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 2015

Revenue for the six months ended 30 June 2015 ("Reporting Period"), prepared in accordance with the International Financial Reporting Standards ("IFRSs"), amounted to approximately RMB24,223.32 million, representing a decrease of approximately 15.85% 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 RMB4,714.49 million, representing a decrease of approximately 18.87% 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 RMB0.89.

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", together with its subsidiaries , the "Group")
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 2015 (RMB’000)	Six months ended 30 June 2014 (RMB’000)	Increase/ (decrease) over the same period of the previous year (%)
Revenue	24,223,323	28,784,483	-15.85
Net profit attributable to equity shareholders of the Company	4,714,488	5,810,861	-18.87
	As at 30 June 2015 (RMB’000)	**As at 31 December 2014 (RMB’000)**	**Increase/ (decrease) over the beginning of the year (%)**
Total assets	105,179,724	102,253,097	2.86
Total liabilities	34,172,875	33,026,013	3.47

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

Items	As at 30 June 2015 (RMB’000)	As at 31 December 2014 (RMB’000)	Increase/ (decrease) over the beginning of the year (%)
Total assets	105,179,724	102,253,097	2.86
Total equity attributable to equity shareholders of the Company	67,781,473	66,216,608	2.36

Items	Six months ended 30 June 2015 (RMB'000)	Six months ended 30 June 2014 (RMB'000)	Increase/ (decrease) over the same period of the previous year (%)
Net cash flow generated from operating activities	4,186,543	8,153,994	-48.66
Revenue	24,223,323	28,784,483	-15.85
Net profit attributable to equity shareholders of the Company	4,705,345	5,821,291	-19.17
Net profit attributable to equity shareholders of the Company after extraordinary items	2,815,116	5,553,227	-49.31
Weighted average return on net assets (%)	6.90	9.92	Decreased 3.02 percentage points
Basic earnings per share (RMB/per share)	0.89	1.10	-19.17
Diluted earnings per share (RMB/per share)	0.89	1.10	-19.17

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 169,962 shareholders, 107 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	1,948,869,927	36.78	A Share
2. HKSCC Nominees Limited [Note 3]	Foreign legal person	1,298,159,387	24.50	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. Hong Kong Securities Clearing Company Limited	Foreign legal person	56,046,035	1.06	A Share
5. Genesis Asset Managers, LLP－Customer Funds	Others	53,233,087	1.00	A Share
6. GIC PRIVATE LIMITED	Others	24,602,671	0.46	A Share

7. Xiong Liwu	Individual	19,384,941	0.37	A Share
8. FIL Investment Management (Hong Kong) Limited－Customer Funds	Others	18,590,953	0.35	A Share
9. Bank Negara Malaysia	Others	16,717,282	0.32	A Share
10. Industrial and Commercial Bank of China －SSE 50 Exchange Traded Fund	Others	16,341,530	0.31	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 1,298,159,387 H Shares, representing 24.50% of the total share capital of the Company, and 99.89% of the issued H share capital of the Company. These shares were held on behalf of various clients.

(4) As the Board noticed, among the above mentiond shareholders, according to the listing regulations of SSE, Conch Holdings and Conch Venture have connected relationship. To the knowledge of the Board, save as disclosed above, the above shareholders were not connected to each other nor were they parties acting in concert.

IV. PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

During 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 ("Supervisors") nor any of their respective close associates held any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance Chapter 571 of the Laws of Hong Kong ("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 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 2015, the growth of the PRC's economy slowed down. The year-on-year GDP growth rate was 7%, down by 0.4 percentage point as compared to the corresponding period of last year. Fixed asset investments across the country saw an 11.4% year-on-year growth rate, which was 5.9 percentage points lower than that of the same period of last year. Property investment sustained a year-on-year increase of 4.6%, down by 9.5 percentage points from that of the same period of last year. *(Source: National Bureau of Statistics of China)*

During the first half of 2015, the PRC's cement production volume amounted to 1,080 million tonnes, representing a 5.3% year-on-year decrease, which showed a variation of 8.9 percentage points from that of the same period last year. Investments in the PRC cement industry was down by 12.3% year-on-year to RMB43.17 billion. Affected by the year-on-year decrease in the growth rate of fixed asset investment and property investment, cement market demand was relatively weak, leading to intensified market competition and a significant year-on-year decline in cement price. As a result, the industry's profitability decreased significantly. *(Source: Digital Cement)*

ANALYSIS OF OPERATIONAL CONDITIONS

Operations

During the first half of 2015, facing the downward pressure from the PRC macro-economy, the Group took proactive measures to overcome the adverse effects of various factors including slowdown in the growth rate of fixed asset investment and property investment and rapid decline in industry demand. Furthermore, in light of the unique characteristics of each regional market and changes in market conditions, the Group adjusted its marketing strategy in a timely manner and made active efforts in market development to maintain its growth in market share. 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. Moreover, the Group strengthened indicator management and optimized production organization to improve operation quality.

