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 2014

Revenue of the Company for the year 2014 amounted to approximately RMB60,759 million (in accordance with IFRSs), representing an increase of 9.95% over that of 2013.

Net profit attributable to equity shareholders of the Company for the year 2014 amounted to approximately RMB10,981 million (in accordance with the IFRSs), representing an increase of 16.95% over that of 2013.

Earnings per share for the year 2014 was RMB2.07 (in accordance with the IFRSs), representing an increase of 16.95% over that of 2013.

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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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	2014	2013	2012	2011	2010
Revenue	60,758,501	55,261,677	45,766,203	48,653,809	34,508,282
Net profit attributable to equity shareholders of the Company (Restated)	10,980,917	9,389,298	6,331,103	11,586,382	6,159,643
Total assets (Restated)	102,253,097	93,094,480	87,523,523	84,003,416	60,407,154
Total liabilities	33,026,013	34,692,721	36,720,402	37,554,590	25,157,974

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" of 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	**2014**	**2013**	**Year-on-year change (%) between 2014 and 2013**	**2012**
Revenue	60,758,501	55,261,677	9.95	45,766,203
Profit before taxation	14,882,810	12,631,266	17.83	8,087,817
Net profit attributable to equity shareholders of the Company	10,993,022	9,380,159	17.19	6,307,587
Net profit after extraordinary items attributable to equity shareholders of the Company	10,387,223	8,952,455	16.03	5,651,326
Basic earnings per share (RMB/share)	2.07	1.77	17.19	1.19
Diluted earnings per share (RMB/share)	2.07	1.77	17.19	1.19
Basic earnings per share after extraordinary items (RMB/share)	1.96	1.69	16.03	1.07
Diluted return on net assets (%)	16.60	16.72	Decreased by 0.12 percentage point	12.90
Weighted average return on net assets (%)	18.47	18.05	Increased by 0.42 percentage point	13.50
Diluted return on net assets after extraordinary items (%)	15.69	15.95	Decreased by 0.26 percentage point	11.56
Weighted average return on net assets after extraordinary items (%)	17.45	17.22	Increased by 0.23 percentage point	12.10
Net cash flow generated from operating activities	17,654,489	15,198,545	16.16	11,508,639
Net cash flow per share generated from operating activities (RMB/share)	3.33	2.87	16.16	2.17

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

Items	As at 31 December 2014	As at 31 December 2013	Year-on-year change (%) between 2014 and 2013	As at 31 December 2012
Total assets	102,253,097	93,094,480	9.84	87,523,523
Total equity attributable to equity shareholders of the Company	66,216,608	56,118,028	18.00	48,901,205
Net assets per share attributable to equity shareholders of the Company (RMB/share)	12.50	10.59	18.00	9.23

Ⅲ. Shareholders

1. Shareholders

(1) As at 31 December 2014, the total number of registered shareholders of the Company was 111,372 of which 120 were registered holders of H Shares. As at the end of the fifth trading day prior to this announcement (17 March 2015), the total number of registered holders of A Shares was 113,029.

(2) As at 31 December 2014, 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 2014 (share)	Percentage of shareholding (%)	Class of shares
1	Anhui Conch Holdings Company Limited ("Conch Holdings") (Note 2)	State-owned legal person	1,948,869,927	36.78	A Share
2	HKSCC Nominees Limited (Note 3)	Overseas legal person	1,297,865,778	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	HKSCC Nominees Limited (Note 3)	Overseas legal person	88,166,778	1.66	A Share
5	Genesis Asset Managers, LLP – Customer Funds	Others	45,100,917	0.85	A Share
6	Credit Suisse (Hong Kong) Limited	Others	34,042,741	0.64	A Share

7	GIC PRIVATE LIMITED	Others	31,198,785	0.59	A Share
8.	Ping An Trust Co., Ltd.-Conch Equity Interest	Domestic non-state-owned legal person	29,873,600	0.56	A Share
9	MERRILL LYNCH INTERNATIONAL	Others	27,790,813	0.52	A Share
10	Guoyuan Securities (HK) Co., Ltd.- Guoyuan RMB Stable Income Fund	Others	26,765,636	0.51	A Share

Notes:

(1) All the above shares are floating shares not subject to trading restrictions.

(2) As at 31 December 2014, a total of 1,948,869,927 A Shares of the Company were held by Conch Holdings, representing an increase of 30,540,819 A Shares as compared with those at the end of last year, mainly because Anhui Conch Construction Materials Design Centre (a wholly-owned subsidiary of Conch Holdings) transferred all of the 30,540,819 A Shares it held in the Company to Conch Holdings via the bulk-volume trading system of SSE during the Reporting Period.

(3) As at 31 December 2014, 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; and it held 88,166,778 A Shares, representing 1.66% of the total share capital of the Company, and 2.20% of the total number of A Shares issued by the Company, on behalf of its various clients

(4) As at 31 December 2014, 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.

