CONCH

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 2013

Revenue of the Company for the year 2013 amounted to approximately RMB55,262 million (in accordance with IFRSs), representing an increase of 20.75% over that of 2012.

Net profit attributable to equity shareholders of the Company for the year 2013 amounted to approximately RMB9,389 million (in accordance with the IFRSs), representing an increase of 48.30% over that of 2012.

Earnings per share for the year 2013 was RMB1.77 (in accordance with the IFRSs), representing an increase of 48.30% over that of 2012.

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
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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	2013	2012	2011	2010	2009
Revenue	55,261,677	45,766,203	48,653,809	34,508,282	24,998,007
Net profit attributable to equity shareholders of the Company (Restated)	9,389,298	6,331,103	11,586,382	6,159,643	3,502,098
Total assets (Restated)	93,094,480	87,523,523	84,003,416	60,407,154	47,148,498
Total liabilities	34,692,721	36,720,402	37,554,590	25,157,974	18,179,216

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 2009 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)*

Items	**2013**	**2012**	**Year-on-year change (%) between 2013 and 2012**	**2011**
Revenue	55,261,677	45,766,203	20.75	48,653,809
Profit before taxation	12,631,266	8,087,817	56.18	15,652,193
Net profit attributable to equity shareholders of the Company	9,380,159	6,307,587	48.71	11,589,827
Net profit after extraordinary items attributable to equity shareholders of the Company	8,952,455	5,651,326	58.41	11,059,571
Basic earnings per share (RMB/share)	1.77	1.19	48.71	2.19
Diluted earnings per share (RMB/share)	1.77	1.19	48.71	2.19
Basic earnings per share after extraordinary items (RMB/share)	1.69	1.07	58.41	2.09
Diluted return on net assets (%)	16.72	12.90	Increased by 3.82 perecentage points	25.85
Weighted average return on net assets (%)	18.05	13.50	Increased by 4.55 perecentage points	29.10
Diluted return on net assets after extraordinary items (%)	15.95	11.56	Increased by 4.39 perecentage points	24.66
Weighted average return on net assets after extraordinary items (%)	17.22	12.10	Increased by 5.12 perecentage points	27.77
Net cash flow generated from operating activities	15,198,545	11,508,639	32.06	10,491,812
Net cash flow per share generated from operating activities (RMB/share)	2.87	2.17	32.06	1.98

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

Items	As at 31 December 2013	As at 31 December 2012	Year-on-year change (%) between 2013 and 2012	As at 31 December 2011
Total assets	93,094,480	87,523,523	6.37	84,003,416
Total equity attributable to equity shareholders of the Company	56,118,028	48,901,205	14.76	44,839,509
Net assets per share attributable to equity shareholders of the Company (RMB/share) (before restatement)	10.59	9.23	14.76	8.46

III. Shareholders

1. Shareholders

(1) As at 31 December 2013, the total number of registered shareholders of the Company was 95,398, of which 128 were registered holders of H Shares. As at the end of the fifth trading day prior to this announcement (18 March 2014), the total number of registered holders of A Shares was 104,085.

(2) As at 31 December 2013, 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 year ended 31 December 2013 ("Reporting Period") (share)	Percentage of shareholding (%)	Class of shares
1	Anhui Conch Holdings Company Limited ("Conch Holdings") (Note 2)	State-owned legal person	1,918,329,108	36.20	A Share
2	HKSCC Nominees Limited (Note 3)	Overseas legal person	1,297,711,378	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	MERRILL LYNCH INTERNATIONAL	Others	47,318,959	0.89	A Share
5	Gao Hua – HSBC – GOLDMAN, SACHS & CO.	Others	38,910,430	0.73	A Share
6	Ping An Trust – Conch Equity Interest	Domestic non-state-owned legal person	37,760,322	0.71	A Share

7	Genesis Asset Managers, LLP – Customer Funds	Others	34,127,219	0.64	A Share
8.	DEUTSCHE BANK AKTIENGESELLSCHAFT	Others	31,794,237	0.60	A Share
9	Anhui Conch Construction Materials Design Institute ("Conch Design")	State-owned legal person	30,540,819	0.58	A Share
10	China Construction Bank – Penghua Value Advantage Equity Securities Investment Fund	Others	28,078,785	0.53	A Share

Notes:

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

(2) As at 31 December 2013, a total of 1,918,329,108 A Shares of the Company were held by Conch Holdings, with no change in the number of shares of the Company held by it during the Reporting Period. Conch Design, as the wholly-owned subsidiary of Conch Holdings, acquired 1,587,083 A Shares of the Company through the clearing system of SSE during the Reporting Period, with the percentage of shareholding increasing from 0.55% to 0.58%.

(3) HKSCC Nominees Limited held 1,297,711,378 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 2013, a total of 286,713,246 A Shares of the Company were held by Conch Venture, with no change in the number of shares of the Company held by it during the Reporting Period.

