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 2017

Revenue for the six months ended 30 June 2017 ("Reporting Period"), prepared in accordance with the International Financial Reporting Standards ("IFRSs"), amounted to approximately RMB31,907.92 million, representing an increase of approximately 33.10% 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 RMB6,738.73 million, representing an increase of approximately 100.64% over the corresponding period of last year.

As at the end of the Reporting Period, basic earnings per share, prepared in accordance with the IFRSs, were RMB1.27.

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	No. 39 Wenhua Road, Wuhu City, Anhui Province, the PRC
Postal code	241000

2. Contact persons and means of contact

	Company Secretary	Securities affairs representative
Name	Zhou Bo	Liao Dan
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II. Summary of Accounting Data and Operation Information

1. Financial Summary prepared in accordance with the IFRSs

Items	Six months ended 30 June 2017 (RMB'000)	Six months ended 30 June 2016 (RMB'000)	Increase/ (decrease) over the same period of the previous year (%)
Revenue	31,907,916	23,973,109	33.10
Net profit attributable to equity shareholders of the Company	6,738,733	3,358,547	100.64
	As at 30 June 2017 (RMB'000)	**As at 31 December 2016 (RMB'000)**	**Increase/ (decrease) over the beginning of the year (%)**
Total assets	113,320,273	109,514,121	3.48
Total liabilities	29,135,088	29,536,289	-1.36

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

Items	As at 30 June 2017 (RMB'000)	As at 31 December 2016 (RMB'000)	Increase/ (decrease) over the beginning of the year (%)
Total assets	113,320,273	109,514,121	3.48
Total equity attributable to equity shareholders of the	80,383,020	76,608,921	4.93

Items	Six months ended 30 June 2017 (RMB'000)	Six months ended 30 June 2016 (RMB'000)	Increase/ (decrease) over the same period of the previous year (%)
Net cash flow generated from operating activities	5,047,043	4,667,287	8.14
Revenue	31,907,916	23,973,109	33.10
Net profit attributable to equity shareholders of the Company	6,716,723	3,354,918	100.21
Net profit attributable to equity shareholders of the Company after extraordinary items	5,123,433	2,992,606	71.20
Weighted average return on net assets (%)	8.46	4.67	Increased 3.79 percentage points
Basic earnings per share (RMB/per share)	1.27	0.63	100.21
Diluted earnings per share (RMB/per share)	1.27	0.63	100.21

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 66,728 shareholders, 124 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	Pledged or frozen	
					Status	Number of shares
1. Anhui Conch Holdings Co., Ltd. ("Conch Holdings") (Note 1)	State-owned legal person	1,948,869,927	36.78	A Share		
2. HKSCC Nominees Limited (Note 2)	Foreign legal person	1,298,069,385	24.50	H Share		
3. Anhui Conch Venture Investment Co., Ltd. ("Conch Venture") (Note 1)	Domestic non-state-owned legal person	286,713,246	5.41	A Share	Pledged	45,000,000
4. China Securities Finance Corporation Limited	State-owned legal person	203,763,442	3.85	A Share		
5. Hong Kong Securities Clearing Company Limited	Foreign legal person	193,242,506	3.65	A Share		
6. Central Huijin Asset Management Ltd.	State-owned legal person	70,249,600	1.33	A Share		
7. Genesis Asset Managers, LLP – Customer Funds	Others	48,873,161	0.92	A Share		
8. Bank Negara Malaysia	Others	28,279,588	0.53	A Share		

9. T. Rowe Price –Customer Funds	Others	22,751,207	0.43	A Share		
10. FIL Investment Management (Hong Kong) Limited – Customer Funds	Others	22,485,906	0.42	A Share		

Notes:

(1) During the Reporting Period, there was no change in the number of the shares of the Company held by Conch Holdings and Conch Venture respectively. The shares in the Company held by Conch Holdings were not subject to any pledge, freezing order or trust. 45,000,000 shares of the Company held by Conch Venture were pledged to Guoyuan Securities Company Limited during the Reporting Period for a term of one year, details of which were set out in the announcement of the Company dated 2 June 2017 published on the SSE website.

(2) HKSCC Nominees Limited held 1,298,069,385 H Shares, representing 24.50% of the total share capital of the Company, and 99.88% of the issued H Share capital of the Company. These shares were held on behalf of various clients.

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

(4) The Board is not aware of any connected relationship or acting in concert relationship among the above-mentioned shareholders.

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 (“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

ANALYSIS ON THE OPERATIONAL CONDITIONS FOR THE FIRST HALF OF 2017

(1) Overview of operation development

In the first half of 2017, the Group strove to overcome a number of adverse factors including rising prices for raw materials and fuels and outstanding contradiction between market supply and demand, and seized the favorable opportunities arising from further implementation of supply-side structural reform and promotion of off-peak season production due to the seasonal characteristics of the industry by conducting careful study and analysis of the market conditions. The Group adhered to the marketing strategy of "implementation of differential policies with one policy for one region", achieving stable increase in sales volume and significant increase in product price. The Group made bulk procurement of raw materials and fuels and optimized resource allocation, putting effective control over procurement costs. Moreover, the Group has made efforts to strengthen indicator management and control over production and operation, so as to improve operation quality and achieve better operating results.

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group's revenue generated from its principal activities amounted to RMB30.986 billion, representing an increase of 32.42% from that for the corresponding period of last year; the net profit attributable to equity shareholders of the Company amounted to RMB6.717 billion, representing an increase of 100.21% from that for the corresponding period of last year; and earnings per share were RMB1.27, representing an increase of RMB0.64 per share from that for the corresponding period of last year. In accordance with the IFRSs, the revenue amounted to RMB31.908 billion, representing an increase of 33.10% from that for the corresponding period of last year; the net profit attributable to equity shareholders of the Company amounted to RMB6.739 billion, representing an increase of 100.64% from that for the corresponding period of last year; and earnings per share were RMB1.27.

