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)

Interim results for the six months ended 30 June 2014

Revenue for the six months ended 30 June 2014 ("Reporting Period"), prepared in accordance with the International Financial Reporting Standards ("IFRSs"), amounted to approximately RMB28,784.483 million, representing an increase of approximately 22.03% over the corresponding period of last year.
As at the end of the Reporting Period, profit attributable to equity shareholders of the Company, prepared in accordance with the IFRSs, was approximately RMB5,810.861 million, representing an increase of approximately 89.99% over the corresponding period of last year.
As at the end of the Reporting Period, basic earnings per share, prepared in accordance with the IFRS, were RMB1.10.

Unless otherwise stated, the currency unit in this announcement refers to 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

Name of the Company	Anhui Conch Cement Company Limited ("the Company")
A shares ("A Shares") stock abbreviation	Conch Cement
A Shares stock code	600585
Exchange on which A Shares are listed	The Shanghai Stock Exchange ("SSE")
H shares ("H Shares") stock code	00914
Exchange on which H Shares are listed	The Stock Exchange of Hong Kong Limited ("Stock Exchange")
Office address	1011 Jiuhua South Road, Wuhu City, Anhui Province, the PRC
Postal code	241070

2. Contact persons and details

	Secretary to the board ("Board") of directors ("Directors") of the Company	Securities affairs representative of the Company
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
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E-mail address	dms@conch.cn	dms@conch.cn

II. ACCOUNTING DATA AND FINANCIAL GUIDANCE

1. Financial summary prepared in accordance with the IFRS

Items	Six months ended 30 June 2014 (RMB'000)	Six months ended 30 June 2013 (RMB'000)	Increase/ (decrease) over the same period of the previous year (%)
Revenue	28,784,483	23,587,088	22.03
Net profit attributable to equity shareholders of the Company	5,810,861	3,058,517	89.99
	As at 30 June 2014 (RMB'000)	**As at 31 December 2013 (RMB'000)**	**Increase/ (decrease) over the beginning of the year (%)**
Total assets	95,904,738	93,094,480	3.02
Total liabilities	32,862,863	34,692,721	-5.27

2. Major accounting data prepared in accordance with the PRC Accounting Standards

Items	As at 30 June 2014 (RMB'000)	As at 31 December 2013 (RMB'000)	Increase/ (decrease) over the beginning of the year (%)
Total assets	95,904,738	93,094,480	3.02
Total equity attributable to equity shareholders of the Company	60,009,051	56,118,028	6.93

Items	Six months ended 30 June 2014 (RMB'000)	Six months ended 30 June 2013 (RMB'000)	Increase/ (decrease) over the same period of the previous year (%)
Net cash flow generated from operating activities	8,153,994	6,354,890	28.31
Revenue	28,784,483	23,587,088	22.03
Net profit attributable to equity shareholders of the Company	5,821,291	3,059,897	90.24
Net profit attributable to equity shareholders of the Company after extraordinary items	5,553,227	2,780,226	99.74
Weighted average return on net assets (%)	9.92	6.14	increased 3.78 percentage points
Basic earnings per share (RMB/per share)	1.10	0.58	90.24
Diluted earnings per share (RMB/per share)	1.10	0.58	90.24

III. TOTAL NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS OF THE TOP 10 SHAREHOLDERS

As at the end of the Reporting Period, the Company had a total of 97,054 shareholders, 112 of which were holders of H Shares.

Name of shareholder	Nature of shareholder	Number of shares held at the end of the Reporting Period (share)	Percentage of shareholding (%)	Class of shares
1. Anhui Conch Holdings Co., Ltd. ("Conch Holdings")	State-owned legal person	1,918,329,108	36.20	A Share
2. HKSCC Nominees Limited (Note 3)	Foreign legal person	1,297,815,378	24.49	H Share
3. Anhui Conch Venture Investment Co., Ltd. ("Conch Venture")	Domestic non-state-owned legal person	286,713,246	5.41	A Share
4. Gao Hua-HSBC-GOLDMAN, SACHS & CO.	Others	58,492,284	1.10	A Share
5. MERRILL LYNCH INTERNATIONAL	Others	51,904,713	0.98	A Share
6. Credit Suisse (Hong Kong) Limited	Others	49,619,257	0.94	A Share

7. UBS AG	Others	46,733,562	0.88	A Share
8. MORGAN STANLEY & CO. INTERNATIONAL PLC	Others	46,695,445	0.88	A Share
9. DEUTSCHE BANK AKTIENGESELLSCHAFT	Others	42,974,930	0.81	A Share
10. Ping An Trust & Investment Co., Ltd. - Conch Equity Interest	Domestic non-state-owned legal person	35,808,363	0.68	A Share

Notes:

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

(2) During the Reporting Period, there was no change in the number of the shares of the Company held by Conch Holdings and Conch Venture, and such shares were not subject to any pledge, freezing order or trust.

(3) HKSCC Nominees Limited held 1,297,815,378 H Shares, representing 24.49% of the total share capital of the Company, and 99.85% of the issued H share capital of the Company. These shares were held on behalf of various clients.

(4) To the knowledge of the Board, the above shareholders were not connected to each other nor were they parties acting in concert.

IV. PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

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

V. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

1. Interests of Directors, supervisors and chief executive

As at the end of the Reporting Period, none of the Directors, chief executive and supervisors of the Company nor any of their respective associates held any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the SFO), nor had they been granted or exercised the above interests or rights, which were required to be recorded in the register of the Company required to be kept and maintained in accordance with section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("HKSE Listing Rules").