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group's revenue arising from its principal activities amounted to RMB23,586 million, representing a decrease of 15.67% from that for the same period of last year; its net profit attributable to equity shareholders of the Company amounted to RMB4,705 million, representing a decrease of 19.17% from that for the same period of last year; and earnings per share were RMB0.89. In accordance with the IFRS, the revenue amounted to RMB24,223 million, representing a decrease of 15.85% from that for the same period of last year; its net profit attributable to equity shareholders of the Company amounted to RMB4,714 million, representing a decrease of 18.87% from that for the same period of last year; and earnings per share were RMB0.89.

During the Reporting Period, the Group promoted steady progress in project construction. Four clinker production lines of Guiyang Conch Panjiang Cement Co., Ltd. and Qiyang Conch Cement Co., Ltd. as well as 11 cement grinding units of Jiangxi Lushan Conch Cement Co., Ltd. and Linxia Conch Cement Co., Ltd. had successively completed construction and been put into operation. Meanwhile, construction of three aggregate projects of Yiyang Conch Cement Co., Ltd. had been completed, with the clinker, cement and aggregate production capacity increased by 9.7 million tonnes, 12.1 million tonnes and 5.5 million tonnes respectively. In addition, the Group had successfully acquired Jiangxi Shengta Industrial Group Co., Ltd. (including its branch companies namely Ganzhou Tianhe Building Materials Co., Ltd. and Hongrui Building Materials Co., Ltd.), increasing its clinker and cement production capacity by 4.8 million tonnes and 5.4 million tonnes respectively.

With regard to international development, the phase-two project of PT Conch South Kalimantan Cement, the Merak grinding mill project and the projects in Maros and Papua Barat in Indonesia, as well as the project in Kyaukse of Burma made smooth progress. In addition, for the cement projects in Vientiane and Luang Prabang of Laos as well as Battambang of Cambodia, the relevant preliminary works are underway.

Meanwhile, the Group continued to push ahead with the development of energy conservation and environmental protection in cement projects. The seven residual heat electricity generation units located at Tongren Conch Panjiang Cement Co., Ltd., Bazhong Conch Cement Co., Ltd. and other companies had been put into operation with an additional installed capacity of 58.5MW. The Group continued to implement low-NOx staged combustion technology modification and SNCR flue gas denitration technology modification for clinker production lines. As at the end of the Reporting Period, the Group completed denitration technology modification to all its operating production lines, which were running smoothly.

As at the end of the Reporting Period, the clinker, cement and aggregate production capacity of the Group reached 227 million tonnes, 285 million tonnes and 19.9 million tonnes respectively, and the total installed capacity of residual heat electricity generation amounted to 1,060MW.

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 115 million tonnes, representing a year-on-year growth of 1.6%. Meanwhile, the sales revenue decreased by 15.67% as compared to the same period of last year due to a decrease in product composite selling price.

Market and sales by region

Sales amount by region

Region	Six months ended 30 June 2015 Sales amount (RMB'000)	Six months ended 30 June 2015 Percentage (%)	Six months ended 30 June 2014 Sales amount (RMB'000)	Six months ended 30 June 2014 Percentage (%)	Change in sales amount (%)	Change in sales proportion (Percentage points)
East China Note 1	6,894,863	29.23	9,403,660	33.62	-26.68	-4.39
Central China Note 2	6,317,752	26.79	7,113,969	25.43	-11.19	1.36
South China Note 3	4,507,613	19.11	5,173,197	18.50	-12.87	0.61
West China Note 4	5,012,726	21.25	5,511,713	19.71	-9.05	1.54
Export and overseas	853,426	3.62	767,743	2.74	11.16	0.88
Total	**23,586,380**	**100.00**	**27,970,282**	**100.00**	**-15.67**	**-**

