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 2015

Revenue of the Company for the year 2015 amounted to approximately RMB50,976 million (in accordance with IFRSs), representing a decrease of 16.10% over that of 2014.

Net profit attributable to equity shareholders of the Company for the year 2015 amounted to approximately RMB7,539 million (in accordance with the IFRSs), representing a decrease of 31.35% over that of 2014.

Earnings per share for the year 2015 were RMB1.42 (in accordance with the IFRSs), representing a decrease of 31.35% over that of 2014.

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

Company Name	Anhui Conch Cement Company Limited ("the Company", together with its subsidiaries , the "Group")
A Shares stock abbreviation	Conch Cement
A Shares stock code	600585
Exchange on which A shares ("A Shares") are listed	The Shanghai Stock Exchange ("SSE")
H Shares stock code	00914
Exchange on which H shares ("H Shares") are listed	The Stock Exchange of Hong Kong

Limited ("Stock Exchange")

2. Contact persons and means of contact

Title	**Company Secretary**	**Securities affairs representative**
Name	Yang Kaifa	Liao Dan
Contact address	1011 Jiuhua South Road, Wuhu City, Anhui Province, the PRC	1011 Jiuhua South Road, Wuhu City, Anhui Province, the PRC
Telephone number	0086-553-8398976	0086-553-8398911
Fax number	0086-553-8398931	0086-553-8398931
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	2015	2014	2013	2012	2011
Revenue	50,976,036	60,758,501	55,261,677	45,766,203	48,653,809
Net profit attributable to equity shareholders of the Company	7,538,700	10,980,917	9,389,298	6,331,103	11,586,382
Total assets	105,781,392	102,253,097	93,094,480	87,523,523	84,003,416
Total liabilities	32,236,883	33,026,013	34,692,721	36,720,402	37,554,590

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	**2015**	**2014**	**Year-on-year change (%) between 2015 and 2014**	**2013**
Revenue	50,976,036	60,758,501	-16.1	55,261,677
Profit before taxation	10,039,397	14,882,810	-32.54	12,631,266
Net profit attributable to equity shareholders of the Company	7,516,385	10,993,022	-31.63	9,380,159
Net profit after extraordinary items attributable to equity shareholders of the Company	5,301,375	10,387,222	-48.96	8,952,455
Basic earnings per share (RMB/share)	1.42	2.07	-31.63	1.77
Diluted earnings per share (RMB/share)	1.42	2.07	-31.63	1.77
Basic earnings per share after extraordinary items (RMB/share)	1.00	1.96	-48.96	1.69
Diluted return on net assets (%)	10.66	16.60	Decreased by 5.94 percentage point	16.72
Weighted average return on net assets (%)	11.03	18.47	Decreased by 7.44 percentage point	18.05
Diluted return on net assets after extraordinary items (%)	7.52	15.69	Decreased by 8.17 percentage point	15.95
Weighted average return on net assets after extraordinary items (%)	7.78	17.45	Decreased by 9.67 percentage point	17.22
Net cash flow generated from operating activities	9,908,174	17,654,489	-43.88	15,198,545
Net cash flow per share generated from operating activities (RMB/share)	1.87	3.33	-43.88	2.87

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

Items	**As at 31 December 2015**	**As at 31 December 2014**	**Year-on-year change (%) between 2015 and 2014**	**As at 31 December 2013**
Total assets	105,781,392	102,253,097	3.45	93,094,480
Total equity attributable to equity shareholders of the Company	70,491,888	66,216,608	6.46	56,118,028
Net assets per share attributable to equity shareholders of the Company (RMB/share)	13.30	12.50	6.46	10.59

Ⅲ. Shareholders

1. Shareholders

(1) As at 31 December 2015, the total number of registered shareholders of the Company was 102,318 of which 119 were registered holders of H Shares. As at 29 February 2016, the total number of registered shareholders of the Company was 103,099 of which 128 were registered holders of H Shares.

(2) As at 31 December 2015, 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 as at 31 December 2015 (share)**	**Percentage of shareholding (%)**	**Class of shares**
1	Anhui Conch Holdings Co., Ltd.("Conch Holdings")(Note 2)	State-owned legal person	1,948,869,927	36.78	A Share
2	HKSCC Nominees Limited (Note 3)	Foreign legal person	1,298,056,390	24.49	H Share
3	Anhui Conch Venture Investment Co., Ltd.("Conch Venture") (Note 4)	Domestic non-state-owned legal person	286,713,246	5.41	A Share
4	China Securities Finance Corporation Limited	State-owned legal person	118,164,428	2.23	A Share

5	Central Huijin Asset Management Ltd. (中央匯金資產管理有限責任公司)	State-owned legal person	70,249,600	1.33	A Share
6	HKSCC Nominees Limited	Foreign legal person	66,700,137	1.26	A Share
7	Genesis Asset Managers, LLP – Customer Funds	Others	52,359,287	0.99	A Share
8	FIL Investment Management (Hong Kong) Limited – Customer Funds	Others	21,994,878	0.42	A Share
9.1	Harvest Fund – Agricultural Bank of China – Harvest China Securities and Financial Assets Management Plan	Unknown	21,963,000	0.41	A Share
9.2	Bosera Funds – Agricultural Bank of China – Bosera China Securities and Financial Assets Management Plan	Unknown	21,963,000	0.41	A Share
9.3	Zhongou Asset- Agricultural Bank of China – Zhongou China Securities and Financial Assets Management Plan	Unknown	21,963,000	0.41	A Share
9.4	Yinhua Fund – Agricultural Bank of China – Yinhua China Securities and Financial Assets Management Plan	Unknown	21,963,000	0.41	A Share
9.5	China Southern Asset Management – Agricultural Bank of China – China Southern Asset Management China Securities and Financial Assets Management Plan	Unknown	21,963,000	0.41	A Share

