrete	42,150	32,188	23.63	-	-	-

## 4. Management Discussion and Analysis on the Operations of the Group

### Principal activities by region

Region	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Change in operating revenue from that of the corresponding period of the previous year (%)	Change in operating cost from that of the corresponding period of the previous year (%)	Change in gross profit margin from that of the corresponding period of the previous year (%)
East China <sup>Note 2</sup>	13,982,379	8,219,139	41.22	53.37	34.58	Increased by 8.21 percentage points
Central China <sup>Note 3</sup>	12,885,245	6,681,135	48.15	42.99	10.02	Increased by 15.54 percentage points
South China <sup>Note 4</sup>	6,708,285	3,376,664	49.66	41.15	14.95	Increased by 11.48 percentage points
West China <sup>Note 5</sup>	9,897,789	5,472,508	44.71	42.22	14.36	Increased by 13.47 percentage points
Export	843,798	617,315	26.84	3.70	-4.13	Increased by 5.98 percentage points
Overseas	481,784	346,882	28.00	44.96	56.60	Decreased by 5.35 percentage points

#### Notes:

- The 42.5-grade cement includes cement of grade 42.5 and above;
- East China mainly includes Jiangsu, Zhejiang, Shanghai, Fujian and Shandong;
- Central China mainly includes Anhui, Jiangxi and Hunan;
- South China mainly includes Guangdong and Guangxi;
- West China mainly includes Sichuan, Chongqing, Guizhou, Yunnan, Gansu, Shaanxi and Xinjiang.

## 4. Management Discussion and Analysis on the Operations of the Group

### Sales by industry

During the Reporting Period, the Group realized an aggregate net sales volume of cement and clinker of 143 million tonnes, representing a period-on-period growth of 6.87%, of which the sales volume of self-produced products amounted to 137 million tonnes. Due to a substantial rise in composite selling prices of products, the consolidated gross profit margin of products recorded a period-on-period increase of 11.86 percentage points to 44.83%, among which, the consolidated gross profit margin of products produced and sold by the Group increased by 13.41 percentage points period-on-period to 46.47%.

### Sales by type of products

The gross profit margins of the 42.5-grade cement, the 32.5R-grade cement and the clinker increased by 13.15 percentage points, 12.76 percentage points and 2.73 percentage points period-on-period respectively. The consolidated gross profit margin of aggregate and carpolite increased by 17.23 percentage points period-on-period to 71.15%, which was mainly attributable to the significant increase in the product selling price as a result of further improvement in the supply-and-demand conditions of the aggregate market benefiting from the strengthened safety and environmental protection governance by the national and local governments and the further subdivision of its product category by the Company.

### Sales by region

During the Reporting Period, the Group recorded a significant period-on-period increase in sales amount in each region, which was attributable to a substantial increase in selling prices and increase in sales volume of products.

**In East China and Central China**, through market operation, the Company achieved growth in sales volume and significant increase in selling prices, recording a period-on-period increase in sales amount of 53.37% and 42.99% respectively and a period-on-period increase in gross profit margins of 8.21 and 15.54 percentage points respectively.

**In South China**, the Company achieved growth in sales volume and increase in selling prices through strengthened marketing promotion, resulting in a period-on-period increase of 41.15% in sales amount and a period-on-period increase of 11.48 percentage points in gross profit margin.



## 4. Management Discussion and Analysis on the Operations of the Group

**In West China**, the Company seized the favorable opportunity arising from promotion of off-peak season production due to the seasonal characteristics of the industry to achieve steady increase in both selling prices and sales volume, recording a period-on-period increase in sales amount of 42.22% and a period-on-period increase in gross profit margin of 13.47 percentage points.

Affected by the reduced supply from the domestic market and periodic shortage in clinker resources, the Group recorded a period-on-period decrease in export sales volume of 18.69%. Benefiting from the rise in selling prices, the Group recorded a period-on-period increase in sales amount of 3.70%. With the commencement of operation of overseas projects and continuous improvement in the sales market network, the sales volume of overseas project companies recorded a period-on-period increase of 56.43%, with the sales amount increased by 44.96% period-on-period.

### 2. 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 the previous year (%)
	Six months ended 30 June 2018 (RMB'000) (Unaudited)	Six months ended 30 June 2017 (RMB'000) (Unaudited)	
Revenue from principal activities	44,799,280	30,985,758	44.58
Profit from operations	17,011,437	8,963,801	89.78
Profit before taxation	17,185,657	9,204,537	86.71
Net profit attributable to equity shareholders of the Company	12,942,089	6,716,723	92.68

Note: In accordance with the relevant regulations under the “Notice on the Revision of the General Format of Financial Statements of Business Enterprises for 2018” (《關於修訂印發2018年度一般企業財務報表格式的通知》) (Caikuai [2018] No.15) issued by the Ministry of Finance, the Company has restated the figures on its financial statements for the first half of 2017.

During the Reporting Period, benefitting from the rise in product selling prices and the growth in product sales volume, the Group’s profit from operations, profit before taxation and net profit attributable to equity shareholders of the Company recorded a period-on-period increase of 89.78%, 86.71% and 92.68% respectively.

## 4. Management Discussion and Analysis on the Operations of the Group

### 3. Analysis of costs and expenses

Consolidated costs of cement and clinker for the six months ended 30 June 2018 and their period-on-period changes

Item	Six months ended 30 June 2018		Six months ended 30 June 2017		Change in unit costs (%)	Change in costs proportion (percentage points)
	Unit costs (RMB/tonne) (Unaudited)	Percentage (%)	Unit costs (RMB/tonne) (Unaudited)	Percentage (%)		
Raw materials	37.31	21.66	25.66	16.61	45.40	5.05
Fuel and power	100.86	58.57	97.63	63.19	3.31	-4.62
Depreciation expense	12.66	7.35	13.18	8.53	-3.95	-1.18
Labor cost and others	21.39	12.42	18.03	11.67	18.64	0.75
<b>Total</b>	<b>172.22</b>	<b>100.00</b>	<b>154.50</b>	<b>100.00</b>	<b>11.47</b>	<b>-</b>

During the Reporting Period, the consolidated costs of the Group increased by 11.47% or RMB17.72/tonne period-on-period to RMB172.22/tonne, which was mainly due to change in product sales structure, and increase in purchasing price of bulk raw material and fuel.

## 4. Management Discussion and Analysis on the Operations of the Group

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

Expenses for the period	Amount for the six months ended 30 June 2018 (RMB'000) (Unaudited)	Amount for the six months ended 30 June 2017 (RMB'000) (Unaudited)	As a percentage of revenue from principal activities for the Reporting Period (%)	As a percentage of revenue from principal activities for the corresponding period of last year (%)	Change in percentage of revenue from principal activities (percentage points)
Selling expenses	1,669,270	1,591,727	3.73	5.14	-1.41
Administrative expenses	1,590,731	1,344,620	3.55	4.34	-0.79
Research and development expenses	28,344	19,112	0.06	0.06	-
Financial expenses (income is stated in negative)	-65,547	75,399	-0.15	0.24	-0.39
<b>Total</b>	<b>3,222,798</b>	<b>3,030,858</b>	<b>7.19</b>	<b>9.78</b>	<b>-2.59</b>

Note: In accordance with the relevant regulations under the “Notice on the Revision of the General Format of Financial Statements of Business Enterprises for 2018” (《關於修訂印發2018年度一般企業財務報表格式的通知》) (Caikuai [2018] No.15) issued by the Ministry of Finance, the Company has restated the figures on its financial statements for the first half of 2017.

During the Reporting Period, the Group’s financial expenses decreased by RMB140,950,000 or 186.93% on a period-on-period basis, mainly due to a period-on-period decrease in loan interest expenses and a period-on-period increase in interest income.

During the Reporting Period, the selling, administrative, research and development and financial expenses in aggregate as a percentage to revenue generated from principal activities was 7.19%, decreased by 2.59 percentage points as compared to that of the corresponding period of the previous year. The decrease was mainly attributable to the increase in revenue from principal activities. Expenses per tonne of product decreased by RMB0.12 period-on-period to RMB22.58.

## 4. Management Discussion and Analysis on the Operations of the Group

### 4. Financial position

#### Asset and liability overview

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

Item	As at 30 June 2018 (RMB'000) (Unaudited)	As at 31 December 2017 (RMB'000)	Change as at the end of the Reporting Period as compared to those at the beginning of the year (%)
Fixed assets	59,310,606	59,667,633	-0.60
Current and other assets	65,016,290	62,474,952	4.07
<b>Total assets</b>	<b>124,326,896</b>	122,142,585	1.79
Current liabilities	18,020,859	21,114,303	-14.65
Non-current liabilities	7,358,436	9,064,175	-18.82
<b>Total liabilities</b>	<b>25,379,295</b>	30,178,478	-15.90
Minority interests	3,029,198	2,557,812	18.43
Equity attributable to equity shareholders of the Company	95,918,403	89,406,295	7.28
<b>Total liabilities and equity</b>	<b>124,326,896</b>	122,142,585	1.79

As at the end of the Reporting Period, the Group's total assets prepared in accordance with the PRC Accounting Standards amounted to RMB124,327 million, representing an increase of 1.79% as compared to those at the end of the previous year. Total liabilities amounted to RMB25,379 million, representing a decrease of 15.90% as compared to those at the end of the previous year; in which the current liabilities amounted to RMB18,021 million, representing a decrease of 14.65% as compared to those at the end of the previous year, which was mainly attributable to the repayment of the corporate bonds due within one year during the Reporting Period; and non-current liabilities amounted to RMB7,358 million, representing a decrease of 18.82% as compared to those at the end of the previous year, which was mainly due to the repayment of due bank borrowings during the Reporting Period. As at 30 June 2018, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 20.41%, representing a decrease of 4.30 percentage points as compared to that at the end of the previous year.

## 4. Management Discussion and Analysis on the Operations of the Group

Please refer to note 12 to the financial statements prepared in accordance with the PRC Accounting Standards for information on the contingent liabilities of the Group.

As at the end of the Reporting Period, equity attributable to equity shareholders of the Company amounted to RMB95,918 million, representing an increase of 7.28% as compared to that at the end of the previous year; equity attributable to minority shareholders amounted to RMB3,029 million, representing an increase of 18.43% as compared to that at the end of the previous year; as at the end of the Reporting Period, net assets per share attributable to equity shareholders of the Company amounted to RMB18.10, representing an increase of RMB1.23/share as compared to that at the end of the previous year.

As at 30 June 2018, the total current assets and total current liabilities of the Group prepared in accordance with the PRC Accounting Standards amounted to RMB48,231 million and RMB18,021 million respectively, with a current ratio of 2.68:1 (at the end of the previous year: 2.18:1). The period-on-period increase in current ratio was mainly due to the increase in current assets including cash balance and notes receivable, and the decrease in current liabilities resulting from the repayment of the corporate bonds due within one year. The total current assets and total current liabilities of the Group prepared in accordance with the IFRSs amounted to RMB48,381 million and RMB18,021 million respectively, with net gearing ratio of -0.01 (corresponding period last year: 0.11). Net gearing ratio was calculated as follows: interest-bearing liabilities minus cash and cash equivalents 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 2018 (RMB'000) (Unaudited)</b>	<b>As at 31 December 2017 (RMB'000)</b>
Due within 1 year	<b>3,793,603</b>	3,120,771
Due after 1 year but within 2 years	<b>977,936</b>	2,616,794
Due after 2 years but within 5 years	<b>1,656,895</b>	1,590,715
Due after 5 years	<b>495,446</b>	652,972
<b>Total</b>	<b>6,923,880</b>	7,981,252



## 4. Management Discussion and Analysis on the Operations of the Group

As at the end of the Reporting Period, the Group's aggregate bank borrowings balance were RMB6,924 million, representing a decrease of RMB1,057 million as compared to those at the beginning of the year. The decrease was mainly attributable to the repayment of those due bank borrowings during the Reporting Period. Please refer to note 8 to the financial report prepared in accordance with the PRC Accounting Standards for information on the borrowings bearing fixed interest rate.

Save for the aforesaid borrowings, the Group had outstanding corporate bonds in a principal amount of RMB3.5 billion. For further details, please refer to chapter 9 "Information on Corporate Bonds" in this report.

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

### Analysis of cash flow

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

	<b>Six months ended 30 June 2018 (RMB'000) (Unaudited)</b>	Six months ended 30 June 2017 (RMB'000) (Unaudited)	Changes (%)
Net cash flows generated from operating activities	<b>11,946,486</b>	5,047,043	136.70
Net cash flows generated from investment activities	<b>-1,068,048</b>	-1,265,268	15.59
Net cash flows generated from financing activities	<b>-10,211,406</b>	-2,601,291	-292.55
Effect of exchange rate movement on cash and cash equivalents	<b>4,237</b>	-10,332	141.01
Net increase in cash and cash equivalents	<b>671,269</b>	1,170,152	-42.63
Balance of cash and cash equivalents at the beginning of the year	<b>10,428,932</b>	5,799,567	79.82
Balance of cash and cash equivalents at the end of the period	<b>11,100,201</b>	6,969,719	59.26

## 4. Management Discussion and Analysis on the Operations of the Group

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB11,946 million, representing an increase of RMB6,899 million period-on-period. Such increase was mainly due to the period-on-period increase in the Group's operating revenue.

During the Reporting Period, the Group's net cash outflows from financing activities increased by RMB7,610 million as compared to that of the corresponding period last year, primarily attributable to the period-on-period increase in the corporate bonds repaid by the Group and the amount of listed company's dividends distributed by the Group.

During the Reporting Period, the effect of exchange rate movement on cash and cash equivalents of the Group increased by RMB14.57 million as compared to that of the corresponding period of last year, mainly attributable to the impact of rising exchange rate on the USD-denominated deposits held by the Group at the end of the Reporting Period.

### (3) Capital expenditure

During the Reporting Period, capital expenditure of the Group amounted to approximately RMB1,966 million, which was primarily used in the investment in construction of cement and clinker production lines and the aggregate projects as well as expenses in environmental protection technological improvement projects.

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

	<b>As at 30 June 2018 (RMB'000) (Unaudited)</b>	<b>As at 31 December 2017 (RMB'000)</b>
Authorized and contracted for	<b>789,099</b>	972,831
Authorized but not contracted for	<b>959,622</b>	1,829,774
<b>Total</b>	<b>1,748,721</b>	2,802,605

## 4. Management Discussion and Analysis on the Operations of the Group

### (4) Exchange rate risk and related hedging by financial instruments

During the Reporting Period, the Group proactively pushed forward the construction of overseas projects, the payment of which was principally made in local currency, Renminbi and US dollars. The equipment, accessories and spare parts imported by the Group were mainly settled in US dollars and Euro dollars, while cement and clinker and equipment for export were usually settled in RMB or US dollars. The procurement of materials and sales of commodities by overseas companies were mainly settled in local currencies. Any change in the exchange rates of such foreign currencies against RMB will directly affect the project construction costs, material procurement costs and export sales revenues of the Group.

In order to effectively reduce foreign exchange risk to ensure a managed risk level, the Group made appropriate foreign exchange receipt and payment arrangements based on the import and export plan by adjusting its operation strategy for foreign exchange risk on a timely basis, so as to lower costs of exchange settlement and sales, reducing finance costs. The Company also actively explored and implemented a centralized management model of fund pool for foreign projects to reduce loss from currency exchange. Furthermore, the Company used swap instruments to hedge foreign exchange risk based on currency performance.

### PROSPECTS FOR THE SECOND HALF OF THE YEAR

In the second half of 2018, the PRC government will continue to adhere to the main theme of “making steady progress while maintaining stability” and implement more proactive fiscal policy and prudent monetary policy, in an effort to promote the stable and healthy development of the economy. Infrastructure investment will continue to grow while investment in the real estate sector is expected to continue to grow. It is expected that the overall demand in the cement market will remain stable in the second half of the year, of which demand in certain regional markets where the Group operates is anticipated to keep rising. The penetrating implementation of the supply-side structural reform, the normalization of off-peak season production, coupled with the “Looking Back (回頭看)” and “Defending the Blue Sky” campaigns fully launched by the central government environmental protection inspection, product supply on the market would be effectively reduced, so as to further improve the supply-and-demand condition in the industry.

## 4. Management Discussion and Analysis on the Operations of the Group

In the second half of the year, the Group will continue to proactively and prudently promote the implementation of its development strategy of internationalization. Efforts will be made to push ahead the construction of the projects of Luangprabang Conch in Laos and Mandalay Conch in Myanmar, and to accelerate the preliminary preparation works for projects of Volga Conch in Russia and Qarshi Conch in Uzbekistan. The Group will continue to step up efforts for surveys and feasibility study for overseas projects, with an aim to secure new project sources. Meanwhile, seizing the favorable opportunities arising from the structural adjustment of the cement industry, the Group will proactively seek for merger and acquisition opportunities in the domestic market, so as to continue to fine-tune its strategic domestic market planning. Furthermore, the Group will accelerate the extension of the industrial chain to the upstream and downstream sectors by intensifying the development of the aggregate business and proactively pushing ahead its commercial concrete projects, and exploring the development of prefabricated construction, with an aim to encourage growth.