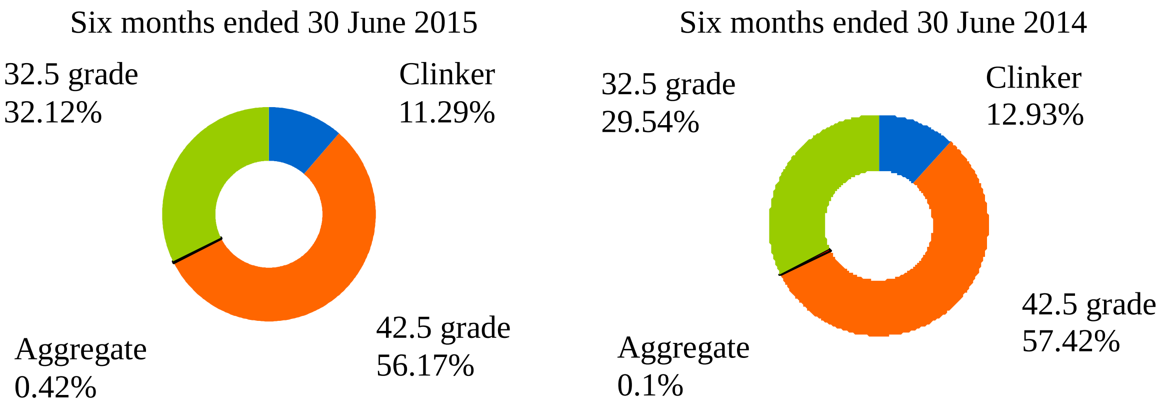
Notes:
1. *East China includes Jiangsu province, Zhejiang province, Shanghai, Fujian province and Shandong province;*
2. *Central China includes Anhui province, Jiangxi province, Hunan province and Hubei province;*
3. *South China includes Guangdong province and Guangxi province;*
4. *West China includes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

During the Reporting Period, with the mergers and acquisitions made by the Company and the release of production capacity of the new projects, which further reinforced the Group's market dominance and competitiveness in Central and West China, the sales volume of cement and clinker increased by 4.4% and 5.9% respectively on a year-on-year basis. Meanwhile, with the recovery of the international cement market and the success of the Group's efforts in exploring the Indonesian market, the sales volume in the export and overseas markets increased by 22% on a year-on-year basis.

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 the 32.5-grade cement increased by 2.58 percentage points year-on-year to 32.12%, while the sales contribution of clinker decreased by 1.64 percentage points year-on-year to 11.29%. The Group also realized sales of aggregate in an amount of 4.1198 million tonnes.

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 (%)
	Six months ended 30 June 2015 (RMB'000)	Six months ended 30 June 2014 (RMB'000)	
Revenue from principal activities	23,586,380	27,970,282	-15.67
Profit from operations	5,457,310	7,365,511	-25.91
Profit before taxation	6,241,954	7,845,209	-20.44
Net profit attributable to equity shareholders of the Company	4,705,345	5,821,291	-19.17

During the Reporting Period, due to the substantial decrease in product prices, the Group's profit from operations, profit before taxation and net profit attributable to equity shareholders of the Company recorded a year-on-year decrease of 25.91%, 20.44% and 19.17% respectively.

Gross profit by type of products for the six months ended 30 June 2015 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	13,249,556	9,528,279	28.09	37.66	-9.57
32.5 grade cement	7,576,292	5,208,757	31.25	38.22	-6.97
Clinker	2,662,520	2,036,728	23.50	29.31	-5.81
Aggregate	98,012	51,719	47.23	50.00	-2.77
Total	**23,586,380**	**16,825,483**	**28.66**	**36.76**	**-8.1**

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

During the Reporting Period, affected by the substantial decrease in product prices, the consolidated gross profit margin recorded a year-on-year decrease of 8.1 percentage points to 28.66%, while the gross profit margin of the 42.5-grade cement decreased by 9.57 percentage points on a year-on-year basis.