9.6	E Fund - Agricultural Bank of China - E Fund China Securities and Financial Assets Management Plan	Unknown	21,963,000	0.41	A Share
9.7	Dacheng Fund – Agricultural Bank of China – Dacheng China Securities and Financial Assets Management Plan	Unknown	21,963,000	0.41	A Share
9.8	ICBCCS Fund – Agricultural Bank of China – ICBCCS China Securities and Financial Assets Management Plan	Unknown	21,963,000	0.41	A Share
9.9	ChinaAMC- Agricultural Bank of China - ChinaAMC China Securities and Financial Assets Management Plan	Unknown	21,963,000	0.41	A Share
9.10	GF Fund - Agricultural Bank of China - GF China Securities and Financial Assets Management Plan	Unknown	21,963,000	0.41	A Share
10	National Social Security Fund 108 Package	Others	19,999,945	0.38	A Share

Notes:

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

(2) As at 31 December 2015, a total of 1,948,869,927 A Shares of the Company were held by Conch Holdings, and 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 each of Conch Holdings and Conch Venture during the period from 1 January 2015 to 31 December 2015.

(3) As at 31 December 2015, HKSCC Nominees Limited held 1,298,056,390 H Shares of the Company, representing 24.49% of the total share capital of the Company, and 99.88% of the total number of H Shares issued by the Company.

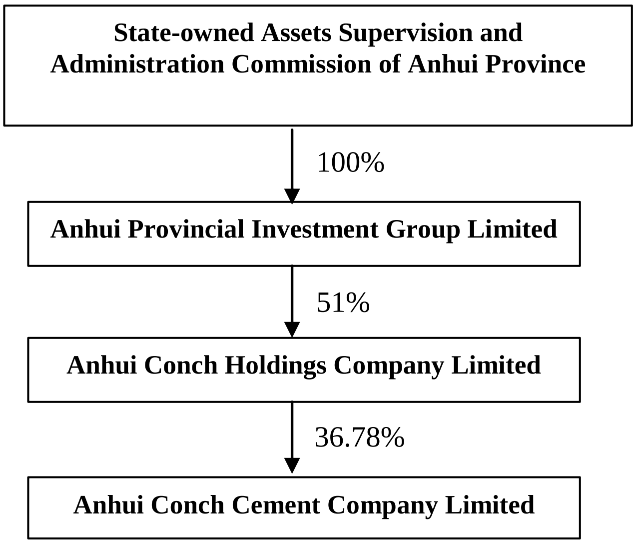
(4) So far as the Board is aware, among the above-mentioned shareholders, Conch Holdings and Conch Venture have connected relationship under the Rules Governing the Listing of Stocks on the SSE. Save for the aforesaid, the Board is not aware of any connected relationship or acting in concert relationship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

(5) The Company is not aware of any pledge or moratorium of shares held by its 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 2015 to 31 December 2015 (the “Reporting Period”), there was no change in the controlling shareholder or de facto controller of the Company.

As at 31 December 2015, 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

During the Reporting Period, 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 and chief executive of the Company and their respective spouses and children under the age of 18 had any interests and/or short positions in shares, underlying shares, debentures in the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”)), nor had they been granted any rights to subscribe for or exercised the above rights to subscribe for 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; or otherwise 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 of the Stock Exchange (“HKSE Listing Rules”).

V. Corporate Governance

During the Reporting Period, the Company 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.

The financial report and results announcement of the Company for year 2015 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 2015, applicable accounting policies have been adopted and applied consistently.

VI. Management Discussion and Analysis

ANALYSIS OF OPERATIONAL CONDITIONS

Operations

In 2015, facing the downward pressure from the PRC's 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 decline in cement 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 stepped up its efforts in exploring markets to maintain 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 stabilize operation quality.

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group's revenue from its principal activities amounted to RMB49.729 billion, representing a decrease of 15.66% from that in the same period of last year; the net profit attributable to equity shareholders of the Company amounted to RMB7.516 billion, representing a decrease of 31.63% from that in the same period of last year; and earnings per share were RMB1.42, representing a decrease of RMB0.65 per share from that in the same period of last year. In accordance with the IFRS, the revenue amounted to RMB50.976 billion, representing a decrease of 16.10% from that in the same period of last year; the net profit attributable to equity shareholders of the Company amounted to RMB7.539 billion, representing a decrease of 31.35% from that in the same period of last year; and earnings per share were RMB1.42.

During the Reporting Period, the Group promoted steady progress in project construction. Five clinker production lines of Guiyang Conch Panjiang Cement Co., Ltd. and Qiyang Conch Cement Co., Ltd. as well as 17 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 six aggregate projects of Yiyang Conch Cement Co., Ltd. and Qianxian Conch Cement Co., Ltd. had been completed. As a result, the clinker, cement and aggregate production capacity increased by 11.5 million tonnes, 22.5 million tonnes and 9 million tonnes respectively. In addition, the Group successfully acquired the cement assets of Jiangxi Shengta Industrial Group Co., Ltd and its subsidiaries, increasing its clinker and cement production capacity by 4.8 million tonnes and 5.4 million tonnes respectively.

