安徽海螺水泥股份有限公司

ANHUI CONCH CEMENT COMPANY LIMITED

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00914)

Results for the year ended 31 December 2012

Revenue of the Company for the year 2012 amounted to approximately RMB45,766 million (in accordance with IFRSs), representing a decrease of 5.94% over that of 2011.

Net profit attributable to equity shareholders of the Company for the year 2012 amounted to approximately RMB6,331 million (in accordance with the IFRSs), representing a decrease of 45.36% over that of 2011.

Earnings per share for the year 2012 was RMB1.19 (in accordance with the IFRSs), representing a decrease of 45.36% over that of 2011.

Unless otherwise stated, the currency unit in this announcement is Renminbi ("RMB"), the lawful currency of the People's Republic of China ("PRC"). Unless otherwise stated, the financial information in this announcement is prepared in accordance with the China Accounting Standards for Business Enterprises (2006) ("PRC Accounting Standards").

I. Basic Corporate Information of the Company

1. Basic information

A Shares stock abbreviation	Conch Cement
A Shares stock code	600585
Exchange on which A shares ("A Shares") are listed	The Shanghai Stock Exchange ("SSE")
H Shares stock code	00914
Exchange on which H shares ("H Shares") are listed	The Stock Exchange of Hong Kong Limited ("Stock Exchange")

2. Contact persons and means of contact

Title	**Company Secretary**	**Securities affairs representative**
Name	Yang Kaifa	Liao Dan
Contact address	1011 Jiuhua South Road, Wuhu City, Anhui Province, the PRC	1011 Jiuhua South Road, Wuhu City, Anhui Province, the PRC
Telephone number	0086-553-8398927	0086-553-8398911
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E-mail address	dms@conch.cn	dms@conch.cn

II. Summary of Accounting Data and Operation Information

1. Financial Summary prepared in accordance with the International Financial Reporting Standards ("IFRSs") for the year ended 31 December

(Unit: RMB'000)

Item	2012	2011	2010	2009	2008
Revenue	45,766,203	48,653,809	34,508,282	24,998,007	24,228,268
Net profit attributable to equity shareholders of the Company (Restated)	6,331,103	11,586,382	6,159,643	3,502,098	2,603,385
Total assets (Restated)	87,523,523	84,003,416	60,407,154	47,148,498	42,532,123
Total liabilities	36,720,402	37,554,590	25,157,974	18,179,216	17,496,416

Note: Under the Annual Improvements to IFRSs (2010) promulgated by the International Accounting Standards Board ("IASB"), Anhui Conch Cement Company Limited ("the Company") recognized in the financial report prepared in accordance with IFRSs the land valuation surplus from restructure during listing process since 2011, and restated the comparative figures of the "Net profit attributable to equity shareholders of the Company" and "Total assets" from 2008 to 2010 prepared in accordance with IFRSs as stated in the above table.

2. Accounting data prepared in accordance with the PRC Accounting Standards (major accounting data and financial indicators for the preceding three years)

Table 1: *(Unit: RMB'000)*

<table>
<tr><th>Items</th><th>2012</th><th>2011</th><th>Year-on-year change (%) between 2012 and 2011</th><th>2010</th></tr>
<tr><td>Revenue</td><td>45,766,203</td><td>48,653,809</td><td>-5.94</td><td>34,508,282</td></tr>
<tr><td>Profit before taxation</td><td>8,087,817</td><td>15,652,193</td><td>-48.33</td><td>8,078,332</td></tr>
<tr><td>Net profit attributable to equity shareholders of the Company</td><td>6,307,587</td><td>11,589,827</td><td>-45.58</td><td>6,171,403</td></tr>
<tr><td>Net profit after extraordinary items attributable to equity shareholders of the Company</td><td>5,651,326</td><td>11,059,571</td><td>-48.90</td><td>5,902,351</td></tr>
<tr><td>Basic earnings per share (RMB/share) (before restatement)</td><td rowspan="2">1.19</td><td rowspan="2">2.19</td><td rowspan="2">-45.58</td><td>1.75</td></tr>
<tr><td>Basic earnings per share (RMB/share) (restated)</td><td>1.16</td></tr>
<tr><td>Diluted earnings per share (RMB/share) (before restatement)</td><td rowspan="2">1.19</td><td rowspan="2">2.19</td><td rowspan="2">-45.58</td><td>1.75</td></tr>
<tr><td>Diluted earnings per share (RMB/share) (restated)</td><td>1.16</td></tr>
<tr><td>Basic earnings per share after extraordinary items (RMB/share) (before restatement)</td><td rowspan="2">1.07</td><td rowspan="2">2.09</td><td rowspan="2">-48.90</td><td>1.67</td></tr>
<tr><td>Basic earnings per share after extraordinary items (RMB/share) (restated)</td><td>1.11</td></tr>
<tr><td>Diluted return on net assets (%)</td><td>12.90</td><td>25.85</td><td>Decreased by 12.95 perecentage points</td><td>17.63</td></tr>
<tr><td>Weighted average return on net assets (%)</td><td>13.50</td><td>29.10</td><td>Decreased by 15.60 perecentage points</td><td>19.39</td></tr>
<tr><td>Diluted return on net assets after extraordinary items (%)</td><td>11.56</td><td>24.66</td><td>Decreased by 13.10 perecentage points</td><td>16.86</td></tr>
<tr><td>Weighted average return on net assets after extraordinary items (%)</td><td>12.10</td><td>27.77</td><td>Decreased by 15.67 perecentage points</td><td>18.54</td></tr>
<tr><td>Net cash flow generated from operating activities</td><td>11,508,639</td><td>10,491,812</td><td>9.69</td><td>6,010,307</td></tr>
<tr><td>Net cash flow per share generated from operating activities (RMB/share) (before restatement)</td><td rowspan="2">2.17</td><td rowspan="2">1.98</td><td rowspan="2">9.69</td><td>1.70</td></tr>
<tr><td>Net cash flow per share generated from operating activities (RMB/share) (restated)</td><td>1.13</td></tr>
</table>

Table 2: *(Unit: RMB'000)*

Items	As at 31 December 2012	As at 31 December 2011	Year-on-year change (%) between 2012 and 2011	As at 31 December 2010
Total assets	87,523,523	84,003,416	4.19	60,411,853
Total equity attributable to equity shareholders of the Company	48,901,205	44,839,509	9.06	35,003,281
Net assets per share attributable to equity shareholders of the Company (RMB/share) (before restatement)	9.23	8.46	9.06	9.91
Net assets per share attributable to equity shareholders of the Company (RMB/share) (restated)				6.61

Note: The Company and its subsidiaries' (collectively referred to the "Group'") implemented the capitalization issue proposals in 2011 which resulted in a change in the Company's share capital. As such, the Group restated the "Basic earnings per share", "Diluted earnings per share", "Basic earnings per share after extraordinary items", and "Net cash flow per share generated from operating activities" of 2010 in Table 1 above; and restated the "Net assets per share attributable to equity shareholders of the Company" as at 31 December 2010 in Table 2 above.

III. Shareholders

1. Shareholders

(1) As at 31 December 2012, the total number of registered shareholders of the Company was 109,084, of which 126 were registered holders of H Shares. As at the end of the fifth trading day prior to this announcement (18 March 2013), the total number of registered holders of A Shares was 116,458.