ANALYSIS OF COSTS AND EXPENSES

Comparison of consolidated costs

Item	Six months ended 30 June 2015		Six months ended 30 June 2014		Change in unit cost (%)	Change in costs proportion (Percentage points)
	Unit cost (RMB/ton)	Percent-age to total cost (%)	Unit cost (RMB/ton)	Percent-age to total cost (%)		
Raw materials	27.88	19.05	30.95	19.88	-9.92	-0.83
Fuel and power	85.35	58.33	94.99	61.02	-10.15	-2.69
Depreciation expense	13.11	8.96	11.88	7.63	10.35	1.33
Labor cost and others	19.99	13.66	17.84	11.47	12.05	2.19
Total	**146.33**	**100.00**	**155.66**	**100.00**	**-5.99**	**-**

During the Reporting Period, the Company recorded consolidated costs of

RMB146.33/tonne, representing a year-on-year decrease of RMB9.33/tonne or 5.99%, which was mainly attributable to the decrease in coal price and further improvement in the key guidance such as consumption of coal and electricity.

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	1,370,136	1,319,472	5.81	4.72	1.09
Administrative expenses	1,314,465	1,081,259	5.57	3.86	1.71
Financial expenses (net)	324,965	370,806	1.38	1.33	0.05
Total	3,009,566	2,771,537	12.76	9.91	2.85

During the Reporting Period, the Group's selling, administrative and financial expenses in aggregate as a percentage to revenue generated from principal activities was 12.76%, up by 2.85 percentage points as compared to the corresponding period of last year. The increase was mainly attributable to the decrease in revenue generated from principal activities as compared to the corresponding period of last year as a result of the decline in product prices.

FINANCIAL POSITION

Asset and liability overview

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

Item	30 June 2015 (RMB'000)	31 December 2014 (RMB'000)	Change as at the end of the Reporting Period as compared to those at the beginning of the year (%)
Fixed assets	61,371,695	57,250,500	7.20

Current and other assets	43,808,029	45,002,597	-2.65
Total assets	105,179,724	102,253,097	2.86
Current liabilities	22,867,334	14,397,009	58.83
Non-current liabilities	10,930,383	18,244,847	-40.09
Minority interests	3,600,534	3,394,633	6.07
Equity attributable to shareholders of the Company	67,781,473	66,216,608	2.36
Total liabilities and equity	**105,179,724**	**102,253,097**	**2.86**

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 RMB105,179.72 million and RMB33,797.72 million respectively, representing an increase of 2.86% and 3.54% 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 32.13%, which basically remained the same as that at the end of the previous year.

Please refer to Note (9) of 4 under Part X – "Financial Information" of this announcement 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 RMB67,781.47 million, representing an increase of 2.36% as compared to that at the end of the previous year; net assets per share attributable to shareholders of the Company was RMB12.79.

As at the end of the Reporting Period, the Group's net fixed assets prepared in accordance with the PRC Accounting Standards amounted to RMB61,371.70 million, representing an increase of 7.2% as compared to that at the end of the previous year; current liabilities amounted to RMB22,867.33 million, representing an increase of 58.83% as compared to that at the end of the previous year, which was mainly due to an increase in non-current liabilities due within one year of RMB6,410.82 million when compared to that at the end of last 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 RMB25,975.89 million, with a current ratio of 1.14 (as at the end of last year: 1.74). The Group' total current assets and total current liabilities prepared in accordance with the IFRSs amounted to RMB26,176.62 million and RMB22,867.33 million respectively, with a net gearing ratio of 0.20 (as at the end of last year: 0.11). Net gearing ratio was calculated as follows: interest-bearing liabilities minus cash and cash equivalents and divided by shareholders' equity.

Liquidity and Source of Funds

Maturity analysis of bank loans and borrowings from non-financial institution of the Group as at the end of the Reporting Period is as follows:

	As at 30 June 2015 (RMB'000)	As at 31 December 2014 (RMB'000)
Due within 1 year	2,843,525	2,329,167
Due after 1 year but within 2 years	536,607	799,273
Due after 2 years but within 5 years	1,035,022	1,095,273
Due after 5 years	94,761	209,975
Total	**4,509,915**	**4,433,688**

As at 30 June 2015, the Group's aggregate borrowings were RMB4,509.92 million, representing an increase of RMB76.23 million as compared to that at the beginning of the year. The increase was mainly attributable to the increase in borrowings of the Group's subsidiaries 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 within 1 year, 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 realization of investments.