During the Reporting Period, the Group continued to promote the construction of domestic projects. Seven cement grinding units of Quanjiao Conch Cement Co., Ltd., Anhui Xuancheng Conch Cement Co., Ltd. and Nantong Conch Cement Co., Ltd. had successively completed construction and been put into operation. Regarding overseas development, the Group proactively pushed forward the construction and development of overseas projects. Phase two of the Merak grinding mill project in Indonesia had completed construction and been put into production. The construction of the cement projects of Conch North Sulawesi Cement, PT ("Conch North Sulawesi") and Battambang Conch Cement Co., Ltd. ("Battambang Conch") of Cambodia had entered into the peak phase, and Luangprabang Conch Cement Co., Ltd. ("Luangprabang Conch") of Laos had made steady progress. The preliminary works for the projects of Conch Cement Volga Co., Ltd. ("Volga") in Russia, Vientiane of Laos and Mandalay of Myanmar had made smooth progress. As at the end of the Reporting Period, the production capacity of clinker, cement and aggregates of the Group amounted to 244 million tonnes, 333 million tonnes and 24.9 million tonnes respectively.

The Group continued to push ahead technology improvement in respect of energy conservation and environmental protection, and tightened supervision and management of subsidiaries' environmental protection activities, insisting on the sustainable development of the Group. The Group carried out upgrade and improvement of the SNCR denitration technology and explored and developed effective desulphurization technology, so as to ensure the discharge of pollutants such as NO_x and SO_2 meets the specified standards. The Group continued to implement technology improvement on the roller presses of cement grinding mills, decomposition furnaces of clinker production lines and raw mill's three-fan systems, and had achieved positive results in energy conservation and emission reduction. In order to implement the low-carbon development strategy advocated by the government, the Baimashan cement plant of the Group piloted the construction of the "Demonstration Project for Collection and Purification of CO_2 from the Smoke emitted by Cement Kilns", with an aim to lower carbon emission and perform our social responsibility as a major enterprise.

(2) Sales market overview

During the Reporting Period, the Group realized an aggregate net sales volume of cement and clinker of 134 million tonnes, representing a year-on-year growth of 4.60%.

Markets and sales by region

Sales amount by region

Region	Six months ended 30 June 2017		Six months ended 30 June 2016		Change in sales amount (%)	Change in sales proportion (Percentage points)
	Sales amount (RMB'000)	Percentage (%)	Sales amount (RMB'000)	Percentage (%)		
East China [Note 1]	9,116,529	29.42	6,300,176	26.92	44.70	2.50
Central China [Note 2]	9,011,389	29.08	6,800,205	29.06	32.52	0.02
South China [Note 3]	4,752,450	15.34	4,158,615	17.77	14.28	-2.43
West China [Note 4]	6,959,322	22.46	4,992,602	21.34	39.39	1.12
Export and overseas	1,146,068	3.70	1,148,857	4.91	-0.24	-1.21
Total	**30,985,758**	**100.00**	**23,400,455**	**100.00**	**32.42**	**-**

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

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

3. South China mainly includes Guangdong and Guangxi;

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

During the Reporting Period, sales amount of the Group increased by varying degrees between regions due to an increase in both composite selling price and sales volume of our products.

In **East China** and **Central China**, the Company achieved growth in sales volume and significant increase in product prices through market operation, recording a year-on-year increase in sales amount of 44.70% and 32.52% respectively.

In **South China**, the Company took proactive initiatives in response to the effect of new production capacity, with meager decrease in sales volume and increase in selling price, with a year-on-year increase in sales amount of 14.28%.

In **West China**, the Company seized the favorable opportunity arising from the increasing market demand and promotion of off-peak season production due to the seasonal characteristics of the industry to achieve steady increase in both sales volume and prices, recording a year-on-year increase in sales amount of 39.39%.

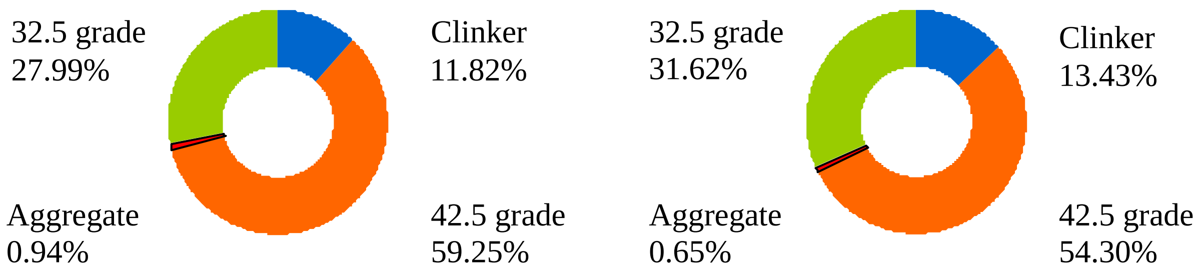
Being affected by the increasing demand from the domestic market and periodic shortage in clinker resources, and from the perspective of maximizing overall profit, the Group increased export of cement products and controlled export of clinker products, recording a year-on-year decrease in export sales amount of 17.79%. With the commencement of production of overseas projects and increased efforts to explore the overseas markets, overseas sales volume recorded a year-on-year increase of 85.31% and the sales amount increased by 100.06% on a year-on-year basis.