(2) As at 31 December 2012, the shareholdings of the top 10 registered shareholders of the Company are set out as follows:

	Name of Shareholder	Nature of Shareholder	Number of shares held at the end of the Reporting Period (share)	Percentage of shareholding (%)	Class of shares
1	Anhui Conch Holdings Company Limited (Note 2)	State-owned legal person	1,918,329,108	36.20	A Share
2	HKSCC Nominees Limited (Note 3)	Overseas legal person	1,297,662,881	24.49	H Share
3	Anhui Conch Venture Investment Co., Ltd. (Note 4)	Domestic non-state-owned legal person	286,713,246	5.41	A Share

4	Ping An Trust & Investment Co., Ltd. – Conch Equity Interest Interest	Domestic non-state-owned legal person	52,259,370	0.99	A Share
5	UBS AG	Others	38,000,361	0.72	A Share
6	MERRILL LYNCH INTERNATIONAL	Others	37,886,092	0.71	A Share
7	Anhui Conch Construction Materials Design Institute ("Conch Design Institute")	State-owned legal person	28,953,736	0.55	A Share
8	Bosera Value Growth Securities Investment Fund	Others	27,269,695	0.51	A Share
9	International Capital Corporation – HSBC – JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	Others	21,994,629	0.42	A Share
10	China Construction Bank – Bank of Communications Schroder Blue-chip Securities Investment Fund	Others	21,810,600	0.41	A Share

Notes:

(1) All the above shares are floating shares without trading restrictions.

(2) As at 31 December 2012, a total of 1,918,329,108 A Shares of the Company were held by Anhui Conch Holdings Company Limited, with no change in the number of shares in the Company held by it during the Reporting Period (i.e. period from 1 January 2012 to 31 December 2012, hereinafter called the "Reporting Period".

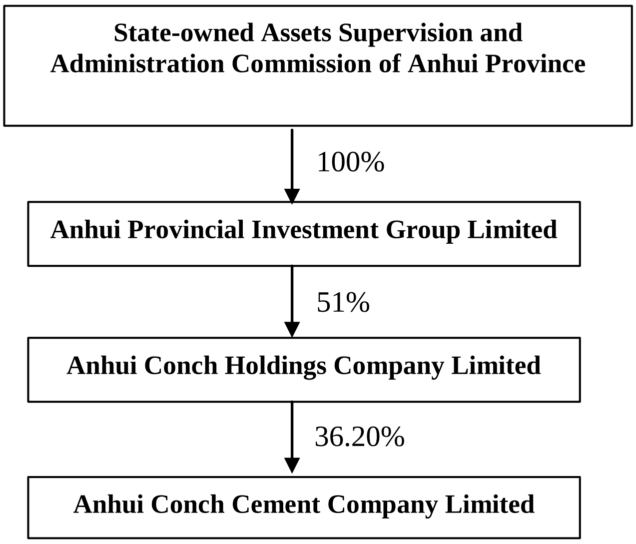
(3) HKSCC Nominees Limited held 1,297,662,881 H Shares, representing 24.49% of the total share capital of the Company, and 99.85% of the total number of H Shares issued by the Company, on behalf of its various clients.

(4) As at 31 December 2012, a total of 286,713,246 A Shares of the Company were held by Anhui Conch Venture Investment Co., Ltd. ("Conch Venture"), with no change in the number of shares in the Company held by it during the Reporting Period.

2. Information on the controlling shareholder and de facto controller

During the Reporting Period, there was no change in the controlling shareholder and de facto controller of the Company.

As at 31 December 2012, Anhui Conch Holdings Company Limited is the controlling shareholder of the Company and State-owned Assets Supervision and Administration Commission of Anhui Province is the de facto controller of the Company. The shareholding relationship structure between the Company and its de facto controller is set out as follows:



3. Purchase, sale or redemption of listed securities

For the year ended 31 December 2012, neither the Company nor its subsidiaries purchased, sold or redeemed any listed securities of the Company.

IV. Interests of directors, supervisors and chief executive in share capital

During the Reporting Period, none of the directors ("Directors"), supervisors ("Supervisors") and chief executive of the Company and their respective spouses and children under the age of 18 had any interests and/or short positions in shares, underlying shares, debentures in the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), nor had they been granted any rights to subscribe for or exercised the above rights to subscribe for interests in shares or debentures of the Company or its associated corporation as defined in Part XV of the SFO. Such interests or short positions shall be recorded in the register required to be kept and prepared by the Company under Section 352 of the SFO; and shall be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies under Appendix 10 to The Rules Governing the Listing of Securities on the Stock Exchange ("HKSE Listing Rules").

V. Corporate Governance

During the Reporting Period, the Company has complied with all the code provisions as set out in the Code on Corporate Governance Practices (for the period from 1 January 2012 to 31 March 2012) and in the Corporate Governance Code and the Corporate Governance Report (for the period from 1 April 2012 to 31 December 2012) in Appendix 14 to the HKSE Listing Rules.

The financial report and results announcement of the Company for year 2012 have been reviewed by the audit committee of the Company. All the Directors agree and acknowledge their individual and joint responsibility for preparing the accounts as contained in the financial report for the year under review. The Directors are responsible for the preparation of the financial statements of the Group for the relevant accounting periods under applicable statutory and regulatory requirements which give a true and fair view of the state of affairs, the results of operations and cash flows of the Group. In preparing the financial statements for the year ended 31 December 2012, applicable accounting policies have been adopted and applied consistently.

VI. Management Discussion and Analysis

MACRO-ENVIRONMENT

In 2012, the PRC government implemented a proactive fiscal policy and a prudent monetary policy, strengthened its macro-economic control, managed inflation expectations and refined its economic structure, which resulted in a steady development of the PRC economy. During the year of 2012, the year-on-year GDP growth rate was 7.8%, down by 1.4 percentage points as compared to the previous year. Fixed asset investments across the country saw a year-on-year growth rate of 20.6%, down by 3.4 percentage points from that in the same period of last year, while property investment sustained a year-on-year increase of 16.2%, down by 11.9 percentage points from that in the same period of last year. *(Source: National Bureau of Statistics of China)*

In 2012, the PRC's cement production volume rose by 7.44% year-on-year to 2.18 billion tonnes, with the growth rate representing a decrease of 4.26 percentage points from that in the same period of last year. Investments in the PRC cement industry declined by 6.95% year-on-year to RMB137.9 billion. Slowdown in the growth in fixed asset investments had weakened market demand, leading to decelerating growth in cement consumption, intensified market competition, and sharp decline in cement price, thus significantly eroding industry profits. *(Source: Digital Cement)*

ANALYSIS OF OPERATIONAL CONDITIONS

Operations

Encountering the adverse impact of the decelerating growth in macro-economy and the slowdown in the growth of cement market demand in 2012, the Group proactively responded to the intense competition in the cement market by timely adjusting its marketing strategies according to various regional market conditions and market changes at different times to increase market share; leveraged its competitive edge in bulk procurement of raw materials and fuel and captured the opportunities arising from the decrease in coal price to lower the procurement costs; strengthened internal control system to control operating costs, and enhanced its competitiveness in respect of production, supply and sales, thereby achieving relatively satisfactory operating results as compared to other market players.

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group's revenue from its principal activities amounted to RMB45.063 billion, representing a decrease of 6.41% from that in the same period of last year; the net profit attributable to equity shareholders of the Company amounted to RMB6.308 billion, representing a decrease of 45.58% from that in the same period of last year; and earnings per share were RMB1.19. In accordance with the IFRS, the revenue amounted to RMB45.766 billion, representing a decrease of 5.94% from that in the same period of last year; the net profit attributable to equity shareholders of the Company amounted to RMB6.331 billion, representing a decrease of 45. 36% from that in the same period of last year; and earnings per share were RMB1.19.

During the Reporting Period, the Group continued to make progress in development, with project construction proceeding at a steady pace. Construction of the nine clinker production lines of Suzhou Conch Cement Co., Ltd., Zunyi Conch Panjiang Cement Co., Ltd. ("Zunyi Conch") and Quanjiao Conch Cement Co., Ltd. and their ancillary residual heat electricity generation units, as well as the 19 cement grinding units of Yangzhou Conch Cement Co., Ltd., Jianghua Conch Cement Co., Ltd. and Longling Conch Cement Co., Ltd. ("Longling Conch") had been completed and put into operation. As to merger and acquisition, the Group proactively conducted project research and feasibility study. Adhering to the principles of "adequate resources, full set of equipment, complete approvals and certificates as well as strong market potential and competitiveness", the Group acquired six cement enterprises, including Sichuan Nanwei Cement Co., Ltd., Hami Hongyi Construction Material Co., Ltd. of Xinjiang and Guangxi Lingyun Tonghong Cement Co., Ltd. All the above resulted in additional clinker production capacity of 20.8 million tonnes and additional cement production capacity of 28.30 million tonnes in 2012.