In respect of operation management, the Group will pay close attention to the impact of the supply side structure reform and environmental protection management and control on supply side, as well as the impact of the state's increased infrastructure investments on demand side, and conduct comprehensive analysis, so as to grasp a proper understanding of the market trend, improve the precision in marketing strategy and enhance the quality of operation. The Group will enhance its study and assessment of the raw material supply, consolidate and enhance strategic cooperation with large-scale coal enterprises, and proactively explore new channels, so as to ensure a stable and cost-efficient supply. Meanwhile, in an effort to strictly comply with the national environmental protection policies and strategies, the Group will carry out technology improvement to achieve energy conservation and emission reduction, so as to further improve our performance in environmental protection and control. The Group will promote technology innovation and push ahead with the construction of factories equipped with information system and intelligent system, so as to increase competitive strength. Furthermore, the Group will also step up efforts in introduction and cultivation of high-end talents and fully implement reforms on the incentive remuneration mechanism, creating new organic growth drivers for the sustainable development of the Company.

## 5. Report of the Directors

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

#### 1. Establishment of and capital increase in subsidiaries during the Reporting Period

- (1) In February 2018, the Company and Singapore Victori International Pte. Ltd. jointly invested in and established Wuhu South East Asia International Trading Co., Ltd., with a registered capital of US\$40 million. The Company and Victori International Pte. Ltd. contributed US\$22 million and US\$18 million respectively, representing 55% and 45% of the registered capital of Wuhu South East Asia International Trading Co., Ltd. respectively.
- (2) In April 2018, the Company, Baxoi County Rongsu Poverty Alleviation Investment Co., Ltd. (“Baxoi Investment Company”) and Qamdo City Kaiyuan Investment Co., Ltd. (“Qamdo Investment Company”) jointly invested in and established Baxoi Conch Cement Co., Ltd., with a registered capital of RMB227.5 million. The Company, Baxoi Investment Company and Qamdo Investment Company contributed RMB159.25 million, RMB34.125 million and RMB34.125 million respectively, representing 70%, 15% and 15% of the registered capital of Baxoi Conch Cement Co., Ltd. respectively.
- (3) In May 2018, the Company and Quanjiao County Urban Infrastructure Development and Construction Co., Ltd. (“Quanjiao Urban Construction Company”) jointly invested in and established Chuzhou Conch New Building Materials Co., Ltd., with a registered capital of RMB11 million. The Company and Quanjiao Urban Construction Company contributed RMB7.7 million and RMB3.3 million respectively, representing 70% and 30% of the registered capital of Chuzhou Conch New Building Materials Co., Ltd. respectively.
- (4) In May 2018, Conch International Holdings (HK) Limited (“Conch (HK)”), a wholly-owned subsidiary of the Company invested in and established Qarshi Conch in Uzbekistan, with an initial registered capital of US\$0.2 million, which is held as to 100% by Conch (HK).
- (5) In May 2018, the Company and Ulyanowski Regional Development Company (“Ulyanowski Development”) made capital injection to Volga Conch on a pro-rata shareholding basis. The Company made capital contribution amounting to RUB61.3298 million in cash, while Ulyanowski Development made capital contribution amounting to RUB30 million by injecting land to Volga Conch. After completion of the capital increase, the registered capital of Volga Conch increased from RUB41.1479 million to RUB132.4777 million, and the shareholding of the Company in Volga Conch remained 75%.



## 5. Report of the Directors

### 2. Shareholdings in other listed companies and trading of shares of other listed companies

During the Reporting Period, there was no trading of shares in other listed companies by the Company. As at the end of the Reporting Period, the Group's shareholdings in other listed companies are set out as follows:

Stock code	Short name	Initial investment 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)
600318	Xinli Finance	45,209,210	7.51	7.51	401,098,656	-
2233	WCC	1,449,828,915	21.16	21.11	1,631,242,049	124,000,011
<b>Total</b>		<b>1,495,038,125</b>			<b>2,032,340,705</b>	<b>124,000,011</b>

Note: The shares held by the Group in Xinli Finance were recognized as "other investments in equity instruments", while the shares in WCC were recognized as "long-term equity investments".

During the Reporting Period, there was no change in the number of the shares of the WCC held by the Group, while the total number of shares of the WCC increased due to the implementation of "share option scheme" by WCC, resulting in the shareholding of the Company decreased from 21.16% to 21.11%.

### 3. Major investments during the Reporting Period

During the Reporting Period, the Group did not have 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 Group during the Reporting Period, please refer to the paragraph headed "(1) Overview of Operation Development" under the section headed "Analysis on the Operational Conditions for the First Half of 2018" in Chapter 4 "Management Discussion and Analysis on the Operations of the Group" in this report as well as note 5 (13) to the financial statements prepared in accordance with the PRC Accounting Standards.

## 5. Report of the Directors

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

As at the end of the Reporting Period, the Company had 144 majority-owned subsidiaries, 6 jointly-controlled entities and 2 associated entities. During the Reporting Period, there was no subsidiary whose net profit or single invested company in which the Company's share of its single investment income accounted for more than 10% of the net profit of the Company.

### 5. Financial entrustment

During the Reporting Period, in order to increase the capital revenue, on 23 March 2018, as approved by the Board of the Company, after the Company was authorized to utilize its self-owned funds in the amount of RMB2 billion to purchase the wealth management product "Win to Fortune" issued by Bank of Communication, Wuhu Branch for a term of 3 months with the expected annualized return rate of 5.16% taking into account factors including the capital security and return rate. The Company fully recovered the principal amount of the financial entrustment of RMB2 billion and the net gain from the wealth management amounted to RMB26,012,100 on 27 June 2018, achieving the expected return rate.

On 12 April 2018, as approved by the Board of the Company, after the Company was authorized to utilize its self-owned funds in the amount of RMB2 billion to purchase the wealth management product "Win to Fortune" issued by Bank of Communication, Wuhu Branch for a term of 5 months with the expected annualized return rate of 4.15% taking into account factors including the capital security and return rate. As at the end of the Reporting Period, the above wealth management product remained outstanding.

## (2) IMPLEMENTATION OF THE 2017 PROFIT DISTRIBUTION PROPOSAL OF THE COMPANY

On 30 May 2018, the profit distribution proposal for the year 2017 was considered and approved at the 2017 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 2017, under such proposal, the Company paid to all the shareholders of the Company a cash dividend of RMB1.20 (tax inclusive) per share, totaling RMB6,359,163,094.8 (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) INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend or the transfer of surplus reserve to share capital for the six months ended 30 June 2018.

## 6. 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 as to the PRC law were present in witness of the convening of general meetings of the Company and provided legal advice in connection with its convention 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. On 30 May 2018, the Company convened the 2017 annual general meeting. Please refer to the announcement published by the Company on the websites of the Stock Exchange and the Company on 30 May 2018, and the announcement published by the Company on the website of the SSE on 31 May 2018 for the voting results of the resolutions at the general meeting.

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 of the Company organize and implement the 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) AUDIT COMMITTEE

The Audit Committee has been established by the Company. The terms of reference adopted by the Audit Committee complied with all the applicable code provisions (the "Code Provisions") set out 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 of the Company. This interim report of 2018 of the Company has been reviewed by the Audit Committee.

## 6. Significant Events

### (3) 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.

### (4) ANALYSIS AND EXPLANATION ON REASONS AND IMPACT OF CHANGES IN THE ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

During the Reporting Period, pursuant to the revised "Accounting Standards for Business Enterprises No. 22 – Recognition and Measurement of Financial Instrument", "Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Asset", "Accounting Standards for Business Enterprises No. 24 – Hedging Accounting", "Accounting Standards for Business Enterprises No. 37 – Presentation and Reporting of Financial Instrument" and "Accounting Standards for Business Enterprises No. 14 – Revenues" issued by the Ministry of Finance in 2017, the Company is required to adopt the aforesaid Accounting Standards for Business Enterprises in the financial reports for the year 2018 and subsequent periods. In addition, in accordance with the "Notice on the Revision of the General Format of Financial Statements of Business Enterprises for 2018" (《關於修訂印發2018年度一般企業財務報表格式的通知》) (Caikuai [2018] No.15) issued by the Ministry of Finance on 15 June 2018, a company that has applied the new financial standards or the new income standards is required to prepare its financial statements according to the new format requirements of financial statements.

The changes in the accounting policies and adjustments to the presentation of financial statements above are reasonable adjustments made in accordance with the requirement of the Ministry of Finance of the PRC, which had no material impact on the financial position and operating results of the Company.

### (5) 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.

## 6. Significant Events

### (6) EVENTS REGARDING INSOLVENCY AND RESTRUCTURING

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

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

During the Reporting Period, there was no acquisition of the Group's material assets or equity.

### (8) STOCK OPTION INCENTIVE SCHEME

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

### (9) 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 (or related party) transactions or continuing connected (or related party) transactions related to daily operations**

##### (1) *Use of trademarks*

On 23 September 1997, the Company and Conch Holdings, being its controlling shareholder, entered into the 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 Trademark Licensing Agreement. The validity period of the Trademark Licensing Agreement is provided to be the same as the validity period of the permitted trademarks, and where the validity period of the permitted trademarks is extended, the validity period of the Trademark Licensing Agreement in respect of the trademarks could be extended automatically. On 22 March 2018, the Company and Conch Holdings entered into a supplemental agreement to the Trademark Licensing Agreement, pursuant to which it was agreed that the annual fees paid by the Company to Conch Holdings in respect of the use of the trademarks consist of fixed license fee and variable license fee, of which the fixed license fee is RMB15 million per annum, and the variable license fee is a license fee for the use of the permitted trademarks by the companies which the Company holds not less than 20% shares, equity interest or registered capital (not being wholly-owned subsidiaries of the Company), at an amount

## 6. Significant Events

to be determined according to the sales volume of cement and clinker. For details, please refer to the announcement published by the Company on the websites of the Stock Exchange and the Company on 22 March 2018, and the announcement published by the Company on the website of the SSE on 23 March 2018.

During the Reporting Period, the fees paid by the Company to Conch Holdings in respect of the use of the trademarks amounted to RMB7.5 million. Pursuant to the HKSE Listing Rules and the SSE Listing Rules, no announcements were required to be made in respect of such connected (or related party) transaction, nor was such connected (or related party) transaction subject to the independent shareholders' approval requirement.

### (2) *Transaction with Haiyi Shipping – logistics transportation*

On 30 June 2017, Shanghai Conch Logistics Co., Ltd. ("Shanghai Logistics", a wholly-owned subsidiary of the Company) and Haiyi Shipping entered into the Transportation Contract, pursuant to which Haiyi Shipping has agreed to provide maritime transportation services for products such as cement, clinker and coal for the Group for a term of one year. Although no transaction amount is specified in the contract as at the time of signing of such contract, Shanghai Logistics estimates that the transaction amount will not exceed RMB230 million, which will be determined and settled according to the volume of cargos actually transported by Haiyi Shipping for the Group. The Group secured the maritime transportation services from Haiyi Shipping by way of public tender of Shanghai Logistics. As at the end of the Reporting Period, the above Transportation Contract was completed with an actual transaction amount of RMB220.33 million.

As Haiyi Shipping is a subsidiary of Conch Venture, and Mr. Yang Kaifa who is the former secretary to the Board of the Company (resigned on 28 June 2017) also serves as the deputy general manager of Conch Venture, Haiyi Shipping remained as a connected person of the Company under the SSE Listing Rules until 28 June 2018. The above transaction constituted a connected transaction under the SSE Listing Rules. As the transaction was determined by way of public tender, it can be exempted from the review and disclosure requirements for a connected transaction. In accordance with the HKSE Listing Rules, the above transaction did not constitute a connected transaction as defined in the HKSE Listing Rules.

## 6. Significant Events

### 2. Engineering design and technical services for cement and clinker technological improvement projects

On 28 February 2018, as approved by the Board, the Company and Conch Design Institute entered into a design and technical services contract (“Design and Technical Services Contract”), pursuant to which Conch Design Institute shall provide certain subsidiaries of the Company with engineering design and technical innovation services for clinker production lines, cement grinding mills, aggregate and residual heat electricity generation projects, with a contract sum of RMB78.38 million.

The contract price of the Design and Technical Services Contract was determined by the parties after arm’s length negotiation with reference to the Engineering Survey and Design Charging Administration Regulations promulgated by the National Development and Reform Commission of the PRC and Ministry of Construction of the PRC in 2002 and based on the project scale, investment amount, scope of design, standard of technology and the prevailing market prices for the provision of relevant services. The contract price will be financed by the Company’s internal resources.

For the performance of the above-mentioned Design and Technical Services Contract (and only such contract), the transaction amount incurred during the Reporting Period was RMB6.4945 million. If taking into account the amount incurred in connection with the performance of other similar contracts entered into in previous years, the accumulated transaction amount with Conch Design Institute during the Reporting Period amounted to RMB21.117 million.

Conch Design Institute is a wholly-owned subsidiary of Conch Holdings, the controlling shareholder of the Company, therefore according to the HKSE Listing Rules, Conch Design Institute is a connected person of the Company and the aforesaid transaction constituted a connected transaction as defined in the HKSE Listing Rules. For details about the transaction, please refer to the Company’s announcement dated 28 February 2018 and published on the website of the Stock Exchange and the website of the Company respectively. In accordance with the SSE Listing Rules, Conch Design Institute is also a connected person of the Company, and the aforesaid transaction also constituted a connected transaction as defined in the SSE Listing Rules, but no ad-hoc announcement was required to be made as the contract amount was less than 0.5% of the latest audited net asset of the Group.



## 6. Significant Events

### (10) MATERIAL CONTRACTS

1. The Group 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 aggregate amount of guarantees provided by the Company to its controlling subsidiaries was RMB827.08 million, all being guarantees for collateral liabilities, the details of which are as follows:

No.	Guaranteed company	Shareholding proportion of the Company	Amount guaranteed by the Company (RMB'000)	Guaranteed period	Date of guarantee contract	Name of creditor
1	North Sulawesi Conch	100%	661,660 (US\$100 million)	one year	2018.02.08	Citibank, Indonesia Branch
2	Battambang Conch	60%	99,250 (US\$15 million)	one year	2018.06.19	Sumitomo Mitsui Banking Corporation, Bangkok Branch, Thailand
3	Conch (HK)	100%	66,170 (US\$10 million)	one year	2018.06.19	J.P.Morgan Chase Bank N.A., Hong Kong Branch
	Total		<b>827,080</b>			

Notes:

- (1) The Company provided full guarantee for the loans granted to North Sulawesi Conch, Battambang Conch and Conch (HK), in which Battambang KT Cement Co., Ltd., a minority shareholder of Battambang Conch, provided equity pledge.
- (2) The RMB-denominated amounts of the guarantees provided by the Company for the USD-denominated loans of the oversea project companies were all translated at the medium exchange rate of the US Dollar against Renminbi announced by the People's Bank of China as at 29 June 2018.
- (3) The loans guaranteed by the Company for the oversea project companies as set out in the table above were mainly for project investment.

## 6. Significant Events

During the Reporting Period, the aggregate new guarantees provided by the Company for its subsidiaries with a gearing ratio of over 70% was RMB827.08 million.

As at the end of the Reporting Period, the aggregate balance of external guarantees provided by the Company (including those provided for its subsidiaries and joint ventures) was RMB8,475.65 million, including RMB-denominated guarantee of RMB3,968.75 million and USD-denominated guarantee of US\$681.15 million, representing 9.88% of the net assets of the Company as at the end of the Reporting Period. Among which, the aggregate balance of the guarantees provided to its subsidiaries was RMB7,561.75 million and that for its joint ventures was RMB913.90 million.

As at the end of the Reporting Period, save for the guarantees provided for two joint ventures, namely, Sino-Myanmar International Trading Co., Ltd. and PT SDIC Papua Cement Indonesia, the Company did not provide any guarantee for its controlling shareholder, de facto controllers, other related parties and any entities which are not legal persons or individuals.

As at the end of the Reporting Period, save for the guarantees as disclosed above, the Group did not provide any other guarantees and pledges, nor did the Group have any other significant contingent liabilities.

### **(11) PENALTIES AND/OR 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 was subject to any penalties imposed by the competent authorities.

### **(12) EXPLANATION ON INTEGRITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER**

During the reporting period, there was no refusal to enforce judgment handed down by court, and no default in payment of outstanding due debt of relatively large amount by the Company, its controlling shareholders and de facto controller.