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

2. Corporate governance code and corporate governance report

During the Reporting Period, the Company complied with all the code provisions ("Code Provisions") set out in the Corporate Governance Code and Corporate Governance Report as contained in Appendix 14 to the HKSE Listing Rules.

VI. MANAGEMENT DISCUSSION AND ANALYSIS

MACRO-ENVIRONMENT

During the first half of 2014, the PRC's economy showed a steady development trend. The year-on-year GDP growth rate was 7.4%, down by 0.2 percentage point as compared to the corresponding period of last year. Fixed asset investments across the country saw a year-on-year growth rate of 17.3%, decreased by 2.8 percentage points as compared to the same period of last year, whereas property investment sustained a year-on-year increase of 14.1%, down by 6.2 percentage points from that of the same period of last year. *(Source: National Bureau of Statistics of China)*

During the first half of 2014, the PRC's cement production volume rose by 3.58% year-on-year to 1,144 million tonnes, and the growth rate represented a decrease of 6.09 percentage points from that in the same period of last year. Investments in the PRC cement industry was down by 12.17% year-on-year to RMB49.2 billion. Affected by the year-on-year decrease in growth rate of the fixed asset and property investments, growth in the cement market demand slowed down, and market competition was intensified. However, as the state implemented stricter control over the approval for new projects of the cement industry, investments in the industry showed a declining trend, resulting in gradual decrease in new production capacity. *(Source: Digital Cement)*

ANALYSIS OF OPERATIONAL CONDITIONS

Operations

During the first half of 2014, the Group took proactive steps to hedge the adverse effects of various factors such as the decrease in the growth rate of fixed asset investments, the downturn in the property market and the decline in cement market demand, and developed a region-specific marketing strategy based on the characteristics of each regional market and changes in market conditions, in an effort to explore markets, make the best use of production capacity and increase product sales volume. The Group also leveraged its competitive edge in bulk centralized procurement and optimized the procurement channels of raw materials and fuel to lower the procurement costs. Furthermore, the Group strengthened indicator management and optimized production organization to improve operation quality, thereby achieving better operating results.

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group's revenue arising from its principal activities amounted to RMB27,970 million, representing an increase of 20.51% from that in the same period of last year; its net profit attributable to equity shareholders of the Company amounted to RMB5,821 million, representing an increase of 90.24% from that in the same period of last year; and earnings per share were RMB1.10. In accordance with the IFRS, the revenue amounted to RMB28,784 million, representing an increase of 22.03% from that in the same period of last year; its net profit attributable to equity shareholders of the Company amounted to RMB5,811 million, representing an increase of 89.99% from that in the same period of last year; and earnings per share were RMB1.10.

During the Reporting Period, the Group promoted steady progress in project construction as well as merger and acquisition, and proactively implemented its international development strategy. With the successful acquisition of four cement projects including Shaoyang Yunfeng New Energy Technology Co., Ltd., Hunan Yunfeng Cement Co., Ltd., Shuicheng Conch Panjiang Cement Co., Ltd. and Kunming Hongxi Cement Co., Ltd. ("Kunming Hongxi") and the commencement of operation of three clinker production lines including Baoshan Conch Cement Co., Ltd. ("Baoshan Conch") and 10 cement grinding units including Liangping Conch Cement Co., Ltd., the production capacity of clinker and cement increased by a total of 10.90 million tonnes and 17.7 million tonnes respectively. The project of PT Conch South Kalimantan Cement ("PT Conch") in Indonesia was in smooth progress, and the relevant equipment installation has almost completed. The project in Burma achieved substantial progress, and the relevant preliminary works of the BOT project jointly implemented with local partners was basically completed.

Moreover, leveraging on the existing resources, the Group proactively pushed ahead the aggregate projects. The three aggregate projects of Liquan Conch Cement Co., Ltd., Jiande Conch Cement Co., Ltd. and Jining Conch Cement Co., Ltd. had completed construction and been put into operation, while the other nine aggregate projects of Wuhu Conch Cement Co., Ltd., Prosperity Conch Cement Co., Ltd. and other companies had commenced construction, with a total production capacity of 12.5 million tonnes.

Meanwhile, the Group continued to promote the development of energy conservation and environmental protection in cement projects. The four residual heat electricity generation units located at Guangxi Lingyun Tonghong Cement Co., Ltd., Baoshan Conch and other companies were put into operation with an additional installed capacity of 36MW. The Group continued to implement low-NO_x staged combustion technology modification for clinker production lines and SNCR flue gas denitration technology modification. As at the end of the Reporting Period, the Group had completed technical upgrade of NO_x reduction to 101 production lines, which were running smoothly.

As at the end of the Reporting Period, the production capacity of clinker and cement of the Group reached 200 million tonnes and 245 million tonnes respectively, and the total installed capacity of residual heat electricity generation amounted to 941MW.

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

Sales Market Overview

During the Reporting Period, the Group realised an aggregate net sales volume of cement and clinker of 114 million tonnes, representing a year-on-year growth of 9.85%. The sales revenue increased by 20.51% as compared to that in the same period of last year.