Sales by type of products

During the Reporting Period, the sales contribution of the 42.5-grade cement increased by 4.95 percentage points year-on-year to 59.25%; the sales contribution of the 32.5-grade cement decreased by 3.63 percentage points year-on-year to 27.99%; the sales contribution of clinker decreased by 1.61 percentage points year-on-year to 11.82%; and sales contribution of aggregate increased by 0.29 percentage point year-on-year to 0.94%.

Percentage of sales amount by type of products

Six months ended 30 June 2017 | Six months ended 30 June 2016



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

(3) Profit analysis

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

Item	Amount		Change from that for the corresponding period of last year (%)
	Six months ended 30 June 2017 (RMB'000)	Six months ended 30 June 2016 (RMB'000)	
Revenue from principal activities	30,985,758	23,400,455	32.42

Profit from operations	8,960,541	3,967,759	125.83
Profit before taxation	9,204,537	4,502,989	104.41
Net profit attributable to equity shareholders of the Company	6,716,723	3,354,918	100.21

During the Reporting Period, benefitting from the growth in product sales volume, rise in product selling prices and increase in investment income, the Group's profit from operations, profit before taxation and net profit attributable to equity shareholders of the Company recorded a year-on-year increase of 125.83%, 104.41% and 100.21% respectively.

During the Reporting Period, the Group received investment income of RMB1.86 billion from disposal of its equity interests in several listed companies within the same industry.

Gross profit margin by type of products for the six months ended 30 June 2017 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 corresponding period of last year (%)	Year-on-year change in gross profit margin (percentage points)
42.5 grade cement	18,357,834	12,444,180	32.21	29.65	2.56
32.5 grade cement	8,672,894	5,503,156	36.55	34.74	1.81
Clinker	3,663,475	2,686,558	26.67	24.96	1.71
Aggregate and carpolite	291,555	134,336	53.92	42.27	11.65
Total	**30,985,758**	**20,768,230**	**32.97**	**30.71**	**2.26**

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

During the Reporting Period, due to a substantial rise in product composite selling prices, the consolidated gross profit margin recorded a year-on-year increase of 2.26 percentage points to 32.97%. Among which, the consolidated gross profit margin of aggregate and carpolite increase by 11.65 percentage points year-on-year to 53.92%, which was mainly attributable to the significant increase in product selling price as a result of further improvement in the market supply-and-demand condition due to the efforts by the national and local governments to strengthen the integrated management of mineral resources.

(4) Analysis of costs and expenses

Consolidated costs of cement and clinker for the six months ended 30 June 2017 and their year-on-year changes

Item	Six months ended 30 June 2017		Six months ended 30 June 2016		Change in unit costs (%)	Change in costs proportion (percentage points)
	Unit costs (RMB/tonne)	Percent-age (%)	Unit costs (RMB/ tonne)	Percent-age (%)		
Raw materials	25.66	16.61	22.8	18.05	12.54	-1.44
Fuel and power	97.63	63.19	71.7	56.77	36.16	6.42
Depreciation expense	13.18	8.53	13.48	10.67	-2.23	-2.14
Labor cost and others	18.03	11.67	18.32	14.51	-1.58	-2.84
Total	**154.50**	**100.00**	**126.30**	**100.00**	**22.33**	**-**

During the Reporting Period, the Group recorded consolidated costs of cement and clinker of RMB154.50/tonne, representing a year-on-year increase of RMB28.20/tonne, which was mainly due to a year-on-year increase in raw coal price.

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

Expenses for the period	Amount for the six months ended 30 June 2017 (RMB'000)	Amount for the six months ended 30 June 2016 (RMB'000)	As a percentage of revenue from principal activities for the Reporting Period (%)	As a percentage of revenue from principal activities for the corresponding period of last year (%)	Change in percentage of revenue from principal activities (percentage points)
Selling expenses	1,591,727	1,505,220	5.14	6.43	-1.29
Administrative expenses	1,363,732	1,440,941	4.40	6.16	-1.76
Financial expenses (net)	75,399	182,100	0.24	0.78	-0.54
Total	**3,030,858**	**3,128,261**	**9.78**	**13.37**	**-3.59**

During the Reporting Period, the Group's financial expenses decreased by 58.59% on a year-on-year basis, mainly due to a year-on-year decrease in interest expenses as a result of the repayment of the corporate bonds with a principal amount of RMB7 billion that were already due by the Group last year.

The Group's selling, administrative and financial expenses in aggregate as a percentage to revenue generated from principal activities was 9.78%, having decreased by 3.59 percentage points as compared to the corresponding period of last year. The decrease was mainly attributable to the increase in revenue from principal activities. The total of these three expense items of products per tonne decreased by RMB1.80/tonne or 7.35% year-on-year to RMB22.70/tonne, which was mainly attributable to the increase in sales volume.

(5) Financial position

Asset and liability overview

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

Item	30 June 2017 (RMB'000)	31 December 2016 (RMB'000)	Change as at the end of the Reporting Period as compared to those at the beginning of the year (%)
Fixed assets	61,197,840	62,278,022	-1.73
Current and other assets	52,122,433	47,236,099	10.34
Total assets	113,320,273	109,514,121	3.48
Current liabilities	19,813,463	17,049,224	16.21
Non-current liabilities	9,023,748	12,166,126	-25.83
Total liabilities	28,837,211	29,215,350	-1.29
Minority interests	4,100,042	3,689,850	11.12
Equity attributable to equity shareholders of the Company	80,383,020	76,608,921	4.93
Total liabilities and equity	**113,320,273**	**109,514,121**	**3.48**

As at the end of the Reporting Period, the total assets of the Group prepared in accordance with the PRC Accounting Standards was RMB113.32 billion, representing an increase of 3.48% as compared to that at the end of last year, while the total liabilities amounted to RMB28.837 billion, representing a decrease of 1.29% as compared to that at the end of last year. Of which, current liabilities amounted to RMB19.813 billion, representing an increase of 16.21% as compared to that at the end of last year, and the non-current liabilities amounted to RMB9.024

billion, representing a decrease of 25.83% as compared to that at the end of last year, mainly due to the transfer of the corporate bonds due within one year to the current liabilities. As at the end of the Reporting Period, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 25.45%, representing a decrease of 1.23 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 on the contingent liabilities of the Group.