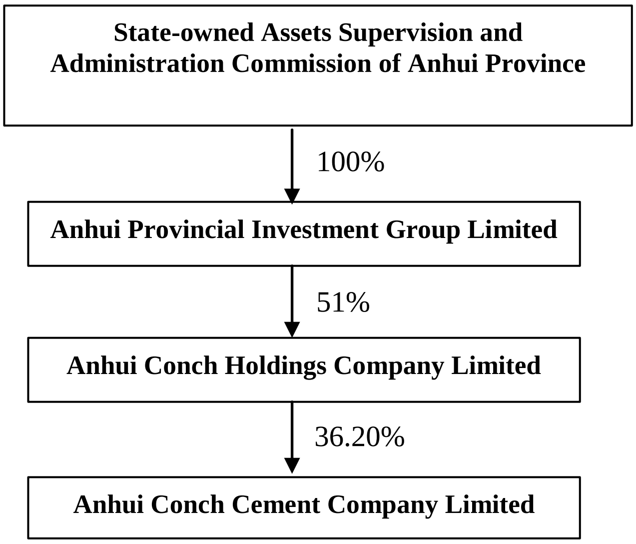
(5) So far as the Board is aware, among the above-mentioned shareholders, Conch Holdings and Conch Design are regarded as parties acting in concert under the Management Methods on Acquisitions by Listed Companies. Save for the aforesaid, the Board is not aware of any connected relationship or acting in concert relationship among the above-mentioned shareholders.

(6) The Company is not aware of any pledge or moratorium of shares held by shareholders holding more than 5% of the issued share capital of the Company.

2. Information on the controlling shareholder and de facto controller

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

As at 31 December 2013, Anhui Conch Holdings Company Limited was the controlling shareholder of the Company and State-owned Assets Supervision and Administration Commission of Anhui Province was 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 2013, 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 Corporate Governance Code and the Corporate Governance Report in Appendix 14 to the HKSE Listing Rules ("Code").

The financial report and results announcement of the Company for year 2013 have been reviewed by the audit committee of the Company. All of 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 2013, applicable accounting policies have been adopted and applied consistently.

VI. Management Discussion and Analysis

ANALYSIS OF OPERATIONAL CONDITIONS

Operations

In 2013, under the complex macro-economic environment, the Group proactively responded to the intense competition in the cement market by adjusting its marketing strategies timely, stepping up efforts in resource allocation, and continuously optimizing economic indicators and improving operation quality through strengthening production organization and enhancing benchmark management, thus has achieved relatively satisfactory operating results.

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group's revenue from its principal activities amounted to RMB54.201 billion, representing an increase of 20.28% from that in the same period of last year; the net profit attributable to equity shareholders of the Company amounted to RMB9.38 billion, representing an increase of 48.71% from that in the same period of last year; and earnings per share were RMB1.77. In accordance with the IFRS, the revenue amounted to RMB55.262 billion, representing an increase of 20.75% from that in the same period of last year; the net profit attributable to equity shareholders of the Company amounted to RMB9.389 billion, representing an increase of 48.30% from that in the same period of last year; and earnings per share were RMB1.77.

The Group promoted steady progress in project construction. The planned construction of the six clinker production lines and their ancillary residual heat electricity generation units of Guiding Conch Panjiang Cement Co., Ltd. and Qianxian Conch Cement Co., Ltd., as well as the 21 cement grinding units of Liangping Conch Cement Co., Ltd., Bozhou Conch Cement Co., Ltd. and Xiangshan Conch Cement Co., Ltd. had been completed and, put into operation. Meanwhile, construction of two aggregate projects of Anhui Tongling Conch Cement Co., Ltd. and Shimen Conch Cement Co., Ltd. was completed. As to merger and acquisition, the Group proactively conducted project researches and feasibility studies. Adhering to the principles of "resources meeting the Company's needs and requirements, with full set of equipment, complete set of approvals and certificates as well as strong market potential, and promoting the Company's competitiveness", the Group acquired two cement enterprises, namely Yunnan Yingjiang Yunhan Cement Co., Ltd. and Gansu Jinde Taizishan Building and Material Co., Ltd.. All of the above have led to additional clinker production capacity of 11.60 million tonnes and additional cement production capacity of 24.30 million tonnes for the year.

As at the end of 2013, the Group's clinker production capacity and cement production capacity amounted to 195 million tonnes and 231 million tonnes respectively, with a total residual heat electricity generating capacity of 921MW. In 2013, the Group produced an aggregate of 183 million tonnes of clinker and 189 million tonnes of cement, representing a year-on-year increase of 16% and 25% respectively.

The Group proactively executed its strategies in terms of internationalization. Construction of Phase-one of the PT Conch Cement Co., Ltd. in South Kalimantan of Indonesia with a clinker production line (PT Conch cement project in South Kalimantan of Indonesia) of 3,200 t/d was completed, with equipment installation in full swing. An agreement was officially entered into for Merak grinding mill project in Indonesia. In addition, the Group also conducted on-site survey and research on the subject projects in several countries including Vietnam and Burma, and carried out preliminary preparation works.

The Group has persistently complied with the government's policies in respect of energy saving and emission reduction, and further promoted the implementation of the low-NOx staged combustion technology modification and SNCR flue gas denitration technology modification within the Group. As at the end of the Reporting Period, the Group had completed technical upgrade of NOx reduction to the 77 production lines of Wuhu Conch Cement Co., Ltd. and Anhui Chizhou Conch Cement Co., Ltd. was completed, which were running smoothly.

During the Reporting Period, the Group made continuous efforts to facilitate management transformation, and strengthened its competitive edge in technology, equipment, resources, funds, human resources and management, so as to further enhance its core competitiveness.

Sales Market Overview

In 2013, the Group realised an aggregate net sales volume of cement and clinker of 228 million tonnes, representing a year-on-year growth of 21.95%.