Market and sales by region

Sales amount by region

Region	Six months ended 30 June 2014 Sales amount (RMB'000)	Six months ended 30 June 2014 Percentage (%)	Six months ended 30 June 2013 Sales amount (RMB'000)	Six months ended 30 June 2013 Percentage (%)	Change in sales amount (%)	Change in sales proportion (Percentage points)
East China Note 1	9,403,660	33.62	7,748,181	33.38	21.37	0.24
Central China Note 2	7,113,969	25.43	6,643,696	28.63	7.08	(3.20)
South China Note 3	5,173,197	18.50	4,092,120	17.63	26.42	0.87
West China Note 4	5,511,713	19.71	4,042,552	17.42	36.34	2.29
Export	767,743	2.74	682,770	2.94	12.45	(0.20)
Total	**27,970,282**	**100.00**	**23,209,319**	**100.00**	**20.51**	**--**

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

During the Reporting Period, the Group made great efforts in expanding market coverage, made best use of the production capacity and strengthened study and assessment on the supply-and-demand condition of each regional market to make timely adjustments to its marketing strategy, resulting in an increase in cement sales volume of each region.

The overall market in **East China** remained stable with relatively weak growth in demand and production capacity. By enhancing resource allocation and adjusting product prices in a timely manner, the Company recorded a year-on-year increase of 3.94% in sales volume and a year-on-year increase of 21.37% in sales amount.

Due to the temporary increase of production capacity, the competition in the cement market of **Central China** was relatively intense. In light of the market conditions, the Company adjusted its marketing strategy on a timely basis and stepped up its efforts in exploring markets, resulting in a year-on-year increase of 1.97% in sales volume and a year-on-year increase of 7.08% in sales amount.

Due to the robust demand in the cement market of **South China**, the market price remained at a relatively high level. The Company reported a year-on-year increase of 8.21% in sales volume and a year-on-year increase of 26.42% in sales amount.

In **West China**, with the acquisitions and mergers made by the Company and the release of production capacity of the new projects, which further reinforced the Group's market dominance and competitiveness, the sales volume and sales amount increased by 34.65%

and 36.34% respectively on a year-on-year basis.

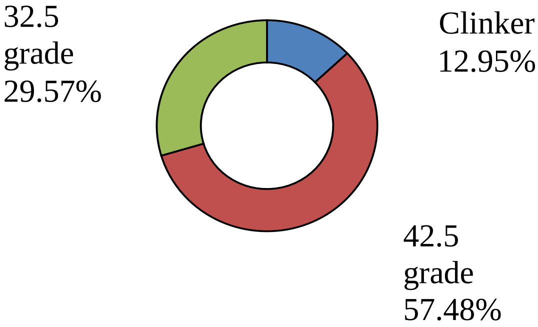
On the front of export, with the recovery of the international cement market, the export sales volume and sales amount increased by 15.36% and 12.45% respectively on a year-on-year basis.

Sales by type of products

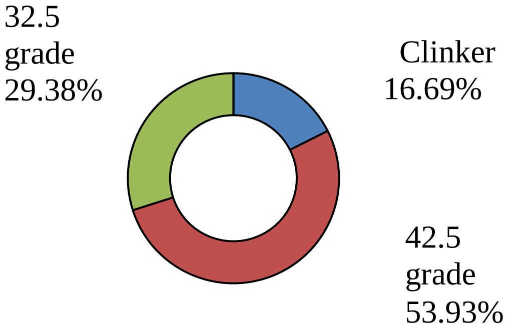
During the Reporting Period, since the Group had put effort in sales of cement and reduced the proportion of clinker sold to external parties, the sales contribution of the 42.5-grade cement increased by 3.55 percentage points year-on-year to 57.48%, while the sales contribution of clinker decreased by 3.74 percentage points year-on-year to 12.95%.

Percentage of sales amount by type of products

Six months ended 30 June 2014



Six months ended 30 June 2013



PROFIT ANALYSIS

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

Item	Amount		Change from that of the corresponding period of last year (%)
	Six months ended 30 June 2014 (RMB'000)	Six months ended 30 June 2013 (RMB'000)	
Revenue from principal activities	27,970,282	23,209,319	20.51
Profit from operations	7,365,511	3,635,232	102.61
Profit before taxation	7,845,209	4,060,820	93.19
Net profit attributable to equity shareholders of the Company	5,821,291	3,059,897	90.24

During the Reporting Period, benefiting from the increased sales volume and selling prices of the Group's products, the Group's revenue generated from principal activities increased by 20.51% year-on-year to RMB27,970.28 million, and its profit from operations amounted to RMB7,365.51 million, representing a year-on-year increase of 102.61%. The net profit attributable to equity shareholders of the Company increased by 90.24% year-on-year to RMB5,821.29 million.

Gross profit by type of products for the six months ended 30 June 2014 and year-on-year comparison

Product	Revenue from principal activities (RMB'000)	Costs of principal activities (RMB'000)	Gross profit margin for the Reporting Period (%)	Gross profit margin for the same period of last year (%)	Year-on-year change in gross profit margin (Percentage points)
42.5 grade cement	16,061,782	10,012,133	37.66	28.89	8.77
32.5 grade cement	8,261,895	5,103,961	38.22	33.00	5.22
Clinker	3,617,316	2,557,025	29.31	19.27	10.04
Aggregate and carpolite	29,289	14,645	50.00	-	-
Total	**27,970,282**	**17,687,764**	**36.76**	**28.49**	**8.27**

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

During the Reporting Period, benefiting from the substantial increase in selling prices and the decrease in costs, the consolidated gross profit margin recorded a year-on-year increase of 8.27 percentage points to 36.76%, of which the gross profit margin of the 42.5-grade cement increased by 8.77 percentage points on a year-on-year basis. In addition, the Group reported a sales volume of 1.05 million tonnes of aggregate and carpolite with a gross profit margin of 50%.