As at the end of the Reporting Period, equity attributable to equity shareholders of the Company amounted to RMB80.383 billion, representing an increase of 4.93% as compared to that at the end of the previous year; net assets per share attributable to equity shareholders of the Company amounted to RMB15.17, representing an increase of RMB0.71/share as compared to that at the end of the previous year.

As at the end of the Reporting Period, the total current assets and total current liabilities of the Group prepared in accordance with the PRC Accounting Standards amounted to RMB37.061 billion and RMB19.813 billion respectively, with a current ratio of 1.87:1 (as at the end of the previous year: 1.72:1). The year-on-year increase in current ratio was mainly due to the increase in current assets including cash balance and notes receivable during the Reporting Period. The total current assets and total current liabilities of the Group prepared in accordance with the IFRSs amounted to RMB37.113 billion and RMB19.813 billion respectively, with net gearing ratio of 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 the end of the Reporting Period is as follows:

	As at 30 June 2017 (RMB'000)	**As at 31 December 2016 (RMB'000)**
Due within 1 year	2,920,203	2,037,987
Due after 1 year but within 2 years	2,603,800	2,209,147
Due after 2 years but within 5 years	1,646,980	2,883,278
Due after 5 years	607,825	354,825
Total	**7,778,808**	**7,485,237**

As at the end of the Reporting Period, the Group's aggregate bank borrowings balance were RMB7.779 billion, representing an increase of RMB294 million as compared to those at the beginning of the year. The increase was mainly attributable to the additional borrowings of the

Group's subsidiaries during the Reporting Period. Please refer to note 8 to the financial statements prepared in accordance with the PRC Accounting Standards for information on the borrowings bearing fixed interest rate.

Save for the aforesaid borrowings, the Group had outstanding corporate bonds in a principal amount of RMB8.5 billion, of which RMB5 billion would be due within 1 year 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 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

	Six months ended 30 June 2017 (RMB'000)	**Six months ended 30 June 2016 (RMB'000)**	**Changes (%)**
Net cash flows generated from operating activities	5,047,043	4,667,287	8.14
Net cash flows generated from investment activities	-1,265,268	5,662,847	-122.34
Net cash flows generated from financing activities	-2,601,291	-6,549,294	60.28
Effect of exchange rate movement on cash and cash	-10,332	5,907	-274.91
Net increase/(decrease) in cash and cash equivalents	1,170,152	3,786,747	-69.10
Balance of cash and cash equivalents at the beginning of the year	5,799,567	4,285,034	35.34
Balance of cash and cash equivalents at the end of the year	6,969,719	8,071,781	-13.65

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB5.047 billion, representing an increase of RMB380 million as compared to that of last year. Such increase was mainly due to the increase in the Group's operating revenue.

During the Reporting Period, the Group's net cash outflows from investment activities increased by RMB6.928 billion as compared to that of last year, mainly due to the increase in term deposits with a maturity of over three months as compared to that of last year during the Reporting Period.

During the Reporting Period, the Group's net cash outflows from financing activities decreased by RMB3.948 billion as compared to that of last year, primarily attributable to the repayment of corporate bonds due within one year by the Group during the corresponding period of last year.

(6) Capital expenditure

During the Reporting Period, capital expenditure of the Group amounted to approximately RMB1.906 billion, which was primarily used for the construction of cement and clinker production lines of overseas projects and the environmental technological improvement projects.

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

	As at 30 June 2017 (RMB'000)	As at 31 December 2016 (RMB'000)
Authorized and contracted for	1,960,106	2,057,963
Authorized but not contracted for	2,026,686	3,062,212
Total	**3,986,792**	**5,120,175**

(7) Exchange rate risk and related hedging by financial instruments

During the Reporting Period, the Group proactively pushed forward the construction of overseas projects, the payment of which was principally made in local currency or Renminbi with a limited amount in US dollars. The import of equipment, fire-resistant tiles and spare parts was mainly settled in US dollars, while the export of cement and clinker and equipment was usually settled in Renminbi or US dollars. Any change in the exchange rates of such foreign currencies against RMB will directly affect the project construction costs, material procurement costs and export sales revenues of the Group.

In order to effectively reduce foreign exchange risk to ensure an overall managed risk level, the Group implemented centralized management and allocation over foreign funds in the domestic and overseas markets by continuing to promote a management model of foreign fund pool, so as to lower costs of exchange settlement and sales, effectively reducing finance costs. The Company also increased the loans denominated in the currencies of the countries where it invests to an appropriate extent, so as to match the financing currency with the settle requirements. The Company made appropriate foreign exchange payment arrangements based on the import and export plan by adjusting its operation strategy for foreign exchange risk on a timely basis, so as to effectively minimize US dollar exchange rate risk.