Markets and Sales by Region

Sales Amount by Region

Region	2013		2012		Change in sales amount (%)	Change in sales proportion (percentage points)
	Sales amount (RMB'000)	Percentage (%)	Sales amount (RMB'000)	Percentage (%)		
East China Note 1	19,051,447	35.15	16,055,720	35.63	18.66	-0.48
Central China Note 2	15,610,987	28.80	12,265,857	27.22	27.27	1.58
South China Note3	8,657,457	15.97	8,618,193	19.12	0.46	-3.15
West China Note4	9,458,318	17.45	6,735,135	14.95	40.43	2.50
Export	1,422,403	2.63	1,387,921	3.08	2.48	-0.45
Total	**54,200,612**	**100.00**	**45,062,826**	**100.00**	**20.28**	**-**

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, and Shaanxi.

During the Reporting Period, the Group made great efforts to expand market coverage, and made in-depth analysis on impacts of various factors such as seasonality, phase-out of backward capacity, energy-saving and production-restricting on each regional market. The Group strengthened study and assessment on market conditions and developed flexible sales policy for each region, leading to improvement in the cement sales volume of each region. The sales volume in East China and Central China reported a year-on-year increase of 19.13% and 29.94% respectively, and the sales amount increased by 18.66% and 27.27% respectively on a year-on-year basis.

The overall market in South China remained relatively stable. The sales volume rose by 2.91% year-on-year, while the selling prices recorded a year-on-year decrease of 2.39%, resulting in a sales amount basically similar to that of last year.

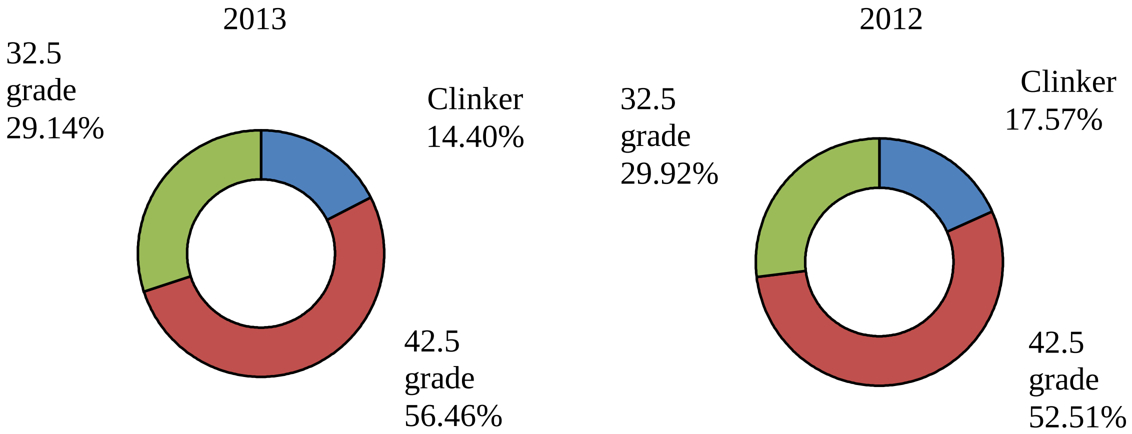
Positive factors were observed in the West China market, including rapid growth in the fixed asset investments, persistently robust market demand and notable results from sales network development and consolidation. The inauguration of previously acquired projects as well as new construction projects further reinforced the Group's market dominance and competitiveness, leading to substantial growth in both the sales volume and sales amount. The sales volume and sales amount of cement increased by 40.17% and 40.43% respectively on a year-on-year basis.

Export remained relatively stable, with a year-on-year increase of 2% and 2.48% respectively in cement export sales volume and sales amount.

SALES BY TYPE OF PRODUCTS

During the Reporting Period, as the Group increased the capacity utilization rate of the grinding mill plants and reduced the proportion of clinker sold to external parties, the sales contribution of clinker decreased by 3.17 percentage points to 14.40% while the sales contribution of the 42.5-grade cement increased to 56.46%.

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 (%)
	2013 (RMB'000)	2012 (RMB'000)	
Revenue from principal activities	54,200,612	45,062,826	20.28
Profit from operations	11,742,679	7,015,803	67.37
Profit before taxation	12,631,266	8,087,817	56.18
Net profit attributable to equity shareholders of the Company	9,380,159	6,307,587	48.71

During the Reporting Period, due to the increase in the sales volume of products, the Group's revenue from principal activities increased by 20.28% year-on-year to RMB54,200.61 million. Meanwhile, benefiting from the decline in the unit costs of the products, the profitability of the Group improved, and its profit from operations amounted to RMB11,742.68 million, representing a year-on-year increase of 67.37%. The net profit attributable to equity shareholders of the Company increased by 48.71% year-on-year to RMB9,380.16 million.

Gross profit margin by type of products in 2013 and its year-on-year

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	30,586,824	20,572,558	32.74	27.24	5.50
32.5-grade cement	15,791,202	9,880,552	37.43	32.96	4.47
Clinker	7,799,196	5,614,992	28.01	21.80	6.21
Aggregate	23,390	16,378	29.98	-	-
Total	**54,200,612**	**36,084,480**	**33.42**	**28.00**	**5.42**

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

In 2013, as the unit costs of the products recorded a year-on-year decrease, gross profit margin of cement of different grades and commodity clinker showed varying degrees of increase. The consolidated gross profit margin amounted to 33.42%, representing an increase of 5.42 percentage points from that of last year.