Analysis of Cash Flow

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

	Six months ended 30 June 2015 (RMB'000)	Six months ended 30 June 2014 (RMB'000)
Net cash flows generated from operating activities	4,186,543	8,153,994
Net cash flows generated from investment activities	(7,412,600)	(2,872,739)

Net cash flows generated from financing activities	(3,776,931)	(4,868,755)
Effect of exchange rate movement on cash and cash equivalents	(15,100)	2,469
Net increase/(decrease) in cash and cash equivalents	(7,018,088)	414,968
Balance of cash and cash equivalents at the beginning of the Reporting Period	12,512,121	6,518,932
Balance of cash and cash equivalents at the end of the Reporting Period	5,494,033	6,933,900

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB4,187 million, representing a year-on-year decrease of RMB3,967 million. Such decrease was mainly due to the decrease in revenue as compared to the corresponding period of last year as a result of the decrease in the Group's product selling prices.

During the Reporting Period, the Group's net cash outflows generated from investment activities increased by RMB4,540 million as compared to that for the corresponding period of last year, mainly due to the increase in time deposits with maturity over three months.

During the Reporting Period, the Group's net cash outflows generated from financing activities decreased by RMB1,092 million as compared to that for the corresponding period of last year, mainly due to the decrease in repayment of borrowings due as compared to that of the corresponding period of last year.

Capital Expenditure

During the Reporting Period, capital expenditure of the Group amounted to RMB4,330 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 of 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 had not been provided for in the accounts are set out as follows:

	As at 30 June 2015 (RMB'000)	**As at 31 December 2014 (RMB'000)**
Authorized and contracted for	2,478,675	2,416,216
Authorized but not contracted for	4,302,882	5,518,527

Total	**6,781,557**	**7,934,743**

Exchange rate risk and related hedging by financial instruments

During the Reporting Period, in order to mitigate the exposure to exchange rate risk, the Group applied the relevant financial instruments for hedging purposes. Given the increased two-way volatility in the exchange rate movement between RMB and US Dollar and in light of fluctuations in the exchange rate market, the Group adopted a monthly roll forward approach to lock in various forward exchange rates, so as to mitigate exposure to the exchange rate fluctuation risk.

PROSPECTS FOR THE SECOND HALF OF THE YEAR

In the second half of 2015, the PRC economy is expected to maintain a steady and positive development momentum. Effects of the fiscal and monetary policies promulgated in the first half of the year will gradually be realised, which will drive a steady and accelerating growth rate in investments.

For the cement industry, it is expected that the supply-demand condition will improve in the second half of the year. On the demand side, the implementation of various regional strategies including the State policy of “One Belt and One Road”, “Yangtze River Economic Belt” and “the Rise of Central China” will help accelerating construction progress of the key projects that are under development; this together with commencement of construction of new projects are expected to lead to improvement in the growth rate in infrastructure investments such as railways, urban rail transportation system, airports and hydraulic facilities during the second half of the year. With the recovery of the commodity housing market in the first half of the year, the growth rate in property development investment is expected to rise steadily in the second half of the year. All these will effectively drive growth in the demand for cement. On the supply side, the strict implementation of the “Emission Standard of Air Pollutants for Cement Industry” (with effect from 1 July 2015) and the intensified implementation of the new “Environmental Protection Law” will accelerate the phase-out of small cement enterprises that fall short of environmental standards, thereby further narrowing the gap between supply and demand in the cement industry. Furthermore, higher concentration of the industry will promote healthier competition in the market, which will facilitate increase in the cement price.

In the second half of the year, the Group will continue to steadily promote the implementation of its development strategy of internationalization. Efforts will be made to push ahead with the construction of the Merak grinding mill project and the cement project in Papua Barat, Indonesia, and the cement project in Kyaukse, Burma, as well as to actively carry out the preliminary preparation works for the cement projects in Vientiane and Luang Prabang, Laos, and in Battambang, Cambodia. Meanwhile, seizing the favourable opportunity arising from the structural adjustment of the PRC cement industry, the Group will carry out merger and acquisition activities, so as to further fine-tune its strategic market planning. Moreover, the Group will also accelerate the construction of the aggregate projects to facilitate sustainable development of the Company.

In respect of operation management, the Group will closely monitor changes in the domestic and overseas economic environment, and will thoroughly analyse and assess market conditions to promptly adjust the Company's marketing strategy in response to market changes, in order to consolidate and expand its market share. Meanwhile, the Group will continue to strengthen benchmark management, leverage its advantage in bulk procurement, capitalize on the opportunity arising from the general decline in market demand, lower the purchase costs of principal raw materials and fuels such as coal, so as to improve the market competitiveness of its products, and thus strive to create greater value for the shareholders of the Company.