## 6. Significant Events

### (13) ENVIRONMENTAL PROTECTION AND WASTE DISCHARGE OF THE GROUP

#### 1. Discharge information of key pollutant discharge units

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented standards of pollutants discharge	Total amount of actual discharge (tonne)	Approved total amount of discharge (tonne)	Excessive discharge
1	Ningguo Cement Plant of Anhui Conch Cement Company Limited	Sulfur dioxide	Organised	3	Kiln tail	200	GB4915-2013	78	500	No
		Nitrogen oxides	Organised	3	Kiln tail	400	GB4915-2013	831	3,985	No
		Particulate matter	Organised	3	Kiln head and tail	30	GB4915-2013	89	711	No
		Particulate matter	Organised	171	General discharge outlet	20	GB4915-2013	15		No
2	Tongling Conch	Sulfur dioxide	Organised	5	Kiln tail	200	GB4915-2013	588	7,095	No
		Nitrogen oxides	Organised	5	Kiln tail	400	GB4915-2013	4,099	14,190	No
		Particulate matter	Organised	5	Kiln head and tail	30	GB4915-2013	226	2,411	No
		Particulate matter	Organised	306	General discharge outlet	20	GB4915-2013	7		No
3	Baimashan Cement Plant	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	4	1,188	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	505	2,375	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	104	473	No
		Particulate matter	Organised	90	General discharge outlet	20	GB4915-2013	5		No
4	Anhui Digang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	5	Kiln tail	200	GB4915-2013	427	3,075	No
		Nitrogen oxides	Organised	5	Kiln tail	400	GB4915-2013	2,241	6,150	No
		Particulate matter	Organised	5	Kiln head and tail	30	GB4915-2013	213	1,154	No
		Particulate matter	Organised	147	General discharge outlet	20	GB4915-2013	23		No

## 6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Approved amount of discharge (tonne)	Excessive discharge
5	Anhui Zongyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	5	Kiln tail	200	GB4915-2013	9	4,950	No
		Nitrogen oxides	Organised	5	Kiln tail	400	GB4915-2013	3,451	9,900	No
		Particulate matter	Organised	5	Kiln head and tail	30	GB4915-2013	191	1,546	No
		Particulate matter	Organised	114	General discharge outlet	20	GB4915-2013	23		No
6	Anhui Chizhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	7	Kiln tail	200	GB4915-2013	309	6,270	No
		Nitrogen oxides	Organised	7	Kiln tail	400	GB4915-2013	6,124	12,540	No
		Particulate matter	Organised	7	Kiln head and tail	30	GB4915-2013	370	1,941	No
		Particulate matter	Organised	155	General discharge outlet	20	GB4915-2013	36		No
7	Anhui Huaining Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	262	1,550	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	1,554	3,100	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	96	622	No
		Particulate matter	Organised	123	General discharge outlet	20	GB4915-2013	60		No
8	Anhui Xuancheng Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	700	1,125	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	1,479	3,100	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	86	617	No
		Particulate matter	Organised	114	General discharge outlet	20	GB4915-2013	12		No

## 6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Approved total amount of discharge (tonne)	Excessive discharge
9	Wuhu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	6	Kiln tail	200	GB4915-2013	1,791	6,920	No
		Nitrogen oxides	Organised	6	Kiln tail	400	GB4915-2013	4,109	13,840	No
		Particulate matter	Organised	6	Kiln head and tail	30	GB4915-2013	310	2,345	No
		Particulate matter	Organised	291	General discharge outlet	20	GB4915-2013	50		No
10	Suzhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	72	240	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	1,483	3,300	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	90	700	No
		Particulate matter	Organised	127	General discharge outlet	20	GB4915-2013	38		No
11	Quanjiao Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	97	300	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	1,340	3,300	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	60	691	No
		Particulate matter	Organised	125	General discharge outlet	20	GB4915-2013	32		No
12	Chaohu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	200	GB4915-2013	1,068	2,475	No
		Nitrogen oxides	Organised	3	Kiln tail	400	GB4915-2013	2,469	4,950	No
		Particulate matter	Organised	3	Kiln head and tail	30	GB4915-2013	121	869	No
		Particulate matter	Organised	131	General discharge outlet	20	GB4915-2013	16		No

## 6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Approved total amount of discharge (tonne)	Excessive discharge
13	Zhongguo Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	63	588	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	626	3,587	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	34	690	No
		Particulate matter	Organised	92	General discharge outlet	20	GB4915-2013	10		No
14	Jiande Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	100	GB4915-2013	75	300	No
		Nitrogen oxides	Organised	2	Kiln tail	320	GB4915-2013	961	1,840	No
		Particulate matter	Organised	2	Kiln head and tail	20	GB4915-2013	12	1,024	No
		Particulate matter	Organised	73	General discharge outlet	10	GB4915-2013	8		No
15	Fenji Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	21	1,028	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	410	1,752	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	23	355	No
		Particulate matter	Organised	92	General discharge outlet	20	GB4915-2013	20		No
16	Yiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	200	GB4915-2013	41	300	No
		Nitrogen oxides	Organised	3	Kiln tail	400	GB4915-2013	1,836	4,050	No
		Particulate matter	Organised	3	Kiln head and tail	30	GB4915-2013	126	832	No
		Particulate matter	Organised	157	General discharge outlet	20	GB4915-2013	136		No

## 6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Approved total amount of discharge (tonne)	Excessive discharge
17	Ganzhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	200	GB4915-2013	59	235	No
		Nitrogen oxides	Organised	3	Kiln tail	400	GB4915-2013	1,370	2,641	No
		Particulate matter	Organised	3	Kiln head and tail	30	GB4915-2013	155	813	No
		Particulate matter	Organised	115	General discharge outlet	20	GB4915-2013	37		No
18	Prosperity Conch Cement Co., Ltd.	Sulfur dioxide	Organised	4	Kiln tail	100	DB44/818-2010	163	640	No
		Nitrogen oxides	Organised	4	Kiln tail	320	DB44/818-2010	1,390	6,590	No
		Particulate matter	Organised	4	Kiln head and tail	30	DB44/818-2010	125	1,550	No
		Particulate matter	Organised	202	General discharge outlet	20	DB44/818-2010	261		No
19	Guangdong Qingxin Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	100	DB44/818-2010	46	320	No
		Nitrogen oxides	Organised	2	Kiln tail	320	DB44/818-2010	1,054	3,808	No
		Particulate matter	Organised	2	Kiln head and tail	30	DB44/818-2010	82	750	No
		Particulate matter	Organised	108	General discharge outlet	20	DB44/818-2010	259		No
20	Yangchun Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	100	DB44/818-2010	99	530	No
		Nitrogen oxides	Organised	2	Kiln tail	320	DB44/818-2010	1,034	3,548	No
		Particulate matter	Organised	2	Kiln head and tail	30	DB44/818-2010	79	1,207	No
		Particulate matter	Organised	175	General discharge outlet	20	DB44/818-2010	165		No



## 6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Approved total amount of discharge (tonne)	Excessive discharge
21	Xing'an Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	29	300	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	1,195	2,476	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	61	559	No
		Particulate matter	Organised	118	General discharge outlet	20	GB4915-2013	28		No
22	Xingye Kuiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	20	121	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	1,504	2,673	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	85	1,037	No
		Particulate matter	Organised	124	General discharge outlet	20	GB4915-2013	34		No
23	Fusui Xinning Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	200	GB4915-2013	25	181	No
		Nitrogen oxides	Organised	3	Kiln tail	400	GB4915-2013	1,356	3,713	No
		Particulate matter	Organised	3	Kiln head and tail	30	GB4915-2013	112	605	No
		Particulate matter	Organised	114	General discharge outlet	20	GB4915-2013	21		No
24	Beiliu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	20	80	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	1,339	2,525	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	101	600	No
		Particulate matter	Organised	111	General discharge outlet	20	GB4915-2013	39		No

## 6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Approved total amount of discharge (tonne)	Excessive discharge
25	Long'an Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	200	GB4915-2013	5	40	No
		Nitrogen oxides	Organised	1	Kiln tail	400	GB4915-2013	619	1,240	No
		Particulate matter	Organised	1	Kiln head and tail	30	GB4915-2013	33	267	No
		Particulate matter	Organised	86	General discharge outlet	20	GB4915-2013	4		No
26	Shuangfeng Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	47	477	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	1,374	2,947	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	101	675	No
		Particulate matter	Organised	147	General discharge outlet	20	GB4915-2013	1		No
27	Hunan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	43	404	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	1,222	2,880	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	72	646	No
		Particulate matter	Organised	149	General discharge outlet	20	GB4915-2013	40		No
28	Shimen Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	94	450	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	1,014	3,075	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	41	689	No
		Particulate matter	Organised	140	General discharge outlet	20	GB4915-2013	16		No

## 6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Approved total amount of discharge (tonne)	Excessive discharge
29	Qiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	267	462	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	768	2,188	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	29	936	No
		Particulate matter	Organised	120	General discharge outlet	20	GB4915-2013	17		No
30	Jianghua Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	200	GB4915-2013	3	234	No
		Nitrogen oxides	Organised	1	Kiln tail	400	GB4915-2013	515	1,350	No
		Particulate matter	Organised	1	Kiln head and tail	30	GB4915-2013	22	330	No
		Particulate matter	Organised	105	General discharge outlet	20	GB4915-2013	18		No
31	Shaoyang Yeafing New Energy Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	200	GB4915-2013	82	160	No
		Nitrogen oxides	Organised	1	Kiln tail	400	GB4915-2013	406	1,395	No
		Particulate matter	Organised	1	Kiln head and tail	30	GB4915-2013	50	272	No
		Particulate matter	Organised	67	General discharge outlet	20	GB4915-2013	38		No
32	Hunan Yeafing Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	200	GB4915-2013	24	67	No
		Nitrogen oxides	Organised	1	Kiln tail	400	GB4915-2013	243	600	No
		Particulate matter	Organised	1	Kiln head and tail	30	GB4915-2013	8	146	No
		Particulate matter	Organised	74	General discharge outlet	20	GB4915-2013	10		No

## 6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Approved total amount of discharge (tonne)	Excessive discharge
33	Hunan Yiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	200	GB4915-2013	15	235	No
		Nitrogen oxides	Organised	1	Kiln tail	400	GB4915-2013	591	1,450	No
		Particulate matter	Organised	1	Kiln head and tail	30	GB4915-2013	26	327	No
		Particulate matter	Organised	56	General discharge outlet	20	GB4915-2013	9		No
34	Lianyuan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	200	GB4915-2013	12	151	No
		Nitrogen oxides	Organised	1	Kiln tail	400	GB4915-2013	555	1,440	No
		Particulate matter	Organised	1	Kiln head and tail	30	GB4915-2013	52	340	No
		Particulate matter	Organised	89	General discharge outlet	20	GB4915-2013	2		No
35	Linxiang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	200	GB4915-2013	54	150	No
		Nitrogen oxides	Organised	1	Kiln tail	400	GB4915-2013	369	1,200	No
		Particulate matter	Organised	1	Kiln head and tail	30	GB4915-2013	12	300	No
		Particulate matter	Organised	80	General discharge outlet	20	GB4915-2013	21		No
36	Guangyuan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	25	343	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	1,208	3,285	No
		Particulate matter	Organised	3	Kiln head and tail	30	GB4915-2013	98	700	No
		Particulate matter	Organised	91	General discharge outlet	20	GB4915-2013	18		No

## 6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Approved total amount of discharge (tonne)	Excessive discharge
37	Dazhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	49	284	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	995	2,970	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	57	590	No
		Particulate matter	Organised	105	General discharge outlet	20	GB4915-2013	34		No
38	Chongqing Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	200	DB50/656-2016	453	2,252	No
		Nitrogen oxides	Organised	3	Kiln tail	350	DB50/656-2016	1,355	3,941	No
		Particulate matter	Organised	3	Kiln head and tail	30	DB50/656-2016	106	875	No
		Particulate matter	Organised	181	General discharge outlet	20	DB50/656-2016	93		No
39	Liangping Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	200	DB50/656-2016	17	792	No
		Nitrogen oxides	Organised	1	Kiln tail	350	DB50/656-2016	267	1,386	No
		Particulate matter	Organised	1	Kiln head and tail	30	DB50/656-2016	20	340	No
		Particulate matter	Organised	83	General discharge outlet	20	DB50/656-2016	25		No
40	Linxia Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	3	146	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	124	971	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	9	164	No
		Particulate matter	Organised	104	General discharge outlet	20	GB4915-2013	8		No

## 6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Approved total amount of discharge (tonne)	Excessive discharge
41	Pingliang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	48	1,515	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	726	3,030	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	57	646	No
		Particulate matter	Organised	115	General discharge outlet	20	GB4915-2013	23		No
42	Guiyang Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	200	GB4915-2013	201	706	No
		Nitrogen oxides	Organised	3	Kiln tail	400	GB4915-2013	1,457	3,902	No
		Particulate matter	Organised	3	Kiln head and tail	30	GB4915-2013	116	985	No
		Particulate matter	Organised	170	General discharge outlet	20	GB4915-2013	2		No
43	Zunyi Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	147	1,815	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	745	3,630	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	125	908	No
		Particulate matter	Organised	131	General discharge outlet	20	GB4915-2013	5		No
44	Tongren Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	40	1,485	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	1,046	2,970	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	58	632	No
		Particulate matter	Organised	108	General discharge outlet	20	GB4915-2013	14		No

## 6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Approved total amount of discharge (tonne)	Excessive discharge
45	Guiding Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	136	1,559	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	1,066	3,119	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	92	660	No
		Particulate matter	Organised	130	General discharge outlet	20	GB4915-2013	172		No
46	Liquan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	100	DB61/941-2014	32	209	No
		Nitrogen oxides	Organised	2	Kiln tail	320	DB61/941-2014	524	1,908	No
		Particulate matter	Organised	2	Kiln head and tail	20	DB61/941-2014	50	336	No
		Particulate matter	Organised	158	General discharge outlet	10	DB61/941-2014	29		No
47	Qianyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	100	DB61/941-2014	9	221	No
		Nitrogen oxides	Organised	1	Kiln tail	320	DB61/941-2014	355	882	No
		Particulate matter	Organised	1	Kiln head and tail	20	DB61/941-2014	26	159	No
		Particulate matter	Organised	93	General discharge outlet	10	DB61/941-2014	6		No
48	Baoji Zhongxi Jinlinghe Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	100	DB61/941-2014	11	221	No
		Nitrogen oxides	Organised	1	Kiln tail	320	DB61/941-2014	360	882	No
		Particulate matter	Organised	1	Kiln head and tail	20	DB61/941-2014	16	147	No
		Particulate matter	Organised	54	General discharge outlet	10	DB61/941-2014	58		No



## 6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Approved total amount of discharge (tonne)	Excessive discharge
49	Qianxian Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	100	DB61/941-2014	15	192	No
		Nitrogen oxides	Organised	1	Kiln tail	320	DB61/941-2014	326	1,228	No
		Particulate matter	Organised	1	Kiln head and tail	20	DB61/941-2014	19	187	No
		Particulate matter	Organised	113	General discharge outlet	10	DB61/941-2014	13		No
50	Baoji Zhongxi Fenghuangshan Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	100	DB61/941-2014	5	221	No
		Nitrogen oxides	Organised	1	Kiln tail	320	DB61/941-2014	361	882	No
		Particulate matter	Organised	1	Kiln head and tail	20	DB61/941-2014	13	147	No
		Particulate matter	Organised	83	General discharge outlet	10	DB61/941-2014	11		No
51	Shaanxi Tongchuan Fenghuang Construction Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	100	DB61/941-2014	20	309	No
		Nitrogen oxides	Organised	1	Kiln tail	320	DB61/941-2014	375	990	No
		Particulate matter	Organised	1	Kiln head and tail	20	DB61/941-2014	11	181	No
		Particulate matter	Organised	46	General discharge outlet	10	DB61/941-2014	4		No
52	Jining Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	100	DB37/2376-2013	3	276	No
		Nitrogen oxides	Organised	1	Kiln tail	300	DB37/2376-2013	120	827	No
		Particulate matter	Organised	1	Kiln head and tail	20	DB37/2376-2013	4	207	No
		Particulate matter	Organised	111	General discharge outlet	10	DB37/2376-2013	6		No

## 6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total amount of actual discharge (tonne)	Approved total amount of discharge (tonne)	Excessive discharge
53	Kunming Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	200	GB4915-2013	17	62	No
		Nitrogen oxides	Organised	1	Kiln tail	400	GB4915-2013	268	775	No
		Particulate matter	Organised	1	Kiln head and tail	30	GB4915-2013	10	79	No
		Particulate matter	Organised	41	General discharge outlet	20	GB4915-2013	3		No
54	Hami Hongyi Construction Material Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	200	GB4915-2013	0.47	45	No
		Nitrogen oxides	Organised	1	Kiln tail	400	GB4915-2013	121	750	No
		Particulate matter	Organised	1	Kiln head and tail	30	GB4915-2013	6	153	No
		Particulate matter	Organised	62	General discharge outlet	20	GB4915-2013	3		No