ANALYSIS OF COSTS AND EXPENSES

Consolidated costs of cement and clinker in 2013 and their year-on-year change

Item	2013		2012		Change in unit costs (%)	Change in costs proportion (percentage points)
	Unit costs (RMB/tonne)	Percentage (%)	Unit costs (RMB/tonne)	Percentage (%)		
Raw materials	28.76	18.19	26.83	15.47	7.19	2.72
Fuel and power	98.28	62.15	114.74	66.14	-14.35	-3.99
Depreciation expense	11.93	7.54	12.90	7.44	-7.52	0.10
Others	19.16	12.12	19.00	10.95	0.84	1.17
Total	**158.13**	**100.00**	**173.47**	**100.00**	**-8.84**	**-**

During the Reporting Period, the consolidated costs of the Company decreased by RMB15.34/tonne year-on-year, which was mainly due to the decline in coal price and the decrease in unit coal consumption.

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

Expenses for the period	2013 amount (RMB'000)	2012 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	2,684,505	2,279,766	4.95	5.06	-0.11
Administrative expenses	2,395,767	2,173,046	4.42	4.82	-0.40
Financial expenses (net)	968,510	1,002,059	1.79	2.22	-0.43
Total	6,048,782	5,454,871	11.16	12.10	-0.94

During the Reporting Period, driven by increase in sales volume and expansion of the Group's scale of operation, the Group's selling, administrative and financial expenses in aggregate increased by RMB593.91 million as compared to the corresponding period of last year, but the above expenses in aggregate as a percentage of revenue from principal activities was 11.16%, down by 0.94 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 2013 (RMB'000)	As at 31 December 2012 (RMB'000)	Change as at the end of the Reporting Period compared to those as at the beginning of the year (%)
Fixed assets	51,527,441	49,296,262	4.53
Current and other assets	41,567,039	38,227,261	8.74
Total assets	93,094,480	87,523,523	6.37
Current liabilities	14,545,325	14,521,329	0.17
Non-current liabilities	19,783,975	21,826,104	-9.36
Minority interests	2,647,152	2,274,885	16.36
Shareholders' equity attributable to equity shareholders of the Company	56,118,028	48,901,205	14.76
Total liabilities and equity	**93,094,480**	**87,523,523**	6.37

As at 31 December 2013, the Group's total assets and liabilities prepared in accordance with the PRC Accounting Standards amounted to RMB93,094.48 million and RMB34,329.30 million respectively, representing an increase of 6.37% and a decrease of 5.55% respectively as compared to those at the end of the previous year. As at 31 December 2013, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 36.88%, representing a decrease of 4.65 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 2013, shareholders' equity attributable to equity shareholders of the Company amounted to RMB56,118.03 million, representing an increase of 14.76% as compared to that at the end of the previous year. Net assets per share attributable to equity shareholders of the Company was RMB10.59.

As at 31 December 2013, the total current assets and total current liabilities of the Group prepared in accordance with the PRC Accounting Standards amounted to RMB24,624.40 million and RMB14,545.33 million respectively, with a current ratio of 1.69:1 (corresponding period last year: 1.59:1). The total current assets and total current liabilities of the Group prepared in accordance with the IFRSs amounted to RMB24,976.99 million and RMB14,545.32 million respectively, with a net gearing ratio of 0.27 (corresponding period last year: 0.30). Net gearing ratio was calculated as follows: interest-bearing liabilities minus cash balances divided by shareholders' equity.

Liquidity and Source of Funds

Maturity analysis of bank loans and other borrowings of the Group as at 31 December 2013 is as follows:

	As at 31 December 2013 (RMB'000)	**As at 31 December 2012 (RMB'000)**
Due within 1 year	2,934,810	2,658,426
Due after 1 year but within 2 years	2,049,515	2,968,873
Due after 2 years but within 5 years	1,029,818	2,343,333
Due after 5 years	652,423	300,000
Total	6,666,566	8,270,632

As at 31 December 2013, the Group's aggregate borrowings were RMB6,666.57 million, representing a decrease of RMB1,604.07 million as compared to those at the beginning of the year. The decrease was mainly attributable to the repayment of some bank loans during the Reporting Period. Details on loans bearing interest at fixed rate are set out in Note 10.2.(3) to the financial statements prepared in accordance with the PRC Accounting Standards.

Save for the aforesaid borrowings, the Group had outstanding corporate bonds in a principal amount of RMB15.5 billion, of which RMB12 billion would be due after 3 years but within 5 years, and RMB3.5 billion would be due after 5 years.

Analysis of Cash Flow

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

	2013 (RMB'000)	2012 (RMB'000)
Net cash flows generated from operating activities	**15,198,545**	**11,508,639**
Net cash flows used in investment activities	**(12,476,327)**	**(8,469,662)**
Net cash flows (used in) / generated from financing activities	**(4,289,366)**	**(2,670,923)**
Effect of exchange rate movement on cash and cash equivalents	**(24,894)**	**(4,268)**
Net increase in cash and cash equivalents	**(1,592,042)**	**363,786**
Balance of cash and cash equivalents at the beginning of the year	**8,110,974**	**7,747,188**
Balance of cash and cash equivalents at the end of the year	**6,518,932**	**8,110,974**

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB15,198.55 million, representing an increase of RMB3,690 million as compared to that of last year. Such increase was mainly due to the substantial increase in revenue as a result of increase in sales volume.