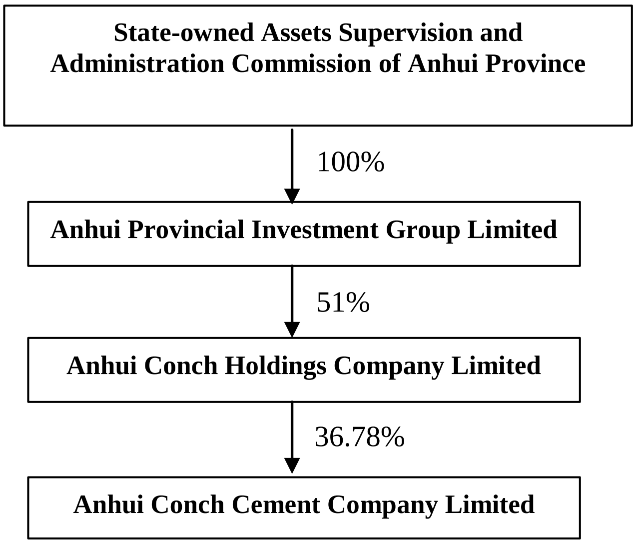
(5) So far as the Board is aware, among the above-mentioned shareholders, Conch Holdings and Conch Venture have connected relationship under the SSE Listing Rules. Save for the aforesaid, the Board is not aware of any connected relationship or acting in concert relationship among the above-mentioned 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

From 1 January 2014 to 31 December 2014 (the “Reporting Period”), there was no change in the controlling shareholder or de facto controller of the Company.

As at 31 December 2014, Conch Holdings 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 2014, 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 executives 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 2014 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 2014, applicable accounting policies have been adopted and applied consistently.

VI. Management Discussion and Analysis

ANALYSIS OF OPERATIONAL CONDITIONS

Operations

In 2014, under the macro-environment of sluggish growth in fixed asset investments and a depressed property market, the growth in cement market demand dropped sharply. The Group proactively coped with the intense market competition by studying the supply-and-demand condition, making timely adjustment to its marketing strategy to enhance market coverage, improving the fundamental management, focusing on production benchmarks, and reshaping its development model. All these enabled the Group to make further progress in pursuit of its internationalization strategy and achieve a steady growth in both production and sales, with better operating performance indicators and improved operating efficiency.

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group's revenue from its principal activities amounted to RMB58.965 billion, representing an increase of 8.79% from that in the same period of last year; the net profit attributable to equity shareholders of the Company amounted to RMB10.993 billion, representing an increase of 17.19% from that in the same period of last year; and earnings per share were RMB2.07, representing an increase of RMB0.30 per share from that in the same period of last year. In accordance with the IFRSs, the revenue amounted to RMB60.759 billion, representing an increase of 9.95% from that in the same period of last year; the net profit attributable to equity shareholders of the Company amounted to RMB10.981 billion, representing an increase of 16.95% from that in the same period of last year; and earnings per share were RMB2.07.

The Group promoted steady progress in project construction. The construction of 11 clinker production lines and their ancillary residual heat electricity generation units of Wenshan Conch Cement Co., Ltd. and Bazhong Conch Cement Co., Ltd., as well as 29 cement grinding units of Beiliu Conch Cement Co., Ltd. and Baoshan Conch Cement Co., Ltd. had been completed and put into operation. Meanwhile, the construction of 10 aggregate projects of Prosperity Conch Cement Co., Ltd. and Fusui Xinning 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 "having sufficient resources, full set of equipment, complete set of approvals and certificates, strong market potential, and increasing the Company's competitiveness", the Group acquired five cement enterprises, namely Hunan Yeafine Cement Co., Ltd., Shaoyang Yeafine New Energy Technology Co., Ltd., Shuicheng Conch Panjiang Cement Co., Ltd., Kunming Hongxi Cement Co., Ltd. and Goldsun Development (Hunan) Conch Cement Co., Ltd.

The Group accelerated its international development. During the Reporting Period, the

3,200t/d clinker production line for Phase-one of PT Conch South Kalimantan Cement in Indonesia was completed and put into production, while the Merak grinding mill project in Indonesia and the cement projects in Manos and Papua Barat made smooth progress. The BOT cooperation agreement was officially signed for the cement project in Yelungyaw, Burma, where the technical upgrade of the old production lines had been completed with significant improvement and construction of a 5,000t/d clinker production line had commenced. In addition, the Group conducted on-site survey and research on a number of subject projects in Southeast Asian countries including Laos and Cambodia, and carried out preliminary preparation works.

The Group's clinker and cement production capacity increased by 24.50 million tonnes and 36.93 million tonnes respectively for the full year. As at the end of 2014, the Group's clinker, cement and aggregate production capacity amounted to 212 million tonnes, 264 million tonnes and 14.4 million tonnes respectively, with a total residual heat electricity generating capacity of 968MW. In 2014, the Group produced an aggregate of 197 million tonnes of clinker and 219 million tonnes of cement, representing a year-on-year increase of 11% and 18% respectively.

The Group has been persistently complying with the government's policies in respect of environmental protection, energy saving and emission reduction, and completed the low-NOx staged combustion technology modification to 14 production lines and the SNCR flue gas denitration technology modification to 34 production lines during the Reporting Period. As at the end of the Reporting Period, the Group had completed the technical upgrade of NOx reduction to 95% of its clinker production lines, which were running smoothly. In addition, the Group increased its investments in environmental protection, completing the dust treatment modification of the packaging system of all of its subsidiaries, while actively carrying out technical modification of electric dust collectors to ensure that its dust emission meets the required standards.

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

Sales Market Overview

In 2014, the Group realised an aggregate net sales volume of cement and clinker of 249 million tonnes, representing a year-on-year growth of 9.29%.