## 6. Significant Events

### 2. Discharging information of subsidiaries other than key pollutant discharging units

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented	Total amount of discharge (tonne)	Approved	Excessive discharge
							standards for discharge of pollutants		total amount of discharge (tonne)	
1	Baoshan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	200	GB4915-2013	1	151	No
		Nitrogen oxides	Organised	1	Kiln tail	400	GB4915-2013	601	1,535	No
		Particulate matter	Organised	1	Kiln head and tail	30	GB4915-2013	9	312	No
		Particulate matter	Organised	71	General discharge outlet	20	GB4915-2013	10		No
2	Yunnan Zhuangxiang Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	200	GB4915-2013	12	173	No
		Nitrogen oxides	Organised	1	Kiln tail	400	GB4915-2013	218	576	No
		Particulate matter	Organised	1	Kiln head and tail	30	GB4915-2013	24	124	No
		Particulate matter	Organised	30	General discharge outlet	20	GB4915-2013	8		No
3	Longling Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	200	GB4915-2013	1	43	No
		Nitrogen oxides	Organised	1	Kiln tail	400	GB4915-2013	309	750	No
		Particulate matter	Organised	1	Kiln head and tail	30	GB4915-2013	8	163	No
		Particulate matter	Organised	90	General discharge outlet	20	GB4915-2013	4		No
4	Yingjiangyunhan Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	200	GB4915-2013	8	55	No
		Nitrogen oxides	Organised	1	Kiln tail	400	GB4915-2013	480	1,240	No
		Particulate matter	Organised	1	Kiln head and tail	30	GB4915-2013	35	258	No
		Particulate matter	Organised	86	General discharge outlet	20	GB4915-2013	13		No

## 6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented	Approved	Excessive discharge	
							standards for discharge of pollutants	Total amount of discharge (tonne)		total amount of discharge (tonne)
5	Wenshan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	83	241	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	1,304	2,790	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	69	604	No
		Particulate matter	Organised	98	General discharge outlet	20	GB4915-2013	21		No
6	Qianxinan Resource Development Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	200	GB4915-2013	9	310	No
		Nitrogen oxides	Organised	1	Kiln tail	400	GB4915-2013	284	620	No
		Particulate matter	Organised	1	Kiln head and tail	30	GB4915-2013	21	128	No
		Particulate matter	Organised	69	General discharge outlet	20	GB4915-2013	6		No
7	Shuicheng Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	87	447	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	591	1,734	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	54	394	No
		Particulate matter	Organised	71	General discharge outlet	20	GB4915-2013	7		No
8	Guizhou Liukuangruian Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	200	GB4915-2013	140	529	No
		Nitrogen oxides	Organised	2	Kiln tail	400	GB4915-2013	949	2,260	No
		Particulate matter	Organised	2	Kiln head and tail	30	GB4915-2013	44	481	No
		Particulate matter	Organised	102	General discharge outlet	20	GB4915-2013	10		No

## 6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented	Approved	Excessive discharge	
							standards for discharge of pollutants	Total amount of discharge (tonne)		total amount of discharge (tonne)
9	Bazhong Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	200	GB4915-2013	34	142	No
		Nitrogen oxides	Organised	1	Kiln tail	400	GB4915-2013	457	1,008	No
		Particulate matter	Organised	1	Kiln head and tail	30	GB4915-2013	59	327	No
		Particulate matter	Organised	70	General discharge outlet	20	GB4915-2013	5		No
10	Sichuan Nanwei Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	200	GB4915-2013	28	56	No
		Nitrogen oxides	Organised	1	Kiln tail	400	GB4915-2013	320	800	No
		Particulate matter	Organised	1	Kiln head and tail	30	GB4915-2013	22	110	No
		Particulate matter	Organised	62	General discharge outlet	20	GB4915-2013	12		No
11	Guangxi Lingyun Tonghong Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	200	GB4915-2013	12	426	No
		Nitrogen oxides	Organised	1	Kiln tail	400	GB4915-2013	442	853	No
		Particulate matter	Organised	1	Kiln head and tail	30	GB4915-2013	21	177	No
		Particulate matter	Organised	52	General discharge outlet	20	GB4915-2013	11		No
12	Bengbu Conch Cement Co., Ltd.	Particulate matter	Organised	86	General discharge outlet	20	GB4915-2013	25		No
13	Anhui Changfeng Conch Cement Co., Ltd.	Particulate matter	Organised	30	General discharge outlet	20	GB4915-2013	15		No
14	Lu'an Conch Cement Co., Ltd.	Particulate matter	Organised	70	General discharge outlet	20	GB4915-2013	21		No

## 6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total amount of discharge (tonne)	Approved total amount of discharge (tonne)	Excessive discharge
15	Huainan Conch Cement Co., Ltd.	Particulate matter	Organised	111	General discharge outlet	20	GB4915-2013	40		No
16	Huangshan Conch Cement Co., Ltd.	Particulate matter	Organised	63	General discharge outlet	20	GB4915-2013	1		No
17	Bozhou Conch Cement Co., Ltd.	Particulate matter	Organised	43	General discharge outlet	20	GB4915-2013	5		No
18	Ma'anshan Conch Cement Co., Ltd.	Particulate matter	Organised	65	General discharge outlet	20	GB4915-2013	57		No
19	Shanghai Mingzhu Conch Cement Co., Ltd.	Particulate matter	Organised	28	General discharge outlet	20	GB4915-2013	1		No
20	Nantong Conch Cement Co., Ltd.	Particulate matter	Organised	59	General discharge outlet	20	GB4915-2013	12	71	No
21	Taizhou Yangwan Conch Cement Co., Ltd.	Particulate matter	Organised	129	General discharge outlet	10	GB4915-2013	17		No
22	Yangzhou Conch Cement Co., Ltd.	Particulate matter	Organised	142	General discharge outlet	10	GB4915-2013	22		No
23	Zhangjiagang Conch Cement Co., Ltd.	Particulate matter	Organised	57	General discharge outlet	20	GB4915-2013	8		No
24	Taicang Conch Cement Co., Ltd.	Particulate matter	Organised	41	General discharge outlet	10	GB4915-2013	11		No
25	Huai'an Conch Cement Co., Ltd.	Particulate matter	Organised	41	General discharge outlet	20	GB4915-2013	22	275	No
26	Haimen Conch Cement Co., Ltd.	Particulate matter	Organised	131	General discharge outlet	20	GB4915-2013	36		No

## 6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented	Approved	Excessive discharge	
							standards for discharge of pollutants	Total amount of discharge (tonne)		total amount of discharge (tonne)
27	Huai'an Chuzhou Conch Cement Co., Ltd.	Particulate matter	Organised	142	General discharge outlet	20	GB4915-2013	25	No	
28	Zhenjiang Beigu Conch Cement Co., Ltd.	Particulate matter	Organised	11	General discharge outlet	10	GB4915-2013	2	24	No
29	Jiangsu Baling Conch Cement Co., Ltd.	Particulate matter	Organised	98	General discharge outlet	20	GB4915-2013	32	No	
30	Ningbo Conch Cement Co., Ltd.	Particulate matter	Organised	78	General discharge outlet	10	GB4915-2013	8	No	
31	Shaoxing Shangyu Conch Cement Co., Ltd.	Particulate matter	Organised	38	General discharge outlet	10	GB4915-2013	6	22	No
32	Ninghai Qiangjiao Conch Cement Co., Ltd.	Particulate matter	Organised	95	General discharge outlet	10	GB4915-2013	29	No	
33	Xiangshan Conch Cement Co., Ltd.	Particulate matter	Organised	114	General discharge outlet	10	GB4915-2013	25	No	
34	Yueqing Conch Cement Co., Ltd.	Particulate matter	Organised	52	General discharge outlet	20	GB4915-2013	31	No	
35	Taizhou Conch Cement Co., Ltd.	Particulate matter	Organised	55	General discharge outlet	10	GB4915-2013	26	No	
36	Jiangxi Lushan Conch Cement Co., Ltd.	Particulate matter	Organised	39	General discharge outlet	20	GB4915-2013	14	No	
37	Nanchang Conch Cement Co., Ltd.	Particulate matter	Organised	17	General discharge outlet	20	GB4915-2013	121	No	
38	Jiangxi Ganjiang Conch Cement Co., Ltd.	Particulate matter	Organised	70	General discharge outlet	20	GB4915-2013	66	No	



## 6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration standards (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total amount of discharge (tonne)	Approved total amount of discharge (tonne)	Excessive discharge
39	Jinxian Conch Cement Co., Ltd.	Particulate matter	Organised	47	General discharge outlet	20	GB4915-2013	21		No
40	Fujian Jianyang Conch Cement Co., Ltd.	Particulate matter	Organised	27	General discharge outlet	20	GB4915-2013	3		No
41	Jiangmen Conch Cement Co., Ltd.	Particulate matter	Organised	88	General discharge outlet	20	DB44/818-2010	31		No
42	Foshan Conch Cement Co., Ltd.	Particulate matter	Organised	72	General discharge outlet	20	DB44/818-2010	13	73	No
43	Maoming Dadi Cement Co., Ltd.	Particulate matter	Organised	35	General discharge outlet	20	DB44/818-2010	7		No
44	Zhanjiang Conch Cement Co., Ltd.	Particulate matter	Organised	78	General discharge outlet	20	DB44/818-2010	10	194	No

### 3. Performance of environmental protection

During the Reporting Period, the Group conscientiously followed the national environmental protection guidelines and policies, and further strengthened its environmental protection management by increasing investments in environmental protection, requiring all subsidiaries to strictly enforce the laws and regulations in relation to environmental protection, closely monitoring the environmental indicators of its subsidiaries through its online environmental protection monitoring system at the headquarters as well as planning and implementing technology improvement for environmental protection and energy conservation at the subsidiary level. During the Reporting Period, the Group implemented wet desulphurization on 13 clinker production lines and compound desulphurization technological modification on 11 clinker production lines, and took proactive initiatives to research and develop advanced environmentally-friendly technologies such as SCR denitration. The Group vigorously pushed forward the upgrade and modification of electric dust collectors on clinker production lines, so as to effectively reduce the emission of particulate matters. Meanwhile, the Group further strengthened management on solid wastes and hazardous wastes, optimized domestic wastewater treatment facilities and actively launched measures for noise abatement, achieving remarkable performance at all fronts of environmental protection work.

For all the projects under construction of subsidiaries of the Group, we have completed the environment impact assessment pursuant to relevant requirements, and have obtained the approval documents. The Group has developed and implemented the self-monitoring program in strict compliance with the relevant requirements of the emission permit system and self-monitoring technical guidance. The Group has conducted self-monitoring inspection on a quarterly basis and published its environmental information on a regular basis for public supervision pursuant to the requirements of The Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法》). In order to strictly comply with the requirements of the Emergency Response Law of the People's Republic of China (《中華人民共和國突發事件應對法》) and the Interim Measures for the Administration of Environmental Emergency Response Plan (《突發環境事件應急預案管理暫行辦法》), each subsidiary of the Group has formulated its own environmental emergency response plan and filed the same with the environmental protection departments. They also carried out drills regularly to prevent, warn against and respond to environmental emergency incidents or various environmental emergency issues in relation to or arising from production safety, enabling the Company to take actions in a quick, orderly and efficient manner to reduce damages upon occurrence of any environmental pollution incidents (accidents), thereby safeguarding the public and protecting the environment.

## 6. Significant Events

### 4. Other environmental information

During the Reporting Period, due to the location of a cargo pier of Tongling Conch (a wholly-owned subsidiary of the Company) (“Tongling Conch Pier”) which is inside the Class B reserve of the intake point of the Tongling Water Treatment Plant and in accordance with the work requirements of clearance and upgrading of water source reserves, Tongling Environmental Protection Bureau and Tongling Port and Shipping Bureau issued a written notice requiring Tongling Conch Pier to suspend the operations. Therefore, Tongling Conch has suspended the operations of Tongling Conch Pier in late May, resulting in a temporary suspension of certain production lines of Tongling Conch. On 21 July 2018, Tongling Conch received a written notice from Tongling Environmental Protection Bureau, requesting immediate resumption of operation of Tongling Conch’s waste incineration and auxiliary system for treatment of domestic waste of Tongling City. In order to implement the requirements by Tongling Environmental Protection Bureau for waste treatment, the temporarily suspended clinker production lines of Tongling Conch has resumed operation. To secure the normal operation of waste treatment and auxiliary system, Tongling Conch Pier, as an important channel for the shipping of cement and clinker products and the delivery of raw coal to Tongling Conch, has also resumed operation. For details, please refer to the Company’s announcements published on the website of the Stock Exchange and the website of the Company on 12 June 2018 and 26 July 2018 and published on the website of the SSE on 13 June 2018 and 27 July 2018 respectively.

### (14) NO EVENT THAT MIGHT IMPOSE MATERIAL IMPACTS

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.

## 7. Changes in Shares and Shareholders

### (1) TOTAL NUMBER OF SHARES AND SHAREHOLDING STRUCTURE

There was no change in the total number of shares and the shareholding structure of the Company during the Reporting Period, as detailed below:

Class of shares	Before change		Increase/decrease (+,-)			After change	
	Number	Percentage (%)	Issue of new shares	Transfer from capital reserve	Subtotal	Number	Percentage (%)
<b>(1) Shares subject to trading restrictions</b>	-	-	-	-	-	-	-
1. State-owned legal person shares	-	-	-	-	-	-	-
2. Other domestic shares	-	-	-	-	-	-	-
<b>(2) Shares not subject to trading restrictions</b>	<b>5,299,302,579</b>	<b>100</b>	-	-	-	<b>5,299,302,579</b>	<b>100</b>
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
<b>(3) Total number of shares</b>	<b>5,299,302,579</b>	<b>100</b>	-	-	-	<b>5,299,302,579</b>	<b>100</b>

## 7. Changes in Shares and Shareholders

### (2) SHAREHOLDERS

Total number of shareholders and shareholdings of the top 10 registered shareholders as at the end of the Reporting Period: as at the end of the Reporting Period, the Company had a total of 81,109 shareholders, 94 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	Pledged or frozen	
					Status	Number of shares (share)
1. Conch Holdings <sup>(Note 1)</sup>	State-owned legal person	1,928,870,014	36.40	A Share	Nil	-
2. HKSCC Nominees Limited <sup>(Note 2)</sup>	Foreign legal person	1,298,325,633	24.50	H Share	Unknown	Unknown
3. Hong Kong Securities Clearing Company Limited	Foreign legal person	300,815,885	5.68	A Share	Unknown	Unknown
4. China Securities Finance Corporation Limited	State-owned legal person	259,698,648	4.90	A Share	Unknown	Unknown
5. Conch Venture <sup>(Note 3)</sup>	Domestic non-state-owned legal person	191,472,045	3.61	A Share	Nil	-
6. Central Huijin Asset Management Ltd.	State-owned legal person	70,249,600	1.33	A Share	Unknown	Unknown
7. Bank Negara Malaysia	Others	29,702,495	0.56	A Share	Unknown	Unknown
8. FIL Investment Management (Hong Kong) Limited – Customer Funds	Others	20,980,706	0.40	A Share	Unknown	Unknown
9. The National Social Security Fund 106 Composition	Others	18,612,626	0.35	A Share	Unknown	Unknown
10. Monetary Authority of Macao – Own fund	Others	18,318,642	0.35	A Share	Unknown	Unknown

#### Notes:

- (1) During the Reporting Period, there was no change in the number of the shares of the Company held by Conch Holdings. The shares held by Conch Holdings were not subject to any pledge, freezing order or trust.
- (2) HKSCC Nominees Limited held 1,298,325,633 H Shares, representing 24.50% of the total share capital of the Company, and 99.90% of the issued H Shares of the Company. These shares were held on behalf of its various clients.
- (3) 45,000,000 floating shares of the Company held by Conch Venture which were pledged to Guoyuan Securities Company Limited on 23 May 2017 were released during the Reporting Period, details of which were set out in the announcement of the Company dated 25 May 2018 published on the SSE's website.
- (4) All the above shares are floating shares not subject to trading restrictions.
- (5) The Board is not aware of any connected relationship or acting in concert relationship among the above-mentioned shareholders.