As at the end of the Reporting Period, the clinker, cement and aggregate production capacity of the Group reached 229 million tonnes, 290 million tonnes and 23.4 million tonnes respectively, and the total installed capacity of residual heat electricity generation amounted to 1,183MW. In 2015, the Group produced an aggregate of 207 million tonnes of clinker and 224 million tonnes of cement, representing a year-on-year increase of 5% and 2% respectively.

The Group had taken proactive and prudent measures to facilitate international development. Construction of the phase-two project of PT Conch South Kalimantan Cement, the Merak grinding mill project and the project in Papua Barat in Indonesia, as well as the project in Kyaukse of Burma were in full swing. For the cement projects in North Sulawesi of Indonesia, Vientiane and Luang Prabang of Laos as well as Battambang of Cambodia, the relevant preliminary works made smooth progress.

Meanwhile, the Group continued to push ahead with the development of energy conservation and environmental protection in cement projects. The 10 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 94.5MW. The Group continued to implement low-NOx staged combustion technology modification and selective non-catalytic reduction 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. Detailed description of major measures taken by the Group to comply with the environmental protection policies and regulations, perform its environmental protection responsibility and enhance safety management can be found in the 2015 Social Responsibility Report of the Company, which will be published on each of the websites of the SSE, the Stock Exchange and the Company on the same day as the annual report of the Company for the year ended 31 December 2015 is released.

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 2015, the Group realised an aggregate net sales volume of cement and clinker of 256 million tonnes, representing a year-on-year growth of 3%.

Markets and Sales by Region

Sales Amount by Region

Region	2015 Sales amount (RMB'000)	2015 Percentage (%)	2014 Sales amount (RMB'000)	2014 Percentage (%)	Changes in sales amount (%)	Change in sales proportion (percentage points)
Eastern China[Note 1]	14,100,865	28.36	18,794,531	31.87	-24.97	-3.51
Central China[Note 2]	14,281,637	28.72	16,053,244	27.23	-11.04	1.49
Southern China[Note 3]	8,916,144	17.93	10,831,632	18.37	-17.68	-0.44
Western China[Note 4]	10,533,770	21.18	11,789,818	19.99	-10.65	1.19
Overseas and export	1,896,302	3.81	1,495,310	2.54	-26.82	1.27
Total	**49,728,718**	**100.00**	**58,964,535**	**100.00**	**-15.66**	-

***Notes**: 1. Eastern China mainly includes Jiangsu, Zhejiang, Shanghai and Fujian;*

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

3. Southern China mainly includes Guangdong and Guangxi;

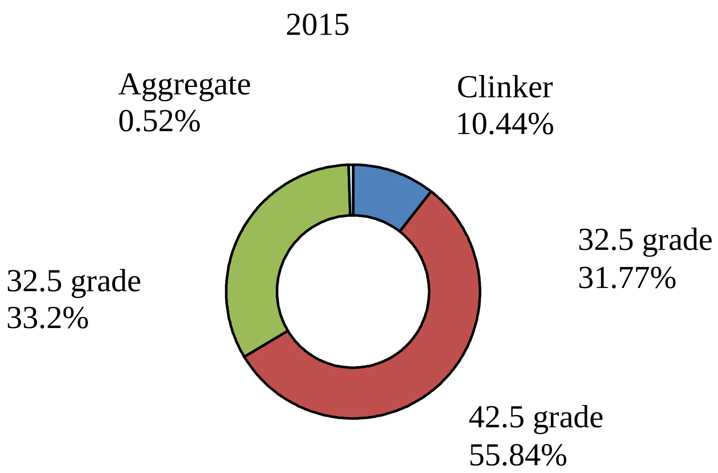
4. Western China mainly includes Sichuan, Chongqing, Guizhou, Yunnan, Gansu and Shaanxi.

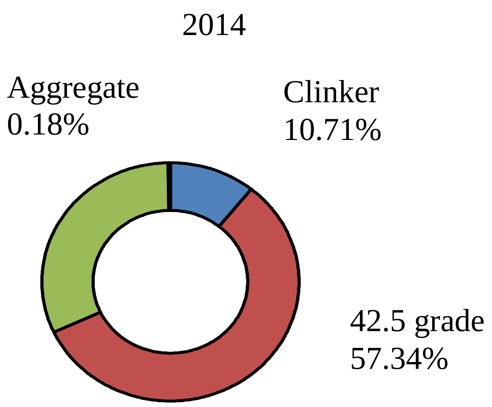
During the Reporting Period, due to the substantial decrease in product prices, sales revenue of the Group reduced by varying degrees between regions. However, with the mergers and acquisitions made by the Company and the release of production capacity of the new projects, which further reinforced the Group's market dominance and competitiveness in Central and Western China, the sales volume of cement and clinker increased by 5.51% and 5.79% respectively on a year-on-year basis. Meanwhile, with increased sales volume in the international cement market and the success of the Group's efforts in exploring the Indonesian market, the overseas and export sales volume increased by 51.74% on a year-on-year basis.