ANALYSIS OF COSTS AND EXPENSES

Comparison of consolidated costs

Item	Six months ended 30 June 2014		Six months ended 30 June 2013		Change in unit cost (%)	Change in costs proportion (Percentage points)
	Unit cost (RMB/ tonne)	Percentage (%)	Unit cost (RMB/ tonne)	Percentage (%)		
Raw materials	30.95	19.88	27.72	17.26	11.66	2.62
Fuel and power	94.99	61.02	102.31	63.71	(7.16)	(2.69)
Depreciation expense	11.88	7.63	12.97	8.08	(8.40)	(0.45)
Labor cost and others	17.84	11.47	17.59	10.95	1.42	0.52
Total	**155.66**	**100.00**	**160.59**	**100.00**	**(3.07)**	**--**

During the Reporting Period, the Company recorded a consolidated cost of RMB155.66/tonne, representing a year-on-year decrease of RMB4.93/tonne or 3.07%. With regard to the cost elements, the cost of fuel and power decreased by RMB7.32/tonne or 7.16% as compared to the same period of last year, which was mainly attributable to the decrease in coal price and improvement in the key indicators such as consumption of coal and electricity, while the depreciation expense decreased by 8.40% as compared to the same period of last year, which was mainly attributable to the further dilution of fixed cost due to effective realization of production capacity and improvement in the utilization rate of the production facilities of the Company.

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

Expenses for the period	Amount for the Reporting Period (RMB'000)	Amount for the same period of last year (RMB'000)	As a percentage to revenue from principal activities for the Reporting Period (%)	As a percentage of revenue from principal activities for the same period of last year (%)	Change in percentage of revenue from principal activities (Percentage points)
Selling expenses	1,319,472	1,209,471	4.72	5.21	(0.49)
Administrative expenses	1,081,259	1,000,616	3.86	4.31	(0.45)
Financial expenses (net)	370,806	532,110	1.33	2.29	(0.96)
Total	2,771,537	2,742,197	9.91	11.81	(1.90)

During the Reporting Period, driven by the increase in sales volume of the Company, the Group's selling, administrative and financial expenses increased by RMB29.34 million as compared to the corresponding period of last year. The above expenses in aggregate as a percentage of revenue generated from principal activities was 9.91%, down by 1.90 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	30 June 2014 (RMB'000)	31 December 2013 (RMB'000)	Change as at the end of the Reporting Period as compared to those at the beginning of the year (%)
Fixed assets	53,657,431	51,527,441	4.13
Current and other assets	42,247,307	41,567,039	1.64
Total assets	95,904,738	93,094,480	3.02
Current liabilities	13,112,615	14,545,325	(9.85)
Non-current liabilities	19,368,480	19,783,975	(2.10)
Minority interests	3,414,592	2,647,152	28.99
Equity attributable to shareholders of the Company	60,009,051	56,118,028	6.93
Total liabilities and equity	**95,904,738**	**93,094,480**	3.02

As at the end of the Reporting Period, the Group's total assets and liabilities prepared in accordance with the PRC Accounting Standards amounted to RMB95,904.74 million and RMB32,481.1 million respectively, representing an increase of 3.02% and a decrease of 5.38% respectively as compared to those at the end of the previous year. As at the end of the Reporting Period, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 33.87%, representing a decrease of 3.01 percentage points as compared to that at the end of the previous year.

Please refer to Note (9) of 4 under Part X "Financial Statements" of this report for information on the contingent liabilities of the Group.

As at the end of the Reporting Period, equity attributable to shareholders of the Company amounted to RMB60,009.05 million, representing an increase of 6.93% as compared to that at the end of the previous year; net assets per share attributable to shareholders of the Company was RMB11.32.

As at the end of the Reporting Period, the Group's net fixed assets prepared in accordance with the PRC Accounting Standards amounted to RMB53,657.43 million, representing an increase of 4.13% as compared to that at the end of the previous year; the current liabilities amounted to RMB13,112.62 million, representing a decrease of 9.85% as compared to that at the end of the previous year.

As at the end of the Reporting Period, the Group's total current assets prepared in accordance with the PRC Accounting Standards amounted to RMB22,827.34 million, with a current ratio of 1.74:1 (end of last year: 1.69:1). The Group' total current assets and total current liabilities prepared in accordance with the IFRSs amounted to RMB23,135.5 million and RMB13,112.61 million respectively, with a net gearing ratio of 0.21 (as at the end of last year: 0.27). 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 from non-financial institutions of the Group as at 30 June 2014 is as follows:

	As 30 June 2014 **(RMB'000)**	**31 December 2013** (RMB'000)
Due within 1 year	1,763,716	2,934,810
Due after 1 year but within 2 years	1,833,538	2,049,515
Due after 2 years but within 5 years	1,097,773	1,029,818
Due after 5 years	272,820	652,423
Total	4,967,847	6,666,566

As at the end of the Reporting Period, the Group's aggregate borrowings were RMB4,967.85 million, representing a decrease of RMB1,698.72 million as compared to that at the beginning of the year. The decrease was mainly attributable to the repayment of loans due by the Group during the Reporting Period.