## 7. Changes in Shares and Shareholders

### (3) SUBSTANTIAL SHAREHOLDERS

As at the end of the Reporting Period, 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 SFO (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	1,928,870,014 A Shares (long position) (Note 1)	Interest of a controlled corporation/Beneficial owner	48.23% (Note 2)
Anhui Provincial Investment Group Holdings Co., Ltd.	1,928,870,014 A Shares (long position) (Note 1)	Interest of a controlled corporation	48.23% (Note 2)
Conch Venture Property	1,928,870,014 A Shares (long position) (Note 1)	Interest of a controlled corporation	48.23% (Note 2)
CCVH	1,928,870,014 A Shares (long position) (Note 1)	Interest of a controlled corporation	48.23% (Note 2)
JPMorgan Chase & Co.	117,101,369 H Shares (long position) (Note 4)	Beneficial owner/ Investment manager/ Trustee/Custodian	9.01% (Note 3)
JPMorgan Chase & Co.	8,648,500 H Shares (short position) (Note 4)	Beneficial owner	0.66% (Note 3)

## 7. Changes in Shares and Shareholders

<b>Name of shareholder</b>	<b>Number of ordinary shares held</b>	<b>Capacity</b>	<b>Percentage of shareholding of the relevant class of shares</b>
Bank of America Corporation	99,669,801 H Shares (long position) (Note 5)	Interest of a controlled corporation	7.67% (Note 3)
Bank of America Corporation	93,935,598 H Shares (short position) (Note 5)	Interest of a controlled corporation	7.23% (Note 3)
Taiwan Cement Corporation	116,568,000 H Shares (long position) (Note 6)	Interest of a controlled corporation	8.97% (Note 3)
Citigroup Inc.	87,197,448 H Shares (long position) (Note 7)	Interest of a controlled corporation/Approved Lending Agent	6.70% (Note 3)
Citigroup Inc.	12,968,506 H Shares (short position) (Note 7)	Interest of a controlled corporation	0.99% (Note 3)
BlackRock, Inc.	81,810,430 H Shares (long position) (Note 8)	Interest of a controlled corporation	6.30% (Note 3)
BlackRock, Inc.	2,771,500 H Shares (short position) (Note 8)	Interest of a controlled corporation	0.21% (Note 3)
Wellington Management Group LLP	77,853,023 H Shares (long position) (Note 9)	Investment manager	5.99% (Note 3)

## 7. Changes in Shares and Shareholders

### Notes:

- (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.
- (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 4 May 2018 in respect of the relevant event that occurred on 30 April 2018, these shares were held through certain subsidiaries of JPMorgan Chase & Co.. Of the 117,101,369 H Shares (long position), 27,064,889 Shares were held in the capacity of beneficial owner; 20,900,045 Shares in the capacity of investment manager; 31,440 Shares in the capacity of trustee, and 69,104,995 Shares (securities in lending pool) in the capacity of approved lending agent.
- (5) Based on the disclosure of interests form submitted by Bank of America Corporation on 3 July 2018 in respect of the relevant event that occurred on 27 June 2018, these shares were held through certain subsidiaries of Bank of America Corporation.
- (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 held 116,568,000 H Shares accordingly.
- (7) Based on the disclosure of interests form submitted by Citigroup Inc. on 26 June 2018 in respect of the relevant event that occurred on 21 June 2018, these shares were held through certain subsidiaries of Citigroup Inc.. Of the 87,197,448 H Shares (long position), 14,885,293 Shares were held in the capacity of interest of controlled corporation, and 72,312,155 Shares (securities in lending pool) in the capacity of approved lending agent.
- (8) Based on the disclosure of interests form submitted by BlackRock, Inc. on 3 July 2018 in respect of the relevant event that occurred on 29 June 2018, these shares were held through certain subsidiaries of BlackRock, Inc..
- (9) Based on the disclosure of interests form submitted by Wellington Management Group LLP on 12 June 2018 in respect of the relevant event that occurred on 8 June 2018, these shares were held through certain subsidiaries of Wellington Management Group LLP.

Save for the aforesaid shareholders, as at the end of the Reporting Period, 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.



## 7. Changes in Shares and Shareholders

### **(4) REPURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

During the Reporting Period, neither the Company nor any of its subsidiaries repurchased, sold and 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 pre-emptive right to acquire new shares in proportion to their shareholdings.

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

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

During the Reporting Period, Mr. Zhou Bo tendered his resignation as the executive director, the Chief Accountant and the company secretary because of his vacation plan for a period of time before seeking other career opportunities, and Mr. Xia Xiaoping tendered his resignation as the deputy Chief Accountant as he attained the statutory retirement age. The Board approved the requests for resignation of Mr. Zhou Bo and Mr. Xia Xiaoping, and expressed its gratitude to them for their contribution to the operation and development of the Company during their tenure.

Save for the aforesaid, there was no change in the biographies of other Directors, Supervisors and senior management members of the Company which required disclosure under Rule 13.51B(1) of the HKSE Listing Rules.

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

Name	Position	Number of shares held as of 31 December 2017 (shares)	Reduction of shareholding during the Reporting Period (shares)	Number of shares held as of 30 June 2018 (shares)
Li Xiaobo	Deputy general manager	193,000	–	193,000
Ke Qiubi	Deputy general manager	378,445	84,600	293,845

According to the shareholding reduction plan submitted by Mr. Ke Qiubi, the deputy general manager, the Company disclosed his plan to reduce shareholdings in the Company on the SSE website on 13 December 2017. Subject to strict compliance with relevant requirements under the business rules of the SSE, Mr. Ke Qiubi sold totally 84,600 shares of the Company for the period from 9 January 2018 to 29 June 2018 and the Company fulfilled its obligation of information disclosure in a timely manner.

Save as disclosed above, none of the other Directors, Supervisors and senior management members of the Company held or purchased or sold any share of the Company during the Reporting Period.

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

### (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 rights, which were recorded in the register of the Company required to be kept and maintained in accordance with section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“Model Code”) as set out in Appendix 10 to the HKSE Listing Rules.

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

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

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

### (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 enquiries to all Directors by the Company, the 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.

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

### (6) STAFF AND REMUNERATION

As of the end of the Reporting Period, there were 42,946 staff members under the employment of the Group with a total remuneration of approximately RMB2,417.87 million, which was the total remuneration of staff for the Reporting Period.

During the Reporting Period, the Group implemented an annual remuneration system for its middle and senior management who were incentivized and restricted based on indicators including production, sales volume, profitability and costs according to the annual objective accountability system, while position salary and seniority salary were adopted for its professional technical management staff and general staff who were assessed based on position indicators and performance of their duties and responsibilities according to the objective assessment management system based on positions.

As far as training is concerned, the Group provided multi-level training programmes, with an aim to enhancing the management capability of the management personnel and strengthening the professional skills and safety awareness of the staff. During the Reporting Period, the Group further improved its training management systems at its head office, regional committees and subsidiaries, which provided systematic and targeted training for various trainees and skill needs.

## 9. Information on Corporate Bonds

### (1) GENERAL INFORMATION ON CORPORATE BONDS

Name of Bonds	Abbreviation	Code	Issuance Date	Maturity Date	Balance of Bonds (RMB billion)	Interest Rate (%)	Principal and Interest Payment	Stock Exchange
2012 Corporate Bonds of Anhui Conch Cement Company Limited ("2012 Corporate Bonds")	12 Conch 02 (12海螺02)	122203	2012.11.07	2022.11.06	3.5	5.10	Interest is payable annually, and the final interest shall be paid together with the principal amount	SSE

#### Notes:

- 1 The 2012 Corporate Bonds "12 Conch 02" confer the issuer the option to raise the coupon rate at the end of the seventh year from the date of issue and confer the investors the option to sell back the bonds to the issuer, i.e. the issuer has the right to raise the coupon rate for the next three years at the end of the seventh year from the date of issue (the issuer may choose not to exercise such option and maintain the original coupon rate), and the investors have the right to sell all or part of the bonds held by them back to the Company at par value on the interest payment date of the seventh interest-bearing year.
- 2 The 2011 Corporate Bonds of Anhui Conch Cement Company Limited "11 Conch 02" was due on 22 May 2018, the principal and interest of which were fully paid, details of which were set out in the announcement of the Company dated 15 May 2018 published on the SSE's website.

## 9. Information on Corporate Bonds

### (2) CONTACT PERSON AND CONTACT INFORMATION OF THE TRUSTEE OF THE CORPORATE BONDS AND CONTACT INFORMATION OF THE CREDIT RATING AGENCY

Trustee of 2012 Corporate Bonds	Name	Zhong De Securities Company Limited (中德證券有限責任公司)
	Business address	22nd Floor, Tower 1, China Central Place, 81 Jianguo Road, Chaoyang District, Beijing
	Contact person	Li Bingting (李冰婷)
	Telephone	8610-5902 6656
Credit Rating Agency of 2012 Corporate Bonds	Name	China Chengxin Securities Rating Company Limited (中誠信證券評估有限公司)
	Business address	14th Floor, Block C, Merchants International Finance Center, 156 Fuxingmennei Avenue, Xicheng District, Beijing

### (3) USE OF PROCEEDS FROM ISSUANCE OF CORPORATE BONDS

The net proceeds raised from the issuance of the corporate bonds with a principal amount of RMB9.5 billion by the Company in 2011 amounted to RMB9,461,980,000. Pursuant to the committed use of proceeds and application plan as stipulated in the prospectus, all the proceeds were utilized in 2012, of which RMB5,034,480,000 was used to replenish its working capital and RMB4,427,500,000 was used to repay loans.

The net proceeds raised from the issuance of the corporate bonds with a principal amount of RMB6.0 billion by the Company in 2012 amounted to RMB5,995,240,000. Pursuant to the committed use of proceeds and application plan as stipulated in the prospectus, all the proceeds were utilized in 2013, of which RMB3,000,000,000 was used to replenish its working capital and RMB2,995,240,000 was used to repay loans.

## 9. Information on Corporate Bonds

### (4) CREDIT RATING AGENCY AND TRACKING RATING OF CORPORATE BONDS

According to the two credit rating reports (Xinpingweihanzi [2018] tracking No.042 and Xinpingweihanzi [2018] tracking No.043) and tracking rating reports issued by China Chengxin Securities Rating Company Limited (“China Chengxin”) in April 2018, and based on the tracking analysis on the Company, its 2011 Corporate Bonds and 2012 Corporate Bonds conducted by China Chengxin, the credit rating committee of China Chengxin considered and determined to maintain the Company’s main credit rating of AAA with stable rating outlook, and to maintain the credit rating of its 2011 Corporate Bonds of AAA and the credit rating of its 2012 Corporate Bonds of AAA. The two above-mentioned tracking rating reports were published on the website of the Company on 20 April 2018 and the website of the SSE on 21 April 2018.

### (5) CREDIT ENHANCEMENT MECHANISM AND DEBT REPAYMENT PLAN OF THE CORPORATE BONDS FOR THE REPORTING PERIOD

Conch Holdings, the controlling shareholder of the Company, provided unconditional and irrevocable guarantee by way of joint liability assurance for the 2011 Corporate Bonds and 2012 Corporate Bonds issued by the Company. As of 30 June 2018, the accumulative outstanding balance of external guarantees provided by Conch Holdings amounted to RMB3.5 billion (i.e. the guarantee provided for the corporate bonds issued by the Company in an amount of RMB3.5 billion), representing 9.26% of the unaudited net assets (excluding minority interests) of Conch Holdings as of 30 June 2018. The debt repayment plan for the 2012 Corporate Bonds issued by the Company is as follows:

The interest of the ten-year bonds of the 2012 Corporate Bonds of the Company shall be paid by the issuer through the share registrar and the relevant authorities on 7 November of each year during the period from the first year to the tenth year after the issuance date, and the principal amount shall be paid by the issuer through the share registrar and the relevant authorities on 7 November 2022. In the case that the investors have exercised their sell-back options, the interest of the corporate bonds sold back shall be paid by the issuer through the share registrar and the relevant authorities on 7 November of each year during the period from the first year to the seventh year after the issuance date, and the principal amount of the corporate bonds sold back shall be paid by the issuer through the share registrar and the relevant authorities on 7 November 2019.

During the Reporting Period, the Company strictly executed the aforesaid debt repayment plan, so as to protect the interests of the creditors of the Company.

## 9. Information on Corporate Bonds

The major financial indicators (unaudited) of Conch Holdings, the guarantor for the 2011 Corporate Bonds and 2012 Corporate Bonds of the Company, as at 30 June 2018 are as follows:

<b>Items</b>	<b>30 June 2018</b>
Net assets (billion)	<b>103.778</b>
Gearing ratio (%)	<b>21.70</b>
Return on net assets (%)	<b>13.31</b>
Current ratio (times)	<b>2.87</b>
Quick ratio (times)	<b>2.52</b>

### (6) MEETINGS OF CORPORATE BOND HOLDERS

During the Reporting Period, the Company did not convene any meeting of corporate bond holders.

### (7) PERFORMANCE OF THE TRUSTEE OF THE CORPORATE BONDS

During the Reporting Period, Ping An Securities Co., Ltd. and Zhong De Securities Company Limited disclosed the Trustee Report on the 2011 Corporate Bonds of Anhui Conch Cement Company Limited (2017) and Trustee Report on the 2012 Corporate Bonds of Anhui Conch Cement Company Limited (2017) respectively in April 2018, the main content of the reports include the operation and financial position of the issuer for the year, utilization of the proceeds, credibility of guarantor of the corporate bonds, interest payment of the bonds for the current period and the tracking rating of the bonds.



## 9. Information on Corporate Bonds

### (8) ACCOUNTING INFORMATION AND FINANCIAL INDICATORS AS AT THE END OF THE REPORTING PERIOD AND THE PREVIOUS YEAR (OR FOR THIS REPORTING PERIOD AND THE CORRESPONDING PERIOD OF THE PREVIOUS YEAR)

Major indicators	30 June 2018 (Unaudited)	31 December 2017	Change between the end of this Reporting Period and the previous year (%)	Reason for the change
Current ratio (%)	267.64	217.64	Increased by 50.00 percentage points	Mainly attributable to the increase in currency capital and bills receivable and the decrease in corporate bonds due within one year
Quick ratio (%)	236.97	195.35	Increased by 41.62 percentage points	Mainly attributable to the increase in currency capital and bills receivable and the decrease in corporate bonds due within one year
Gearing ratio (%)	20.41	24.71	Decreased by 4.30 percentage points	Mainly due to the year-on- year increase in revenue from principal activities during the Reporting Period as compared to that of last year
Loan repayment rate (%)	100	100	–	

Major indicators	Six months ended 30 June 2018 (Unaudited)	Six months ended 30 June 2017 (Unaudited)	Increase/(decrease) over the same period of the previous year (%)	Reason for the change
EBITDA interest coverage ratio	71.81	32.81	118.87	Mainly attributable to the increase in the aggregate profit as compared to that of last year
Interest payment ratio (%)	100	100	–	

## 9. Information on Corporate Bonds

### **(9) ASSETS OF THE COMPANY AS AT THE END OF THE REPORTING PERIOD**

As at the end of the Reporting Period, no assets of the Company were charged, pledged, distressed, frozen or only can be realized upon satisfaction of certain conditions or cannot be realized or used to settle debts, nor did there exist any circumstance or arrangement under which other rights were restricted. There were not any other senior debts that have priority for repayment against a third party.

### **(10) PAYMENT OF PRINCIPAL AND INTERESTS PAYABLE ON OTHER BONDS AND DEBT FINANCING INSTRUMENTS OF THE COMPANY**

Besides issuance of the 2011 Corporate Bonds and the 2012 Corporate Bonds, the Company did not have any other bonds or debt financing instruments.

### **(11) BANKING FACILITIES OF THE COMPANY DURING THE REPORTING PERIOD**

As at the end of the Reporting Period, the aggregate amount of banking facilities granted to the Company amounted to RMB84.613 billion and US\$5.71 billion, of which an aggregate amount of RMB5.199 billion and US\$416 million were drawn and an aggregate amount of RMB79.414 billion and US\$5.294 billion remained unutilized. During the Reporting Period, the Company obtained new bank loans in an amount of RMB522 million according to the operation and development needs of the Company, and repaid bank loans of RMB1.58 billion.

### **(12) PERFORMANCE OF THE AGREEMENTS OR UNDERTAKINGS UNDER THE PROSPECTUS OF CORPORATE BONDS BY THE COMPANY DURING THE REPORTING PERIOD**

During the Reporting Period, the Company paid the interests on the relevant bonds and redeemed bonds when due as agreed in the prospectus of the bonds without any default.

### **(13) SIGNIFICANT EVENTS AND THEIR IMPACTS ON THE OPERATION AND SOLVENCY OF THE COMPANY**

During the Reporting Period, there has been no significant events which might impact the operation and solvency of the Company.

## 10. Financial Accounting Report (Unaudited)

### Consolidated statement of profit or loss

for the six months ended 30 June 2018 – unaudited

(Expressed in Renminbi Yuan ("RMB"))

	Note	Six months ended 30 June	
		2018 RMB'000	2017 RMB'000
<b>Revenue</b>	3	<b>45,742,247</b>	31,907,916
Cost of sales and services rendered		<b>(26,177,257)</b>	(22,017,931)
<b>Gross profit</b>		<b>19,564,990</b>	9,889,985
Other revenue	4(a)	<b>1,146,419</b>	773,444
Other net (loss)/income	4(b)	<b>(169,430)</b>	1,870,703
Selling and marketing costs		<b>(1,669,270)</b>	(1,591,727)
Administrative expenses		<b>(1,621,726)</b>	(1,366,332)
<b>Profit from operations</b>		<b>17,250,983</b>	9,576,073
Finance costs	5(a)	<b>(252,483)</b>	(347,715)
Share of profits of associates		<b>124,394</b>	5,058
Share of profits/(losses) of joint ventures		<b>85,825</b>	(5,817)
<b>Profit before taxation</b>	5	<b>17,208,719</b>	9,227,599
Income tax	6	<b>(3,875,775)</b>	(2,147,010)
<b>Profit for the period</b>		<b>13,332,944</b>	7,080,589
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>12,964,099</b>	6,738,733
Non-controlling interests		<b>368,845</b>	341,856
<b>Profit for the period</b>		<b>13,332,944</b>	7,080,589
<b>Earnings per share</b>	7		
Basic		<b>RMB2.45</b>	RMB1.27
Diluted		<b>RMB2.45</b>	RMB1.27

The notes on pages 84 to 119 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 19.