During the Reporting Period, the Group's net cash outflows from investment activities increased by RMB4,006.67 million as compared to that of last year, mainly due to the increase in term deposits as the Group optimized its deposit structure.

During the Reporting Period, the Group's net cash inflows generated from financing activities decreased by RMB1,618.44 million as compared to that of last year, primarily because the Group raised RMB6 billion by issuance of corporate bonds in 2012.

Capital Expenditure

During the Reporting Period, capital expenditure of the Group amounted to approximately RMB7.505 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 2013, capital commitments in respect of the purchase of machinery and equipment for production that were committed but have not been provided for in the accounts are set out as follows:

	As at 31 December 2013 (RMB'000)	As at 31 December 2012 (RMB'000)
Authorized and contracted for	4,801,756	2,205,920
Authorized but not contracted for	5,285,224	5,707,262
Total	**10,086,980**	**7,913,182**

PROSPECT FOR 2014

The year 2014 marks the commencement of comprehensively deepening reform in the PRC, and is also the fourth year of the 12th Five Year Plan, making it a crucial year to the fulfillment of the 12th Five Year Plan. Adhering to the overall theme of "making progress while maintaining stability" in its work on the economy, the PRC government implements proactive fiscal policy and prudent monetary policy, so as to promote a sustainable and healthy economic development. A year-on-year GDP growth rate of about 7.5% is anticipated. *(Source: Government Work Report of 2014)*

In 2014, the supply-and-demand condition of the cement industry is expected to be further improved. On the demand side, as the PRC government's proactive and prudent measures to facilitate urbanization and its great efforts in developing a modernized agricultural industry will effectively promote the construction of infrastructure projects such as railway, highways, city railway transportation and hydraulic facilities as well as affordable housing, the cement demand will maintain a steady growth with relatively huge potential in the central and western regions. In the aspect of supply, the implementation of the Guidelines on Addressing Severe Overcapacity (Guo Fa [2013] No.41) will effectively control the growth of new production capacity, while the promulgation and implementation of the new environmental protection standards for the cement industry will accelerate the phase-out of backward capacity, which will lead to further decline in new production capacity.

In 2014, the Group will aim to capture the opportunity arising from the structural adjustment of the cement industry in the PRC to accelerate construction of projects in progress. The Group will carry out merger and acquisition of domestic projects by holding controlling interest or equity interest of these entities. Meanwhile, the Group will accelerate its pace of internationalization development to ensure the construction of the PT Conch cement project in South Kalimantan of Indonesia will be completed as scheduled, and step up its effort to promote the preparation work for other overseas projects. Furthermore, the Group will proactively increase its investments in the aggregate project and extend its business into the upstream and downstream industries.

The Group's planned capital expenditure amounts to approximately RMB8.5 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 Tongren Conch Panjiang Cement Co., Ltd. and Linxia Conch Cement Co., Ltd. ("Linxia Conch"). It is expected that the clinker and cement production capacity will increase by approximately 19 million tonnes and 30 million tonnes respectively for the full year.

The Group will closely monitor changes in the external business environment, and will study and assess the market conditions more closely and reinforce coordination among the regional markets so as to expand its market share. Meanwhile, the Group will continuously strengthen benchmark management and improve its internal control, so as to further enhance its operation quality. The Group will continue to optimize its remuneration incentive scheme, perfect its performance appraisal mechanism for management personnel and cultivate operation and management talents to facilitate sustainable development of the Company. The Group targets to increase net sales volume of cement and clinker by approximately 28 million tonnes year-on-year. It is expected that the cost and expense of products per tonne will remain stable as compared to that of last year.

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 2013 amounted to RMB9,380.16 million and RMB9,389.30 million respectively. The Board proposed the appropriation of the profit for the year ended 31 December 2013 as follows:

(1) Pursuant to the requirements of the Articles 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. As the statutory surplus reserve had reached 50% of the registered capital of the

Company, no allocation was made for the year 2013.

(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 2013, the payment of a final dividend of RMB0.35 per share (tax inclusive) is proposed, totaling RMB1,854,760,000.

The above profit appropriation proposal is subject to consideration and approval by shareholders at the annual general meeting for year 2013.

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 2013 and audited consolidated statement of financial position of the Group at 31 December 2013 together with the 2012 comparative figures, prepared in accordance with IFRSs and presented on the basis described in Note 4(1) below are as follows:

1. Consolidated statement of profit or loss for the year ended 31 December 2013

(Expressed in Renminbi Yuan)

	Note	*2013* RMB'000	*2012* RMB'000
Turnover	4(3)	55,261,677	45,766,203
Cost of sales and services rendered		(37,274,968)	(33,264,544)
Gross profit		17,986,709	12,501,659
Other revenue	4(4)	1,096,919	1,173,193
Other net income	4(4)	21,109	68,369
Selling and marketing costs		(2,684,505)	(2,279,766)
Administrative expenses		(2,562,816)	(2,178,352)
Profit from operations		13,857,416	9,285,103
Finance costs	4(5)(a)	(1,160,565)	(1,136,577)
Share of profits/(losses) of associates		440	(5,215)
Share of loss of a joint venture		(26,122)	(17,614)
Profit before taxation		12,671,169	8,125,697
Income tax	4(6)	(2,850,165)	(1,639,068)
Profit for the year		9,821,004	6,486,629
Attributable to:			
Equity shareholders of the Company		9,389,298	6,331,103
Non-controlling interests		431,706	155,526
Profit for the year		9,821,004	6,486,629
Earnings per share	4(8)		
- Basic		RMB 1.77	RMB 1.19
- Diluted		RMB 1.77	RMB 1.19