Markets and Sales by Region

Sales Amount by Region

Region	2014 Sales amount (RMB'000)	2014 Percentage (%)	2013 Sales amount (RMB'000)	2013 Percentage (%)	Change in sales amount (%)	Change in sales proportion (percentage points)
East China Note 1	18,794,531	31.87	19,051,447	35.15	-1.35	-3.28
Central China Note 2	16,053,244	27.23	15,610,987	28.80	2.83	-1.57
South China Note 3	10,831,632	18.37	8,657,457	15.97	25.11	2.40
West China Note 4	11,789,818	19.99	9,458,318	17.45	24.65	2.54
Export	1,495,310	2.54	1,422,403	2.63	5.13	-0.09
Total	**58,964,535**	**100.00**	**54,200,612**	**100.00**	**8.79**	-

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

During the Reporting Period, the Group strengthened analysis and research on macroeconomic trends, changes in supply-and-demand relations in each regional market, and the competitive landscape. This led to a more focused marketing strategy, which helped the Company to effectively expand its market coverage and boost its overall cement sales volume.

In **East China** where no new production facilities had been built and the supply-and-demand condition was stable, the Company optimized its sales structure to reduce the proportion of clinker sold to external parties to stabilize cement prices. The Company's sales amount of cement decreased by 1.35% on a year-on-year basis.

With the increase in demand from infrastructure construction, the Company's cement sales volume in **Central China** reported a year-on-year increase of 7.47%, and the sales amount increased by 2.83% on a year-on-year basis.

In view of a relatively strong demand and high industry concentration in **South China**, quantity and price both increased. The Company's cement sales volume rose by 16.91% year-on-year, while the selling prices recorded a year-on-year increase of 7.13%, resulting in a year-on-year growth of 25.11% in the sales amount.

West China fell behind in infrastructure construction, but its market demand was growing at a steady pace. Through acquisition and inauguration of newly completed projects, the Company further increased its market dominance and competitiveness. It recorded a year-on-year increase of 29.29% and 24.65% in cement sales volume and sales amount respectively.

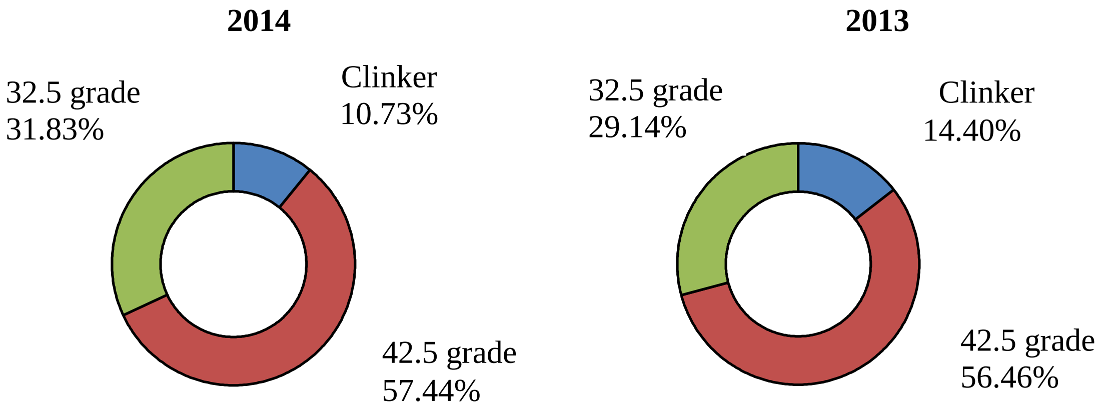
Export remained relatively stable, with a year-on-year increase of 2.55% and 5.13%

respectively in cement export sales volume and sales amount.

Sales by Type of Products

During the Reporting Period, as the Group stepped up its efforts to promote sales of cement and reduced the proportion of clinker sold to external parties, the sales contribution of 42.5-grade cement increased by 0.98 percentage point to 57.44%, and the sales contribution of 32.5-grade cement increased by 2.69 percentage points to 31.83%, while the sales contribution of clinker decreased by 3.67 percentage points to 10.73%.

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 (%)
	2014 (RMB'000)	2013 (RMB'000)	
Revenue from principal activities	58,964,535	54,200,612	8.79
Profit from operations	13,823,479	11,742,679	17.72
Profit before taxation	14,882,810	12,631,266	17.83
Net profit attributable to equity shareholders of the Company	10,993,022	9,380,159	17.19

During the Reporting Period, due to the increase in the sales volume of products, the Group's revenue from principal activities increased by 8.79% year-on-year to RMB58,964.54 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 RMB13,823.48 million, representing a year-on-year increase of 17.72%. The net profit attributable to equity shareholders of the Company increased by 17.19% year-on-year to RMB10,993.02 million.

Gross profit margin by type of products in 2014 and its year-on-year change

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	33,807,830	22,490,647	33.48	32.74	0.74
32.5-grade cement	18,731,368	11,821,925	36.89	37.43	-0.54
Clinker	6,317,212	4,257,742	32.60	28.01	4.59
Aggregate and carpolite	108,125	52,812	51.16	29.98	21.18
Total	**58,964,535**	**38,623,126**	**34.50**	**33.42**	**1.08**

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

During the Reporting Period, benefiting from the decrease in the unit costs of the products, the consolidated gross profit margin recorded a year-on-year increase of 1.08 percentage points to 34.50%, of which the gross profit margin of the 42.5-grade cement and clinker increased by 0.74 percentage points and 4.59 percentage points on a year-on-year basis respectively. In addition, the Group reported a sales volume of 4.48 million tonnes of aggregate and carpolite with a gross profit margin of 51.16%.