VII. AUDIT COMMITTEE

An audit committee ("Audit Committee") of the Board 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 CAPITALISATION OF SURPLUS RESERVE 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 2015, and unaudited consolidated statement of financial position of the Group as at 30 June 2015, together with the comparative figures at 30 June 2014, 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 2015 RMB'000	2014 RMB'000
Revenue	3	24,223,323	28,784,483
Cost of sales and services rendered		(17,635,061)	(18,598,993)
Gross profit		6,588,262	10,185,490
Other revenue	4 (a)	1,003,193	651,287
Other net income	4 (b)	1,827,047	7,717
Selling and marketing costs		(1,370,136)	(1,319,472)
Administrative expenses		(1,317,336)	(1,084,631)
Profit from operations		6,731,030	8,440,391
Finance costs	5 (a)	(499,958)	(547,257)
Share of profit/(losses) of associates		41,576	(25,736)
Share of losses of joint ventures		(8,148)	(916)
Profit before taxation	**5**	6,264,500	7,866,482
Income tax	6	(1,514,374)	(1,741,894)
Profit for the period		4,750,126	6,124,588
Attributable to:			
Equity shareholders of the Company		4,714,488	5,810,861
Non-controlling interests		35,638	313,727
Profit for the period		4,750,126	6,124,588
Earnings per share	**8**		
Basic		RMB0.89	RMB1.10
Diluted		RMB0.89	RMB1.10

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

	Note	Six months ended 30 June 2015 RMB'000	2014 RMB'000
Profit for the period		4,750,126	6,124,588
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		(5,646)	6,657
Available-for-sale equity securities: net movement in fair value reserve	7	311,546	(80,233)
Shares of other comprehensive income of the investees		(3,437)	-
Other comprehensive income for the period		302,463	(73,576)
Total comprehensive income for the period		5,052,589	6,051,012
Attributable to:			
Equity shareholders of the Company		5,018,555	5,735,348
Non-controlling interests		34,034	315,664
Total comprehensive income for the period		5,052,589	6,051,012

3.Consolidated statement of financial position

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Non-current assets		
Fixed assets		
Investment property	31,573	32,114
Other property, plant and equipment	64,447,517	62,469,127
Lease prepayments	4,303,281	4,043,759
	68,782,371	66,545,000
Intangible assets	2,912,454	2,805,160
Goodwill	422,314	374,557
Interest in associates	2,049,105	2,207,368
Interest in joint ventures	527,244	436,776
Loans and receivables	481,314	394,873
Available-for-sale equity securities	3,433,651	3,935,395
Deferred tax assets	394,647	283,477
	79,003,100	76,982,606
Current assets		
Inventories	5,098,755	4,375,977
Trade receivables	3,776,353	4,218,815
Prepayments and other receivables	2,651,785	2,152,632
Amounts due from related parties	308,022	212,754
Tax recoverable	228,942	158,707
Restricted cash deposits	959,377	139,485
Bank deposits with maturity over three months	7,659,357	1,500,000
Cash and cash equivalents	5,494,033	12,512,121
	26,176,624	25,270,491

3. Consolidated statement of financial position(continued)

	At 30 June 2015 RMB'000	At 31 December 2014 RMB'000
Current liabilities		
Trade payables	3,767,025	4,014,855
Other payables and accruals	8,393,120	7,188,773
Bank loans and other borrowings	9,837,869	2,329,168
Amounts due to related parties	418,853	350,316
Current portion of long-term payables	1,418	1,959
Current taxation	449,048	511,936
	22,867,333	14,397,007
Net current assets	3,309,291	10,873,484
Total assets less current liabilities	82,312,391	87,856,090
Non-current liabilities		
Bank loans and other borrowings	10,158,596	17,587,076
Long-term payables	5,617	5,617
Deferred income	516,813	514,140
Deferred tax liabilities	624,516	522,173
	11,305,542	18,629,006
NET ASSETS	71,006,849	69,227,084
CAPITAL AND RESERVES		
Share capital	5,299,303	5,299,303
Reserves	62,124,681	60,550,673
Total equity attributable to equity shareholders of the Company	67,423,984	65,849,976
Non-controlling interests	3,582,865	3,377,108
TOTAL EQUITY	71,006,849	69,227,084

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 2015.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2014 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2015 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 2014 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 2014 that is included in the interim financial report as comparative information does not constitute the Group's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong) ("Companies Ordinance") is as follows:

The Group has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Group's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance (or under their equivalent requirements found in section 141 of the predecessor Companies Ordinance (Cap. 32 of the Laws of Hong Kong)).