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

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

Analysis of Cash Flow

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

	Six months ended 30 June 2014 (RMB'000)	Six months ended 30 June 2013 (RMB'000)
Net cash flows generated from operating activities	8,153,994	6,354,890
Net cash flows generated from investment activities	(2,872,739)	(3,440,849)
Net cash flows generated from financing activities	(4,868,756)	(2,217,367)
Effect of exchange rate movement on cash and cash equivalents	2,469	(6,957)
Net increase/(decrease) in cash and cash equivalents	414,968	689,717
Balance of cash and cash equivalents at the beginning of the year	6,518,932	8,110,974
Balance of cash and cash equivalents at the end of the Period	6,933,900	8,800,691

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB8,153.99 million, representing an increase of RMB1,799 million as compared to that of last year. Such increase was mainly due to the increase in revenue as compared to the corresponding period of last year as a result of the increase in sales volume and selling prices.

During the Reporting Period, the Group's net cash outflows generated from investment activities decreased by RMB568 million as compared to that of last year, mainly due to the increase in realization of investments.

During the Reporting Period, the Group's net cash outflows generated from financing activities increased by RMB2,651 million as compared to that of last year, mainly due to the repayment of borrowings due and increase in dividend payment as compared to that of the corresponding period of last year.

Capital Expenditure

During the Reporting Period, capital expenditure of the Group amounted to approximately RMB4,920 million, which was mainly used in the investment in construction of cement and clinker production lines and the residual heat electricity generation projects as well as the expenditure for merger and acquisition projects.

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

	As at 30 June 2014 (RMB'000)	**As at 31 December 2013 (RMB'000)**
Authorized and contracted for	4,439,601	4,801,756
Authorized but not contracted for	4,589,885	5,285,224
Total	**9,029,486**	**10,086,980**

Exchange Rate Risk And Related Hedging By Financial Instruments

During the Reporting Period, as the exchange rate movement between RMB and US Dollar shifted from one-way appreciation to increased two-way volatility, the Group adjusted its operation strategy in response to exchange rate risk on a timely basis, i.e. from a centralized operation during the year to adopting a monthly dynamic operating approach to peg various forward exchange rates.

PROSPECT FOR THE SECOND HALF OF THE YEAR

In the second half of 2014, the PRC government will maintain steady development of the macro economy, continue to innovate the concept and approach of macro control and focus on implementation of directional control, in an effort to promote the sustainable and healthy development of the economy and the society.

For the cement industry, there are opportunities and challenges ahead. On the demand side, with the continuous decline in the growth of property investments, growth in cement demand is under pressure. However, benefiting from the government's increasing investments in the construction of railway, highways, hydraulic facilities and other infrastructures, and driven by various favourable factors such as accelerating the redevelopment of shanty areas, new urbanization and the establishment of Yangtze River Economic Zone, the cement demand is expected to grow. In the aspect of supply, the target for phase-out of backward capacity for 2014 announced by the Ministry of Industry and Information Technology was 50.5 million tonnes. Meanwhile, the promulgation of stricter environmental protection standards and the further implementation of differential tariff policy will facilitate the phase-out of backward capacity and the enhancement of industry concentration, which will help to improve the supply-and-demand condition.

In the second half of the year, adhering to the principal of "stepping up efforts to explore markets, effectively utilizing production capacity and improving overall operation quality", the Group will endeavour to seize every potential opportunity and deal with the challenges ahead. The Group will continue to strengthen study and assessment on the supply-and-demand condition of regional markets and make timely adjustments to its marketing strategy, with an aim to increase market shares and enhance its market dominance.

Meanwhile, the Group will keep on strengthening benchmark management and reinforce analysis and management of bulk raw materials and fuel, in an effort to reduce operation costs and improve operation efficiency of the Company.

In respect of project development, the Group will complete the construction of projects in progress including Wenshan Conch Cement Co., Ltd., Bazhong Conch Cement Co., Ltd. and PT Conch in Indonesia according to the project investment plan for the year, while proactively proceeding with the development of other overseas projects in Indonesia and Burma. Adhering to the established principles and standards, the Group will identify suitable projects and carry out acquisitions and mergers to further fine-tune the market layout. Furthermore, the Group will vigorously push ahead the market layout and project construction of the aggregate business, so as to extend the industrial chain and facilitate sustainable development of the Company.

VII. AUDIT COMMITTEE

An audit committee ("Audit Committee") has been established by the Company. The terms of reference adopted by the Audit Committee complied with the requirements of the Code Provisions. The Audit Committee is responsible for the review and supervision of financial reporting procedures and the internal control system of the Group as well as the giving of advice and recommendations to the Board. The financial results in this announcement have been reviewed by the Audit Committee.

VIII. THE BOARD DID NOT RECOMMEND THE PAYMENT OF INTERIM DIVIDEND OR THE TRANSFER OF SURPLUS RESERVE TO SHARE CAPITAL FOR THE REPORTING PERIOD

IX. AS AT THE END OF THE REPORTING PERIOD, AND UP TO THE DATE OF PUBLISHING THE INTERIM RESULTS REPORT, THE GROUP WAS NOT INVOLVED IN ANY MATERIAL EVENTS.