ANALYSIS OF COSTS AND EXPENSES

Consolidated costs of cement and clinker in 2014 and their year-on-year change

Item	2014		2013		Change in unit costs (%)	Change in costs proportion (percentage points)
	Unit costs (RMB/tonne)	Percentage (%)	Unit costs (RMB/ tonne)	Percentage (%)		
Raw materials	30.62	19.79	28.76	18.19	6.47	1.60
Fuel and power	92.62	59.86	98.28	62.15	-5.76	-2.29
Depreciation expense	11.59	7.49	11.93	7.54	-2.85	-0.05
Labor cost and others	19.90	12.86	19.16	12.12	3.86	0.74
Total	**154.73**	**100.00**	**158.13**	**100.00**	**-2.15**	**-**

During the Reporting Period, the consolidated costs of the Company decreased by 2.15% or RMB3.4/tonne year-on-year to RMB154.73/tonne, which was mainly due to the decline in coal price and the further improvement in the key indicators such as consumption of coal and electricity.

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

Expenses for the period	2014 amount (RMB'000)	2013 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	2,936,835	2,684,505	4.98	4.95	0.03
Administrative expenses	2,679,858	2,395,767	4.54	4.42	0.12
Financial expenses (net)	714,489	968,510	1.21	1.79	-0.58
Total	**6,331,182**	**6,048,782**	**10.73**	**11.16**	**-0.43**

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 RMB282.4 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 10.73%, down by 0.43 percentage point 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 2014 (RMB'000)	As at 31 December 2013 (RMB'000)	Change as at the end of the Reporting Period compared to those as at the beginning of the year (%)
Fixed assets	57,250,500	51,527,441	11.11
Current and other assets	45,002,597	41,567,039	8.27
Total assets	102,253,097	93,094,480	9.84
Current liabilities	14,397,009	14,545,325	-1.02
Non-current liabilities	18,244,847	19,783,975	-7.78
Minority interests	3,394,633	2,647,152	28.24
Shareholders' equity attributable to equity shareholders of the Company	66,216,608	56,118,028	18.00
Total liabilities and equity	**102,253,097**	**93,094,480**	**9.84**

As at 31 December 2014, the Group's total assets and liabilities prepared in accordance with the PRC Accounting Standards amounted to RMB102,253.10 million and RMB32,641.86 million respectively, representing an increase of 9.84% and a decrease of 4.92% respectively as compared to those at the end of the previous year. As at 31 December 2014, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 31.92%, representing a decrease of 4.96 percentage points as compared to that at the end of the previous year.

Please refer to Note 12 of Part 4 in VIII Financial Information for information of the contingent liabilities of the Group.

As at 31 December 2014, shareholders' equity attributable to equity shareholders of the Company amounted to RMB66,216.61 million, representing an increase of 18% as compared to that at the end of the previous year. Net assets per share attributable to equity shareholders of the Company was RMB12.5, representing an increase of RMB1.91/share as compared to that at the end of the previous year.

As at 31 December 2014, the total current assets and total current liabilities of the Group prepared in accordance with the PRC Accounting Standards amounted to RMB25,097.06 million and RMB14,397.01 million respectively, with a current ratio of 1.74:1 (corresponding period last year: 1.69:1). The total current assets and total current liabilities of the Group prepared in accordance with the IFRSs amounted to RMB25,270.49 million and RMB14,397.01 million respectively, with net gearing ratio decreasing from 0.27 in 2013 to 0.11, which was mainly due to the increase in net cash flow generated from operating activities and the decrease in interest-bearing liabilities. Net gearing ratio was calculated as follows: interest-bearing liabilities minus cash and cash equivalents divided by shareholders' equity.

Liquidity and Source of Funds

Maturity analysis of bank loans and other borrowings of the Group as at 31 December 2014 is as follows:

	As at 31 December 2014 (RMB'000)	**As at 31 December 2013 (RMB'000)**
Due within 1 year	2,329,167	2,934,810
Due after 1 year but within 2 years	799,273	2,049,515
Due after 2 years but within 5 years	1,095,273	1,029,818
Due after 5 years	209,975	652,423
Total	**4,433,688**	**6,666,566**

As at 31 December 2014, the Group's aggregate borrowings were RMB4,433.69 million, representing a decrease of RMB2,232.88 million as compared to those at the beginning of the year. The decrease was mainly attributable to the repayment of certain bank loans during the Reporting Period. Details on loans bearing interest at fixed rate are set out in Note 8(3)(a) 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 RMB7 billion would be due after 1 year but within 2 years, RMB5 billion would be due after 3 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

	2014 (RMB'000)	2013 (RMB'000)	Changes (%)
Net cash flows generated from operating activities	17,654,489	15,198,545	16.16
Net cash flows generated from investment activities	(4,851,114)	(12,476,327)	61.12
Net cash flows generated from financing activities	(6,785,676)	(4,289,366)	(58.20)
Effect of exchange rate movement on cash and cash equivalents	(24,510)	(24,894)	1.54
Net increase/(decrease) in cash and cash equivalents	5,993,189	(1,592,042)	476.45
Balance of cash and cash equivalents at the beginning of the year	6,518,932	8,110,974	(19.63)
Balance of cash and cash equivalents at the end of the year	12,512,121	6,518,932	91.94

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB17,654.49 million, representing an increase of RMB2,456 million as compared to that of last year. Such increase was mainly due to the increase in revenue as a result of the increase in sales volume.

During the Reporting Period, the Group's net cash outflows from investment activities decreased by RMB7,625.21 million as compared to that of last year, mainly due to the increase in term deposits with a maturity of over three months collected by the Group as compared to that of last year.

During the Reporting Period, the Group's net cash outflows from financing activities increased by RMB2,496.31 million as compared to that of last year, primarily attributable to the repayment of borrowings due and increase in dividend payment as compared to that of last year.