Sales by Type of Products

During the Reporting Period, the sales contribution of the 32.5-grade cement increased by 1.43 percentage points year-on-year to 33.2%; the sales contribution of the 42.5-grade cement decreased by 1.5 percentage points year-on-year to 55.84%, and the sales contribution of clinker decreased by 0.27 percentage point year-on-year to 10.44%. The Group also recorded sales revenue of aggregate in an amount of RMB258.21 million.

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 (%)
	2015 (RMB'000)	2014 (RMB'000)	
Revenue from principal activities	49,728,718	58,964,535	-15.66
Profit from operations	8,666,508	13,823,479	-37.31
Profit before taxation	10,039,397	14,882,810	-32.54
Net profit attributable to equity shareholders of the Company	7,516,385	10,993,022	-31.63

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 37.31%, 32.54% and 31.63% respectively.

Gross profit margin by type of products in 2015 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	27,772,315	20,235,230	27.14	33.48	-6.34
32.5-grade cement	16,508,092	11,351,321	31.24	36.89	-5.65
Clinker	5,190,106	4,035,878	22.24	32.60	-10.36
Aggregate and carpolite	258,205	139,569	45.95	51.16	-5.21
Total	**49,728,718**	**35,761,998**	**28.09**	**34.50**	**-6.41**

(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 6.41 percentage points to 28.09%, among which, the gross profit margins of the 42.5-grade cement, the 32.5-grade cement and the clinker decreased by 6.34 percentage points, 5.65 percentage points and 10.36 percentage points on a year-on-year basis respectively.

ANALYSIS OF COSTS AND EXPENSES

Consolidated costs of cement and clinker in 2015 and their year-on-year change

Item	2015		2014		Change in unit costs (%)	Change in costs proportion (percentage points)
	Unit costs (RMB/tonne)	Percentage (%)	Unit costs (RMB/tonne)	Percentage (%)		
Raw materials	24.32	17.51	30.62	19.79	-20.57	-2.28
Fuel and power	80.91	58.25	92.62	59.86	-12.64	-1.61
Depreciation expense	12.90	9.29	11.59	7.49	11.30	1.80
Labor cost and others	20.77	14.95	19.90	12.86	4.37	2.09
Total	**138.90**	**100.00**	**154.73**	**100.00**	**-10.23**	

During the Reporting Period, the consolidated costs of the Company decreased by 10.23% or RMB15.83/tonne year-on-year to RMB138.90/tonne, which was mainly due to the decline in coal price and 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	2015 Amount (RMB'000)	2014 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	3,105,094	2,936,835	6.24	4.98	1.26
Administrative expenses	3,177,596	2,679,858	6.39	4.54	1.85
Financial expenses (net)	569,501	714,489	1.15	1.21	-0.06
Total	**6,852,191**	**6,331,182**	**13.78**	**10.73**	**3.05**

During the Reporting Period, the Group's selling, administrative and financial expenses in aggregate as a percentage to revenue generated from principal activities was 13.78%, up by 3.05 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	As at 31 December 2015 (RMB'000)	As at 31 December 2014 (RMB'000)	Change as at the end of the Reporting Period compared to those as at the beginning of the year (%)
Fixed assets	61,695,521	57,250,500	7.76
Current and other assets	44,085,871	45,002,597	-2.04
Total assets	105,781,392	102,253,097	3.45

Current liabilities	20,402,162	14,397,009	41.71
Non-current liabilities	11,467,659	18,244,847	-37.15
Minority interests	3,419,683	3,394,633	0.74
Total equity attributable to shareholders of the Company	70,491,888	66,216,608	6.46
Total liabilities and equity	**105,781,392**	**102,253,097**	**3.45**

As at 31 December 2015, the Group's total assets and liabilities prepared in accordance with the PRC Accounting Standards amounted to RMB105,781.39 million and RMB31,869.82 million respectively, representing an increase of 3.45% and a decrease of 2.37% respectively as compared to those at the end of the previous year, while the current and non-current liabilities amounted to RMB20,402.16 million and RMB11,467.66 million respectively, representing an increase of 41.71% and a decrease of 37.15% respectively as compared to those at the end of the previous year, which was mainly due to the re-classification of certain outstanding corporate bonds to non-current liabilities due within one year according to the maturity dates of corporate bonds. As at 31 December 2015, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 30.13%, representing a decrease of 1.79 percentage points as compared to that at the end of the previous year.

Please refer to Note 12 to the financial statements prepared in accordance with the PRC Accounting Standards for information of the contingent liabilities of the Group.

As at 31 December 2015, total equity attributable to shareholders of the Company amounted to RMB70,491.89 million, representing an increase of 6.46% as compared to that at the end of the previous year. Net assets per share attributable to shareholders of the Company was RMB13.30, representing an increase of RMB0.80/share as compared to that at the end of the previous year.

As at 31 December 2015, the total current assets and total current liabilities of the Group prepared in accordance with the PRC Accounting Standards amounted to RMB26,206.38 million and RMB20,402.16 million respectively, with a current ratio of 1.28:1 (corresponding period last year: 1.74:1). The year-on-year decrease in current ratio was mainly due to the increase in long-term liabilities due within one year. The total current assets and total current liabilities of the Group prepared in accordance with the IFRSs amounted to RMB26,426 million and RMB20,402.16 million respectively, with net gearing ratio of 0.11 (corresponding period last year: 0.11), which was stable. 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 2015 is as follows:

	As at 31 December 2015 (RMB'000)	**As at 31 December 2014 (RMB'000)**
Due within 1 year	1,447,818	2,329,167
Due after 1 year but within 2 years	328,001	799,273
Due after 2 years but within 5 years	1,336,986	1,095,273
Due after 5 years	581,414	209,975
Total	3,694,219	4,433,688

As at 31 December 2015, the Group's aggregate bank borrowings were RMB3,694.22 million, representing a decrease of RMB739.47 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.

