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 2019

Revenue for the six months ended 30 June 2019 ("Reporting Period"), prepared in accordance with the International Financial Reporting Standards ("IFRSs"), amounted to approximately RMB71,643.83 million, representing an increase of approximately 56.63% over the corresponding period of the previous 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 RMB15,281.71 million, representing an increase of approximately 17.88% over the corresponding period of the previous year.

As at the end of the Reporting Period, basic earnings per share, prepared in accordance with the IFRSs, were RMB2.88.

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") and H shares ("H Shares") stock abbreviation	Conch Cement
A Shares stock code	600585
Exchange on which A Shares are listed	The Shanghai Stock Exchange ("SSE")
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
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II. SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

1. Financial Summary prepared in accordance with the IFRSs

Items	Six months ended 30 June 2019 (RMB'000) (Unaudited)	Six months ended 30 June 2018 (RMB'000) (Unaudited)	Increase/ (decrease) over the corresponding period of the previous year (%)
Operating revenue	71,643,826	45,742,247	56.63
Net profit attributable to equity shareholders of the Company	15,281,711	12,964,099	17.88
	As at 30 June 2019 (RMB'000) (Unaudited)	**As at 31 December 2018 (RMB'000)**	**Increase/ (decrease) over the beginning of the year (%)**
Total assets	152,122,622	149,547,352	1.72
Total liabilities	29,115,796	33,358,169	-12.72

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

Items	As at 30 June 2019 (RMB'000) (Unaudited)	As at 31 December 2018 (RMB'000)	Increase/ (decrease) over the beginning of the year (%)
Total assets	152,122,622	149,547,352	1.72
Total equity attributable to equity shareholders of the Company	119,019,967	112,688,916	5.62

Items	January- June 2019 (RMB'000) (Unaudited)	January- June 2018 (RMB'000) (Unaudited)	Increase/ (decrease) over the corresponding period of the previous year (%)
Net cash flow generated from operating activities	14,504,324	11,946,486	21.41
Operating revenue	71,643,826	45,742,247	56.63
Net profit attributable to equity shareholders of the Company	15,259,702	12,942,089	17.91
Net profit attributable to equity shareholders of the Company after extraordinary items	14,923,484	12,744,902	17.09
Weighted average return on net assets (%)	12.84	13.65	Decreased 0.81 percentage points
Basic earnings per share (RMB/per share)	2.88	2.44	17.91
Diluted earnings per share (RMB/per share)	2.88	2.44	17.91

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 93,082 shareholders, 91 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	1,928,870,014	36.40	A Share	Nil	-
2. HKSCC Nominees Limited (Note 2)	Foreign legal person	1,298,378,612	24.50	H Share	Unknown	Unknown
3. Hong Kong Securities Clearing Company Limited	Foreign legal person	418,019,267	7.89	A Share	Unknown	Unknown
4. China Securities Finance Corporation Limited	State-owned legal person	158,706,413	2.99	A Share	Unknown	Unknown
5. Anhui Conch Venture Investment Co., Ltd.	Domestic non-state-owned legal person	92,347,596	1.74	A Share	Nil	-

6. Central Huijin Asset Management Ltd.	State-owned legal person	70,249,600	1.33	A Share	Unknown	Unknown
7. Bank Negara Malaysia	Others	30,917,014	0.58	A Share	Unknown	Unknown
8. FIL Investment Management (Hong Kong) Limited – Customer Funds	Others	19,854,423	0.37	A Share	Unknown	Unknown
9. China Life Insurance Company Limited – Traditional – Ordinary Insurance Products – 005L – CT001 Shanghai	Others	19,023,112	0.36	A Share	Unknown	Unknown
10. The National Social Security Fund 106 Composition	Others	18,934,548	0.36	A Share	Unknown	Unknown

Notes:

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

(2) HKSCC Nominees Limited held 1,298,378,612 H Shares, representing 24.50% of the total share capital of the Company, and 99.91% of the issued H Shares of the Company. These shares were held on behalf of its various clients.

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

(4) The board of directors of the Company (“ 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 and redeemed any listed securities of the Company.

V. DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT AND STAFF

1. Interests of directors, supervisors and chief executive

As at the end of the Reporting Period, none of the directors, chief executive and supervisors of the Company nor any of their respective close associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (“HKSE Listing Rules”) 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 as set out in Appendix 10 to the HKSE Listing Rules.

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

2. Corporate governance code and corporate governance report

During the Reporting Period, the Company complied with all the code provisions ("Code Provisions") set out in the Corporate Governance Code 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 2019

(1) Overview of operation development

In the first half of 2019, in the face of complex domestic and international situations, the Group strove to overcome a number of adverse factors such as rising prices of raw materials, and strictly followed the supply-side structural reform of the industry. By strengthening research and analysis on market supply and demand and adhering to the marketing strategy of "one policy for one region, one policy for one plant and implementation of differential policies", the Group reasonably adjusted the pace of production and sales and capitalized on market demands, thereby achieving stable increase in sales volume of cement and clinker and stable growth in product price. Moreover, the Group made bulk procurement of raw materials and fuel, optimized resource allocation and strengthened indicator management and control over production and operation, leading to continued improvement of operation quality and operating results.