Capital Expenditure

During the Reporting Period, capital expenditure of the Group amounted to approximately RMB9.28 billion, which was primarily used in the investment in construction of cement and clinker production lines, the residual heat electricity generation projects and the aggregate projects as well as the expenditure in merger and acquisition of projects.

As at 31 December 2014, 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 2014 (RMB'000)	**As at 31 December 2013 (RMB'000)**
Authorized and contracted for	2,416,216	4,801,756
Authorized but not contracted for	5,518,527	5,285,224
Total	**7,934,743**	**10,086,980**

OUTLOOK FOR 2015

In 2015, the PRC government will step up efforts in the structural adjustment of the economy and implement proactive fiscal policy and relatively relaxed monetary policy, so as to maintain the steady development of the economy. A year-on-year GDP growth rate of about 7% is anticipated. (Source: Government Work Report of 2015)

With the PRC economy entering a "new normal" phase in 2015, the growth in fixed asset investments will further slow down, putting greater downward pressure on the demand for cement. Nevertheless, to secure a stable economic growth, the central government will continue to increase its investments in infrastructure construction including railways, highways and hydraulic facilities, as well as affordable housing and the redevelopment of shanty towns, while accelerating the implementation of the "One Belt and One Road" and "Yangtze River Economic Belt" strategy. All these will facilitate the growth in cement demand. On the supply side, China will adhere to the principle of replacing obsolete facilities with modern ones with same or less capacity by strictly controlling the growth of new production capacity in the cement industry and persisting in eliminating backward capacity, which will lead to further decline in new production capacity. The implementation of the "Emission Standard of Air Pollutants for Cement Industry", coupled with the abolition of PC 32.5-grade cement, will force smaller, uncompetitive cement enterprises out of the market, thereby speeding up mergers and reorganizations within the industry. The above will help raise the industry concentration level and improve the supply-and-demand condition within the industry.

The Group will accelerate the implementation of its internationalization development strategy. Efforts will be made to expedite the construction of the Merak grinding mill project and the cements projects in Manos, Papua Barat in Indonesia, and cement projects in Yelungyaw, Burma. The Group will proactively proceed with the preliminary preparation works for the projects in Laos and Cambodia. Meanwhile, adhering to the established principles and standards of the Company, the Group will carry out mergers and acquisitions of domestic projects, so as to further fine-tune its strategic market planning. Furthermore, the Group will accelerate the geographical coverage expansion and increase investment of the aggregate business, so as to extend the industrial chain and facilitate sustainable development of the Company.

In 2015, the Group's planned capital expenditure amounts to approximately RMB9 billion, which will be funded primarily by internal resources and supplemented by bank loans and mainly used in the construction of domestic projects including Tongren Conch Panjiang Cement Co., Ltd. and Linxia Conch Cement Co., Ltd. and the overseas projects in Indonesia and Burma. It is expected that the clinker and cement production capacity will increase by approximately 11.5 million tonnes and 20.8 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 to develop a marketing strategy targeted at each region and phase, so as to consolidate and expand its market share. Meanwhile, the Group will strengthen benchmark management and its efforts in analyzing, studying and assessing the market supply conditions of bulk raw materials and fuels such as coal, to reinforce its competitiveness by lowering costs and increasing efficiency. In the meantime, the Group will continue to drive the transformation of management by accelerating the grooming of talents with international expertise and professional skills in order to secure the human resources required for the Company's next stage of business development. The Group targets to increase net sales volume of cement and clinker by approximately 30 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 IFRSs respectively, the Group's profit after tax and minority interests for year 2014 amounted to RMB10,993.02 million and RMB10,980.92 million respectively. The Board proposed the appropriation of the profit for the year ended 31 December 2014 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 2014.

(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 2014, the payment of a final dividend of RMB0.65 per share (tax inclusive) is proposed, totaling RMB3,444,550,000.

The above profit appropriation proposal is subject to consideration and approval by shareholders at the annual general meeting for year 2014.

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 2014 and audited consolidated statement of financial position of the Group at 31 December 2014 together with the 2013 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 2014

(Expressed in Renminbi Yuan)

	Note	*2014* RMB'000	*2013* RMB'000
Turnover	4(3)	60,758,501	55,261,677
Cost of sales and services rendered		(40,560,092)	(37,274,968)
Gross profit		20,198,409	17,986,709
Other revenue	4(4)	1,468,056	1,096,919
Other net income	4(4)	(17,337)	21,109
Selling and marketing costs		(2,936,834)	(2,684,505)
Administrative expenses		(2,686,838)	(2,562,816)
Profit from operations		16,025,456	13,857,416
Finance costs	4(5)(a)	(1,038,936)	(1,160,565)
Share of (losses)/ profits of associates		(55,228)	440
Share of loss of joint ventures		(4,250)	(26,122)
Profit before taxation		14,927,042	12,671,169
Income tax	4(6)	(3,360,183)	(2,850,165)
Profit for the year		11,566,859	9,821,004
Attributable to:			
Equity shareholders of the Company		10,980,917	9,389,298
Non-controlling interests		585,942	431,706
Profit for the year		11,566,859	9,821,004
Earnings per share	4(8)		
- Basic		RMB 2.07	RMB 1.77
- Diluted		RMB 2.07	RMB 1.77

2. Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2014

(Expressed in Renminbi Yuan)