2. Consolidated statement of profit or loss and other comprehensive income
for the year ended 31 December 2013
(Expressed in Renminbi Yuan)

	Note	*2013* RMB'000	*2012* RMB'000
Profit for the year		9,821,004	6,486,629
Other comprehensive income for the year (after tax and reclassification adjustments)			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of: financial statements of overseas subsidiaries		(35,143)	(4,268)
Available-for-sale equity securities: net movement in the fair value reserve		(867,570)	(392,463)
		(902,713)	(396,731)
Total comprehensive income for the year		8,918,291	6,089,898
Attributable to:			
Equity shareholders of the Company		8,497,066	5,935,488
Non-controlling interests		421,225	154,410
Total comprehensive income for the year		8,918,291	6,089,898

3. Consolidated statement of financial position at 31 December 2013

(Expressed in Renminbi Yuan)

	Note	*2013*		*2012*	
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Fixed assets					
-Investment property			33,198		-
-Other property, plant and equipment			56,276,368		52,607,328
-Lease prepayments			3,655,950		3,291,595
Intangible assets			2,545,183		1,901,155
Goodwill	4(11)		299,742		212,389
Interest in associates			2,114,750		1,868,374
Interest in a joint venture			257,149		248,912
Loans and receivables			349,249		314,449
Available-for-sale equity securities			2,222,333		3,297,305
Deferred tax assets			363,565		160,441
			68,117,487		63,901,948
Current assets					
Inventories		3,692,690		4,038,538	
Other investments		36,370		106,324	
Trade receivables	4(9)	7,525,345		8,389,079	
Prepayments and other receivables		1,975,315		2,234,634	
Amounts due from related parties		399,777		522,330	
Tax recoverable		91,560		96,965	
Restricted cash deposits		115,104		108,731	
Bank deposits with maturity over three months		4,621,900		14,000	
Cash and cash equivalents		6,518,932		8,110,974	
		24,976,993		23,621,575	
Current liabilities					
Trade payables	4(10)	3,791,010		5,133,852	
Other payables and accruals		6,391,519		5,705,945	
Bank loans and other borrowings		2,934,811		2,658,427	
Amounts due to related parties		507,224		270,906	
Current portion of long-term payables		51,136		54,152	
Obligations under finance leases		-		57,996	
Current taxation		869,621		640,045	
		14,545,321		14,521,323	
Net current assets			10,431,672		9,100,252
Total assets less current liabilities			78,549,159		73,002,200

3. Consolidated statement of financial position at 31 December 2013 (continued)

(Expressed in Renminbi Yuan)

	Note	*2013*		*2012*	
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities					
Bank loans and other borrowings		19,206,557		21,079,634	
Long-term payables		304,060		354,936	
Deferred income		417,097		417,667	
Deferred tax liabilities		219,686		346,842	
			20,147,400		22,199,079
NET ASSETS			58,401,759		50,803,121
CAPITAL AND RESERVES					
Share capital			5,299,303		5,299,303
Reserves			50,464,198		43,238,237
Total equity attributable to equity shareholders of the Company			55,763,501		48,537,540
Non-controlling interests			2,638,258		2,265,581
TOTAL EQUITY			58,401,759		50,803,121

Notes

(1) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2013 comprise the Company and its subsidiaries and the Group’s interest in associates and a joint venture.

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 are discussed in the Company’s audited 2013 financial report.

(2) Changes in accounting policies

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

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

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period with the exception of the amendments to IAS 36, Impairment of assets – Recoverable amount disclosures for non-financial assets, which modify the disclosure requirements for impaired non-financial assets. The amendments are effective for annual periods beginning on or after 1 January 2014, but as permitted by the amendments, the Group has adopted the amendments early. The disclosure about the Group's impaired non-financial assets in the Company's audited 2013 financial report has been conformed to the amended disclosure requirements. Impacts of the adoption of other new or amended IFRSs are discussed below:

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

The amendments to IAS 1 require entities to present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The presentation of other comprehensive income in the consolidated statements has been modified accordingly. In addition, the Group has chosen to use the new titles "statement of profit or loss" and "statement of profit or loss and other comprehensive income" as introduced by the amendments in these financial statements.

IFRS 10, Consolidated financial statements

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

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

IFRS 11, Joint arrangements

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

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

IFRS 12, Disclosure of interests in other entities

IFRS 12 brings together into a single standard all the disclosure requirements relevant to an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The disclosures required by IFRS 12 are generally more extensive than those previously required by the respective standards. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in the Company's audited 2013 financial report.

IFRS 13, Fair value measurement

IFRS 13 replaces existing guidance in individual IFRSs with a single source of fair value measurement guidance. IFRS 13 also contains extensive disclosure requirements about fair value measurements for both financial instruments and non-financial instruments. To the extent that the requirements are applicable to the Group, the Group has provided those disclosures in the Company's audited 2013 financial report. The adoption of IFRS 13 does not have any material impact on the fair value measurements of the Group's assets and liabilities.