PROSPECTS FOR THE SECOND HALF OF THE YEAR

In the second half of 2017, the PRC economy will adhere to the main theme of "making steady progress while maintaining stability" and continue to implement proactive fiscal policies and prudent monetary policies with a focus on the supply-side structural reform. Infrastructure investments will maintain steady growth while the real estate market will show a slowdown and stabilizing trend. It is expected that the overall demand in the cement market will remain stable in the second half of the year. In addition, the government will step up control measures over industries with excessive production capacity by applying control measures such as energy consumption, environmental protection, quality, safety and technology, and strengthen control over mineral resources, so as to squeeze the backward production capacity out of the market. Coupled with the ongoing implementation of off-peak season production, the major enterprises will continue to push forward the merger and consolidation of the industry to further increase industry concentration, which will help to improve the supply-and-demand condition in the market, promote managed competition and stabilize the pricing system.

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 explore market for the newly operated project in Indonesia and to accelerate the construction of the projects of Battambang Conch, Luangprabang Conch and Conch North Sulawesi. The Group will accelerate the preliminary preparation works for projects in Vientiane of Laos, Mandalay of Myanmar and Volga of Russia, and carry out project surveys and market inspections in the countries alongside the "The Belt and Road". Meanwhile, seizing the favorable opportunities arising from the structural adjustment of the PRC cement industry and strengthening the strategic cooperation with major enterprises of the cement industry, the Group will steadily carry out merger and acquisition and restructuring, so as to further fine-tune its strategic domestic market planning. Furthermore, efforts will be made to accelerate the Group's aggregate business development and expand its concrete business presence, in an effort to accelerate the extension of industrial chain.

In respect of operation management, the Group will closely monitor changes in the domestic and overseas economic environment to grasp proper understanding of the supply-and-demand relationship, pursuant to which the Group will implement precise marketing strategy. The Group will adhere to the marketing strategy of "implementation of differential policies with one policy for one region", so as to maintain stable market shares and strive for higher product prices. Meanwhile, the Group will strengthen communication with peers in the industry to push forward joint management in regional market, with an aim to achieve maximized profit. The Group will also continue to implement strict control over costs, make rigorous effort to promote innovation in management and technology, accelerate construction of the information system, step up efforts in safety and environmental protection, so as to improve operation efficiency and further consolidate our competitive strength. Furthermore, the Group will enhance cultivation of talent reserve by implementing talent programme and pushing forward reform on the incentive remuneration mechanism, laying a solid foundation for the future development of the Group.

VII. AUDIT COMMITTEE

Audit Committee ("Audit Committee") of the Board has been established by the Company. The terms of reference adopted by the Audit Committee complied with all 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 interim results as disclosed in this announcement has 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 THIS ANNOUNCEMENT, 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 2017, and unaudited consolidated statement of financial position of the Group as at 30 June 2017, together with the comparative figures at 30 June 2016, prepared in accordance with IFRSs and presented on the basis described in Note 4 below are as follows:

1. Consolidated statement of profit and loss

		Six months ended 30 June	
	Note	*2017*	*2016*
		RMB'000	RMB'000
Revenue	3	31,907,916	23,973,109
Cost of sales and services rendered		(22,017,931)	(16,790,431)
Gross profit		9,889,985	7,182,678
Other revenue	4(a)	752,733	615,533
Other net income	4(b)	1,891,414	198,686
Selling and marketing costs		(1,591,727)	(1,505,220)
Administrative expenses		(1,366,332)	(1,443,531)
Profit from operations		9,576,073	5,048,146
Finance cost	5(a)	(347,715)	(453,795)
Share of profits/(losses) of associates		5,058	(95,686)
Share of (losses)/profits of joint ventures		(5,817)	28,091
Profit before taxation	5	9,227,599	4,526,756
Income tax	6	(2,147,010)	(1,063,906)
Profit for the period		7,080,589	3,462,850

1. Consolidated statement of profit and loss (continued)

	Note	*Six months ended 30 June* *2017* RMB'000	*2016* RMB'000
Attributable to:			
Equity shareholders of the Company		6,738,733	3,358,547
Non-controlling interests		341,856	104,303
Profit for the period		7,080,589	3,462,850
Earnings per share	8		
Basic		RMB1.27	RMB0.63
Diluted		RMB1.27	RMB0.63

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

	Note	*Six months ended 30 June* *2017* RMB'000	*2016* RMB'000
Profit for the period		7,080,589	3,462,850
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		(10,256)	45,121
Available-for-sale equity securities: net movement in fair value reserve	7	(279,819)	(109,886)
Shares of other comprehensive income of the investees		(1,983)	21,921
Other comprehensive income for the period		(292,058)	(42,844)
Total comprehensive income for the period		6,788,531	3,420,006
Attributable to:			
Equity shareholders of the Company		6,449,126	3,306,168
Non-controlling interests		339,405	113,838
Total comprehensive income for the period		6,788,531	3,420,006

3. Consolidated statement of financial position

	Note	*At 30 June 2017* RMB'000	*At 31 December 2016* RMB'000
Non-current assets			
Investment properties		37,565	27,967
Other property, plant and equipment		64,005,155	64,660,953
Lease prepayments		4,803,883	4,819,674
		68,846,603	69,508,954
Intangible assets		2,993,964	2,912,630
Goodwill		493,648	493,648
Interest in associates		1,481,242	2,143,046
Interest in joint ventures		1,148,230	1,172,383
Loans and receivables		254,938	206,830
Available-for-sale equity securities		391,652	2,935,177
Deferred tax assets		568,073	529,547
Prepayment for long-term assets		29,409	28,912
		76,207,759	79,930,767
Current assets			
Inventories		5,449,227	4,548,534
Trade receivables		8,401,777	7,145,293
Prepayments and other receivables		2,224,332	1,904,169
Amounts due from related parties		171,905	301,952
Tax recoverable		79,914	97,423
Restricted cash deposits		315,640	286,417
Bank deposits with maturity over three months		13,500,000	9,500,000
Cash and cash equivalents		6,969,719	5,799,566
		37,112,514	29,583,354