X. FINANCIAL INFORMATION

Financial information extracted from the unaudited consolidated statement of profit or loss and consolidated statement of comprehensive income of the Group for the six months ended 30 June 2014, and unaudited consolidated statement of financial position of the Group as at 30 June 2014, together with the comparative figures at 30 June 2013, prepared in accordance with the IFRS and presented on the basis described in Note 4(1) below are as follows:

1. Consolidated statement of profit and loss

	Note	Six months ended 30 June 2014 RMB'000	2013 RMB'000
Revenue	4(3)	28,784,483	23,587,088
Cost of sales and services rendered		(18,598,993)	(17,023,072)
Gross profit		10,185,490	6,564,016
Other revenue	4(4)	651,287	501,237
Other net income	4(4)	7,717	25,505
Selling and marketing costs		(1,319,472)	(1,209,471)
Administrative expenses		(1,084,631)	(1,163,902)
Profit from operations		8,440,391	4,717,385
Finance costs	4(5)(a)	(547,257)	(594,398)
Share of losses of associates		(25,736)	(23,483)
Share of losses of joint ventures		(916)	(18,933)
Profit before taxation	4(5)	7,866,482	4,080,571
Income tax	4(6)	(1,741,894)	(912,014)
Profit for the period		6,124,588	3,168,557
Attributable to:			
Equity shareholders of the Company		5,810,861	3,058,517
Non-controlling interests		313,727	110,040
Profit for the period		6,124,588	3,168,557
Earnings per share	4(8)		
Basic		RMB1.10	RMB0.58
Diluted		RMB1.10	RMB0.58

2. Consolidated statement of profit and loss and other comprehensive income

	Note	Six months ended 30 June 2014 RMB'000	2013 RMB'000
Profit for the period		6,124,588	3,168,557
Other comprehensive income for the period (after tax and reclassification adjustments):			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of financial statements of overseas subsidiaries		6,657	(7,062)
Available-for-sale equity securities: net movement in fair value reserve	4(7)	(80,233)	(859,122)
Other comprehensive income for the period		(73,576)	(866,184)
Total comprehensive income for the period		6,051,012	2,302,373
Attributable to:			
Equity shareholders of the Company		5,735,348	2,194,358
Non-controlling interests		315,664	108,015
Total comprehensive income for the period		6,051,012	2,302,373

3.Consolidated statement of financial position

	Note	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Non-current assets			
Fixed assets			
Investment property		32,656	33,198
Other property, plant and equipment		59,927,576	56,276,368
Lease prepayments		3,996,416	3,655,950
		63,956,648	59,965,516
Intangible assets		2,600,309	2,545,183
Goodwill		368,713	299,742
Interest in associates		2,236,860	2,114,750
Interest in joint ventures		249,918	257,149
Loans and receivables		388,102	349,249
Available-for-sale equity securities		2,511,098	2,222,333
Deferred tax assets		457,591	363,565
		72,769,239	68,117,487
Current assets			
Inventories		4,783,904	3,692,690
Other investments		-	36,370
Trade receivables		4,929,222	7,525,345
Prepayments and other receivables		2,454,446	1,975,315
Amounts due from related parties		378,999	399,777
Tax recoverable		166,734	91,560
Restricted cash deposits		188,294	115,104
Bank deposits with maturity over three months		3,300,000	4,621,900
Cash and cash equivalents		6,933,900	6,518,932
		23,135,499	24,976,993

3. Consolidated statement of financial position(continued)

	Note	At 30 June 2014 RMB'000	At 31 December 2013 RMB'000
Current liabilities			
Trade payables		4,085,011	3,791,010
Other payables and accruals		6,107,297	6,391,519
Bank loans and other borrowings		1,763,717	2,934,811
Amounts due to related parties		465,008	507,224
Current portion of long-term payables		50,370	51,136
Current taxation		641,209	869,621
		13,112,612	14,545,321
Net current assets		10,022,887	10,431,672
Total assets less current liabilities		82,792,126	78,549,159
Non-current liabilities			
Bank loans and other borrowings		18,682,730	19,206,557
Long-term payables		303,046	304,060
Deferred income		456,371	417,097
Deferred tax liabilities		308,104	219,686
		19,750,251	20,147,400
NET ASSETS		63,041,875	58,401,759
CAPITAL AND RESERVES			
Share capital		5,299,303	5,299,303
Reserves		54,344,790	50,464,198
Total equity attributable to equity shareholders of the Company		59,644,093	55,763,501
Non-controlling interests		3,397,782	2,638,258
TOTAL EQUITY		63,041,875	58,401,759

4. Notes:

(1) Basis of preparation

This interim financial report of Anhui Conch Cement Company Limited (the "Company") and its subsidiaries (the "Group") has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" adopted by the International Accounting Standards Board ("IASB"). It was authorised for issuance on 21 August 2014.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2013 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2014 annual financial statements. Details of these changes in accounting policies are set out in note 4 (2).

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

The interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2013 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

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

The financial information relating to the financial year ended 31 December 2013 that is included in the interim financial report as being previously reported information does not constitute the Group's statutory financial statements for that financial year but is derived from those financial statements. Statutory financial statements for the year ended 31 December 2013 are available from the company's registered office. The auditors have expressed an unqualified opinion on those financial statements in their report dated 24 March 2014.

(2) Changes in accounting policies
The IASB has issued the following amendments to IFRSs and one new Interpretation that are first effective for the current accounting period of the Group and the Company:

- Amendments to IFRS 10, IFRS 12 and IAS 27, *Investment entities*
- Amendments to IAS 32, *Offsetting financial assets and financial liabilities*
- Amendments to IAS 36, *Recoverable amount disclosures for non-financial assets*
- Amendments to IAS 39, *Novation of derivatives and continuation of hedge accounting*
- IFRIC 21, *Levies*

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

Amendments to IFRS 10, IFRS 12 and IAS 27, Investment entities
The amendments provide consolidation relief to those parents which qualify to be an investment entity as defined in the amended IFRS 10. Investment entities are required to measure their subsidiaries at fair value through profit or loss. These amendments do not have an impact on the Group's interim financial report as the Company does not qualify to be an investment entity.