	Note	*2014* RMB'000	*2013* RMB'000
Profit for the year		11,566,859	9,821,004
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		(29,630)	(35,143)
Available-for-sale equity securities: net movement in the fair value reserve		987,990	(867,570)
		958,360	(902,713)
Total comprehensive income for the year		12,525,219	8,918,291
Attributable to:			
Equity shareholders of the Company		11,946,858	8,497,066
Non-controlling interests		578,361	421,225
Total comprehensive income for the year		12,525,219	8,918,291

3. Consolidated statement of financial position at 31 December 2014

(Expressed in Renminbi Yuan)

	Note	2014 RMB'000	2014 RMB'000	2013 RMB'000	2013 RMB'000
Non-current assets					
Fixed assets					
-Investment property			32,114		33,198
-Other property, plant and equipment			62,469,127		56,276,368
-Lease prepayments			4,043,759		3,655,950
Intangible assets			2,805,160		2,545,183
Goodwill	4(11)		374,557		299,742
Interest in associates			2,207,368		2,114,750
Interest in joint ventures			436,776		257,149
Loans and receivables			394,873		349,249
Available-for-sale equity securities			3,935,395		2,222,333
Deferred tax assets			283,477		363,565
			76,982,606		68,117,487
Current assets					
Inventories		4,375,977		3,692,690	
Other investments		-		36,370	
Trade receivables	4(9)	4,218,815		7,525,345	
Prepayments and other receivables		2,152,632		1,975,315	
Amounts due from related parties		212,754		399,777	
Tax recoverable		158,707		91,560	
Restricted cash deposits		139,485		115,104	
Bank deposits with maturity over three months		1,500,000		4,621,900	
Cash and cash equivalents		12,512,121		6,518,932	
		25,270,491		24,976,993	
Current liabilities					
Trade payables	4(10)	4,014,855		3,791,010	
Other payables and accruals		7,188,773		6,391,519	
Bank loans and other borrowings		2,329,168		2,934,811	
Amounts due to related parties		350,316		507,224	
Current portion of long-term payables		1,959		51,136	
Current taxation		511,936		869,621	
		14,397,007		14,545,321	
Net current assets			10,873,484		10,431,672
Total assets less current liabilities			87,856,090		78,549,159

3. Consolidated statement of financial position at 31 December 2014 (continued)

(Expressed in Renminbi Yuan)

	Note	*2014*		*2013*	
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities					
Bank loans and other borrowings		17,587,076		19,206,557	
Long-term payables		5,617		304,060	
Deferred income		514,140		417,097	
Deferred tax liabilities		522,173		219,686	
			18,629,006		20,147,400
NET ASSETS			69,227,084		58,401,759
CAPITAL AND RESERVES					
Share capital			5,299,303		5,299,303
Reserves			60,550,673		50,464,198
Total equity attributable to equity shareholders of the Company			65,849,976		55,763,501
Non-controlling interests			3,377,108		2,638,258
TOTAL EQUITY			69,227,084		58,401,759

4. Notes

(1) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2014 comprise the Company and its subsidiaries and the Group's interest in associates and joint ventures.

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.

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 2014 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:

- 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
- IFRIC 21, Levies

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new or amended IFRSs are discussed below:

(2) Changes in accounting policies (continued)

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 these financial statements 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 these financial statements 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.

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 these financial statements as the guidance is consistent with the Group's existing accounting policies.

(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:

	2014	*2013*
	RMB'000	RMB'000
Sales of clinkers and cement products	58,964,535	54,200,612
Sales of materials and other products	1,145,854	561,742
Service income	648,112	499,323
	60,758,501	55,261,677

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 2014 and 2013 is set out below:

For the year ended 31 December 2014

	East China	Central China	South China	West China	Overseas	Subtotal	Reconciling items (note b (ii))	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	19,408,818	17,820,834	11,507,809	11,978,299	42,741	60,758,501	-	60,758,501
Inter-segment revenue	2,882,538	16,531,501	98,257	2,721	-	19,515,017	(19,515,017)	-
Reportable segment revenue	**22,291,356**	**34,352,335**	**11,606,066**	**11,981,020**	**42,741**	**80,273,518**	**(19,515,017)**	**60,758,501**
Reportable segment profit/(loss) (profit before taxation)	**1,707,637**	**12,665,497**	**3,465,869**	**2,086,000**	**(53,273)**	**19,871,730**	**(4,944,688)**	**14,927,042**
Interest income	11,406	901,638	2,953	11,262	1,001	928,260	(508,261)	419,999
Interest expense	(157,706)	(945,093)	(108,339)	(256,625)	(10,122)	(1,477,885)	438,949	(1,038,936)
Depreciation and amortisation for the year	(388,259)	(1,811,054)	(597,116)	(1,032,688)	(3,239)	(3,832,356)	4,587	(3,827,769)
Reportable segment assets (including investment in associates and joint ventures)	**10,342,793**	**79,588,343**	**11,455,653**	**27,623,579**	**1,583,378**	**130,593,746**	**(28,340,649)**	**102,253,097**
Investment in associates and joint ventures	-	423,043	-	2,159,946	61,155	2,644,144	-	2,644,144
Additions to non-current segment assets during the year	848,206	3,332,210	1,030,764	4,735,214	609,682	10,556,076	-	10,556,076
Reportable segment liabilities	**6,268,202**	**23,579,450**	**3,682,951**	**13,796,078**	**1,357,708**	**48,684,389**	**(15,658,377)**	**33,026,012**

(3) Turnover and segment reporting (continued)

(b) Segment reporting (continued)