(2) Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group and the Company:

- Annual Improvements to IFRSs 2010-2012 Cycle
- Annual Improvements to IFRSs 2011-2013 Cycle

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(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 ended 30 June 2015 and 30 June 2014 are set out below:

For the six months ended 30 June 2015

	East China	Central China	South China	West China	Overseas	Subtotal	items (note b)	Total
	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000	RMB’000
Revenue from external customers	6,885,131	7,130,507	4,968,066	5,103,918	135,701	24,223,323	-	24,223,323
Inter-segment revenue	1,208,660	6,481,831	87,739	16,084	-	7,794,314	(7,794,314)	-
Reportable segment revenue	**8,093,791**	**13,612,338**	**5,055,805**	**5,120,002**	**135,701**	**32,017,637**	**(7,794,314)**	**24,223,323**
Reportable segment profit/(loss)	**435,866**	**6,446,324**	**1,247,627**	**508,036**	**(114,476)**	**8,523,377**	**(2,258,877)**	**6,264,500**
Interest income	4,305	496,189	1,660	5,363	436	507,953	(254,649)	253,304
Interest expense	73,585	446,159	51,528	124,216	21,095	716,583	(216,625)	499,958
Depreciation and amortisation during the period	215,327	952,458	313,623	662,734	34,375	2,178,517	(2,996)	2,175,521
Additions to non-current segment assets during the period	226,429	2,759,738	353,451	1,101,840	210,707	4,652,165	-	4,652,165
At 30 June 2015								
Reportable segment assets (including investment in associates and joint ventures)	**10,696,244**	**98,839,582**	**11,820,140**	**28,902,332**	**3,541,215**	**153,799,513**	**(48,619,789)**	**105,179,724**
Reportable segment liabilities	**6,652,358**	**38,648,936**	**3,901,194**	**15,322,980**	**3,296,296**	**67,821,764**	**(33,648,889)**	**34,172,875**

(3) Segment reporting (continued)

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

For the six months ended 30 June 2014

	East China	Central China	South China	West China	Overseas	Subtotal	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**	**(1,896,427)**	**7,866,482**
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 during 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 31 December 2014								
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**
Reportable segment liabilities	**6,268,202**	**23,579,451**	**3,682,951**	**13,796,078**	**1,357,708**	**48,684,390**	**(15,658,377)**	**33,026,013**

(3)Segment reporting (continued)

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

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Revenue		
Elimination of inter-segment revenue	(7,794,314)	(9,092,233)
Profit		
Elimination of inter-segment profits	(2,281,423)	(1,917,700)
Differences between PRC accounting standards and IFRS*	22,546	21,273
	(2,258,877)	(1,896,427)

	At 30 June 2015	At 31 December 2014
	RMB '000	RMB'000
Assets		
Elimination of inter-segment balances	(48,619,789)	(28,340,649)
Liabilities		
Elimination of inter-segment balances	(34,024,049)	(16,042,536)
Differences between PRC accounting standards and IFRS*	375,160	384,159
	(33,648,889)	(15,658,377)

* 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 30 June	At 31 December
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
The People's Republic of China ("the PRC")	23,321,754	28,008,660	72,327,368	71,325,209
Others	901,569	775,823	2,847,435	1,438,525
	24,223,323	28,784,483	75,174,803	72,763,734

(4) Other revenue and net income

(a) **Other revenue**

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Subsidy income	749,889	461,948
Interest income	253,304	176,249
Negative goodwill	-	13,090
	1,003,193	651,287

(4) Other revenue and net income (continued)

(b) Other net income

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Net unrealised gains on trading securities	-	7,037
Change in fair value of derivatives	16,005	(8,654)
Net gain/(loss) on disposal of fixed assets	72,064	(582)
Exchange (loss)/gains	(75,440)	3,628
Net gain on disposal of available-for-sale equity securities	648,699	-
Net gain on disposal of interest in associate	1,150,517	-
Others	15,202	6,288
	1,827,047	7,717