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, 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 the cash flow generated from realization of investment.

Analysis of Cash Flow

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

	2015 (RMB'000)	**2014 (RMB'000)**	**Changes (%)**
Net cash flows generated from operating activities	9,908,174	17,654,489	-43.9
Net cash flows generated from investment activities	-12,719,267	-4,851,114	-162.2

Net cash flows generated from financing activities	-5,395,324	-6,785,676	20.5
Effect of exchange rate movement on cash and cash equivalents	-20,670	-24,510	-15.7
Net (decrease) / increase in cash and cash equivalents	-8,227,087	5,993,189	-237.3
Balance of cash and cash equivalents at the beginning of the year	12,512,121	6,518,932	91.9
Balance of cash and cash equivalents at the end of the year	4,285,034	12,512,121	-65.8

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB9.908 billion, representing a decrease of RMB7.746 billion as compared to that of last year. Such decrease was mainly due to the decrease in the Group's revenue.

During the Reporting Period, the Group's net cash outflows from investment activities increased by RMB7.868 billion as compared to that of last year, mainly due to the increase in term deposits with a maturity of over three months by the Group.

During the Reporting Period, the Group's net cash outflows from financing activities decreased by RMB1.39 billion as compared to that of last year, primarily attributable to the decrease in the Group's repayment of borrowings due as compared to that of last year.

As at 31 December 2015, 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 2015 (RMB'000)	**As at 31 December 2014 (RMB'000)**
Authorized and contracted for	2,071,104	2,416,216
Authorized but not contracted for	3,787,573	5,518,527
Total	**5,858,677**	**7,934,743**

OUTLOOK FOR 2016

In 2016, the PRC government will continue to implement proactive fiscal policy and prudent monetary policy, so as to promote the stable and healthy development of the economy. A year-on-year GDP growth rate of 6.5% to 7% is anticipated. (Source: Government Work

Report of 2016)

In 2016, continuous slowdown in the growth of fixed asset investments and property investments will yield growing imbalance between supply and demand in the cement industry. Especially in the first half of the year, market competition will be intensified. The industry is expected to run a bigger deficit, while high-cost and uncompetitive small and medium enterprises will be forced out of the market. Commencement of construction of infrastructure projects in the second half of the year is expected to accelerate, leading to an increase in cement demand. As to supply-side reform, the National Development and Reform Commission and Ministry of Industry and Information Technology of the PRC jointly promulgated the "Notice on Issues regarding the Implementation of Tiered Electricity Rate Policies for Cement Enterprises" (Fagaijiage [2016] No.75), pursuant to which tariffs will vary according to different electricity consumption by the cement enterprises. Such will significantly increase the electricity costs of enterprises with huge energy consumption, thereby accelerating the phase-out of backward production capacity. With the deepening of supply-side reform, more policies and measures are expected to be launched by the relevant authorities, with an aim to mitigate the imbalance between supply and demand in the cement industry and promote industrial restructuring and upgrade.

Seizing the favourite opportunities arising from the restructuring of the cement industry in the PRC and adhering to its established principles and standards, the Group will carry out mergers and acquisitions of projects, so as to further improve its domestic market network. Furthermore, the Group will accelerate the geographical coverage expansion of the aggregate business, so as to extend the industrial chain and facilitate sustainable development of the Company. Meanwhile, the Group will continue to proactively promote the implementation of its internationalization development strategy. Efforts will be made to push ahead with the construction of the Merak grinding mill project and the cements projects in Papua Barat in Indonesia, and cement projects in Kyaukse, Burma, with an aim to ensure commencement of production as scheduled. The Group will roll out marketing campaigns to create favourable conditions for product launch.

In 2016, the Group's planned capital expenditure amounts to approximately RMB9.5 billion, which will be funded primarily by internal resources and supplemented by bank loans and mainly used in the construction of domestic projects and overseas projects and payment of the contracted M&A projects. It is expected that the clinker and cement production capacity will increase by approximately 9.2 million tonnes and 22.53 million tonnes respectively for the full year.

In respect of operation management, the Group will closely monitor changes in the domestic and overseas business environment, and will study and assess the market conditions more closely and adopt the strategy of "one policy for one region and one policy for one plant", so as to consolidate and expand its market share. Meanwhile, the Group will continue to strengthen benchmark management and leverage the changes in the market conditions of bulk raw materials and fuels such as coal, to lower costs and increase efficiency, with an aim to reinforce the market competitiveness of its products. The Group will accelerate the grooming of talents, so as to secure the human resources required for the Company's full implementation of its internationalization strategy. The Group plans to increase the net sales volume of cement and clinker by approximately 10% year on year. It is expected that the cost and expense of products per tonne will decrease as compared to that of last year.

VII. Profit appropriation proposal

Based on the financial data prepared in accordance with the PRC Accounting Standards and IFRS respectively, the Group's profit after tax and minority interests for year 2015 amounted to RMB7,516.39 million and RMB7,538.7 million respectively. The Board proposed the appropriation of the profit for the year ended 31 December 2015 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 2015.