## 10. Financial Accounting Report (Unaudited)

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

for the six months ended 30 June 2018 – unaudited

(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000 (i)
<b>Profit for the period</b>	<b>13,332,944</b>	7,080,589
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	<b>(45,233)</b>	–
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	<b>(21,793)</b>	(10,256)
Available-for-sale equity securities: net movement in the fair value reserve (recycling) (ii)	–	(279,819)
Shares of other comprehensive income of the investees	<b>(5,267)</b>	(1,983)
<b>Other comprehensive income for the period</b>	<b>(72,293)</b>	(292,058)
<b>Total comprehensive income for the period</b>	<b>13,260,651</b>	6,788,531
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>12,889,757</b>	6,449,126
Non-controlling interests	<b>370,894</b>	339,405
<b>Total comprehensive income for the period</b>	<b>13,260,651</b>	6,788,531

Notes:

- (i) The Group has initially applied International Financial Reporting Standards (“IFRS”) 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.
- (ii) This amount arose under the accounting policies applicable prior to 1 January 2018. As part of the opening balance adjustments as at 1 January 2018, the balance of this reserve has been reclassified to fair value reserve (non-recycling) and will not be reclassified to profit or loss in any future periods. See note 2 (b).

The notes on pages 84 to 119 form part of this interim financial report.

## 10. Financial Accounting Report (Unaudited)

### Consolidated statement of financial position

at 30 June 2018 – unaudited

(Expressed in Renminbi Yuan)

	Note	At 30 June 2018 RMB'000	At 31 December 2017 (Note) RMB'000
<b>Non-current assets</b>			
Investment properties	8	51,872	36,466
Other property, plant and equipment	9	62,799,751	63,293,696
Lease prepayments	10	4,885,567	4,904,924
Intangible assets		3,328,805	3,196,077
Goodwill		493,648	493,648
Interests in associates		1,685,006	1,587,953
Interests in joint ventures		1,274,770	1,202,810
Loans and receivables	11	272,489	263,376
Available-for-sale equity securities	12	–	461,409
Financial assets measured at fair value through other comprehensive income	12	401,099	–
Deferred tax assets		733,055	677,819
Prepayment for long-term assets		20,000	–
		<b>75,946,062</b>	<b>76,118,178</b>
<b>Current assets</b>			
Inventories	13	5,527,850	4,705,200
Trade receivables	14	13,003,716	12,179,758
Prepayments and other receivables	15	4,546,921	4,110,966
Amounts due from related parties	22(d)	309,611	219,659
Tax recoverable		46,061	49,045
Restricted cash deposits		346,474	330,847
Bank deposits with maturity over three months		13,500,000	14,000,000
Cash and cash equivalents	16	11,100,201	10,428,932
		<b>48,380,834</b>	<b>46,024,407</b>

The notes on pages 84 to 119 form part of this interim financial report.

## 10. Financial Accounting Report (Unaudited)

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

at 30 June 2018 – unaudited  
(Expressed in Renminbi Yuan)

	Note	At 30 June 2018 RMB'000	At 31 December 2017 (Note) RMB'000
<b>Current liabilities</b>			
Trade payables	17	4,689,522	4,967,098
Other payables and accruals		5,062,966	8,423,956
Contract liabilities		2,508,466	–
Bank loans and other borrowings	18	3,793,603	5,620,076
Amounts due to related parties	22(d)	189,484	196,509
Current taxation		1,776,818	1,906,664
		<b>18,020,859</b>	21,114,303
<b>Net current assets</b>			
		<b>30,359,975</b>	24,910,104
<b>Total assets less current liabilities</b>			
		<b>106,306,037</b>	101,028,282
<b>Non-current liabilities</b>			
Bank loans and other borrowings	18	6,628,881	8,358,942
Deferred income		634,963	614,099
Deferred tax liabilities		346,344	365,947
		<b>7,610,188</b>	9,338,988
<b>NET ASSETS</b>			
		<b>98,695,849</b>	91,689,294

The notes on pages 84 to 119 form part of this interim financial report.

## 10. Financial Accounting Report (Unaudited)

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

at 30 June 2018 – unaudited  
(Expressed in Renminbi Yuan)

	Note	At 30 June 2018 RMB'000	At 31 December 2017 (Note) RMB'000
<b>CAPITAL AND RESERVES</b>			
Share capital		5,299,303	5,299,303
Reserves		90,384,763	83,850,646
<b>Total equity attributable to equity shareholders of the Company</b>		<b>95,684,066</b>	89,149,949
<b>Non-controlling interests</b>		<b>3,011,783</b>	2,539,345
<b>TOTAL EQUITY</b>		<b>98,695,849</b>	91,689,294

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The notes on pages 84 to 119 form part of this interim financial report.

## 10. Financial Accounting Report (Unaudited)

### Consolidated statement of changes in equity

for the six months ended 30 June 2018 – unaudited

(Expressed in Renminbi Yuan)

Note	Attributable to equity shareholders of the Company											
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory surplus reserve	Fair value reserve (recycling)	Fair value reserve (non-recycling)	Share of other comprehensive income of investees	Retained profits	Total	Non-controlling interests	Total equity
Balance at 1 January 2017	5,299,303	10,243,790	216,258	16,412	2,649,654	539,651	-	34,758	57,308,728	76,308,554	3,669,278	79,977,832
<b>Changes in equity for the six months ended 30 June 2017:</b>												
Profit for the period	-	-	-	-	-	-	-	-	6,738,733	6,738,733	341,856	7,080,589
Other comprehensive income	-	-	-	(7,805)	-	(279,819)	-	(1,983)	-	(289,607)	(2,451)	(292,058)
Total comprehensive income	-	-	-	(7,805)	-	(279,819)	-	(1,983)	6,738,733	6,449,126	339,405	6,788,531
Dividends declared by non-wholly owned subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(8,390)	(8,390)
Dividends approved in respect of the previous year	19	-	-	-	-	-	-	-	(2,649,651)	(2,649,651)	-	(2,649,651)
Capital contribution received by non-wholly owned subsidiaries from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	82,991	82,991
Acquisition of non-controlling interests	-	(3,366)	-	-	-	-	-	-	-	(3,366)	(2,762)	(6,128)
Balance at 30 June 2017	5,299,303	10,240,424	216,258	8,607	2,649,654	259,832	-	32,775	61,397,810	80,104,663	4,080,522	84,185,185

The notes on pages 84 to 119 form part of this interim financial report.



## 10. Financial Accounting Report (Unaudited)

### Consolidated statement of changes in equity (Cont'd)

for the six months ended 30 June 2018 – 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 (recycling) RMB'000	Fair value reserve (non-recycling) RMB'000	Share of other comprehensive income of investees		Non-controlling interests RMB'000	Total equity RMB'000	
									Retained profits RMB'000	Total RMB'000			
<b>Balance at 30 June 2017 and</b>													
<b>1 July 2017</b>		5,299,303	10,240,424	216,258	8,607	2,649,654	259,832	-	32,775	61,397,810	80,104,663	4,080,522	84,185,185
<b>Changes in equity for the six months ended 31 December 2017:</b>													
Profit for the period		-	-	-	-	-	-	-	-	9,159,956	9,159,956	234,313	9,394,269
Other comprehensive income		-	-	-	(50,060)	-	52,318	-	(12,297)	-	(10,039)	(7,977)	(18,016)
<b>Total comprehensive income</b>		-	-	-	(50,060)	-	52,318	-	(12,297)	9,159,956	9,149,917	226,336	9,376,253
Dividends declared by non-wholly owned subsidiaries to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(286,434)	(286,434)
Capital contribution received by non-wholly owned subsidiaries from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	92,504	92,504
Acquisition of subsidiary with non-controlling interests		-	-	-	-	-	-	-	-	-	-	123,218	123,218
Acquisition of non-controlling interests		-	(104,574)	-	-	-	-	-	-	-	(104,574)	(1,696,801)	(1,801,375)
Share of change of capital reserve of the investees		-	-	(57)	-	-	-	-	-	(57)	(57)	-	(57)
<b>Balance at 31 December 2017</b>													
<b>(Note)</b>		5,299,303	10,135,850	216,201	(41,453)	2,649,654	312,150	-	20,478	70,557,766	89,149,949	2,539,345	91,689,294

Note: The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

The notes on pages 84 to 119 form part of this interim financial report.

## 10. Financial Accounting Report (Unaudited)

### Consolidated statement of changes in equity (Cont'd)

for the six months ended 30 June 2018 – 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 (recycling) RMB'000	Fair value reserve (non-recycling) RMB'000	Share of other comprehensive income of investees RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Balance at 31 December 2017</b>		5,299,303	10,135,850	216,201	(41,453)	2,649,654	312,150	-	20,478	70,557,766	89,149,949	2,539,345	91,689,294
Impact on initial application of IFRS 9		-	-	-	-	-	(312,150)	312,150	-	-	-	-	-
<b>Adjusted balance at 1 January 2018</b>		5,299,303	10,135,850	216,201	(41,453)	2,649,654	-	312,150	20,478	70,557,766	89,149,949	2,539,345	91,689,294
<b>Changes in equity for the six months ended 30 June 2018:</b>													
Profit for the period		-	-	-	-	-	-	-	-	12,964,099	12,964,099	368,845	13,332,944
Other comprehensive income		-	-	-	(23,842)	-	-	(45,233)	(5,267)	-	(74,342)	2,049	(72,293)
<b>Total comprehensive income</b>		-	-	-	(23,842)	-	-	(45,233)	(5,267)	12,964,099	12,889,757	370,894	13,260,651
Dividends declared by non-wholly owned subsidiaries to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(89,193)	(89,193)
Dividends approved in respect of the previous year	19	-	-	-	-	-	-	-	-	(6,359,163)	(6,359,163)	-	(6,359,163)
Capital contribution received by non-wholly owned subsidiaries from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	190,737	190,737
Share of change of capital reserve of the investees		-	-	3,523	-	-	-	-	-	-	3,523	-	3,523
<b>Balance at 30 June 2018</b>		5,299,303	10,135,850	219,724	(65,295)	2,649,654	-	266,917	15,211	77,162,702	95,684,066	3,011,783	98,695,849

The notes on pages 84 to 119 form part of this interim financial report.

## 10. Financial Accounting Report (Unaudited)

### Condensed consolidated cash flow statement

for the six months ended 30 June 2018 – unaudited  
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2018 RMB'000	2017 RMB'000
<b>Operating activities</b>			
Cash generated from operations		16,008,884	6,622,798
– Income tax paid		(4,062,398)	(1,575,755)
– Interest paid		(241,411)	(259,724)
<b>Net cash generated from operating activities</b>		<b>11,705,075</b>	4,787,319
<b>Investing activities</b>			
Payments for the purchase of property, plant and equipment, lease prepayment and intangible assets		(1,750,817)	(2,005,657)
Proceeds from maturity of bank deposits over three months		9,500,000	11,000,000
Investment in bank deposits with maturity over three months		(9,000,000)	(15,000,000)
Payments for purchase of wealth management products issued by bank		(4,000,000)	(2,400,000)
Receipts from wealth management products issued by bank		4,000,000	2,400,000
Investment income on wealth management products issued by bank		65,915	20,712
Proceeds from disposal of available-for-sale equity securities and interest in associate		–	4,697,025
Other cash flows arising from investing activities		116,854	22,652
<b>Net cash used in investing activities</b>		<b>(1,068,048)</b>	(1,265,268)

The notes on pages 84 to 119 form part of this interim financial report.

## 10. Financial Accounting Report (Unaudited)

### Condensed consolidated cash flow statement (Cont'd)

for the six months ended 30 June 2018 – unaudited  
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2018 RMB'000	2017 RMB'000
<b>Financing activities</b>			
Proceeds from new bank loans and other borrowings		485,460	1,177,181
Repayments of bank loans and other borrowings		(4,068,805)	(883,610)
Dividends paid to equity shareholders of the Company	19	(6,505,161)	(2,649,651)
Capital contribution from non-controlling interests		142,635	82,992
Other cash flow arising from financing activities		(24,124)	(68,479)
<b>Net cash used in financing activities</b>		<b>(9,969,995)</b>	<b>(2,341,567)</b>
<b>Net increase in cash and cash equivalents</b>		<b>667,032</b>	<b>1,180,484</b>
<b>Effect of foreign exchange rate changes</b>		<b>4,237</b>	<b>(10,331)</b>
<b>Cash and cash equivalents at 1 January</b>		<b>10,428,932</b>	<b>5,799,566</b>
<b>Cash and cash equivalents at 30 June</b>		<b>11,100,201</b>	<b>6,969,719</b>

The notes on pages 84 to 119 form part of this interim financial report.

# 10. 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 (collectively 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 issue on 22 August 2018.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of any 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.

This 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 2017 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRS.

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 2017 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory annual consolidated financial statements for the year ended 31 December 2017 are available from the Company’s registered office. The independent auditors have expressed an unqualified opinion on those financial statements in their report dated 22 March 2018.

### 2 CHANGES IN ACCOUNTING POLICIES

#### (a) Overview

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

- IFRS 9, *Financial instruments*
- IFRS 15, *Revenue from contracts with customers*
- IFRIC Interpretations Committee (“IFRIC”) 22, *Foreign currency transactions and advance consideration*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to IFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as IFRS 9.

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

##### (a) Overview (continued)

The Group has been impacted by IFRS 9 in relation to classification of financial assets, and impacted by IFRS 15 in relation to presentation of contract assets and contract liabilities. Details of the changes in accounting policies are discussed in note 2 (b) for IFRS 9 and note 2 (c) for IFRS 15.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of IFRS 9 and IFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by IFRS 9 and IFRS 15:

	At 31 December 2017 RMB'000	Impact on initial application of IFRS 9 (Note 2 (b)) RMB'000	Impact on initial application of IFRS 15 (Note 2 (c)) RMB'000	At 1 January 2018 RMB'000
Available-for-sale equity securities	461,409	(461,409)	–	–
Financial assets measured at fair value through other comprehensive income	–	461,409	–	461,409
Contract liabilities	–	–	2,143,500	2,143,500
Other payables and accruals	8,423,956	–	(2,143,500)	6,280,456

Further details of these changes are set out in sub-sections (b) and (c) of this note.

##### (b) IFRS 9, *Financial instruments*, including the amendments to IFRS 9, *Prepayment features with negative compensation*

IFRS 9 replaces IAS 39, *Financial instruments: recognition and measurement*. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The Group has applied IFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The Group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under IAS 39.

# 10. Financial Accounting Report (Unaudited)

## Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

**(b) IFRS 9, *Financial instruments*, including the amendments to IFRS 9, *Prepayment features with negative compensation* (continued)**

The following table summarises the impact of transition to IFRS 9 on reserves at 1 January 2018.

	RMB'000
<b>Fair value reserve (recycling)</b>	
Transferred to fair value reserve (non-recycling) relating to equity securities now measured at fair value through other comprehensive income (FVOCI)	(312,150)
<b>Fair value reserve (non-recycling)</b>	
Transferred from fair value reserve (recycling) relating to equity securities now measured at FVOCI and increase in fair value reserve (non-recycling) at 1 January 2018	312,150

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

*(i) Classification of financial assets and financial liabilities*

IFRS 9 categorises financial assets into three principal classification categories: measured at amortised cost, at FVOCI and at fair value through profit or loss (FVPL). These supersede IAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the Group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;
- FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or
- FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

# 10. Financial Accounting Report (Unaudited)

## Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### (b) IFRS 9, *Financial instruments*, including the amendments to IFRS 9, *Prepayment features with negative compensation* (continued)

##### (i) *Classification of financial assets and financial liabilities* (continued)

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

The following table shows the original measurement categories for each class of the Group's financial assets under IAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with IAS 39 to those determined in accordance with IFRS 9.

	IAS 39 carrying amount at 31 December 2017 RMB'000	Reclassification RMB'000	IFRS 9 carrying amount at 1 January 2018 RMB'000
<b>Financial assets measured at FVOCI (non-recyclable)</b>			
Equity securities (Note)	–	461,409	<b>461,409</b>
<b>Financial assets classified as available-for-sale under IAS 39</b>	461,409	(461,409)	–

Note:

Under IAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at FVPL under IFRS 9, unless they are eligible for and designated at FVOCI by the Group. At 1 January 2018, the Group designated its investment in Anhui Xinli Finance Co., Ltd at FVOCI (non-recycling), as the investment is not held for trading and meets the definition of equity from the issuer's perspective.



## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

##### (b) IFRS 9, *Financial instruments*, including the amendments to IFRS 9, *Prepayment features with negative compensation* (continued)

###### (i) *Classification of financial assets and financial liabilities* (continued)

The measurement categories for all financial liabilities remain the same, except for financial guarantee contracts.

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within “trade and other payables” at fair value. Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when expected credit losses (ECLs, see note 2 (b)(ii)) on the financial guarantees are determined to be higher than the amount carried in “trade and other payables” in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 2 (b)(ii) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

The carrying amounts for all financial liabilities (including financial guarantee contracts) at 1 January 2018 have not been impacted by the initial application of IFRS 9.