Net gain on disposal of interest in associate

(5) Profit before taxation

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

(a) **Finance costs**:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Interest on bank loans and other borrowings	505,862	572,949
Less: interest expense capitalised into construction-in-progress	(5,904)	(25,692)
	499,958	547,257

(b) **Other items**:

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Depreciation of investment property and other property, plant and equipment	2,046,540	1,788,438
Amortisation of interests in leasehold land held for own use under operating leases	53,391	46,143
Other amortisation	75,590	63,227
Staff costs	1,525,593	1,384,077

(6) Income Tax

	Six months ended 30 June	
	2015	2014
	RMB'000	RMB'000
Current tax-PRC Corporate Income Tax		
Provision for the period	1,627,049	1,814,885
Deferred tax		
Origination and reversal of temporary differences	(112,675)	(72,991)
	1,514,374	1,741,894

No provision for Hong Kong Profits Tax was made for the six months ended 30 June 2014 and 2015 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:

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%
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. 千陽海螺水泥有限責任公司 (Note (i))	15%
Baoji Zhongxi Fenghuangshan Cement Co., Ltd. 寶雞眾喜鳳凰山水泥有限公司 (Note (i))	15%
Baoji Zhongxi Jinlinghe Cement Co., Ltd. 寶雞市眾喜金陵河水泥有限公司 (Note (i))	15%
Guangxi Sihegongmao Co., Ltd. 廣西四合工貿有限責任公司 (Note (i))	15%

Longling Conch Cement Co., Ltd. 龍陵海螺水泥有限責任公司 (Note (i))	15%
Guizhou Liukuangruian Cement Co., Ltd. 貴州六礦瑞安水泥有限公司 (Note (i))	15%
Qianxian Conch Cement Co., Ltd. 乾縣海螺水泥有限責任公司 (Note (i))	15%
Qianxinan Resource Development Co., Ltd. 黔西南州發展資源開發有限公司 (Note (i))	15%
Sichuan Nanwei Cement Co., Ltd. 四川南威水泥有限公司 (Note (i))	15%
Liangping Conch Cement Co., Ltd. 梁平海螺水泥有限責任公司 (Note (i))	15%
Shuicheng Conch Panjiang Cement Co., Ltd. 水城海螺盤江水泥有限責任公司 (Note (i))	15%
Guangxi Lingyun Tonghong Cement Co., Ltd. ("Guangxi Lingyun") 廣西淩雲通鴻水泥有限公司(Note (i))	15%
Tongren Conch Panjiang Cement Co., Ltd. ("Tongren Conch") 銅仁海螺盤江水泥有限責任公司(Note (i))	15%
Hami Hongyi Building Co., Ltd. 哈密弘毅建材有限責任公司 (附注 (ii))	12.5%

Notes:

(i) Pursuant to Notice No.4 issued by State Administration of Taxation on 10 March 2015 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. Guangxi Lingyun and Tongren Conch is entitled to a preferential income tax rate of 15%, effective from 1 January 2015 to 31 December 2015.

(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	
	2015	2014
	RMB'000	RMB'000
Changes in fair value recognised during the period (after tax)	311,546	(80,233)
Net movement in the fair value reserve during the period recognised in other comprehensive income	311,546	(80,233)

(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 2015 of RMB 4,714.488 million (six months ended 30 June 2014: RMB5,810.861 million) and the weighted average number of shares in issue during the six months ended 30 June 2015 of 5,299,302,579 (six months ended 30 June 2014: 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 2015.

(9) Contingent liabilities

At 30 June 2015, outstanding letters of credit issued by the Group amounted to approximately RMB 86.234 million (31 December 2014: RMB135.761 million). The directors do not consider these outstanding letters of credit will bring additional risk to the Group.

At 30 June 2015, the Group has issued a guarantee of RMB703.98 million (31 December 2014: Nil) in respect of a loan made by a bank to its joint venture, Papua Cement. For the guarantee above, the directors do not consider it probable that a claim will be made against the Group under any of the guarantee.

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

Wuhu City, Anhui Province, the PRC
21 August 2015

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 Director, and (iii) Mr Wong Kun Kau, Mr Tai Kwok Leung and Mr. Zhao Jianguang as independent non-executive Directors.