Amendments to IAS 32, Offsetting financial assets and financial liabilities

The amendments to IAS 32 clarify the offsetting criteria in IAS 32. The amendments do not have an impact on the Group's interim financial report as they are consistent with the policies already adopted by the Group.

Amendments to IAS 36, Recoverable amount disclosures for non-financial assets

The amendments to IAS 36 modify the disclosure requirements for impaired non-financial assets. Among them, the amendments expand the disclosures required for an impaired asset or CGU whose recoverable amount is based on fair value less costs of disposal. The Group early adopted the amendments in the annual financial statements for the year ended 31 December 2013.

Amendments to IAS 39, Novation of derivatives and continuation of hedge accounting

The amendments to IAS 39 provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. The amendments do not have an impact on the Group's interim financial report as the Group has not novated any of its derivatives.

(2) Changes in accounting policies (continued)

IFRIC 21, Levies

The Interpretation provides guidance on when a liability to pay a levy imposed by a government should be recognised. The amendments do not have an impact on the Group's interim financial report as the guidance is consistent with the Group's existing accounting policies.

(3) Segment reporting

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

(a) Segment results, assets and liabilities

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

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

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

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

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

(3)Segment reporting (continued)

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

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

For the six months ended 30 June 2014

	East China	Central China	South China	West China	Overseas	Subtotal	Reconciling items (note b)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	9,553,256	7,953,006	5,613,843	5,653,494	10,884	28,784,483	-	28,784,483
Inter-segment revenue	1,051,734	8,003,276	37,106	117	-	9,092,233	(9,092,233)	-
Reportable segment revenue	**10,604,990**	**15,956,282**	**5,650,949**	**5,653,611**	**10,884**	**37,876,716**	**(9,092,233)**	**28,784,483**
Reportable segment profit/(loss)	**1,013,945**	**5,899,184**	**1,730,084**	**1,135,059**	**(15,363)**	**9,762,909**	**(1,917,700)**	**7,845,209**
Interest income	4,855	371,986	3,416	12,354	353	392,964	(216,715)	176,249
Interest expense	80,410	462,161	52,967	131,070	3,234	729,842	(182,585)	547,257
Depreciation and amortisation for the period	197,793	889,135	294,319	518,120	934	1,900,301	(2,493)	1,897,808
Additions to non-current segment assets during the period	298,596	2,030,990	448,237	2,899,115	270,035	5,946,973	-	5,946,973
At 30 June 2014								
Reportable segment assets (including investment in associates and joint ventures)	**14,842,548**	**75,438,370**	**14,326,800**	**27,127,686**	**1,335,656**	**133,071,060**	**(37,166,322)**	**95,904,738**
Reportable segment liabilities	**10,565,265**	**21,213,949**	**6,015,386**	**16,974,933**	**1,100,981**	**55,870,514**	**(23,389,419)**	**32,481,095**

(3) Segment reporting (continued)

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

For the six months ended 30 June 2013

	East China	Central China	South China	West China	Overseas	Subtotal	Reconciling items (note b)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	6,645,964	8,681,446	4,096,590	4,163,088	-	23,587,088	-	23,587,088
Inter-segment revenue	579,280	4,263,752	32,460	10,968	-	4,886,460	(4,886,460)	-
Reportable segment revenue	**7,225,244**	**12,945,198**	**4,129,050**	**4,174,056**	**-**	**28,473,548**	**(4,886,460)**	**23,587,088**
Reportable segment profit/(loss)	**390,729**	**4,176,106**	**744,153**	**610,267**	**(1,372)**	**5,919,883**	**(1,839,312)**	**4,080,571**
Interest income	3,911	255,182	2,756	3,477	-	265,326	(203,269)	62,057
Interest expense	67,920	510,230	68,092	117,807	-	764,049	(169,651)	594,398
Depreciation and amortisation for the period	193,345	875,115	268,786	413,337	1,105	1,751,688	-	1,751,688
Impairment of plants and equipment	-	4,598	-	156,089	-	160,687	-	160,687
Additions to non-current segment assets during the period	175,924	692,866	413,898	1,536,440	211,116	3,030,244	(33,618)	2,996,626
At 31 December 2013								
Reportable segment assets (including investment in associates and joint ventures)	**10,860,756**	**73,732,172**	**11,261,689**	**23,802,789**	**943,809**	**120,601,215**	**(27,506,735)**	**93,094,480**
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)Segment reporting (continued)

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

	Six months ended 30 June 2014 RMB'000	2013 RMB'000
Revenue		
Elimination of inter-segment revenue	(9,092,233)	(4,886,460)
Profit		
Elimination of inter-segment profits	(1,917,700)	(1,859,061)
Differences between PRC accounting standards and IFRS*	21,273	19,749
	(1,896,427)	(1,839,312)

	At 30 June 2014 RMB '000	At 31 December 2013 RMB'000
Assets		
Elimination of inter-segment balances	(37,166,322)	(26,482,745)
Liabilities		
Elimination of inter-segment balances	(23,389,419)	(14,521,023)
Differences between PRC accounting standards and IFRS*	381,764	363,425
	(23,007,655)	(14,157,598)

* Differences between PRC accounting standards and IFRS:

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

(3) Segment reporting (continued)

(c) Geographic information

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

	Revenue from external customers		Specified non-current assets	
	Six months ended		At	At
	30 June 2014	30 June 2013	30 June 2014	31 December 2013
	RMB'000	RMB'000	RMB'000	RMB'000
The People's Republic of China ("the PRC")	28,008,660	22,904,320	68,759,586	64,760,662
Others	775,823	682,768	1,040,964	770,927
	28,784,483	23,587,088	69,800,550	65,531,589

(4) Other revenue and net income

(a) Other revenue

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Subsidy income	461,948	416,427
Interest income	176,249	62,057
Negative goodwill	13,090	-
Dividend income from listed securities	-	22,753
	651,287	501,237

(4) Other revenue and net income (continued)

(b) Other net income

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Net unrealised gains on trading securities	7,037	10,167
Change in fair value of derivatives	(8,654)	3,152
Net (loss)/gain on disposal of fixed assets	(582)	5,961
Exchange gains	3,628	2,831
Others	6,288	3,394
	7,717	25,505

(5) Profit before taxation

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

(a) Finance costs:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Finance charge on obligations under finance leases	-	1,332
Interest on bank loans and other borrowings	572,949	620,123
Less: interest expense capitalised into construction-in-progress	(25,692)	(27,057)
	547,257	594,398

(b) Other items:

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Depreciation of investment property and other property, plant and equipment	1,788,438	1,668,053
Amortisation of interests in leasehold land held for own use under operating leases	46,143	39,105
Other amortisation	63,227	44,530
Impairment of plants and equipment	-	160,687
Staff costs	1,384,077	1,189,822

(6) Income Tax

	Six months ended 30 June	
	2014	2013
	RMB'000	RMB'000
Current tax-PRC Corporate Income Tax		
Provision for the period	1,814,885	981,693
Deferred tax		
Origination and reversal of temporary differences	(72,991)	(69,679)
	1,741,894	912,014

No provision for Hong Kong Profits Tax was made for the six months ended 30 June 2014 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% on taxable income determined according to the relevant income tax rules and regulations of the PRC, except for:

Beiliu Conch Cement Co., Ltd. 北流海螺水泥有限責任公司 (Note (i))	15%
Xingye Kuiyang Conch Cement Co., Ltd. 興業葵陽海螺水泥有限責任公司 (Note (i))	15%
Fusui Xinning Conch Cement Co., Ltd. 扶綏新寧海螺水泥有限責任公司 (Note (i))	15%
Xing'an Conch Cement Co., Ltd. 興安海螺水泥有限責任公司 (Note (i))	15%
Pingliang Conch Cement Co., Ltd. 平涼海螺水泥有限責任公司 (Note (i))	15%
Dazhou Conch Cement Co., Ltd. 達州海螺水泥有限責任公司 (Note (i))	15%
Guangyuan Conch Cement Co., Ltd. 廣元海螺水泥有限責任公司 (Note (i))	15%
Chongqing Conch Cement Co., Ltd. 重慶海螺水泥有限責任公司 (Note (i))	15%
Liquan Conch Cement Co., Ltd. 禮泉海螺水泥有限責任公司 (Note (i))	15%
Guigyang Conch Panjiang Cement Co., Ltd. 貴陽海螺盤江水泥有限責任公司 (Note (i))	15%
Guiding Conch Panjiang Cement Co., Ltd. 貴定海螺盤江水泥有限責任公司 (Note (i))	15%

(6) Income Tax (continued)

Zunyi Conch Panjiang Cement Co., Ltd. 遵義海螺盤江水泥有限責任公司 (Note (i))	15%
Qianyang Conch Cement Co., Ltd. ("Qianyang Conch") 千陽海螺水泥有限責任公司 (Note (i))	15%
Baoji Zhongxi Fenghuangshan Cement Co., Ltd. ("Fenghuangshan") 寶雞眾喜鳳凰山水泥有限公司 (Note (i))	15%
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(Note (i))	15%
Qianxinan Resource Development Co., Ltd. ("Qianxinan") 黔西南州發展資源開發有限公司(Note (i))	15%
Sichuan Nanwei Cement Co., Ltd. ("Nanwei Cement") 四川南威水泥有限公司(Note (i))	15%
Hami Hongyi Construction Co., Ltd. ("Hami Construction") 哈密弘毅建材有限責任公司(Note (ii))	12.5%

Note:

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

(7) Other comprehensive income

Available-for-sale equity securities:

	Six months ended 30 June 2014 RMB'000	Six months ended 30 June 2013 RMB'000
Changes in fair value recognised during the period (after tax)	(80,233)	(859,122)
Net movement in the fair value reserve during the period recognised in other comprehensive income	(80,233)	(859,122)

(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 six months ended 30 June 2014 of RMB 5,810.861 million (six months ended 30 June 2013: RMB3,058.517 million) and the weighted average number of shares in issue during the six months ended 30 June 2014 of 5,299,302,579 (six months ended 30 June 2013: 5,299,302,579).

(b) Diluted earnings per share

The Company had no dilutive potential ordinary shares outstanding during the six months ended 30 June 2014 and 2013.

(9) Contingent liabilities

At 30 June 2014, outstanding letters of credit issued by the Group amounted to approximately RMB 158.921 million (31 December 2013: RMB131.218 million). The directors do not consider these outstanding letters of credit will bring additional risk to the Group.

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

Wuhu City, Anhui Province, the PRC
21 August 2014

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