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

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) (profit before taxation)	**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 ventures)	**10,860,756**	**73,732,172**	**11,261,689**	**23,802,789**	**943,809**	**120,601,215**	**(27,506,735)**	**93,094,480**
Investment in associates and joint ventures	-	306,950	-	2,064,949	-	2,371,899	-	2,371,899
Additions to non-current segment assets during the year	283,522	1,887,395	884,973	4,660,647	702,417	8,418,954	-	8,418,954
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)

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

	2014 RMB'000	*2013* RMB'000
Revenue		
Elimination of inter-segment revenue	(19,515,017)	(12,395,661)

	2014 RMB'000	*2013* RMB'000
Profit		
Elimination of inter-segment profits	(4,988,922)	(2,315,731)
Difference between PRC accounting standards and IFRS*	44,234	39,903
	(4,944,688)	(2,275,828)

	2014 RMB'000	*2013* RMB'000
Assets		
Elimination of inter-segment balances	(28,340,649)	(27,506,735)

	2014 RMB'000	*2013* RMB'000
Liabilities		
Elimination of inter-segment balances	(16,042,536)	(14,521,023)
Difference between PRC accounting standards and IFRS*	384,159	363,425
	(15,658,377)	(14,157,598)

* 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 fixed assets, intangible assets, goodwill, interests in associates and joint ventures, loans and receivables ("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 assets or the locations of the operations.

	Revenue from external customers		Specified non-current assets	
	2014	2013	2014	2013
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC	59,265,433	53,810,965	71,325,209	64,760,662
Others	1,493,068	1,450,712	1,438,525	770,927
	60,758,501	55,261,677	72,763,734	65,531,589

(4) Other revenue and net income

	2014	*2013*
	RMB'000	RMB'000
Other revenue		
Interest income	419,999	191,946
Subsidy income	1,018,565	882,125
Dividend income from listed securities	29,492	22,848
	1,468,056	1,096,919

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)

	Note	*2014* RMB'000	*2013* RMB'000
Other net income			
Net loss on disposal of fixed assets and lease prepayment		(4,022)	(635)
Net realised and unrealised gains on trading securities		8,083	5,619
Net realised and unrealised gains on derivative financial instruments		21,806	2,556
Net exchange (loss)/gain		(87,991)	6,472
Negative goodwill	4(11)	13,090	-
Others		31,697	7,097
		(17,337)	21,109

(5) Profit before taxation

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

	2014 RMB'000	*2013* RMB'000
(a) Finance costs		
Interest on bank advances and other borrowings wholly repayable within five years	898,146	1,025,261
Interest on bank advances and other borrowings wholly repayable after five years	187,212	220,504
Total interest expense on financial liabilities not at fair value through profit or loss	1,085,358	1,245,765
Less: interest expense capitalised into construction-in-progress*	(46,422)	(85,200)
	1,038,936	1,160,565

* The borrowing costs have been capitalised at rates of 1.84%~5.78% (2013: 1.43%~5.90%).

(5) Profit before taxation(continued)

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

		2014 RMB'000	*2013* RMB'000
(b)	Staff costs		
	Contributions to defined contribution retirement plans	362,223	301,588
	Salaries, wages and other benefits	2,985,343	2,675,425
		3,347,566	2,977,013

		2014 RMB'000	*2013* RMB'000
(c)	Other items		
	Amortisation		
	- interest in leasehold land held for own use under operating leases	96,795	84,787
	- intangible assets	131,734	103,040
	Depreciation		
	- investment property	1,084	991
	- property, plant and equipment	3,598,156	3,385,235
	(Reversal of impairment losses)/impairment losses		
	- trade receivables	(400)	-
	- prepayments and other receivables	(180)	-
	- property, plant and equipment	-	160,687
	Auditors' remuneration		
	- audit services	4,990	4,840
	- other services	19	19

(6) Income tax in the consolidated income statement

(a) Taxation in the consolidated income statement represents:

	2014	*2013*
	RMB'000	RMB'000
Current tax-PRC Corporate Income Tax		
Provision for the year	3,424,448	2,895,665
(Over) /under-provision in respect of prior years	(9,567)	14,527
	3,414,881	2,910,192
Deferred tax		
Origination and reversal of temporary differences	(54,698)	(60,027)
	3,360,183	2,850,165

No provision for Hong Kong Profits Tax is made for 2013 and 2014 as the Group did not earn any income which is subject to Hong Kong Profits Tax.

Individual companies within the Group are generally subject to Corporate Income Tax at 25% (2013: 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%
Liquan Conch Cement Co., Ltd. ("Liquan Conch")禮泉海螺水泥有限責任公司 (Note (i))	15%
Guiyang Conch Panjiang Cement Co., Ltd. ("Guiyang Conch")貴陽海螺盤江水泥有限責任公司 (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%

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

(a) Taxation in the consolidated income statement represents: (continued)

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%
Shuicheng Conch Cement Co., Ltd (“Shuicheng Conch”)水城海螺盤江水泥有限責任公司. (Note (i))	15%
Liangping Conch Cement Co., Ltd (“Liangping Conch”)梁平海螺水泥有限責任公司. (Note (i))	15%
Hami Hongyi Construction Co., Ltd. (“Hami Construction”)哈密弘毅建材有限責任公司 (Note (ii))	12.5%

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. 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. Liukuangruian and Qianxian Conch are entitled to a preferential income tax rate of 15%, effective from 1 January 2013 to 31 December 2020. Qianxinan, Nanwei Cement,Shuicheng Conch and Liangping Conch are entitled to a preferential income tax rate of 15%, effective from 1 January 2014 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 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.