(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 2015, the payment of a final dividend of RMB0.43 per share (tax inclusive) is proposed, totaling RMB2,278.7 million.

The above profit appropriation proposal is subject to consideration and approval by shareholders of the Company at the annual general meeting for year 2015.

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 2015 and audited consolidated statement of financial position of the Group at 31 December 2015 together with the 2014 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 2015

	Note	*2015* RMB'000	*2014* RMB'000
Revenue	4(3)	50,976,036	60,758,501
Cost of sales and services rendered		(37,266,992)	(40,560,092)
Gross profit		13,709,044	20,198,409
Other revenue	4(4)	1,790,723	1,468,056
Other net income	4(4)	1,876,298	(17,337)
Selling and marketing costs		(3,105,094)	(2,936,834)
Administrative expenses		(3,184,451)	(2,686,838)
Profit from operations		11,086,520	16,025,456
Finance costs		(962,821)	(1,038,936)
Share of losses of associates		(37,815)	(55,228)
Share of losses of joint ventures		(364)	(4,250)
Profit before taxation		10,085,520	14,927,042
Income tax	4(5)	(2,440,472)	(3,360,183)
Profit for the year		7,645,048	11,566,859
Attributable to:			
Equity shareholders of the Company		7,538,700	10,980,917
Non-controlling interests		106,348	585,942
Profit for the year		7,645,048	11,566,859
Earnings per share	4(7)		
– Basic		RMB1.42	RMB 2.07
– Diluted		RMB1.42	RMB 2.07

2. Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2015

	2015 RMB'000	*2014* RMB'000
Profit for the year	7,645,048	11,566,859
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	24,862	(29,630)
Available-for-sale equity securities: net movement in the fair value reserve	173,508	987,990
Share of other comprehensive income of the investees	11,500	-
	209,870	958,360
Total comprehensive income for the year	7,854,918	12,525,219
Attributable to:		
Equity shareholders of the Company	7,744,458	11,946,858
Non-controlling interests	110,460	578,361
Total comprehensive income for the year	7,854,918	12,525,219

3. Consolidated statement of financial position at 31 December 2015

	Note	*2015*		*2014*	
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment					
- Investment properties			40,156		32,114
- Other property, plant and equipment			64,107,776		62,469,127
- Lease prepayments			4,489,095		4,043,759
Intangible assets			2,878,148		2,805,160
Goodwill	4(10)		463,731		374,557
Interest in associates			2,207,688		2,207,368
Interest in joint ventures			767,749		436,776
Loans and receivables			251,964		394,873
Available-for-sale equity securities			3,249,600		3,935,395
Deferred tax assets			453,936		283,477
Prepayment for an acquisition of business			445,547		-
			79,355,390		76,982,606
Current assets					
Inventories		4,238,039		4,375,977	
Trade receivables	4(8)	4,887,786		4,218,815	
Prepayments and other receivables		2,168,399		2,152,632	
Amounts due from related parties		316,079		212,754	
Tax recoverable		344,253		158,707	
Restricted cash deposits		186,412		139,485	
Bank deposits with maturity over three months		10,000,000		1,500,000	
Cash and cash equivalents		4,285,034		12,512,121	
		26,426,002		25,270,491	
Current liabilities					
Trade payables	4(9)	3,872,683		4,014,855	
Other payables and accruals		7,506,032		7,188,773	
Bank loans and other borrowings		8,445,248		2,329,168	
Amounts due to related parties		319,043		350,316	
Current portion of long-term payables		-		1,959	
Current taxation		259,155		511,936	
		20,402,161		14,397,007	
Net current assets			6,023,841		10,873,484
Total assets less current liabilities			85,379,231		87,856,090

3. Consolidated statement of financial position at 31 December 2015 (continued)

	2015		*2014*	
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current liabilities				
Bank loans and other borrowings	10,739,682		17,587,076	
Long-term payables	-		5,617	
Deferred income	536,693		514,140	
Deferred tax liabilities	558,347		522,173	
		11,834,722		18,629,006
NET ASSETS		73,544,509		69,227,084
CAPITAL AND RESERVES				
Share capital		5,299,303		5,299,303
Reserves		64,848,267		60,550,673
Total equity attributable to equity shareholders of the Company		70,147,570		65,849,976
Non-controlling interests		3,396,939		3,377,108
TOTAL EQUITY		73,544,509		69,227,084

4. Notes to the financial statements

(1) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2015 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 Group's audited 2015 financial statements.

(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:

- Amendments to IFRS 19, Employee benefits: Defined benefit plans: Employee contributions
- Annual Improvements to IFRSs 2010-2012 Cycle
- Annual Improvements to IFRSs 2011-2013 Cycle

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 amended IFRSs are discussed below:

Amendments to IFRS 19, Employee benefits: Defined benefit plans: Employee contributions

The amendments introduce a relief to reduce the complexity of accounting for certain contributions from employees or third parties under defined benefit plans. When the contributions are eligible for the practical expedient provided by the amendments, a company is allowed to recognise the contributions as a reduction of the service cost in the period in which the related service is rendered, instead of including them in calculating the defined benefit obligation. The amendments do not have an impact on these financial statements as the Group does not have the defined benefit plans.