3. Consolidated statement of financial position (continued)

	Note	*At 30 June 2017* RMB'000	*At 31 December 2016* RMB'000
Current liabilities			
Trade payables		4,102,969	4,362,893
Other payables and accruals		6,428,227	7,293,525
Bank loans and other borrowings		7,918,533	4,537,632
Amounts due to related parties		151,282	235,716
Current taxation		1,212,451	619,459
		19,813,462	17,049,225
Net current assets		17,299,052	12,534,129
Total assets less current liabilities		93,506,811	92,464,896
Non-current liabilities			
Bank loans and other borrowings		8,356,928	11,443,109
Deferred income		584,832	569,580
Deferred tax liabilities		379,866	474,375
		9,321,626	12,487,064
NET ASSETS		84,185,185	79,977,832
CAPITAL AND RESERVES			
Share capital		5,299,303	5,299,303
Reserves		74,805,360	71,009,251
Total equity attributable to equity shareholders of the Company		80,104,663	76,308,554
Non-controlling interests		4,080,522	3,669,278
TOTAL EQUITY		84,185,185	79,977,832

4. Notes:

(1) Basis of preparation

This interim financial report of Anhui Conch Cement Company Limited (the "Company") and its subsidiaries (collectively 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 2017.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2016 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2017 annual financial statements. Details of any changes in accounting policies are set out in note 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.

This 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 2016 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 .

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 2016 that is included in the interim financial report as comparative information does not constitute the Company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory annual consolidated financial statements for the year ended 31 December 2016 are available from the Company's registered office. The independent auditors have expressed an unqualified opinion on those financial statements in their report dated 23 March 2017.

(2) Changes in accounting policies

The IASB has issued a number of amendments to IFRSs that are first effective for the current accounting period of the Group. None of these developments has had a material effect on how the group's results and financial position for the current or prior periods have been prepared or presented in this interim financial report.

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: Eastern China, Central China, Southern China, Western 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 following 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 interim 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 the People's Republic of China (the "PRC"). Segment liabilities include all liabilities in the interim 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) Segment reporting (continued)

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

For the six months ended 30 June 2017

	Eastern China	*Central China*	*Southern China*	*Western China*	*Overseas*	*Subtotal*	*Reconciling items (note b)*	*Total*
	RMB'000	RMB'00	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue from external customers	9,078,689	9,642,350	5,848,325	6,932,481	406,071	31,907,916	-	31,907,916
Inter-segment revenue	1,532,393	9,434,032	127,232	74,436	-	11,168,093	(11,168,093)	-
Reportable segment revenue	10,611,082	19,076,382	5,975,557	7,006,917	406,071	43,076,009	(11,168,093)	31,907,916
Reportable segment profit/(loss)	971,790	7,718,690	1,449,675	1,407,406	29,154	11,576,715	(2,349,116)	9,227,599
Interest income	4,837	374,250	2,166	9,437	3,699	394,389	(117,881)	276,508
Interest expense	24,908	242,894	26,415	108,654	43,011	445,882	(98,167)	347,715
Depreciation and amortisation for the period	222,732	1,064,811	285,829	726,489	74,379	2,374,240	(5,541)	2,368,699
Additions to non-current segment assets during the period	208,866	397,355	137,613	57,436	1,040,234	1,841,504	-	1,841,504

At 30 June 2017

	Eastern China	*Central China*	*Southern China*	*Western China*	*Overseas*	*Subtotal*	*Reconciling items (note b)*	*Total*
Reportable segment assets (including investment in associates and joint ventures)	12,757,712	90,052,656	11,291,607	27,362,934	7,528,173	148,993,082	(35,672,809)	113,320,273
Reportable segment liabilities	8,148,391	14,480,214	3,224,983	14,671,339	6,661,712	47,186,639	(18,051,551)	29,135,088

(3) Segment reporting (continued)

For the six months ended 30 June 2016

	Eastern China RMB'000	*Central China* RMB'000	*Southern China* RMB'000	*Western China* RMB'000	*Overseas* RMB'000	*Subtotal* RMB'000	*Reconciling Items (note b)* RMB'000	*Total* RMB'000
Revenue from external customers	6,221,073	7,788,900	4,578,022	5,113,104	272,010	23,973,109	-	23,973,109
Inter-segment revenue	1,088,741	5,769,949	71,088	32,295	-	6,962,073	(6,962,073)	-
Reportable segment revenue	7,309,814	13,558,849	4,649,110	5,145,399	272,010	30,935,182	(6,962,073)	23,973,109
Reportable segment profit/(loss)	596,617	3,590,366	970,682	631,577	36,173	5,825,415	(1,298,659)	4,526,756
Interest income	3,944	399,711	1,947	6,071	7,230	418,903	(220,112)	198,791
Interest expense	58,181	400,054	51,244	120,751	31,667	661,897	(208,102)	453,795
Depreciation and amortisation for the period	213,902	1,035,586	322,988	719,935	44,240	2,336,651	(5,541)	2,331,110
Additions to non-current segment assets during the period	199,686	1,765,476	109,442	529,108	901,286	3,504,998	-	3,504,998