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

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

(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:

	2013	*2012*
	RMB'000	RMB'000
Sales of clinkers and cement products	54,200,612	45,062,826
Sales of materials and other products	561,742	286,092
Service income	499,323	417,285
	55,261,677	45,766,203

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

(b) Segment reporting

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

(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 revenue 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 2013 and 2012 is set out below:

For the year ended 31 December 2013

	East China RMB'000	Central China RMB'000	South China RMB'000	West China RMB'000	Overseas RMB'000	Subtotal RMB'000	Reconciling items (note b (ii)) RMB'000	Total RMB'000
Revenue from external customers	17,092,406	18,625,169	9,730,784	9,785,009	28,309	55,261,677	-	55,261,677
Inter-segment revenue	1,185,218	11,122,381	68,506	19,556	-	12,395,661	(12,395,661)	-
Reportable segment revenue	**18,277,624**	**29,747,550**	**9,799,290**	**9,804,565**	**28,309**	**67,657,338**	**(12,395,661)**	**55,261,677**
Reportable segment profit/(loss)	**1,493,315**	**9,316,809**	**2,246,994**	**1,902,074**	**(12,195)**	**14,946,997**	**(2,275,828)**	**12,671,169**
Interest income	9,093	579,492	3,102	8,474	37	600,198	(408,252)	191,946
Interest expense	(156,529)	(1,001,353)	(114,624)	(236,708)	(556)	(1,509,770)	349,205	(1,160,565)
Depreciation and amortisation for the year	(384,282)	(1,766,070)	(553,699)	(870,905)	(1,889)	(3,576,845)	2,792	(3,574,053)
Reportable segment assets (including investment in associates and joint venture)	**10,860,756**	**73,732,172**	**11,261,689**	**23,802,789**	**943,809**	**120,601,215**	**(27,506,735)**	**93,094,480**
Additions to non-current segment assets during the year	283,522	2,027,321	884,973	4,660,647	702,417	8,558,880	-	8,558,880
Reportable segment liabilities	**6,456,878**	**24,194,027**	**2,975,320**	**14,406,682**	**817,412**	**48,850,319**	**(14,157,598)**	**34,692,721**

(3) Turnover and segment reporting (continued)

(b) Segment reporting (continued)

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

For the year ended 31 December 2012

	East China RMB'000	Central China RMB'000	South China RMB'000	West China RMB'000	Overseas RMB'000	Subtotal RMB'000	Reconciling items (note b (ii)) RMB'000	Total 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)

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

	2013 RMB'000	*2012* RMB'000
Revenue		
Elimination of inter-segment revenue	(12,395,661)	(10,246,419)

	2013 RMB'000	*2012* RMB'000
Profit		
Elimination of inter-segment profits	(2,315,731)	(1,280,308)
Difference between PRC accounting standards and IFRS*	39,903	37,880
	(2,275,828)	(1,242,428)

	2013 RMB'000	*2012* RMB'000
Assets		
Elimination of inter-segment balances	(27,506,735)	(27,410,842)

	2013 RMB'000	*2012* RMB'000
Liabilities		
Elimination of inter-segment balances	(14,521,023)	(15,463,075)
Difference between PRC accounting standards and IFRS*	363,425	372,968
	(14,157,598)	(15,090,107)

* The difference mainly 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 joint ventures ("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 joint venture.

	Revenue from external customers		*Specified non-current assets*	
	2013	*2012*	*2013*	*2012*
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC	53,810,965	44,378,282	64,760,662	60,373,803
Others	1,450,712	1,387,921	770,927	70,399
	55,261,677	45,766,203	65,531,589	60,444,202

(4) Other revenue and net income

	2013	*2012*
	RMB'000	RMB'000
Other revenue		
Interest income	191,946	137,722
Subsidy income	882,125	1,031,051
Dividend income from listed securities	22,848	4,420
	1,096,919	1,173,193

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

(4) Other revenue and net income (continued)

	2013 RMB'000	*2012* RMB'000
Other net income		
Net (loss)/gain on disposal of fixed assets	(635)	21,009
Net gain on disposal of lease prepayments	-	1,734
Net realised and unrealised gains on trading securities	5,619	1,227
Changes in fair value of forward contracts	2,556	628
Available-for-sale securities: reclassified from equity on disposal	-	24,246
Net exchange gain	6,472	2,178
Others	7,097	17,347
	21,109	68,369

(5) Profit before taxation

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

	2013 RMB'000	*2012* RMB'000
(a) Finance costs		
Interest on bank advances and other borrowings wholly repayable within five years	1,025,261	1,050,959
Interest on bank advances and other borrowings wholly repayable after five years	220,504	178,498
Finance charges on obligations under finance leases	-	4,820
Total interest expense on financial liabilities not at fair value through profit or loss	1,245,765	1,234,277
Less: interest expense capitalised into construction-in-progress*	(85,200)	(97,700)
	1,160,565	1,136,577

* The borrowing costs have been capitalised at rates of 1.43%~5.90% (2012: 4.69%~6.35%).