As at the end of 2012, the Group's clinker production capacity and cement production capacity amounted to 184 million tonnes and 209 million tonnes respectively, with a total residual heat electricity generating capacity of 881MW. In 2012, the Group produced an aggregate of 154 million tonnes of clinker and 149 million tonnes of cement, representing a year-on-year increase of 13.81% and 17.17% respectively.

During the Reporting Period, the Group executed its strategies in terms of internationalization at a steady pace. Phase-one of the cement project of PT Conch South Kalimantan Cement in Indonesia – the Group's first overseas investment project, with a clinker production line of 3,200 t/d, commenced construction at the end of 2012. In addition, the Group also conducted an on-site survey and research on the subject projects in Southeast Asian countries including Vietnam and Malaysia.

During the Reporting Period, the Group proactively and persistently complied with the government's policies in respect of energy saving and emission reduction, and timely launched a technical research on nitrogen oxides ("NOx") reduction. The low-NOx staged combustion technology developed by the Group leveraging international advanced technology had been successfully applied in the 5000 t/d clinker production line of Wuhu Conch Cement Co., Ltd. According to the test results released by Wuhu Environmental Monitoring Center, the NOx emission from the said production line was reduced by approximately 30%. It had also shown a remarkable result in reducing emission. Meanwhile, 15 clinker production lines of the Group's subsidiaries including Chongqing Conch Cement Co., Ltd. and Jiande Conch Cement Co., Ltd. were successfully upgraded with the said technology.

After years of continuously rapid and healthy development, the Group has gained relatively extensive experience in operation management and tailored scientific and sound development strategies to fit its own conditions, and has thus developed competitive advantages in technology, equipment, resources, funds, human resources and management. During the

Reporting Period, the Group fully leveraged these advantages to implement the Company's development strategies in a proactive and prudent manner, and continued to push ahead with management innovation, technical upgrade, energy conservation and emission reduction, so as to further strengthen and enhance the Company's core competitiveness.

Sales Market Overview

In 2012, the Group realised an aggregate net sales volume of cement and clinker of 187 million tonnes, representing a year-on-year growth of 18.33%. However, affected by the decrease in product prices, sales revenue decreased by 6.41% as compared to that in the same period of last year.

Markets and Sales by Region

Sales Amount by Region

Region	2012		2011		Change in sales amount (%)	Change in sales proportion (percentage points)
	Sales amount (RMB'000)	Percentage (%)	Sales amount (RMB'000)	Percentage (%)		
East China[Note 1]	16,055,720	35.63	18,917,290	39.29	-15.13	-3.66
Central China[Note 2]	12,265,857	27.22	15,167,366	31.50	-19.13	-4.28
South China[Note3]	8,618,193	19.12	8,828,901	18.34	-2.39	0.78
West China[Note4]	6,735,135	14.95	4,239,463	8.81	58.87	6.14
Export	1,387,921	3.08	993,837	2.06	39.65	1.02
Total	**45,062,826**	**100.00**	**48,146,857**	**100.00**	**-6.41**	**-**

Notes: 1. East China includes Jiangsu, Zhejiang, Shanghai, Fujian and Shandong;

2. Central China includes Anhui, Jiangxi, Hunan and Hubei;

3. South China includes Guangdong and Guangxi;

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

During the Reporting Period, as the Group strove to expand market coverage and increase market share, the sales volume of each region increased by different degrees. Though the sales volume in East China and Central China reported a year-on-year increase of 17.82% and 6.68% respectively, the sales amount dropped by 15.13% and 19.13% respectively on a year-on-year basis due to the decrease in selling prices.

The overall market in South China remained stable. During the Reporting Period, the sales volume rose by 9.56% year-on-year, while the selling prices recorded a year-on-year decrease of 10.90%, resulting in a sales amount basically similar to that of last year.

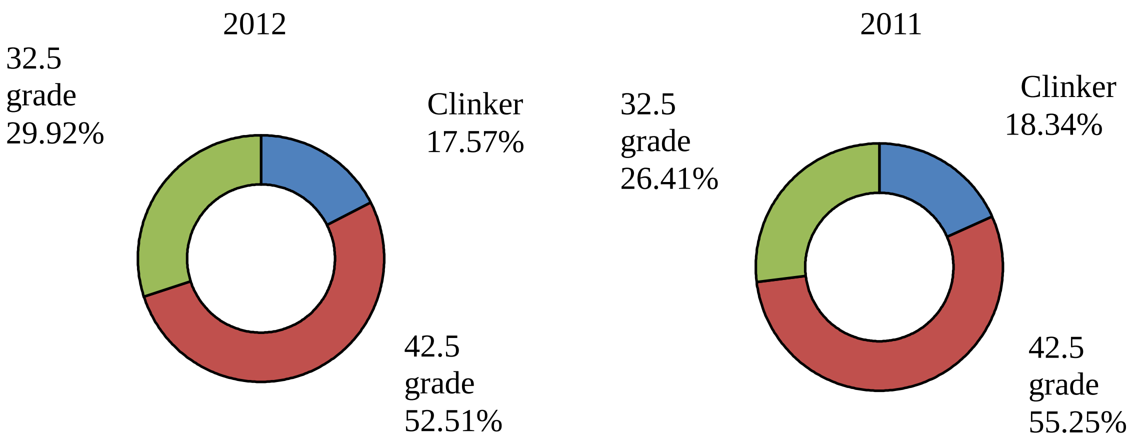
Notable results from sales network development and consolidation in the West China market further reinforced the Group's market dominance and competitiveness, leading to substantial growth in both the sales volume and sales amount. During the Reporting Period, the newly-built projects including Zunyi Conch and Longling Conch were gradually completed and commenced production; meanwhile the Company conducted technical upgrade on and strengthened operation management of the acquired companies, resulting in significant improvement in operation. The sales volume and sales amount increased by 57.19% and 58.87% respectively on a year-on-year basis.

With respect to the export, the Group stepped up its efforts in international cement market expansion, especially in the emerging markets including Southeast Asia and Africa, with a year-on-year increase of 43.87% and 39.65% respectively in export sales volume and sales amount.

SALES BY TYPE OF PRODUCTS

During the Reporting Period, the percentage of sales amount contributed by each of the Group's 32.5-grade cement, 42.5-grade cement and clinker products remained stable, with only a slight change in the proportion of 32.5-grade cement and 42.5-grade cement.

Percentage of sales amount by type of products



PROFIT ANALYSIS

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

Item	Amount		Change from that of the corresponding period of last year (%)
	2012 (RMB'000)	2011 (RMB'000)	
Revenue from principal activities	45,062,826	48,146,857	-6.41
Profit from operations	7,015,803	14,960,294	-53.10

Profit before taxation	8,087,817	15,652,193	-48.33
Net profit attributable to equity shareholders of the Company	6,307,587	11,589,827	-45.58

During the Reporting Period, affected by the decrease in the selling prices of products, the Group's revenue from principal activities decreased by 6.41% year-on-year to RMB45,062.83 million, and its profit from operations amounted to RMB7,015.80 million, representing a year-on-year decrease of 53.10%; the net profit attributable to equity shareholders of the Company decreased by 45.58% year-on-year to RMB6,307.59 million.