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

(2) Changes in accounting policies (continued)

These two cycles of annual improvements contain amendments to nine standards with consequential amendments to other standards. Among them, IAS 24, Related party disclosures has been amended to expand the definition of a "related party" to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Group's related party disclosures as the Group does not obtain key management personnel services from management entities.

(3) Revenue and segment reporting

(a) Revenue

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

Revenue 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 is as follows:

	2015 RMB'000	*2014* RMB'000
Sales of clinkers and cement products	49,728,718	58,964,535
Sales of materials and other products	726,819	1,145,854
Service income	520,499	648,112
	50,976,036	60,758,501

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: Eastern China, Central China, Southern China, Western China and Overseas. All segments are primarily engaged in the manufacturing 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 Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS") issued by the Ministry of Finance ("MOF") of PRC. Segment liabilities include all liabilities in the financial statements prepared in accordance with CAS.

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 CAS.

The measure used for reporting segment profit is profit before taxation in accordance with CAS.

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) Revenue 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 2015 and 2014 is set out below:

For the year ended 31 December 2015

	Eastern China	*Central China*	*Southern China*	*Western China*	*Overseas*	*Subtotal*	*Reconciling items (note b(ii))*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	14,007,025	15,739,839	9,975,322	10,791,508	462,342	50,976,036	-	50,976,036
Inter-segment revenue	2,438,873	13,487,341	123,566	21,954	-	16,071,734	(16,071,734)	-
Reportable segment revenue	16,445,898	29,227,180	10,098,888	10,813,462	462,342	67,047,770	(16,071,734)	50,976,036
Reportable segment profit/(loss) (profit before taxation)	761,481	10,526,490	1,997,839	1,110,409	(212,044)	14,184,175	(4,098,655)	10,085,520
Interest income	8,292	942,736	11,334	15,454	1,089	978,905	(526,477)	452,428
Interest expense	(140,018)	(873,260)	(106,118)	(240,534)	(73,906)	(1,433,836)	471,015	(962,821)
Depreciation and amortisation for the year	(435,672)	(1,969,698)	(628,759)	(1,361,913)	(71,573)	(4,467,615)	8,296	(4,459,319)
Reportable segment assets (including investment in associates and joint ventures)	9,669,151	84,432,310	11,443,584	28,343,247	4,064,860	137,953,152	(32,171,760)	105,781,392
Investment in associates and joint ventures	-	531,215	-	2,164,224	279,998	2,975,437	-	2,975,437
Additions to non-current segment assets during the year	397,201	2,921,719	858,563	2,391,939	473,637	7,043,059	-	7,043,059
Reportable segment liabilities	5,711,212	17,618,846	3,777,153	16,598,155	3,717,995	47,423,361	(15,186,478)	32,236,883

(3) Revenue 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 2015 and 2014 is set out below (continued):

For the year ended 31 December 2014

	Eastern China	*Central China*	*Southern China*	*Western 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	23,579,451	3,682,951	13,796,078	1,357,708	48,684,390	(15,658,377)	33,026,013

(3) Revenue and segment reporting (continued)

(b) Segment reporting (continued)

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

	2015 RMB'000	*2014* RMB'000
Revenue		
Elimination of inter-segment revenue	(16,071,734)	(19,515,017)

	2015 RMB'000	*2014* RMB'000
Profit		
Elimination of inter-segment profits	(4,144,779)	(4,988,922)
Difference between CAS and IFRS*	46,124	44,234
	(4,098,655)	(4,944,688)

	2015 RMB'000	*2014* RMB'000
Assets		
Elimination of inter-segment balances	(32,171,760)	(28,340,649)

	2015 RMB'000	*2014* RMB'000
Liabilities		
Elimination of inter-segment balances	(15,553,540)	(16,042,536)
Difference between CAS and IFRS*	367,062	384,159
	(15,186,478)	(15,658,377)

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

(3) Revenue and segment reporting (continued)

(b) Segment reporting (continued)

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets, goodwill, interests in associates and joint ventures, 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*	
	2015	*2014*	*2015*	*2014*
	RMB'000	RMB'000	RMB'000	RMB'000
The PRC	48,970,188	59,265,433	73,273,017	71,325,209
Others	2,005,848	1,493,068	2,378,837	1,438,525
	50,976,036	60,758,501	75,651,854	72,763,734

(4) Other revenue and net income

	2015	*2014*
	RMB'000	RMB'000
Other revenue		
Interest income	452,428	419,999
Subsidy income	1,328,910	1,018,565
Dividend income from listed securities	9,385	29,492
	1,790,723	1,468,056

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)

	2015	*2014*
	RMB'000	RMB'000
Other net income		
Net gain/(loss) on disposal of property, plant and equipment and lease prepayments	69,627	(4,022)
Net realised and unrealised gains on trading securities	-	8,083
Net realised and unrealised gains on derivative financial instruments	83,584	21,806
Available-for-sale securities: net gain on disposal	648,699	-
Net gain on disposal of interest in an associate	1,152,149	-
Net exchange loss	(52,113)	(87,991)
Negative goodwill	-	13,090
Others	(25,648)	31,697
	1,876,298	(17,337)

(5) Income tax in the consolidated statement of profit or loss

	2015	*2014*
	RMB'000	RMB'000
Current tax-PRC Corporate Income Tax		
Provision for the year	2,609,050	3,424,448
Under/(over)-provision in respect of prior years	23,543	(9,567)
	2,632,593	3,414,881
Deferred tax		
Origination and reversal of temporary differences	(192,121)	(54,698)
	2,440,472	3,360,183