(5) Profit before taxation (continued)

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

		2013 RMB'000	2012 RMB'000
(b)	Staff costs		
	Contributions to defined contribution retirement plans	301,588	281,516
	Salaries, wages and other benefits	2,675,425	2,343,205
		2,977,013	2,624,721

		2013 RMB'000	2012 RMB'000
(c)	Other items		
	Amortisation		
	- interest in leasehold land held for own use under operating leases	84,787	69,541
	- intangible assets	103,040	90,983
	Depreciation		
	- investment property	991	-
	- property, plant and equipment	3,385,235	3,115,422
	Impairment losses /(reversal of impairment losses)		
	- trade receivables	-	(40)
	- prepayments and other receivables	-	(35)
	- property, plant and equipment	160,687	-
	Auditors' remuneration		
	- audit services	4,840	4,840
	- other services	19	10

(6) Income tax in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

	2013 *RMB'000*	*2012* *RMB'000*
Current tax-PRC Corporate Income Tax		
Provision for the year	2,895,665	1,895,589
Under/(over)-provision in respect of prior years	14,527	(192,419)
	2,910,192	1,703,170
Deferred tax		
Origination and reversal of temporary differences	(60,027)	(64,102)
	2,850,165	1,639,068

No provision for Hong Kong Profits Tax is made for 2012 and 2013 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% (2012: 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%

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

(a) Taxation in the consolidated income statement represents (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. (“Guiyang 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%
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%
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	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, these companies were entitled to a 15% preferential income tax rate as qualifying companies located in western areas in the PRC. Liukuangruian and Qianxian Conch are entitled to a preferential income tax rate of 15%, effective from 1 January 2013 to 31 December 2020. 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 companies are entitled to a preferential income tax rate of 15%, effective from 1 January 2011 to 31 December 2020.

(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 in which revenue is generated. 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:*

	2013 RMB'000	*2012* RMB'000
Profit before taxation	12,671,169	8,125,697
Notional tax on profit before taxation calculated at 25% (2012: 25%)	3,167,792	2,031,424
Tax effect of subsidiaries subject to tax rates other than 25%	(318,881)	(181,350)
Tax effect of non-deductible expenses	9,133	7,643
Tax effect of non-taxable income	(23,034)	(28,309)
Tax effect of unused tax losses not recognised	628	2,079
Under/(over)-provision in respect of prior years	14,527	(192,419)
Actual tax expense	2,850,165	1,639,068

(7) *Dividends*

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

	2013	*2012*
	RMB'000	RMB'000
Final dividend proposed after the statement of financial position date of RMB0.35 (2012: RMB0.25) per ordinary share	1,854,756	1,324,826

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

The above proposed 2013 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:

	2013	*2012*
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.25 (2012: RMB0.35) per ordinary share	1,324,826	1,854,756

(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 2013 of RMB 9,389,298,000 (2012: RMB 6,331,103,000) and the weighted average number of shares in issue during the year ended 31 December 2013 of 5,299,303,000 shares (2012: 5,299,303,000 shares).

(b) Diluted earnings per share

The Company had no dilutive potential ordinary shares outstanding during the years ended 31 December 2013 and 2012.

(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*	
	2013	*2012*	*2013*	*2012*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current	7,516,703	8,376,798	696,025	1,442,191
Overdue within 60 days	8,642	12,281	-	264
	7,525,345	8,389,079	696,025	1,442,455

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 aging analysis based on invoice/notes issuance dates as of the statement of financial position date:

	The Group		*The Company*	
	2013	*2012*	*2013*	*2012*
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year (inclusive)	3,764,195	5,064,731	478,369	1,417,797
Between 1 year and 2 years (inclusive)	21,441	64,220	575	333
Between 2 years and 3 years (inclusive)	2,689	2,298	-	-
Over 3 years	2,685	2,603	-	-
	3,791,010	5,133,852	478,944	1,418,130

(11) Business combination

The Group acquired business from independent third parties during the year. The acquired business are located 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 2013, these acquired business contributed an aggregate revenue of RMB 169,481,000 and an aggregate profit of RMB 9,007,000 to the Group's results. If the acquisitions had occurred on 1 January 2013, management estimates that the consolidated revenue of the Group for the year ended 31 December 2013 would have been RMB 55,375,998,000, and the consolidated profit for the year would have been RMB 9,787,865,000. 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 2013.

Summary of net assets acquired in the above acquisitions, and the goodwill arising, are as follows:

Fair value of identifiable assets acquired and liabilities assumed:

	RMB'000
Property, plant and equipment	604,155
Lease prepayments	72,120
Intangible assets	45,816
Inventories	38,044
Cash and cash equivalents	18
Trade receivables, prepayments and other receivables	2,544
Bank loans and other borrowings	10,000
Trade payables and other liabilities	238,599
Deferred tax liabilities	18,937
Total net identifiable assets of the acquirees	495,161

Goodwill

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

	RMB'000
Total consideration transferred	579,066
Non-controlling interests, based on their proportionate interest in recognised amount of the assets and liabilities of the acquirees	3,448
Fair value of identifiable net assets	(495,161)
Goodwill arising from the above business combinations	87,353

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

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

Wuhu City, Anhui Province, the PRC

24 March 2014

As at the date of this announcement, the Board comprises (i) Mr Guo Wensan, Mr Guo Jingbin, Ms Zhang Mingjing, and Mr Zhou Bo as executive Directors, and (ii) Mr Fang Junwen, Mr Wong Kun Kau and Mr Tai Kwok Leung as independent non-executive Directors.