Gross profit by type of products in 2012 and year-on-year comparison

Product	Revenue from principal activities (RMB'000)	Costs of principal activities (RMB'000)	Gross profit margin for the Reporting Period (%)	Gross profit margin for the same period last year (%)	Year-on-year change in gross profit margin (percentage points)
42.5-grade cement	23,662,705	17,216,562	27.24	39.50	-12.26
32.5-grade cement	13,482,117	9,038,470	32.96	44.56	-11.60
Clinker	7,918,004	6,191,568	21.80	35.56	-13.76
Total	**45,062,826**	**32,446,600**	**28.00**	**40.11**	**-12.11**

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

In 2012, affected by the significant decrease in selling prices, gross profit margin of cement of different grades and commodity clinker showed varying degrees of decline. The consolidated gross profit margin amounted to 28.00%, representing a decrease of 12.11 percentage points from that of last year.

ANALYSIS OF COSTS AND EXPENSES

Consolidated costs in 2012 and its year-on-year change

Item	2012		2011		Change in unit cost (%)	Change in costs proportion (percentage points)
	Unit cost (RMB/ton)	Percentage (%)	Unit cost (RMB/ton)	Percentage (%)		
Raw	26.83	15.47	28.41	15.57	-5.56	-0.10

materials						
Fuel and power	114.74	66.14	123.05	67.46	-6.75	-1.32
Depreciation expense	12.90	7.44	11.84	6.49	8.95	0.95
Others	19.00	10.95	19.11	10.48	-0.58	0.47
Total	**173.47**	**100.00**	**182.41**	**100.00**	**-4.90**	**-**

With respect to consolidated costs, all costs of the Company were basically under control during the Reporting Period, with the consolidated costs for the year down by RMB8.94/ton year-on-year, which was mainly due to the decrease in the prices of coal and raw materials.

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

Expenses for the period	2012 amount (RMB'000)	2011 amount (RMB'000)	As a percentage of revenue from principal activities for the Reporting Period (%)	As a percentage of revenue from principal activities for the same period last year (%)	Change in percentage of revenue from principal activities (percentage points)
Selling expenses	2,279,766	1,859,205	5.06	3.86	1.20
Administrative expenses	2,173,046	1,789,413	4.82	3.71	1.11
Financial expenses (net)	1,002,059	629,089	2.22	1.31	0.91
Total	5,454,871	4,277,707	12.10	8.88	3.22

During the Reporting Period, driven by the increase in sales volume and expansion of the Group, the Group's selling, administrative and financial expenses in aggregate increased by RMB1,177.16 million as compared to the corresponding period of last year. As the Group's revenue from principal activities decreased due to the decline in product prices, the above expenses (selling expenses, administrative expenses and financial expenses) in aggregate as a percentage of revenue from principal activities was 12.10%, up by 3.22 percentage points as compared to the corresponding period of last year.

FINANCIAL POSITION

Asset and Liability Overview

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

Item	As at 31 December 2012 (RMB'000)	As at 31 December 2011 (RMB'000)	Change as at the end of the Reporting Period compared to those as at the beginning of the year (%)
Fixed assets	49,296,262	43,034,948	14.55
Current and other assets	38,227,261	40,968,468	-6.69
Total assets	87,523,523	84,003,416	4.19
Current liabilities	14,521,329	16,991,329	-14.54
Non-current liabilities	21,826,104	20,170,372	8.21
Minority interests	2,274,885	2,002,206	13.62
Shareholders' equity attributable to equity shareholders of the Company	48,901,205	44,839,509	9.06
Total liabilities and equity	**87,523,523**	**84,003,416**	4.19

As at 31 December 2012, the Group's total assets and liabilities prepared in accordance with the PRC Accounting Standards amounted to RMB87,523.52 million and RMB36,347.43 million respectively, representing an increase of 4.19% and a decrease of 2.19% respectively as compared to those at the end of the previous year. As at 31 December 2012, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 41.53%, representing a decrease of 2.71 percentage points as compared to that at the end of the previous year. The Group maintained a relatively sound financial structure.

As at 31 December 2012, shareholders' equity attributable to equity shareholders of the Company amounted to RMB48,901.21 million, representing an increase of 9.06% as compared to that at the end of the previous year. Net assets per share attributable to equity shareholders of the Company was RMB9.23.

As at 31 December 2012, the Group's net fixed assets prepared in accordance with the PRC Accounting Standards amounted to RMB49,296.26 million, representing an increase of 14.55% as compared to that at the end of the previous year, which was mainly due to the commencement of production of several projects of the Company and the acquisition of four companies and clinkers and cement business during the Reporting Period; the Group's current liabilities amounted to RMB14,521.33 million, representing a decrease of 14.54% as compared to that at the end of the previous year, which was mainly due to the decrease in tax payable and construction payables.

As at 31 December 2012, the total current assets and total current liabilities of the Group prepared in accordance with the PRC Accounting Standards amounted to RMB23,129.06 million and RMB14,521.33 million respectively, with a current ratio of 1.59:1 (corresponding period last year: 1.52:1). The total current assets and total current liabilities of the Group prepared in accordance with the IFRSs amounted to RMB23,621.58 million and RMB14,521.33 million respectively, with a net gearing ratio of 0.30 (corresponding period last year: 0.32).

Liquidity and Source of Funds

Maturity analysis of bank loans and other borrowings of the Group as at 31 December 2012 is as follows:

	As at 31 December 2012 (RMB'000)	**As at 31 December 2011 (RMB'000)**
Due within 1 year	2,658,426	3,197,073
Due after 1 year but within 2 years	2,968,873	5,192,272
Due after 2 years but within 5 years	2,343,333	4,553,568
Due after 5 years	300,000	27,273
Total	8,270,632	12,970,186

As at 31 December 2012, the Group's aggregate borrowings were RMB8,270.63 million, representing a decrease of RMB4,699.55 million as compared to those at the beginning of the year. The decrease was mainly attributable to the repayment of bank loans and the borrowings of medium-term notes from Anhui Conch Holdings Company Limited (the controlling shareholder) during the Reporting Period.

Save for the aforesaid borrowings, the Group had outstanding corporate bonds in a principal amount of RMB15.5 billion, of which RMB9.5 billion would be due after 2 years but within 5 years, and RMB6 billion would be due after 5 years.

Analysis of Cash Flow

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

	2012 (RMB'000)	**2011 (RMB'000)**
Net cash flows generated from operating activities	11,508,639	10,491,812
Net cash flows used in investment activities	(8,469,662)	(10,162,257)
Net cash flows (used in) / generated from financing activities	(2,670,923)	4,728,484
Effect of exchange rate movement on cash and cash equivalents	(4,268)	-
Net increase in cash and cash equivalents	363,786	5,058,039
Balance of cash and cash equivalents at the beginning of the year	7,747,188	2,689,149
Balance of cash and cash equivalents at the end of the year	8,110,974	7,747,188

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB11,508.64 million, representing an increase of RMB1,017 million as compared to that of last year. Such increase was mainly due to the enhancement of control over the percentage of bills receivable and increase in endorsement of bills by the Group, with the balance of bills receivable decreasing by RMB2.4 billion as compared to that at the beginning of the year.

During the Reporting Period, the Group's net cash outflows from investment activities decreased by RMB1,692.60 million as compared to that of last year, mainly due to the Group's decrease in capital expenditure as compared to that of the corresponding period of last year.

During the Reporting Period, the Group's net cash inflows generated from financing activities decreased by RMB7,399.41 million as compared to that of last year, primarily as a result of the Group's decrease in borrowings.

Capital Expenditure

During the Reporting Period, capital expenditure of the Group amounted to approximately RMB7.436 billion, which was primarily used in the investment in construction of cement and clinker production lines and the residual heat electricity generation projects as well as the expenditure in merger and acquisition of projects.