The Group did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

##### (b) IFRS 9, *Financial instruments*, including the amendments to IFRS 9, *Prepayment features with negative compensation* (continued)

###### (ii) *Credit losses*

IFRS 9 replaces the “incurred loss” model in IAS 39 with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the “incurred loss” accounting model in IAS 39.

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, restricted cash deposits, bank deposits with maturity over three months, trade receivables, prepayments and other receivables, amounts due from related parties and loans and other receivables);
- contract assets as defined in IFRS 15 (see note 2 (c)); and
- financial guarantee contracts issued (see note 2 (b)(i)).

Financial assets measured at fair value, including units in equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

###### Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

##### (b) IFRS 9, *Financial instruments*, including the amendments to IFRS 9, *Prepayment features with negative compensation* (continued)

###### (ii) *Credit losses* (continued)

###### Measurement of ECLs (continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on trade receivables and prepayments and other receivables of the Group are assessed on an individual basis, which was provided based on operating results of each customer and collectability of these receivables.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

###### Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held). The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

# 10. Financial Accounting Report (Unaudited)

## Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

#### (b) IFRS 9, *Financial instruments*, including the amendments to IFRS 9, *Prepayment features with negative compensation* (continued)

##### (ii) *Credit losses* (continued)

Significant increases in credit risk (continued)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

##### (b) IFRS 9, *Financial instruments*, including the amendments to IFRS 9, *Prepayment features with negative compensation* (continued)

###### (ii) *Credit losses* (continued)

###### Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

###### Opening balance adjustment

As a result of this change in accounting policy, there is no additional ECLs recognised at 1 January 2018.

###### (iii) *Transition*

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under IAS 39 and thus may not be comparable with the current period.
- The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of IFRS 9 by the Group):
  - the determination of the business model within which a financial asset is held; and
  - the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).
- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

##### (c) IFRS 15, *Revenue from contracts with customers*

IFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. IFRS 15 replaces IAS 18, *Revenue*, which covered revenue arising from sale of goods and rendering of services, and IAS 11, *Construction contracts*, which specified the accounting for construction contracts.

The Group has elected to use the cumulative effect transition method and the Group has not identified any material cumulative effect of the initial application of IFRS 15 as an adjustment to the opening balance of equity at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under IAS 11 and IAS 18. As allowed by IFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

There is no significant impact of transition to IFRS 15 on retained earnings and the related tax as at 1 January 2018.

Further details of the nature and effect of the changes on previous accounting policies are set out below:

##### (i) *Timing of revenue recognition*

Previously, revenue arising from construction contracts and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. IFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

The adoption of IFRS 15 does not have a material impact on when the Group recognises revenue from the sale of cement and clinkers.

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

##### (c) IFRS 15, *Revenue from contracts with customers* (continued)

###### (ii) *Presentation of contract assets and liabilities*

Under IFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

To reflect these changes in presentation, the Group has made the following adjustments at 1 January 2018, as a result of the adoption of IFRS 15:

“Receipts in advance from customers” amounting to RMB2,143,500,000 as at 1 January 2018, which were previously included in “other payables and accruals” are now included under “contract liabilities”.

##### (d) IFRIC 22, *Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining “the date of the transaction” for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that “the date of the transaction” is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of IFRIC 22 does not have any material impact on the financial position and the financial result of the Group.

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 3 REVENUE AND 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: Eastern China, Central China, Southern China, Western 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 following reportable segments.

##### (a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Disaggregated by major products of service lines		
– Sales of cement and clinkers	44,799,280	30,985,757
– Others	942,967	922,159
	<b>45,742,247</b>	<b>31,907,916</b>
Disaggregated by geographical location of customers		
– Eastern China	12,636,464	9,078,689
– Central China	14,854,833	9,642,350
– Southern China	7,467,917	5,848,325
– Western China	10,227,259	6,932,481
– Overseas	555,774	406,071
	<b>45,742,247</b>	<b>31,907,916</b>

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 3 (b).



## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 3 REVENUE AND SEGMENT REPORTING (CONTINUED)

##### (b) Information about profit or loss, assets and liabilities

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 2018

	Eastern China RMB'000	Central China RMB'000	Southern China RMB'000	Western China RMB'000	Overseas RMB'000	Subtotal RMB'000	Reconciling items (note c) RMB'000	Total RMB'000
<b>Disaggregated by timing of revenue recognition</b>								
Point in time	12,636,464	14,854,833	7,467,917	10,227,259	555,774	45,742,247	-	45,742,247
Revenue from external customers	12,636,464	14,854,833	7,467,917	10,227,259	555,774	45,742,247	-	45,742,247
Inter-segment revenue	2,877,110	11,448,115	309,818	148,205	-	14,783,248	(14,783,248)	-
<b>Reportable segment revenue</b>	<b>15,513,574</b>	<b>26,302,948</b>	<b>7,777,735</b>	<b>10,375,464</b>	<b>555,774</b>	<b>60,525,495</b>	<b>(14,783,248)</b>	<b>45,742,247</b>
<b>Reportable segment profit/(loss)</b>	<b>2,112,264</b>	<b>13,453,849</b>	<b>2,927,076</b>	<b>3,654,345</b>	<b>(72,449)</b>	<b>22,075,085</b>	<b>(4,866,366)</b>	<b>17,208,719</b>
Interest income	5,743	551,292	2,703	7,317	1,828	568,883	(78,766)	490,117
Interest expense	10,252	196,310	11,282	56,281	56,094	330,219	(77,736)	252,483
Depreciation and amortisation for the period	225,863	1,018,616	345,831	766,145	82,493	2,438,948	(15,978)	2,422,970
Additions to non-current segment assets during the period	236,304	1,059,727	246,484	37,809	600,303	2,180,627	-	2,180,627
<b>At 30 June 2018</b>								
<b>Reportable segment assets (including investment in associates and joint ventures)</b>	<b>14,352,342</b>	<b>99,897,497</b>	<b>11,778,270</b>	<b>27,384,237</b>	<b>8,993,862</b>	<b>162,406,208</b>	<b>(38,079,312)</b>	<b>124,326,896</b>
<b>Reportable segment liabilities</b>	<b>8,831,803</b>	<b>12,200,616</b>	<b>2,232,174</b>	<b>12,044,021</b>	<b>8,090,692</b>	<b>43,399,306</b>	<b>(17,768,259)</b>	<b>25,631,047</b>

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 3 REVENUE AND SEGMENT REPORTING (CONTINUED)

##### (b) Information about profit or loss, assets and liabilities (continued)

For the six months ended 30 June 2017

	Eastern China RMB'000	Central China RMB'000	Southern China RMB'000	Western China RMB'000	Overseas RMB'000	Subtotal RMB'000	Reconciling items (note c) RMB'000	Total RMB'000
<b>Disaggregated by timing of revenue recognition</b>								
Point in time	9,078,689	9,642,350	5,848,325	6,932,481	406,071	31,907,916	-	31,907,916
<b>Revenue from external customers</b>	9,078,689	9,642,350	5,848,325	6,932,481	406,071	31,907,916	-	31,907,916
Inter-segment revenue	1,532,393	9,434,032	127,232	74,436	-	11,168,093	(11,168,093)	-
<b>Reportable segment revenue</b>	10,611,082	19,076,382	5,975,557	7,006,917	406,071	43,076,009	(11,168,093)	31,907,916
<b>Reportable segment profit</b>	971,790	7,718,690	1,449,675	1,407,406	29,154	11,576,715	(2,349,116)	9,227,599
Interest income	4,837	374,250	2,166	9,437	3,699	394,389	(117,881)	276,508
Interest expense	24,908	242,894	26,415	108,654	43,011	445,882	(98,167)	347,715
Depreciation and amortisation for the period	222,732	1,064,811	285,829	726,489	74,379	2,374,240	(5,541)	2,368,699
Additions to non-current segment assets during the period	208,866	397,355	137,613	57,436	1,040,234	1,841,504	-	1,841,504
<b>At 30 June 2017</b>								
<b>Reportable segment assets (including investment in associates and joint ventures)</b>	12,757,712	90,052,656	11,291,607	27,362,934	7,528,173	148,993,082	(35,672,809)	113,320,273
<b>Reportable segment liabilities</b>	8,148,391	14,480,214	3,224,983	14,671,339	6,661,712	47,186,639	(18,051,551)	29,135,088

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 3 REVENUE AND SEGMENT REPORTING (CONTINUED)

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

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
<b>Revenue</b>		
Elimination of inter-segment revenue	(14,783,248)	(11,168,093)
<b>Profit</b>		
Elimination of inter-segment profits	(4,889,428)	(2,372,178)
Differences between China Accounting Standards (“CAS”) and IFRS*	23,062	23,062
	(4,866,366)	(2,349,116)
	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
<b>Assets</b>		
Elimination of inter-segment balances	(38,079,312)	(38,899,876)
<b>Liabilities</b>		
Elimination of inter-segment balances	(18,020,011)	(18,801,717)
Differences between CAS and IFRS*	251,752	274,814
	(17,768,259)	(18,526,903)

\* The differences mainly arises from the deferred income in respect of certain government grants recognised under IFRS.

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 4 OTHER REVENUE AND NET (LOSS)/INCOME

##### (a) Other revenue

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Subsidy income*	596,620	474,408
Interest income	490,117	276,508
Investment income on wealth management products issued by bank	59,682	20,711
Dividend income from listed securities	–	1,817
	<b>1,146,419</b>	<b>773,444</b>

\* Subsidy income comprises refunds of value-added tax in connection with sales of certain cement products and government grants received.

##### (b) Other net (loss)/income

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Net (loss)/gain on disposal of property, plant and equipment	(1,686)	8,720
Net realised and unrealised gain on derivative financial instruments	29,985	–
Exchange losses	(169,435)	(1,589)
Net gain on disposal of available-for-sale equity securities	–	1,556,773
Net gain on disposal of interest in associate	–	303,104
Others	(28,294)	3,695
	<b>(169,430)</b>	<b>1,870,703</b>

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 5 PROFIT BEFORE TAXATION

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

##### (a) Finance costs:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Interest expense on financial liabilities not at fair value through profit or loss	276,585	363,352
Less: interest expense capitalised into construction-in-progress*	(24,102)	(15,637)
	<b>252,483</b>	<b>347,715</b>

\* The borrowing costs have been capitalised at rates of 2.65% ~ 5.99% (six months ended 30 June 2017: 2.51% ~ 8.80%).

##### (b) Staff costs:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Salaries, wages and other benefits	2,167,455	1,793,644
Contributions to defined contribution retirement plans	230,915	206,872
	<b>2,398,370</b>	<b>2,000,516</b>

##### (c) Other items:

	Six months ended 30 June	
	2018	2017
	RMB'000	RMB'000
Depreciation of investment property and other property, plant and equipment	2,258,479	2,274,103
Amortisation of lease prepayments	64,617	61,205
Amortisation of intangible assets	99,874	33,391
Cost of inventories*	<b>25,973,215</b>	<b>20,745,168</b>

\* Cost of inventories includes RMB3,369,533,000 (six months ended 30 June 2017: RMB3,157,936,000) relating to staff costs and depreciation expenses which amount is also included in the respective total amounts disclosed separately above or in note 5 (b) for each of these types of expenses.

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 6 INCOME TAX

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
<b>Current tax</b>		
Provision for the period	3,915,423	2,187,323
Under/(over)-provision in respect of prior year	20,113	(551)
	<b>3,935,536</b>	<b>2,186,772</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(59,761)	(39,762)
	<b>3,875,775</b>	<b>2,147,010</b>

No provision for Hong Kong Profits Tax was made for the six months ended 30 June 2018 and 2017 as the Group did not earn any income which is subject to Hong Kong Profits Tax.

Conch International Holding (HK) Co., Ltd. ("Conch International"), a subsidiary in Hong Kong, is taxed at corporate income tax rates of 16.5%. Luangprabang Conch Cement Co., Ltd. ("Luangprabang Conch") and Vientiane Conch Cement Co., Ltd. ("Vientiane Conch") subsidiaries in Laos, are taxed at corporate income tax rates of 24%. Conch Cement Volga Limited Liability Company ("Volga Conch") a subsidiary in Russia, is taxed at corporate income tax rates of 20%. Battambang Conch Cement Company Limited ("Battambang Conch") a subsidiary in Cambodia, is taxed at corporate income tax rates of 20%. Qarshi Conch Cement Limited Liability Company ("Qarshi Conch") is a subsidiary in Uzbekistan, is taxed at corporate income tax rates of 7.5%. Other 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, except for:

Qianxinan Resource Development Co., Ltd. ("Qianxinan") 黔西南州發展資源開發有限公司 (Note (i))	15%
Pingliang Conch Cement Co., Ltd. ("Pingliang Conch") 平涼海螺水泥有限責任公司 (Note (i))	15%
Dazhou Conch Cement Co., Ltd. ("Dazhou Conch") 達州海螺水泥有限責任公司 (Note (i))	15%
Guangyuan Conch Cement Co., Ltd. ("Guangyuan Conch") 廣元海螺水泥有限責任公司 (Note (i))	15%
Chongqing Conch Cement Co., Ltd. ("Chongqing Conch") 重慶海螺水泥有限責任公司 (Note (i))	15%

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 6 INCOME TAX (CONTINUED)

Liquan Conch Cement Co., Ltd. (“Liquan Conch”) 禮泉海螺水泥有限責任公司 (Note (i))	15%
Guigyang Conch Panjiang Cement Co., Ltd. (“Guigyang Conch”) 貴陽海螺盤江水泥有限責任公司 (Note (i))	15%
Guiding Conch Panjiang Cement Co., Ltd. (“Guiding Conch”) 貴定海螺盤江水泥有限責任公司 (Note (i))	15%
Zunyi Conch Panjiang Cement Co., Ltd. (“Zunyi Conch”) 遵義海螺盤江水泥有限責任公司 (Note (i))	15%
Qianyang Conch Cement Co., Ltd. (“Qianyang Conch”) 千陽海螺水泥有限責任公司 (Note (i))	15%
Bazhong Conch Cement Co., Ltd. (“Bazhong Conch”) 巴中海螺水泥有限責任公司 (Note (i))	15%
Wenshan Conch Cement Co., Ltd. (“Wenshan Conch”) 文山海螺水泥有限公司 (Note (i))	15%
Guangxi Sihongmao Co., Ltd. (“Sihongmao”) 隆安海螺有限責任公司 (Note (i))	15%
Linxia Conch Cement Co., Ltd. (“Linxia Conch”) 臨夏海螺水泥有限責任公司 (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%
Guizhou Liukuangruian Cement Co., Ltd. (“Liukuangruian”) 貴州六礦瑞安水泥有限公司 (Note (i))	15%
Qianxian Conch Cement Co., Ltd. (“Qianxian Conch”) 乾縣海螺水泥有限責任公司 (Note (i))	15%
Sichuan Nanwei Cement Co., Ltd. (“Nanwei Cement”) 四川南威水泥有限公司 (Note (i))	15%
Yunnan Zhuangxiang Cement Co., Ltd. (“Zhuangxiang Conch”) 雲南壯鄉水泥股份有限公司 (Note (i))	15%
Liangping Conch Cement Co., Ltd. (“Liangping Conch”) 梁平海螺水泥有限責任公司 (Note (i))	15%
Baoji Zhongxi Fenghuangshan Cement Co., Ltd. (“Fenghuangshan”) 寶雞眾喜鳳凰山水泥有限公司 (Note (i))	15%

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 6 INCOME TAX (CONTINUED)

Baoji Zhongxi Jinlinghe Cement Co., Ltd. (“Jinlinghe”) 寶雞眾喜金陵河水泥有限公司 (Note (i))	15%
Guangxi Lingyun Tonghong Cement Co., Ltd. (“Lingyun Tonghong”) 廣西凌雲通鴻水泥有限公司 (Note (i))	15%
Baoshan Conch Cement Co., Ltd. (“Baoshan Conch”) 保山海螺水泥有限責任公司 (Note (i))	15%
Ganzhou Conch Cement Co., Ltd. (“Ganzhou Conch”) 贛州海螺有限責任公司 (Note (i))	15%
Hami Hongyi Construction Co., Ltd. (“Hami Construction”) 哈密弘毅建材有限責任公司 (Note (i))	15%
Yingjiangyunhan Cement Co., Ltd. (“Yingjiangyunhan”) 盈江縣允罕水泥有限公司 (Note (i))	15%
Kunming Conch Cement Co., Ltd. (“Kunming Conch”) 昆明海螺水泥有限公司 (Note (i))	15%
Shaanxi Tongchuan Fenghuang Construction Co., Ltd. (“Fenghuang Construction”) 陝西銅川鳳凰建材有限公司 (Note (i))	15%
Anhui Wuhu Conch Construction and Installation Co., Ltd (“Conch Construction”) 安徽蕪湖海螺建築安裝工程有限責任公司 (Note (ii))	15%
Anhui Conch Siam Refractory Material Co., Ltd. (“Refractory Material”) 安徽海螺暹羅耐火材料有限公司 (Note (ii))	15%

#### Notes:

- (i) Pursuant to Notice No.4 issued by the State Administration of Taxation of the People’s Republic of China (“the PRC”) on 10 March 2015 and relevant local tax authorities’ notices, these companies are entitled to a preferential income tax rate of 15% as qualifying companies located in western areas in the PRC. These companies mentioned above are entitled to a preferential income tax rate of 15% in 2018.
- (ii) Pursuant to Chapter 28 of the Law of the PRC on Enterprise Income Tax, enterprises are entitled to a preferential income tax rate of 15% after the recognition of high and new technology enterprise. Conch Construction has obtained a high and new technology enterprise certification in 2015, obtained an approval from local tax authority in 2018 and is entitled to a preferential income tax rate of 15% from 1 January 2018 to 31 December 2018. Refractory Material has obtained a high and new technology enterprise certification and an approval from local tax authority in 2016 and is entitled to a preferential income tax rate of 15% from 2016 to 2018.



## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 7 EARNINGS PER SHARE

##### (a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2018 is based on the profit attributable to ordinary equity shareholders of the Company of RMB12,964,099,000 (six months ended 30 June 2017: RMB6,738,733,000) and the weighted average number of shares in issue during the six months ended 30 June 2018 of 5,299,303,000 shares (six months ended 30 June 2017: 5,299,303,000 shares).

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

The Company had no dilutive potential ordinary shares outstanding during the six months ended 30 June 2018 and 2017, therefore, diluted earnings per share is the same as the basic earnings per share.

#### 8 INVESTMENT PROPERTIES

During the six months ended 30 June 2018, the Group leased out two properties with a carrying value of RMB16,176,000 (six months ended 30 June 2017: three properties and one leasehold land with a carrying value of RMB12,666,000) under operating lease and classified the properties as investment properties accordingly.

During the six months ended 30 June 2018, the Group did not transfer investment property to other property, plant and equipment (six months ended 30 June 2017: RMB2,420,000) due to the termination of the leasing agreement and change of intention to hold for own use.

The rental income earned by the Group during the six months ended 30 June 2018 from its investment properties, all of which are leased out under operating leases, amounted to RMB2,906,000 (six months ended 30 June 2017: RMB2,360,000). Direct operating expenses arising from the investment properties amounted to RMB1,045,000 (six months ended 30 June 2017: RMB648,000).

#### 9 OTHER PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired property, plant and equipment with a cost of RMB1,801,911,000 (six months ended 30 June 2017: RMB1,634,739,000).

Items of property, plant and equipment with a carrying amount of RMB15,806,000 were disposed of during the six months ended 30 June 2018 (six months ended 30 June 2017: RMB9,845,000), resulting in a net loss on disposal of RMB1,686,000 (six months ended 30 June 2017: a net gain of RMB8,720,000).

#### 10 LEASE PREPAYMENTS

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

During the six months ended 30 June 2018, the Group acquired interests in leasehold land held for own use under operating leases with a cost of RMB45,260,000 (six months ended 30 June 2017: RMB48,423,000).

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 11 LOANS AND RECEIVABLES

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Loans and receivables	398,123	392,605
Less: Current portion of non-current loans and receivables (note 15)	(125,634)	(129,229)
	<b>272,489</b>	<b>263,376</b>

As at 30 June 2018, loans and receivables of the Group mainly represent a loan to a related party of the Group and advances made to local government authorities.

A loan of RMB27,960,000 (31 December 2017: RMB27,960,000) was made to Jiande Chengli Building Material Co., Ltd. ("Chengli Building Material") which is under the trust of the Group and is repayable in 2020 at a fixed interest rate of 6% per annum.

The advances of RMB97,000,000 (31 December 2017: RMB97,000,000) to government authorities are unsecured, bearing interest at rates from 4.35% to 4.75% (2017: from 4.35% to 4.75%) per annum, and repayable from 2018 to 2020. The remaining advances of RMB273,163,000 (31 December 2017: RMB267,645,000) are unsecured, interest-free and repayable from 2018 to 2024.

#### 12 FINANCIAL ASSETS MEASURED AT FVOCI/AVAILABLE-FOR-SALE EQUITY SECURITIES

	At 30 June 2018 RMB'000	At 31 December 2017 (Note) RMB'000
Available-for-sale equity securities		
– Listed equity securities	–	461,409
Financial assets measured at FVOCI		
– Non-trading listed equity securities	401,099	–

All financial assets measured at FVOCI/available-for-sale equity securities held by the Group are listed on the Shanghai Stock Exchange ("SSE"). The fair values of these investments are measured with reference to the respective quoted market prices as at 30 June 2018.

Note: The Group has initially applied IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. See note 2.

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 13 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Raw materials	2,618,457	2,314,169
Work in progress	216,004	226,050
Finished goods	2,266,585	1,837,342
Spare parts	426,804	327,639
	<b>5,527,850</b>	<b>4,705,200</b>

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Carrying amount of inventories sold	25,973,215	21,635,070

#### 14 TRADE RECEIVABLES

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

##### Trade debtors aging

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Within 2 months	1,099,650	1,049,586
2 to 4 months	2,046	2,829
	<b>1,101,696</b>	<b>1,052,415</b>

Trade debtors are due within 30 to 60 days from the date of billing. Debtors with balances that are more than 2 months past due are requested to settle all outstanding balances before any further credit is granted.

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 14 TRADE RECEIVABLES (CONTINUED)

##### Bills receivable aging

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Within 1 year (inclusive)	<b>11,902,020</b>	11,127,343

Bills receivable are due within 1 year from the date of issuance.

As at 30 June 2018, the Group endorsed the undue bank acceptance notes of RMB1,780,573,000 (31 December 2017: RMB1,741,114,000) to its suppliers to settle trade payables of the same amounts and derecognised these bills receivable and the payables to suppliers in their entirety as the Group's management considered that the risks and rewards of ownership of these undue bills have been substantially transferred. The Group's continuous involvement in these derecognised undue bills receivable is limited to when the issuance banks of these undue notes are unable to settle the amounts due to the holders of these notes. As at 30 June 2018, the maximum exposure to loss from its continuous involvement represents the amounts of bills receivable of RMB1,780,573,000 (31 December 2017: RMB1,741,114,000), which the Group endorsed to its suppliers. The endorsed undue bills receivable will be derecognised if management consider, based on its 'risks and rewards' evaluation, that the Group has transferred substantially all of the risks and rewards of ownership of the bills receivable.

As at 30 June 2018, the undue bills receivable of RMB1,655,513,000 (31 December 2017: RMB1,759,588,000) endorsed to its suppliers to settle the trade payables were not derecognised because management believed that the credit risk of ownership were not substantially transferred. The associated trade payables were also not derecognised. The carrying amounts of these undue bills receivable and trade payables approximate its fair values. All these undue bills receivable were due within 1 year.

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 15 PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Purchase prepayments	913,387	772,807
Current portion of loans and receivables (note 11)	125,634	129,229
Value-added tax and other tax prepayments	386,894	356,647
Interest receivables	365,650	158,913
Wealth management product issued by bank and investment income receivable*	2,017,964	2,024,197
Other receivables**	737,392	669,173
	<b>4,546,921</b>	<b>4,110,966</b>

Except for certain security deposits which do not have fixed payment terms, all of the prepayments and other receivables are expected to be recovered within one year.

\* As at 30 June 2018, the balance represents an investment in a short-term wealth management product issued by a bank in April 2018. The principal amount of the product is RMB2,000,000,000 (2017: RMB2,000,000,000) with a fixed interest rate of 4.15% per annum (2017: 4.6% per annum). The principal amount of the above wealth management product and the related investment income will be received in September 2018.

\*\* As at 30 June 2018, the balance of other receivables include dividends due from West China Cement Limited ("West Cement"), an associate of the Company, amounting to RMB30,864,000 (2017: nil).

#### 16 CASH AND CASH EQUIVALENTS

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Bank deposits with maturity within three months	5,500,000	5,500,000
Cash at bank and on hand	5,600,201	4,928,932
Cash and cash equivalents in the statement of financial position and consolidated cash flow statement	<b>11,100,201</b>	<b>10,428,932</b>

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 17 TRADE PAYABLES

Included in trade payables are trade creditors with the following aging analysis based on invoice dates as of the statement of financial position date:

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Within 1 year (inclusive)	4,681,523	4,957,436
Between 1 and 2 years (inclusive)	1,640	2,335
Between 2 and 3 years (inclusive)	1,898	1,676
More than 3 years	4,461	5,651
	<b>4,689,522</b>	<b>4,967,098</b>

#### 18 BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings are as follows:

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
<b>Current bank loans and other borrowings</b>		
Bank loans		
– Unsecured	3,793,603	3,120,771
Unsecured debentures	–	2,499,305
	<b>3,793,603</b>	<b>5,620,076</b>
<b>Non-current bank loans and other borrowings</b>		
Bank loans		
– Unsecured	3,130,277	4,860,481
Unsecured debentures	3,498,604	3,498,461
	<b>6,628,881</b>	<b>8,358,942</b>

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

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

In May 2011, the Company issued corporate bonds with a principal amount of RMB2,500,000,000 with a maturity period of 7 years ("7-year bond"). The 7-year bond carried fixed annual interest rate of 5.20%, which will be repaid annually. The 7-year bond was fully repaid 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 carried fixed annual interest rate of 4.89% and 5.10% respectively, which is repaid annually. The principal of the 5-year bond was repaid on 7 November 2017 and the 10-year bond is fully repayable on 7 November 2022.

Anhui Conch Holdings Co., Ltd. ("Conch Holdings"), the substantial shareholder of the Company, provides unconditional and irrevocable joint liability guarantee for the above bonds over the respective maturity periods.

At 30 June 2018 and 31 December 2017, the bank loans were repayable as follows:

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Within 1 year or on demand	3,793,603	3,120,771
After 1 year but within 2 years	977,936	2,616,794
After 2 years but within 5 years	1,656,895	1,590,715
After 5 years	495,446	652,972
Total non-current bank loans	3,130,277	4,860,481
	6,923,880	7,981,252

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 19 RESERVES AND DIVIDENDS

##### (a) Reserves

###### (i) Fair value reserve (recycling)

Prior to 1 January 2018, this reserve included the cumulative net change in the fair value of available-for-sale financial assets held at the end of the reporting period in accordance with IAS 39. This amount has been reclassified to fair value reserve (non-recycling) upon the initial adoption of IFRS 9 at 1 January 2018 (see note 2 (b)).

###### (ii) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see note 2 (b)(i)).

##### (b) Dividends

Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of RMB1.2 per share (six months ended 30 June 2017: RMB0.50 per share)	<b>6,359,163</b>	2,649,651

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).



## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 20 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

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

	Fair value measurements as at 30 June 2018 categorised into			
	Fair value at 30 June 2018 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	32,292	–	32,292	–
Financial assets measured at FVOCI:				
– Listed	401,099	401,099	–	–
	<b>433,391</b>	<b>401,099</b>	<b>32,292</b>	<b>–</b>

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

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

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

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

	Fair value measurements as at 31 December 2017 using			
	Fair value at 31 December 2017	Quoted prices in active market for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Recurring fair value measurement</b>				
Financial assets:				
Derivative financial instruments	2,307	–	2,307	–
Available-for-sale equity securities:				
– Listed	461,409	461,409	–	–
	463,716	461,409	2,307	–

Note: Available-for-sale financial assets were reclassified to financial assets measured at FVOCI (non-recycling) upon the adoption of IFRS 9 at 1 January 2018 (see note 2 (b)(i)).

Derivative financial instruments in Level 2 are cross-currency swap contracts. The fair value of cross-currency swap contracts are determined using option model and observable inputs.

During the six months ended 30 June 2018, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2017: Nil).

##### (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 30 June 2018 and 31 December 2017.

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 21 COMMITMENTS OUTSTANDING NOT PROVIDED FOR IN THE INTERIM FINANCIAL REPORT

##### (a) Capital commitments

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Contracted for	789,099	972,831
Authorised but not contracted for	959,622	1,829,774
	<b>1,748,721</b>	<b>2,802,605</b>

##### (b) Operating lease commitments

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
Within 1 year (inclusive)	5,340	3,045
After 1 year but within 5 years (inclusive)	8,398	10,318
After 5 years	7,938	7,748
	<b>21,676</b>	<b>21,111</b>

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

#### 22 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	Major shareholder of Conch Holdings
Conch Profiles and Science Co., Ltd. and its subsidiaries ("Conch Profiles and Science") 蕪湖海螺型材科技股份有限公司及其附屬公司	Subsidiary 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 Holdings
Wuhu Conch International Hotel ("Wuhu Conch Hotel") 蕪湖海螺國際大酒店	Subsidiary of Conch Holdings
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 and its subsidiaries ("CK Engineering") 安徽海螺川崎工程有限公司及其附屬公司	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

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

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

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

<b>Name of related party</b>	<b>Nature of relationship</b>
Wuhu Conch Investment Ltd and its subsidiaries. ("WH Investment and its subsidiaries") 蕪湖海螺投資有限公司及其附屬公司	Subsidiary of China Conch Venture
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
Sino-Myanmar International Trading Co., Ltd. ("Sino-Myanmar International") 中緬(蕪湖)國際貿易有限公司	Joint venture of the Company
Myanmar Conch Cement Company Limited ("Myanmar Conch") 緬甸海螺水泥有限公司	Joint venture of the Company
Myanmar Conch Cement (Yangon) Company Limited ("Yangon Conch") 緬甸海螺(仰光)水泥有限公司	Joint venture of the Company
Huaibei Mining Xiangshan Cement Company Limited ("Xiangshan Cement") 淮北礦業相山水泥有限責任公司	Joint venture of the Company
Anhui King Bridge Cement Co., Ltd. ("King Bridge Cement") 安徽朱家橋水泥有限公司	Associate of the Company
West Cement 中國西部水泥有限公司	Associate of the Company
Guizhou Xinshuanglong Cement Co., Ltd. ("Xinshuanglong Cement") 貴州新雙龍水泥有限公司	Under the trust of the Group
Chengli Building Material 建德市成利建材有限公司	Under the trust of the Group

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

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

##### (b) Transactions between the Group and related parties

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

##### (i) Transactions with Conch Holdings

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Receiving services	15,545	2,377
Provision of services and sales of goods	853	854
Sales of property, plant and equipment	–	1,961

As at 30 June 2018, bank loans and other borrowings amounting to RMB3,500,000,000 (31 December 2017: RMB6,000,000,000) are guaranteed by Conch Holdings.

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

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Sales of goods	149,832	117,520
Sales of property, plant and equipment	–	6,210
Provision of services	35,455	33,893
Purchase of property, plant and equipment	110,120	271,530
Purchase of materials	301,503	132,857
Receiving services	122,284	104,125
Interest on loans	843	843

##### (iii) Loan guarantees provided to other related parties

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Papua Cement	761,901	752,413
Sino-Myanmar International	152,000	246,000
Xiangshan Cement	–	40,000
	<b>913,901</b>	<b>1,038,413</b>

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

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

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

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 June	
	2018 RMB'000	2017 RMB'000
Short-term employees benefits	1,222	1,388
Post-employment benefits	173	184
	<b>1,395</b>	<b>1,572</b>

The above remuneration is disclosed in "staff costs" (see note 5 (b)).

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

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

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
	CK Engineering	89,546
Papua Cement	55,044	59,340
Conch Kawasaki Equipment	48,848	35,282
CK Equipment	23,356	28,842
WH Investment	20,935	17,023
Myanmar Conch	20,256	21,060
Other related parties	51,626	50,683
	<b>309,611</b>	<b>219,659</b>

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

	At 30 June 2018 RMB'000	At 31 December 2017 RMB'000
	Conch Kawasaki Equipment	64,159
CK Equipment	48,665	97,234
Conch Venture Wuhu	22,412	22,412
Other related parties	54,248	25,050
	<b>189,484</b>	<b>196,509</b>

## 10. Financial Accounting Report (Unaudited)

### Notes to the unaudited interim financial report

*(Expressed in Renminbi Yuan unless otherwise indicated)*

#### 23 CONTINGENT LIABILITIES

At 30 June 2018, outstanding letters of credit issued by the Group amounted to approximately RMB64,877,000 (31 December 2017: RMB48,523,000).

At 30 June 2018, the Group issued guarantees in relation to banking facilities to its related parties, Papua Cement and Sino-Myanmar International, amounting to RMB913,901,000 in aggregate (31 December 2017: RMB1,038,413,000). These facilities were utilised to the extent of RMB913,901,000 (31 December 2017: RMB1,038,413,000) as at 30 June 2018.

#### 24 COMPARATIVE FIGURES

The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.



## 11. Documents for Inspection

- (1) Financial statements bearing the signatures and seals of the legal representative, officer-in-charge of the accounting function and officer-in-charge of the accounting department;
- (2) Originals of all the corporate documents and the announcements of the Company which were disclosed in newspaper 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**

**Gao Dengbang**

Chairman

22 August 2018