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

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

	2014 RMB'000	*2013* RMB'000
Profit before taxation	14,927,042	12,671,169
Notional tax on profit before taxation calculated at 25% (2013: 25%)	3,731,761	3,167,792
Tax effect of subsidiaries subject to tax rates other than 25%	(424,620)	(318,881)
Tax effect of non-deductible expenses	21,322	9,133
Tax effect of non-taxable income	(26,375)	(23,034)
Tax effect of unused tax losses not recognised	1,073	628
Reversal of tax effect of prior years' unused tax losses recognised	69,862	-
(Over)/under-provision in respect of prior years	(9,567)	14,527
Others	(3,273)	-
Actual tax expense	3,360,183	2,850,165

(7) Dividends

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

	2014 RMB'000	*2013* RMB'000
Final dividend proposed after the statement of financial position date of RMB0.65 (2013: RMB0.35) per ordinary share	3,444,547	1,854,756

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

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

	2014	*2013*
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.35 (2013: RMB0.25) per ordinary share	1,854,756	1,324,826

(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 2014 of RMB 10,980,917,000 (2013: RMB 9,389,298,000) and the weighted average number of shares in issue during the year ended 31 December 2014 of 5,299,302,579 shares (2013: 5,299,302,579 shares).

(b) Diluted earnings per share

The Company had no dilutive potential ordinary shares outstanding during the years ended 31 December 2014 and 2013.

(9) Ageing analysis of trade receivables

(i) 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*	
	2014	*2013*	*2014*	*2013*
	RMB'000	RMB'000	RMB'000	RMB'000
Current	4,212,919	7,516,703	311,257	696,025
Overdue within 60 days	5,896	8,642	-	-
	4,218,815	7,525,345	311,257	696,025

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 1 year from the date of issuance.

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

	The Group		*The Company*	
	2014	*2013*	*2014*	*2013*
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year (inclusive)	4,218,815	7,525,345	311,257	696,025

(10) Ageing analysis of trade payables

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

	The Group		*The Company*	
	2014	*2013*	*2014*	*2013*
	RMB'000	RMB'000	RMB'000	RMB'000
Within 1 year (inclusive)	3,984,848	3,764,195	254,735	478,369
Between 1 year and 2 years (inclusive)	22,830	21,441	-	575
Between 2 years and 3 years (inclusive)	4,577	2,689	-	-
Over 3 years	2,600	2,685	-	-
	4,014,855	3,791,010	254,735	478,944

(11) Business combination

The Group acquired five subsidiaries from independent third parties during the year. The acquired subsidiaries 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 2014, these acquired subsidiaries contributed an aggregate revenue of RMB 718,927,000 and an aggregate loss of RMB 57,331,000 to the Group's results. If the acquisitions had occurred on 1 January 2014, management estimates that the consolidated revenue of the Group for the year ended 31 December 2014 would have been RMB 60,930,326,000, and the consolidated profit for the year would have been RMB 11,525,905,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the respective dates of acquisitions would remain the same even if the acquisitions had all occurred on 1 January 2014.

Summary of net assets acquired in Yeafine New Energy, Yeafine Cement and Goldsun Cement, and the goodwill arising, are as follows:

Fair value of identifiable assets acquired and liabilities assumed:

	RMB'000
Property, plant and equipment	1,754,826
Lease prepayments	235,448
Intangible assets	102,438
Inventories	81,645
Cash and cash equivalents	33,725
Trade receivables, prepayments and other receivables	356,903
Bank loans and other borrowings	(749,098)
Trade payables and other liabilities	(902,156)
Deferred tax liabilities	(72,431)
Total net identifiable assets of the acquirees	841,300

Goodwill

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

	RMB'000
Total cash consideration transferred	699,648
Non-controlling interests, based on their proportionate interest in recognised amount of the assets and liabilities of the acquirees	216,467
Fair value of identifiable net assets	(841,300)
Goodwill arising from the above acquisitions	74,815

The goodwill arises 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.

Summary of net assets acquired in Shuicheng Conch and Kunming Hongxi, and the negative goodwill arising, are as follows:

Fair value of identifiable assets acquired and liabilities assumed:

	RMB'000
Property, plant and equipment	1,059,111
Lease prepayments	117,520
Intangible assets	14,557
Inventories	24,287
Cash and cash equivalents	2,326
Trade receivables, prepayments and other receivables	38,806
Bank loans and other borrowings	(31,250)
Trade payables and other liabilities	(521,158)
Deferred tax liabilities	(35,512)
Total net identifiable assets of the acquirees	668,687

Negative Goodwill

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

	RMB'000
Total cash consideration transferred	315,539
Non-controlling interests, based on their proportionate interest in recognised amount of the assets and liabilities of the acquirees	340,058
Fair value of identifiable net assets	(668,687)
Negative goodwill arising from the above acquisitions	(13,090)

(12) Contingent liabilities

At 31 December 2014, the Company has issued guarantees to banks in respect of bank loans of its subsidiaries amounting to RMB3,278,605,000 (2013: RMB3,589,610,000). The directors do not consider it probable that a claim will be made against the Company under any of these guarantees.

At 31 December 2014, outstanding letters of credit issued by the Group amounted to RMB135,761,000 (2013: RMB131,218,000).

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

Wuhu City, Anhui Province, the PRC

23 March 2015

As at the date of this announcement, the Board of Directors of the Company 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 Director, and (iii) Mr Wong Kun Kau, Mr Tai Kwok Leung and Mr Zhao Jianguang as independent non-executive Directors.