As at 31 December 2012, capital commitments in respect of the purchase of machinery and equipment for production that were committed but have not been provided for in the accounts are set out as follows:

	As at 31 December 2012 (RMB'000)	As at 31 December 2011 (RMB'000)
Authorized and contracted for	2,205,920	2,805,495
Authorized but not contracted for	5,707,262	8,222,401
Total	**7,913,182**	**11,027,896**

PROSPECT FOR 2013

2013 is a crucial year of transition in respect of the 12th Five Year Plan. The PRC government will strengthen and improve macro-control, continue to implement proactive fiscal policy and prudent monetary policy as well as to promote a sustainable and healthy economic development. A year-on-year GDP growth rate of approximately 7.5% is anticipated. Fixed asset investments across the country is expected to attain a year-on-year growth of 18%. *(Source: "Government Work Report" / National Development and Reform Commission)*

In 2013, excessive production capacity and structural adjustment in the cement industry will remain unchanged, while new production capacity will reduce significantly and the supply-and-demand condition will further improve. In the aspect of demand, cement demand will maintain stable growth with the construction of infrastructure projects such as railway, highways and hydraulic facilities as well as affordable housing, driven by the PRC government's proactive and prudent measures to facilitate urbanization and the development of a modernized agricultural industry. Meanwhile, with the increasingly stringent environmental protection requirements and the continuity and deepening of the structural adjustment of the economy, small cement enterprises with weaker competitiveness will encounter greater pressure, while major enterprises may take the opportunity to merge with, acquire and restructure these enterprises to expedite industry consolidation, which will in turn raise the industry's concentration level.

In 2013, the Group will capture the opportunity arising from the structural adjustment of the cement industry in the PRC to accelerate construction of new projects and projects in progress. Meanwhile, by proactively implementing the Guiding Opinions for Accelerating the Mergers and Acquisitions among Enterprises in Key Industries jointly promulgated by 12 national ministries of the PRC including the Ministry of Industry and Information Technology, the Group will step up its merger and acquisition activities in Central and West China. In addition, the Group will continue to proactively and prudently execute its international strategies, proceed with the construction of the cement project in South Kalimantan of Indonesia and identify other suitable overseas projects. Furthermore, the Group will explore and extend its business into the upstream and downstream industries, increasing its investments in the aggregate project and entering the commodity concrete market when suitable opportunity emerges.

In 2013, the Group's planned capital expenditure amounts to approximately RMB8.2 billion (excluding merger and acquisition expenditure), which will be funded primarily by internal resources and supplemented by bank loans and mainly used in the construction of the cement and clinker production lines and ancillary residual heat electricity generation projects of Baoshan Conch Cement Co., Ltd. and Qianxian Conch Cement Co., Ltd. It is expected that the clinker and cement production capacity will increase by approximately 15.40 million tonnes and 22.45 million tonnes respectively for the full year.

In 2013, the Group will closely monitor the changes in the macro-business environment, study and assess the market conditions more closely and reinforce coordination among the regional markets so as to expand its market share. The Group will further improve its internal control system and strengthen its internal management to enhance its management standard. Furthermore, the Group will continue to optimize the remuneration incentive scheme and attract and cultivate talents to facilitate sustainable development of the Company. The Group targets to increase the net sales volume of cement and clinker by approximately 20% year-on-year. It is expected that the cost and expense of the products per ton will remain stable as compared to that of last year.

In 2013, the Group may be exposed to the following three major risks:

1. The cement industry in which the Group operates is highly dependent on the construction industry and closely related to the national economic growth pace, as well as susceptible to the cyclical changes in the macro-economy. Therefore, the cyclical volatility in the macro-economy and adjustment of the macro-economic policy will materially affect the operation and development of the cement industry through affecting the fixed asset investments. In the process of economic structural adjustment in China, the growth of fixed asset investment may slow down, which would have direct impact on the market demand for and market price of building material products, hence adversely affecting the future development of the Group.

To address the above-mentioned risks, the Group will closely monitor the changes in the State's macro-economic policies and step up its efforts in conducting analysis and research on policies that affect the cement industry and related factors. Meanwhile, in line with the Group's development strategies, the Group will continue to expand its regional markets to mitigate the negative impact of volatility in a single market or certain part of the market on the Group. Furthermore, the Group will fine-tune its market network, and timely adjust its marketing strategies according to changes in the market environment to ensure smooth production and operations of the Group.

2. Coal and electricity are the major types of energy consumed by the Group in the production process. The cost of these two types of energy accounts for a large portion of the total cost of cement production. The cost of fuel and power (such as coal and electricity) accounts for more than 60% of the total manufacturing cost of cement. In the event of substantial surge in energy prices due to factors such as policy adjustment or changes in market supply and demand, the Group will be under pressure of rising production costs. If the increase in cost resulted from the above factors could not be entirely transferred to the product price, the Group's profitability may be adversely affected .

In order to address the above-mentioned risks, the Group will continue to further develop the strategic cooperation with domestic major coal groups, expand coal procurement channels and take advantage of bulk procurement to acquire coal needed for production in the ordinary course of business at a reasonable price. In the meantime, the Group will strengthen its internal control, lower various indicators such as coal and electricity consumption rates, and carry out technical modification to promote energy conservation and emission reduction, while reducing cost and improving efficiency, in order to enhance its market competitiveness.

3. Dust is the major pollutant from the production process of cement enterprises. The Group has installed necessary environmental protection equipment in all production bases pursuant to relevant environmental protection requirements, so as to collect cement dust for reuse and

comply with the dust discharge standard. However, with the further implementation of recycling economy and sustainable development, as well as the enhancement of public environmental awareness, the State may introduce more stringent laws and regulations to raise the environmental requirements for cement enterprises, which may lead to an increase in expenses on environmental protection by the Group.

To address the above-mentioned risks, the Group will continue to increase investments in environmental protection, energy conservation and emission reduction, including application of dust collection equipment, residual heat electricity generation, waste treatment, NOx reduction and other technologies. With a significant leading comprehensive competitiveness in environmental protection compared to industry average, the Group will continue to optimize its environmental management in the future, as a role model of big enterprise to the industry. The strict implementation of national policies and relgulations in respect of environmental protection will speed up the phase-out of backward production capacity and facilitate the structural adjustment of the cement industry. All these will enable the Group to further leverage and benefit from its competitive edge.

VII. Profit appropriation proposal

Based on the financial data prepared in accordance with the PRC Accounting Standards and IFRS respectively, the Group's profit after tax and minority interests for year 2012 amounted to RMB6,307.59 million and RMB6,331.10 million respectively. The Board proposed the appropriation of the profit for the year ended 31 December 2012 as follows:

(1) Pursuant to the requirements of the Company Law of the PRC and the articles of association of the Company, the Company shall allocate 10% of its profit after tax to the statutory surplus reserve, provided that no allocation is required if the accumulated statutory surplus reserve exceeds 50% of the registered capital of the Company. It is proposed that an amount of RMB846.86 million shall be appropriated to the statutory surplus reserve for the year 2012, so that the accumulated amount would reach 50% of the registered capital of the Company.

(2) Based on the Company's total number of issued shares of 5,299,302,579 shares in its share capital as at 31 December 2012, the payment of a final dividend of RMB0.25 per share (tax inclusive) is proposed, totaling RMB1,324.83 million.

The above profit appropriation proposal is subject to consideration and approval by shareholders at the annual general meeting for year 2012.

As far as the Company is aware, as at the date of this report, there was no arrangement under which any shareholder has waived or agreed to waive any dividend proposed to be distributed for the year 2012.

According to the Corporate Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and the relevant implementation rules which came into effect on 1 January 2008, and the Notice on Issues relating to Withholding and Payment of Enterprise Income Tax by Chinese Resident Enterprise over Dividends Distributable to their Holders of H-Shares Who are Overseas Non-resident Enterprises (Guoshuihan No. 897 [2008]) (《關於中國居民企業向境外 H 股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知國稅函[2008]897 號》) and Notice on Issues relating to Collecting Individual Income Tax after the Document of Guoshuifa No. 045[1993] becomes Void (Guoshuihan No. 348 [2011]) (《關於國稅發[1993]045 號文件廢止後有關個人所得稅徵管問題的通知》國稅函[2011]348 號) promulgated by State Administration of Taxation on 6 November 2008 and 28 June 2011 respectively, the Company is required to withhold and pay corporate income tax or individual income tax at the same rate of 10% before distributing the final dividend to non-resident enterprise shareholders and individual shareholders whose names appear on the H Shares register of members of the Company.