At 30 June 2016

	Eastern China RMB'000	*Central China* RMB'000	*Southern China* RMB'000	*Western China* RMB'000	*Overseas* RMB'000	*Subtotal* RMB'000	*Reconciling Items (note b)* RMB'000	*Total* RMB'000
Reportable segment assets (including investment in associates and joint ventures)	10,971,027	87,690,990	11,511,490	27,800,616	6,146,670	144,120,793	(34,606,672)	109,514,121
Reportable segment liabilities	6,600,568	15,541,530	3,511,758	15,669,681	5,339,998	46,663,535	(17,127,246)	29,536,289

(3) Segment reporting (continued)

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

	Six months ended 30 June	
	2017	*2016*
	RMB'000	RMB'000
Revenue		
Elimination of inter-segment revenue	(11,168,093)	(6,962,073)
Profit		
Elimination of inter-segment profits	(2,372,178)	(1,322,425)
Differences between CAS and IFRSs*	23,062	23,766
	(2,349,116)	(1,298,659)

	At 30 June 2017	*At 31December 2016*
	RMB'000	RMB'000
Assets		
Elimination of inter-segment balances	(35,672,809)	(34,606,672)
Liabilities		
Elimination of inter-segment balances	(18,349,427)	(17,448,184)
Differences between CAS and IFRSs*	297,876	320,938
	(18,051,551)	(17,127,246)

* The differences mainly arises from the deferred income in respect of certain government grants recognised under IFRSs.

(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 assets or the location of operations.

	Revenue from external customers		*Specified non-current assets*	
	Six months ended		*At 30 June*	*At 31 December*
	2017	*2016*	*2017*	*2016*
	RMB'000	RMB'000	RMB'000	RMB'000
PRC	30,770,940	22,710,468	70,196,217	72,254,996
Others	1,136,976	1,262,641	5,051,817	4,039,376
	31,907,916	23,973,109	75,248,034	76,294,372

(4) Other revenue and net income

(a) Other revenue

	Six months ended 30 June	
	2017	*2016*
	RMB'000	RMB'000
Subsidy income	474,408	416,742
Interest income	276,508	198,791
Dividend income from listed securities	1,817	-
	752,733	615,533

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)

(b) Other net income

	Six months ended 30 June	
	2017	*2016*
	RMB'000	RMB'000
Change in fair value of derivatives	-	3,780
Net gain on disposal of property, plant and equipment	8,720	65,303
Net gain on disposal of intangible assets	-	42,065
Exchange (losses)/gains	(1,589)	75,581
Net gain on disposal of available-for-sale equity securities	1,556,773	-
Net gain on disposal of interest in associate	303,104	-
Gain from a bargain purchase	-	12,883
Others	24,406	(926)
	1,891,414	198,686

(5) Profit before taxation

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

(a) Finance costs:

	Six months ended 30 June	
	2017	*2016*
	RMB'000	RMB'000
Interest on bank loans and other borrowings	363,352	466,636
Less: interest expense capitalised into construction-in-progress	(15,637)	(12,841)
	347,715	453,795

(b) Staff costs:

	Six months ended 30 June	
	2017	*2016*
	RMB'000	RMB'000
Salaries, wages and other benefits	1,793,644	1,476,477
Contributions to defined contribution retirement plans	206,872	215,575
	2,000,516	1,692,052

(5) Profit before taxation

(c) Other items:

	Six months ended 30 June	
	2017	*2016*
	RMB'000	RMB'000
Depreciation of investment property and other property, plant and equipment	2,274,103	2,206,696
Amortisation of lease prepayments	61,205	56,040
Other amortisation	33,391	68,374
Cost of inventories	20,745,168	16,190,765

Cost of inventories includes RMB 3,157,936,000 (six months ended 30 June 2016: RMB2,831,877,000) relating to staff costs and depreciation expenses which amount is also included in the respective total amounts disclosed separately above or in note (5)(b) for each of these types of expenses.

(6) Income tax

	Six months ended 30 June	
	2017	*2016*
	RMB'000	RMB'000
Current tax		
Provision for the period	2,187,323	1,112,839
Over-provision in respect of prior year	(551)	(4,151)
	2,186,772	1,108,688
Deferred tax		
Origination and reversal of temporary differences	(39,762)	(44,782)
	2,147,010	1,063,906

No provision for Hong Kong Profits Tax was made for the six months ended 30 June 2017 and 2016 as the Group did not earn any income which is subject to Hong Kong Profits Tax.

Conch International Holding (HK) Co., Ltd. ("Conch International"), a subsidiary in Hong Kong, is taxed at corporate income tax rates of 16.5%. Luangprabang Conch Cement Co., Ltd. ("Luangprabang Conch") a subsidiary in Laos, is taxed at corporate income tax rates of 24%. Conch Cement Volga Co., Ltd., a subsidiary in Russia, is taxed at corporate income tax rates of 20%.Other 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, except for:

Pingliang Conch Cement Co., Ltd. ("Pingliang Conch") 平涼海螺水泥有限責任公司 (Note (i))	15%
Dazhou Conch Cement Co., Ltd. ("Dazhou Conch") 達州海螺水泥有限責任公司 (Note (i))	15%
Guangyuan Conch Cement Co., Ltd. ("Guangyuan Conch") 廣元海螺水泥有限責任公司 (Note (i))	15%
Chongqing Conch Cement Co., Ltd. ("Chongqing Conch") 重慶海螺水泥有限責任公司 (Note (i))	15%
Liquan Conch Cement Co., Ltd. ("Liquan Conch") 禮泉海螺水泥有限責任公司 (Note (i))	15%
Guigyang Conch Panjiang Cement Co., Ltd. ("Guiyang Conch") 貴陽海螺盤江水泥有限責任公司 (Note (i))	15%
Guiding Conch Panjiang Cement Co., Ltd. ("Guiding Conch") 貴定海螺盤江水泥有限責任公司 (Note (i))	15%
Zunyi Conch Panjiang Cement Co., Ltd. ("Zunyi Conch") 遵義海螺盤江水泥有限責任公司 (Note (i))	15%
Qianyang Conch Cement Co., Ltd. ("Qianyang Conch") 千陽海螺水泥有限責任公司 (Note (i))	15%
Bazhong Conch Cement Co., Ltd. ("Bazhong Conch") 巴中海螺水泥有限責任公司 (Note (i))	15%
Wenshan Conch Cement Co., Ltd. ("Wenshan Conch") 文山海螺水泥有限公司 (Note (i))	15%
Guangxi Sihegongmao Co., Ltd. ("Sihegongmao") 廣西四合工貿有限責任公司(Note (i))	15%
Linxia Conch Cement Co., Ltd. ("Linxia Conch") 臨夏海螺水泥有限責任公司 (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%

Sichuan Nanwei Cement Co., Ltd. ("Nanwei Cement") 四川南威水泥有限公司 (Note (i))	15%
Yunnan Zhuangxiang Cement Co., Ltd. ("Zhuangxiang Conch") 雲南壯鄉水泥股份有限公司 (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%
Baoji Zhongxi Fenghuangshan Cement Co., Ltd. ("Fenghuangshan") 寶雞眾喜鳳凰山水泥有限公司 (Note (i))	15%
Baoji Zhongxi Jinlinghe Cement Co., Ltd. ("Jinlinghe") 寶雞眾喜金陵河水泥有限公司 (Note (i))	15%
Guangxi Lingyun Tonghong Cement Co., Ltd. ("Lingyun Tonghong") 廣西淩雲通鴻水泥有限公司 (Note (i))	15%
Baoshan Conch Cement Co., Ltd. ("Baoshan Conch") 保山海螺水泥有限責任公司 (Note (i))	15%
Ganzhou Conch Cement Co., Ltd. ("Ganzhou Conch") 贛州海螺有限責任公司 (Note (i))	15%
Anhui Wuhu Conch Construction and Installation Co., Ltd ("Conch Construction") 安徽蕪湖海螺建築安裝工程有限責任公司 (Note (ii))	15%
Anhui Conch Siam Refractory Material Co., Ltd. ("Refractory Material") 安徽海螺暹羅耐火材料有限公司 (Note (ii))	15%

Notes:

(i) Pursuant to Notice No.4 issued by the State Administration of Taxation on 10 March 2015 and relevant local tax authorities' notices, these companies are entitled to a preferential income tax rate of 15% as qualifying companies located in western areas in the PRC. These companies mentioned above obtained approval from local tax authorities and are entitled to a preferential income tax rate of 15% in 2017.

(ii) Pursuant to Chapter 28 of the Law of the People's Republic of China on Enterprise Income Tax, enterprises are entitled to a preferential income tax rate of 15% after the recognition of high and new technology enterprise. Conch Construction has obtained a high and new technology enterprise certification in 2015 and approval from local tax authority in 2016 and is entitled to a preferential income tax rate of 15% from 2016 to 2018. Refractory Material has obtained a high and new technology enterprise certification and approval from local tax authority in 2016 and is entitled to a preferential income tax rate of 15% from 2017 to 2019.

(7) Other comprehensive income

Available-for-sale equity securities:

	Six months ended 30 June	
	2017	*2016*
	RMB'000	RMB'000
Changes in fair value recognised during the period	(373,092)	(146,515)
- Net change in fair value	1,282,114	(146,515)
- Reclassified to profit or loss	(1,655,206)	-
Tax effect of changes in fair value recognised during the period	93,273	36,629
Changes in fair value recognised during the period (after tax)	(279,819)	(109,886)
Net movement in the fair value reserve during the period recognised in other comprehensive income	(279,819)	(109,886)

(8) Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2017 is based on the profit attributable to equity shareholders of the Company of RMB 6,738,733,000 (six months ended 30 June 2016: RMB3,358,547,000) and the weighted average number of shares in issue during the six months ended 30 June 2017 of 5,299,302,000 ordinary shares (six months ended 30 June 2016: 5,299,302,000 shares).

(b) Diluted earnings per share

There were no dilutive potential ordinary shares during the six months ended 30 June 2017 and 2016, and therefore, diluted earnings per share is the same as the basic earnings per share.

(9) Contingent liabilities

At 30 June 2017, outstanding letters of credit issued by the Group amounted to approximately RMB138,757,000 (31 December 2016: RMB63,557,000).

At 30 June 2017, the Group issued guarantees in relation to banking facilities of its related parties, PT SDIC Papua Cement Indonesia, Sino-Myanmar International Trading Co., Ltd. and Huaibei Mining Xiangshan Cement Co., Ltd., amounting to RMB1,098,072,000 in aggregate (31 December 2016: RMB1,176,796,000). These facilities were utilised to the extent of RMB1,098,072,000 (31 December 2016: RMB1,096,203,000) as at 30 June 2017.

By Order of the Board
Anhui Conch Cement Company Limited
Gao Dengbang
Chairman

Wuhu City, Anhui Province, the People's Republic of China
21 August 2017

As at the date of this announcement, the Board comprises (i) Mr Gao Dengbang, Mr Wang Jianchao, Mr Wu Bin, Mr Ding Feng, and Mr Zhou Bo as executive Directors; (ii) Mr Yang Mianzhi, Mr Tai Kwok Leung and Mr Leung Tat Kwong Simon as independent non-executive Directors.