No provision for Hong Kong Profits Tax is made for 2015 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% (2014: 25%) on taxable income determined according to the relevant income tax rules and regulations of the PRC, except for:

Pingliang Conch Cement Co., Ltd. ("Pingliang Conch") 平凉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%
Guangxi Sihegongmao Co., Ltd. ("Sihegongmao") 廣西四合工貿有限責任公司 (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%
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%

(5) Income tax in the consolidated statement of profit or loss (continued)

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

Sichuan Nanwei Cement Co., Ltd. ("Nanwei Cement") 四川南威水泥有限公司(Note (i))	15%
Shuicheng Conch Panjiang 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.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. These 16 companies mentioned above got approval from local tax authorities and entitled to a preferential income tax rate of 15% in 2015.

(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.

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

	2015 RMB'000	*2014* RMB'000
Profit before taxation	10,085,520	14,927,042
Notional tax on profit before taxation calculated at 25% (2014: 25%)	2,521,380	3,731,761
Tax effect of subsidiaries subject to tax rates other than 25%	(104,038)	(424,620)
Tax effect of non-deductible expenses	38,221	21,322
Tax effect of non-taxable income	(37,456)	(26,375)
Reversal of tax effect of prior years' unused tax losses recognised	231	69,862
Under/(over)-provision in respect of prior years	23,543	(9,567)
Others	(1,409)	(2,200)
Actual tax expense	2,440,472	3,360,183

(6) Dividends

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

	2015	*2014*
	RMB'000	RMB'000
Final dividend proposed after the statement of financial position date of RMB0.43(2014: RMB0.65) per ordinary share	2,278,700	3,444,547

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:

	2015	*2014*
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.65 (2014: RMB0.35) per ordinary share	3,444,547	1,854,756

(7) 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 2015 of RMB 7,538,700,000 (2014: RMB 10,980,917,000) and the weighted average number of shares in issue during the year ended 31 December 2015 of 5,299,303,000 shares (2014: 5,299,303,000 shares).

(b) Diluted earnings per share

The Company had no dilutive potential ordinary shares outstanding during the years ended 31 December 2015 and 2014.

(8) Ageing analysis of trade receivables

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

	2015	*2014*
	RMB'000	RMB'000
Within 1 year (inclusive)	4,887,786	4,218,815

Trade debtors are due within 30 to 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.

(9) 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:

	2015	*2014*
	RMB'000	RMB'000
Within 1 year (inclusive)	3,832,499	3,984,848
Between 1 year and 2 years (inclusive)	28,721	22,830
Between 2 years and 3 years (inclusive)	9,015	4,577
Over 3 years	2,448	2,600
	3,872,683	4,014,855

(10) Business combinations

The Group acquired certain core assets which constitute to a business under IFRS 3, "Business Combinations", from three independent third parties during the year ended 31 December 2015. The acquired core assets are located in the PRC and are principally engaged in the manufacturing and sale of clinkers and cement related products.

During the period from the respective dates of acquisitions to 31 December 2015, these acquired core assets contributed a revenue of RMB 502,640,000 and profit of RMB 33,669,000 to the Group results. If the acquisitions had occurred on 1 January 2015, management estimates that the consolidated revenue of the Group for the year ended 31 December 2015 would have been RMB 51,287,242,000, and the consolidated profit for the year would have been RMB 7,654,587,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the respective dates of acquisition would remain the same even if the acquisitions had all occurred on 1 January 2015.

Name of the company	*Voting right*	*Date of acquisition*	*Principal activities*
Ganzhou Conch Cement Co., Ltd. ("Ganzhou Conch") 贛州海螺水泥有限責任公司	55%	13 June 2015	Manufacture and sale of clinker and cement products

Summary of net assets acquired by the Group in Ganzhou Conch, and the goodwill arising, are as follows:

Fair value of identifiable assets acquired and liabilities assumed:

	RMB'000
Property, plant and equipment	1,709,181
Lease prepayments	129,993
Intangible assets	96,516
Inventories	23,324
Total net identifiable assets of the acquiree	1,959,014

(10) Business combinations (continued)

Goodwill

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

	RMB'000
Total cash consideration	2,048,188
Fair value of identifiable net assets	(1,959,014)
Goodwill arising from the above acquisition	89,174

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.

(11) Contingent liabilities

At 31 December 2015, the Company has issued guarantees to banks in respect of bank loans of its subsidiaries amounting to RMB3,734,132,000 (2014: RMB3,278,605,000). The Company has issued guarantees to banks in respect of banking facilities of its subsidiaries amounting to RMB370,000,000(2014: Nil). The directors do not consider it probable that a claim will be made against the Company under any of these guarantees.

At 31 December 2015, outstanding letters of credit issued by the Group amounted to RMB69,426,000 (2014: RMB135,761,000).

At 31 December 2015, the Group has issued guarantees to banking facilities of its related parties, Papua Cement and Sino-Myanmar International, amounting to RMB1,177,738,000 in aggregate (2014: Nil). These facilities were utilised to the extent of RMB650,458,000 (2014:Nil) as at 31 December 2015.

By order of the Board
Anhui Conch Cement Company Limited
Wang Jianchao
Vice Chairman

Wuhu City, Anhui Province, the PRC
23 March 2016

As at the date of this announcement, the Board comprises (i) 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.