VIII. Financial Information

Financial information extracted from the audited consolidated income statement and consolidated statement of comprehensive income of the Group for the year ended 31 December 2012 and audited consolidated statement of financial position of the Group at 31 December 2012 together with the 2011 comparative figures, prepared in accordance with IFRSs and presented on the basis described in Note 4(1) below are as follows:

1. Consolidated income statement
for the year ended 31 December 2012

(Expressed in Renminbi Yuan)

	Note	*2012* RMB'000	*2011* RMB'000
Turnover	4(3)	45,766,203	48,653,809
Cost of sales and services rendered		(33,264,544)	(29,477,073)
Gross profit		12,501,659	19,176,736
Other revenue	4(4)	1,173,193	877,034
Other net income	4(4)	68,369	150,802
Selling and marketing costs		(2,279,766)	(1,859,205)
Administrative expenses		(2,178,352)	(1,798,518)
Profit from operations		9,285,103	16,546,849
Finance costs	4(5)(a)	(1,136,577)	(874,630)
Share of (losses)/profits of associates		(5,215)	864
Share of (losses)/profits of jointly controlled entity		(17,614)	26,209
Profit before taxation	4(5)	8,125,697	15,699,292
Income tax	4(6)	(1,639,068)	(3,880,265)
Profit for the year		6,486,629	11,819,027
Attributable to:			
Equity shareholders of the Company		6,331,103	11,586,382
Non-controlling interests		155,526	232,645
Profit for the year		6,486,629	11,819,027
Earnings per share	4(8)		
- Basic		RMB 1.19	RMB 2.19
- Diluted		RMB 1.19	RMB 2.19

2. Consolidated statement of comprehensive income
for the year ended 31 December 2012
(Expressed in Renminbi Yuan)

	Note	*2012* RMB'000	*2011* RMB'000
Profit for the year		6,486,629	11,819,027
Other comprehensive income for the year (after tax and reclassification adjustments)			
Exchange differences on translation of:			
financial statements of overseas subsidiaries		(4,268)	-
Available-for-sale equity securities:			
net movement in the fair value reserve		(392,463)	(698,668)
		(396,731)	(698,668)
Total comprehensive income for the year		6,089,898	11,120,359
Attributable to:			
Equity shareholders of the Company		5,935,488	10,887,714
Non-controlling interests		154,410	232,645
Total comprehensive income for the year		6,089,898	11,120,359

3. Consolidated statement of financial position at 31 December 2012

(Expressed in Renminbi Yuan)

	Note	*2012*		*2011*	
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment			52,607,328		48,803,943
Lease prepayments			3,291,595		2,681,343
Intangible assets			1,901,155		1,796,554
Goodwill			212,389		79,693
Interest in associates			1,868,374		160,454
Interest in jointly controlled entity			248,912		238,219
Loans and receivables			314,449		340,860
Available-for-sale equity securities			3,297,305		3,578,852
Deferred tax assets			160,441		103,548
			63,901,948		57,783,466
Current assets					
Inventories		4,038,538		4,378,423	
Other investments		106,324		75,897	
Trade receivables	4(9)	8,389,079		10,938,748	
Prepayments and other receivables		2,234,634		2,404,199	
Amounts due from related parties		522,330		384,506	
Tax recoverable		96,965		10,371	
Restricted cash deposits		108,731		58,994	
Bank deposits with maturity over three months		14,000		221,624	
Cash and cash equivalents		8,110,974		7,747,188	
		23,621,575		26,219,950	
Current liabilities					
Trade payables	4(10)	5,133,852		5,078,909	
Other payables and accruals		5,705,945		6,640,530	
Bank loans and other borrowings		2,658,427		3,197,073	
Amounts due to related parties		270,906		336,710	
Current portion of long-term payables		54,152		55,179	
Obligations under finance leases		57,996		59,228	
Current taxation		640,045		1,623,693	
		14,521,323		16,991,322	
Net current assets			9,100,252		9,228,628
Total assets less current liabilities			73,002,200		67,012,094

3. Consolidated statement of financial position at 31 December 2012 (continued)

(Expressed in Renminbi Yuan)

	Note	*2012* RMB'000	RMB'000	*2011* RMB'000	RMB'000
Non-current liabilities					
Bank loans and other borrowings		21,079,634		19,238,754	
Long-term payables		354,936		405,094	
Obligations under finance leases		-		58,878	
Deferred income		417,667		414,787	
Deferred tax liabilities		346,842		445,755	
			22,199,079		20,563,268
NET ASSETS			50,803,121		46,448,826
CAPITAL AND RESERVES					
Share capital			5,299,303		5,299,303
Reserves			43,238,237		39,157,505
Total equity attributable to equity shareholders of the Company			48,537,540		44,456,808
Non-controlling interests			2,265,581		1,992,018
TOTAL EQUITY			50,803,121		46,448,826

4. Notes

(1) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2012 comprise the Company and its subsidiaries and the Group's interest in associates and jointly controlled entities.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- financial instruments classified as available-for-sale or as trading securities; and
- derivative financial instruments.

Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty will be discussed in the the Company's audited 2012 financial report.

(2) Changes in accounting policies

The IASB has issued several amendments to IFRSs that are first effective for the current accounting period of the Group and the Company. Of these, the Amendments to IFRS 7, Financial instruments: Disclosures – Transfers of financial assets is relevant to the Group's financial statements.

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

The amendments to IFRS 7 require certain disclosures to be included in the financial statements in respect of transferred financial assets that are not derecognised in their entirety and for any continuing involvement in transferred financial assets that are derecognised in their entirety, irrespective of when the related transfer transaction occurred. However, an entity need not provide the disclosures for the comparative period in the first year of adoption. The adoption of such amendments to standards did not have significant effect on results or financial position of the Group for the current year.

(3) Turnover and segment reporting

(a) Turnover

The principal activities of the Group are manufacture and sale of clinkers and cement products.

Turnover represents the sales value of goods supplied to customers, net of value-added tax and surcharges, and service income. The amount of each significant category of revenue recognised in turnover during the year is as follows:

	2012	*2011*
	RMB’000	RMB’000
Sales of clinkers and cement products	45,062,826	48,146,857
Sales of materials and other products	286,092	167,934
Service income	417,285	339,018
	45,766,203	48,653,809

The Group’s customer base is diversified and there is no single customer with whom transactions have exceeded 10% of the Group’s revenue.

Further details regarding the Group’s principal activities are discussed below:

(b) Segment reporting

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

(i) Segment results, assets and liabilities

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

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

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

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

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

(3) Turnover and segment reporting (continued)

(b) Segment reporting (continued)

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

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2012 and 2011 is set out below:

For the year ended 31 December 2012	East China	Central China	South China	West China	Overseas	Subtotal	Reconciling items (note b (ii))	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	14,138,313	16,789,106	7,974,816	6,863,968	-	45,766,203	-	45,766,203
Inter-segment revenue	1,227,337	8,852,266	127,457	39,359	-	10,246,419	(10,246,419)	-
Reportable segment revenue	**15,365,650**	**25,641,372**	**8,102,273**	**6,903,327**	**-**	**56,012,622**	**(10,246,419)**	**45,766,203**
Reportable segment profit/(loss)	**939,285**	**5,937,448**	**1,721,841**	**774,100**	**(4,549)**	**9,368,125**	**(1,242,428)**	**8,125,697**
Interest income	10,119	357,438	4,242	9,747	16	381,562	(243,840)	137,722
Interest expense	(162,628)	(844,851)	(133,865)	(194,992)	-	(1,336,336)	199,759	(1,136,577)
Depreciation and amortisation for the year	(371,559)	(1,710,893)	(487,030)	(706,088)	(376)	(3,275,946)	-	(3,275,946)
Reportable segment assets (including investment in associates and joint venture)	**10,669,257**	**72,824,447**	**11,543,664**	**19,603,989**	**293,008**	**114,934,365**	**(27,410,842)**	**87,523,523**
Additions to non-current segment assets during the year	513,890	2,456,911	1,537,266	3,316,082	70,776	7,894,925	-	7,894,925
Reportable segment liabilities	**6,226,392**	**29,982,356**	**3,364,410**	**12,108,718**	**128,633**	**51,810,509**	**(15,090,107)**	**36,720,402**

(3) Turnover and segment reporting (continued)

(b) Segment reporting (continued)

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

For the year ended 31 December 2011	East China	Central China	South China	West China	Overseas	Subtotal	Reconciling items (note b (ii))	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	16,508,317	19,617,225	8,231,996	4,296,271	-	48,653,809	-	48,653,809
Inter-segment revenue	1,114,665	10,161,930	160,475	14,772	-	11,451,842	(11,451,842)	-
Reportable segment revenue	**17,622,982**	**29,779,155**	**8,392,471**	**4,311,043**	**-**	**60,105,651**	**(11,451,842)**	**48,653,809**
Reportable segment profit	**2,618,770**	**12,227,019**	**2,326,589**	**518,425**	**-**	**17,690,803**	**(1,991,511)**	**15,699,292**
Interest income	8,866	317,404	3,342	4,291	-	333,903	(105,684)	228,219
Interest expense	(129,972)	(616,648)	(98,390)	(122,458)	-	(967,468)	92,838	(874,630)
Depreciation and amortisation for the year	(360,185)	(1,381,704)	(422,690)	(406,478)	-	(2,571,057)	-	(2,571,057)
Impairment of property, plant and equipment	(5,546)	-	-	-	-	(5,546)	-	(5,546)
Reportable segment assets (including investment in associates and joint ventures)	**11,851,737**	**58,557,828**	**10,661,628**	**16,970,456**	**1,559**	**98,043,208**	**(14,039,792)**	**84,003,416**
Additions to non-current segment assets during the year	702,211	5,233,685	1,527,304	7,406,750	-	14,869,950	-	14,869,950
Reportable segment liabilities	**6,722,164**	**20,183,740**	**3,035,757**	**10,731,061**	**1,559**	**40,674,281**	**(3,119,691)**	**37,554,590**

(3) Turnover and segment reporting (continued)

(b) Segment reporting (continued)

(ii) Reconciliations of reportable segment revenues, profit, assets and liabilities

	2012 RMB'000	*2011* RMB'000
Revenue		
Elimination of inter-segment revenue	(10,246,419)	(11,451,842)

	2012 RMB'000	*2011* RMB'000
Profit		
Elimination of inter-segment profits	(1,280,308)	(2,038,609)
Difference between PRC accounting standards and IFRS*	37,880	47,098
	(1,242,428)	(1,991,511)

	2012 RMB'000	*2011* RMB'000
Assets		
Elimination of inter-segment balances	(27,410,842)	(14,039,792)

	2012 RMB'000	*2011* RMB'000
Liabilities		
Elimination of inter-segment balances	(15,463,075)	(3,512,585)
Difference between PRC accounting standards and IFRS*	372,968	392,894
	(15,090,107)	(3,119,691)

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

(3) Turnover and segment reporting (continued)

(b) Segment reporting (continued)

(iii) Geographic information

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

	Revenue from external customers		Specified non-current assets	
	2012	2011	2012	2011
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC	44,378,282	47,659,973	60,488,688	53,760,206
Others	1,387,921	993,836	70,399	-
	45,766,203	48,653,809	60,559,087	53,760,206

(4) Other revenue and net income

	2012 RMB'000	2011 RMB'000
Other revenue		
Interest income	137,722	228,219
Subsidy income	1,031,051	648,815
Dividend income from listed securities	4,420	-
	1,173,193	877,034

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

	2012 RMB'000	2011 RMB'000
Other net income		
Remeasurement to fair value of pre-existing interest in acquiree	-	62,595
Net gain on disposal of fixed assets	21,009	30,951
Net gain on disposal of lease prepayments	1,734	-
Net realised and unrealised gains/(losses) on trading securities	1,227	(2,922)
Changes in fair value of forward contracts	628	(347)
Available-for-sale securities: reclassified from equity on disposal	24,246	22,748
Net exchange gain	2,178	20,944
Others	17,347	16,833
	68,369	150,802

(5) Profit before taxation

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

	2012 RMB'000	*2011* RMB'000
(a) Finance costs		
Interest on bank advances and other borrowings wholly repayable within five years	1,050,959	967,463
Interest on bank advances and other borrowings wholly repayable after five years	178,498	81,174
Finance charges on obligations under finance leases	4,820	7,509
Interest on discount of notes receivable	-	1,351
Total interest expense on financial liabilities not at fair value through profit or loss	1,234,277	1,057,497
Less: interest expense capitalised into construction-in-progress*	(97,700)	(182,867)
	1,136,577	874,630

* The borrowing costs have been capitalised at rates of 4.69%~6.35% (2011: 4.69%~6.21%) per annum.

	2012 RMB'000	*2011* RMB'000
(b) Staff costs		
Contributions to defined contribution retirement plans	281,516	213,587
Salaries, wages and other benefits	2,343,205	1,946,439
	2,624,721	2,160,026

(5) Profit before taxation (continued)

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

	2012	*2011*
	RMB'000	RMB'000
(c) Other items		
Recognition of deferred income	(40,197)	(49,292)
Amortisation		
- interest in leasehold land held for own use under operating leases	69,541	45,268
- intangible assets	90,983	58,473
Depreciation	3,115,422	2,467,316
Impairment losses /(reversal of impairment losses)		
- trade receivables	(40)	(42)
- prepayments and other receivables	(35)	(22)
- property, plant and equipment	-	5,546
Auditors' remuneration		
- audit services	4,840	4,840
- other services	10	10

(6) Income tax in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

	2012 RMB'000	*2011* RMB'000
Current tax-PRC Corporate Income Tax		
Provision for the year	1,895,589	3,891,918
Over-provision in respect of prior years	(192,419)	(22,090)
	1,703,170	3,869,828
Deferred tax		
Origination and reversal of temporary differences	(64,102)	10,437
	1,639,068	3,880,265

No provision for Hong Kong Profits Tax is made for 2011 and 2012 as the Group did not earn any income which is subject to Hong Kong Profits Tax.

Individual companies within the Group are generally subject to Corporate Income Tax at 25% (2011: 25%) on taxable income determined according to the relevant income tax rules and regulations of the PRC, except for:

Beiliu Conch Cement Co., Ltd. ("Beiliu Conch") 北流海螺水泥有限責任公司 (Note i)	15%
Xingye Kuiyang Conch Cement Co., Ltd. ("Kuiyang Conch") 興業葵陽海螺水泥有限責任公司 (Note i)	15%
Fusui Xinning Conch Cement Co., Ltd. ("Xinning Conch") 扶綏新寧海螺水泥有限責任公司 (Note i)	15%
Xing'an Conch Cement Co., Ltd. ("Xing'an Conch") 興安海螺水泥有限責任公司 (Note i)	15%
Pingliang Conch Cement Co., Ltd. ("Pingliang Conch") 平涼海螺水泥有限责任公司 (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%

(6) Income tax in the consolidated income statement (continued)

(a) Taxation in the consolidated income statement represents:

Individual companies within the Group are generally subject to Corporate Income Tax at 25% (2011: 25%) on taxable income determined according to the relevant income tax rules and regulations of the PRC, except for:

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%
Liquan Conch Cement Co., Ltd. (“Liquan Conch”) 禮泉海螺水泥有限責任公司 (Note i)	15%
Guiyang Conch Panjiang Cement Co., Ltd. (“Guiyang Conch”) 貴陽海螺盤江水泥有限公司 (Note i)	15%
Guiding Conch Panjiang Cement Co., Ltd. (“Guiding Conch”) 貴定海螺盤江水泥有限公司 (Note i)	15%
Zunyi Conch Panjiang Cement Co., Ltd. (“Zunyi Conch”) 遵義海螺盤江水泥有限公司 (Note i)	15%
Qianyang Conch Cement Co., Ltd. (“Qianyang Conch”) 千陽海螺水泥有限責任公司 (Note i)	15%
Baoji Zhongxi Fenghuangshan Cement Co., Ltd. (“Fenghuangshan”) 寶雞眾喜鳳凰山水泥有限公司 (Note i)	15%
Baoji Zhongxi Jinlinghe Cement Co., Ltd. (“Jinlinghe”) 寶雞市眾喜金陵河水泥有限公司 (Note i)	15%
Guangxi Sihegongmao Co., Ltd. (“Sihegongmao”) 廣西四合工貿有限責任公司 (Note i)	15%
Longling Conch Cement Co., Ltd. (“Longling Conch”) 龍陵海螺水泥有限責任公司 (Note i)	15%
Hami Hongyi Construction Co., Ltd. (“Hami Construction”) 哈密弘毅建材有限責任公司 (Note ii)	0%

Notes:

(i) Pursuant to Notice No.12 issued by State Administration of Taxation on 6 April 2012 and relevant local tax authorities' notices, the above seventeen companies were entitled to 15% preferential income tax rate as qualifying companies located in western areas in the PRC. Five of the above companies, Qianyang Conch, Fenghuangshan, Jinlinghe, Sihegongmao and Longling Conch are entitled to a preferential income tax rate of 15%, effective from 1 January 2012 to 31 December 2020. The remaining twelve companies are entitled to a preferential income tax rate of 15%, effective from 1 January 2011 retrospectively to 31 December 2020. These twelve companies accrued income tax for 2011 based on enacted income tax rate of 25%, and settled income tax for 2011 at a rate of 15% in 2012 in accordance with the relevant local tax authorities' notices. The difference arising from which is recorded as an over-provision for income tax in respect of prior years.

(ii) In 2012, Hami Construction is recognised by the local tax authorities as an enterprise located in under-developed regions with operation in encouraged industries as defined by relevant authorities. According to Cai Shui [2011] No. 53 jointly issued by the Ministry of Finance and the State Administration of Taxation, Hami Construction is entitled to a tax holiday of a tax-free period for the first and second years and a 50% reduction in income tax rate for the third to fifth years, starting from the first year earning revenue. In accordance with local tax authority's notice, the applicable income tax rates for Hami Construction are 0% in 2012 and 2013, and 12.5% from 2014 to 2016.

(b) Reconciliation between tax expense and accounting profit at applicable tax rate:

	2012 RMB'000	*2011* RMB'000
Profit before taxation	8,125,697	15,699,292
Notional tax on profit before taxation calculated at 25% (2011: 25%)	2,031,424	3,924,823
Tax effect of subsidiaries subject to tax rates other than 25%	(181,350)	(1,189)
Tax effect of non-deductible expenses	7,643	10,152
Tax effect of non-taxable income	(28,309)	(35,058)
Tax effect of unused tax losses not recognised	2,079	3,627
Over-provision in respect of prior years	(192,419)	(22,090)
Actual tax expense	1,639,068	3,880,265

(7) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year:

	2012	*2011*
	RMB'000	RMB'000
Final dividend proposed after the statement of financial position date of RMB0.25 (2011: RMB0.35) per ordinary share	1,324,826	1,854,756

The final dividend proposed after the statement of financial position date has not been recognised at the statement of financial position date.

The above proposed 2012 dividends are pending for shareholders' approval.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2012	*2011*
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.35 (2011: RMB0.30) per ordinary share	1,854,756	1,059,861

(8) Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the year ended 31 December 2012 of RMB 6,331,103,000 (2011: RMB 11,586,382,000) and the weighted average number of shares in issue during the year ended 31 December 2012 of 5,299,303,000 shares (2011: 5,299,303,000 shares).

Weighted average number of ordinary shares

	2012	*2011*
	thousand	thousand
Issued ordinary shares at 1 January	5,299,303	3,532,868
Effect of capitalisation issue	-	1,766,435
Weighted average number of ordinary shares at 31 December	5,299,303	5,299,303

(b) Diluted earnings per share

The Company had no dilutive potential ordinary shares outstanding during the years ended 31 December 2012 and 2011.

(9) Ageing analysis of trade receivables

Included in trade receivables are trade debtors and notes receivable (net of allowance for doubtful debts) with the following ageing analysis based on due dates as of the statement of financial position date:

	The Group		*The Company*	
	2012	*2011*	*2012*	*2011*
	RMB'000	RMB'000	RMB'000	RMB'000
Current or overdue within 60 days (inclusive)	8,389,079	10,938,748	1,442,455	2,232,809

Trade debtors are due within 30-60 days from the date of billing, except for retention money in respect of certain sales contracts which is due upon the expiry of the retention period. Notes receivable are due within 6 months from the date of issuance.

(10) Ageing analysis of trade payables

Included in trade payables are trade creditors and notes payable with the following ageing analysis based on invoice/notes issuance dates as of the statement of financial position date:

	The Group		*The Company*	
	2012	*2011*	*2012*	*2011*
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year (inclusive)	5,064,731	5,026,586	1,417,797	1,012,852
Between 1 year and 2 years (inclusive)	64,220	47,927	333	4,027
Between 2 years and 3 years (inclusive)	2,298	1,696	-	66
Over 3 years	2,603	2,700	-	-
	5,133,852	5,078,909	1,418,130	1,016,945

(11) Business combination

The Group acquired four subsidiaries and clinkers and cement business from independent third parties during the year. The acquired subsidiaries are established in the PRC and are principally engaged in the manufacture and sale of clinkers and cement related products.

During the periods from the respective dates of acquisitions to 31 December 2012, these acquired subsidiaries and business contributed an aggregate revenue of RMB 670,933,000 and an aggregate loss of RMB 51,170,000 to the Group's results. If the acquisitions had occurred on 1 January 2012, management estimates that the consolidated revenue of the Group for the year ended 31 December 2012 would have been RMB 45,862,796,000, and the consolidated profit for the year would have been RMB6,483,527,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the respective dates of acquisition would remain the same even if the acquisitions had all occurred on 1 January 2012.

(11) Business combination (continued)

Summary of net assets acquired in the above acquisitions, and the goodwill/(bargain purchase gain) arising, are as follows:

Fair value of identifiable assets acquired and liabilities assumed:

	RMB'000
Property, plant and equipment	1,505,423
Lease prepayments	106,373
Intangible assets	29,672
Inventories	106,331
Cash and cash equivalents	1,268
Trade receivables, prepayments and other receivables	144,456
Deferred tax assets	8,657
Bank loans and other borrowings	(344,030)
Trade payables and other liabilities	(793,319)
Deferred tax liabilities	(47,775)
Total net identifiable assets of the acquirees	717,056

Goodwill/(bargain purchase gain)

Goodwill/(bargain purchase gain) has been recognised as a result of the above acquisitions as follows:

	RMB'000
Total consideration transferred	658,666
Non-controlling interests, based on their proportionate interest in recognised amount of the assets and liabilities of the acquirees	68,425
Fair value of identifiable net assets	(717,056)
	10,035
Goodwill arising from the above business combinations	18,959
Bargain purchase gain	(8,924)
	10,035

By order of the Board
Anhui Conch Cement Company Limited
Guo Wensan
Chairman

Wuhu City, Anhui Province, the PRC

22 March 2013

As at the date of this announcement, the Board comprises (i) Mr Guo Wensan, Mr Guo Jingbin, Mr Ji Qinying, Ms Zhang Mingjing and Mr Wu Jianping as executive Directors, and (ii) Mr Kang Woon, Mr Ding Meicai and Mr Wong Kun Kau as independent non-executive Directors.