During the Reporting Period, the Group's operating revenue, prepared in accordance with the PRC Accounting Standards amounted to RMB71,644 million, representing an increase of 56.63% from that for the corresponding period of the previous year; the net profit attributable to equity shareholders of the Company amounted to RMB15,260 million, representing an increase of 17.91% from that for the corresponding period of the previous year; earnings per share was RMB2.88, representing an increase of RMB0.44 per share from that for the corresponding period of the previous year. In accordance with the IFRSs, the operating revenue amounted to RMB71,644 million, representing an increase of 56.63% from that for the corresponding period of the previous year; the net profit attributable to equity shareholders of the Company amounted to RMB15,282 million, representing an increase of 17.88% from that for the corresponding period of the previous year; and earnings per share was RMB2.88.

During the Reporting Period, the Group continued to carry out the construction of projects in the PRC. One cement grinding unit, two aggregate projects and one commercial concrete product project were newly put into production in the first half of the year. The production capacity of cement, aggregates and commercial concrete increased by 2.3 million tonnes, 2 million tonnes and 0.6 million cubic meters respectively.

At the same time, the Group steadily accelerated internationalized development strategy through strengthening its overseas presence and increasing its efforts in market expansion, resulting in gradual improvement in the quality of the overall operation of the projects in operation. The projects under construction and proposed projects in Southeast Asia, Central Asia and other regions have been carried out in an orderly manner. In addition, with the focus around the initiative of "The Belt and Road", the Group also continued to step up efforts for overseas feasibility study with an aim to secure project sources.

As at the end of the Reporting Period, the Group's production capacity of clinker, cement, aggregates and commercial concrete amounted to 252 million tonnes, 355 million tonnes, 40.70 million tonnes and 1.2 million cubic meters respectively.

(2) Major operational information during the Reporting Period

1. Analysis of revenue and cost

Principal activities by industry, product and region

Principal activities by industry						
Industry	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Period-on-period change in operating revenue (%)	Period-on-period change in operating cost (%)	Period-on-period change in gross profit margin (%)
Building material industry (sale of self-produced products)	48,665,033	25,711,507	47.17	13.05	11.95	Increased by 0.52 percentage points
Building material industry (trading business)	19,735,291	19,703,895	0.16	1,027	1,029	Decreased by 0.15 percentage points
Principal activities by product						
Product	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Period-on-period change in operating revenue (%)	Period-on-period change in operating cost (%)	Period-on-period change in gross profit margin (%)
Building material industry (sale of self-produced products) -42.5-grade cement Note 1	32,792,159	17,461,067	46.75	18.57	17.31	Increased by 0.57 percentage points
Building material industry (sale of self-produced products) -32.5R-grade cement	10,775,366	5,453,565	49.39	-5.82	-5.97	Increased by 0.08 percentage points
Building material industry (sale of self-produced products) -Clinker	4,620,116	2,638,418	42.89	29.65	22.62	Increased by 3.28 percentage points
Building material industry (sale of self-produced products) -Aggregate and carpolite	460,715	144,527	68.63	33.45	45.08	Decreased by 2.52 percentage points

Building material industry (sale of self-produced products) -Commercial concrete	16,677	13,930	16.47	-60.43	-56.72	Decreased by 7.16 percentage points
Building material industry (trading business)	19,735,291	19,703,895	0.16	1,027	1,029	Decreased by 0.15 percentage points
Principal activities by region						
Region	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Period-on-period change in operating revenue (%)	Period-on-period change in operating cost (%)	Period-on-period change in gross profit margin (%)
Building material industry (sale of self-produced products) - East China Note 2	13,608,334	6,838,204	49.75	11.26	5.64	Increased by 2.67 percentage points
Building material industry (sale of self-produced products) -Central China Note 3	15,323,553	7,868,028	48.65	18.92	17.76	Increased by 0.51 percentage points
Building material industry (sale of self-produced products) -South China Note 4	7,976,579	4,014,393	49.67	18.91	18.89	Increased by 0.01 percentage points
Building material industry (sale of self-produced products) -West China Note 5	10,497,365	6,129,354	41.61	6.06	12.0	Decreased by 3.1 percentage points
Building material industry (sale of self-produced products) -Export	366,378	267,706	26.93	-56.58	-56.63	Increased by 0.09 percentage points
Building material industry (sale of self-produced products) -Overseas	892,824	593,822	33.49	85.32	71.19	Increased by 5.49 percentage points
Building material industry (trading business)	19,735,291	19,703,895	0.16	1,027	1,029	Decreased by 0.15 percentage points

Notes:

1. The 42.5-grade cement includes cement of grade 42.5 and above;

2. East China mainly includes Jiangsu, Zhejiang, Shanghai, Fujian and Shandong;

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

4. South China mainly includes Guangdong, Guangxi and Hainan;

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

Sales by industry

During the Reporting Period, the Group realized an aggregate net sales volume of cement and clinker of 202 million tonnes, representing a period-on-period growth of 41.55%. Benefitting from increased sales volume of products and rising composite selling price, the revenue generated from principal activities reached RMB68,400 million, representing a period-on-period growth of 52.68%. The operating cost from principal activities increased by 83.77% period-on-period to RMB45,415 million. The consolidated gross profit margin of products recorded a period-on-period decrease of 11.23 percentage points to 33.60%.

The Group realized a sales volume of self-produced products of cement and clinker of 146 million tonnes, representing a period-on-period growth of 6.00%. The sales revenue from self-produced products amounted to RMB48,665 million, representing a period-on-period growth of 13.05%. The cost of sales of self-produced products increased by 11.95% period-on-period to RMB25,712 million. The consolidated gross profit margin of self-produced products recorded a period-on-period increase of 0.52 percentage points to 47.17%.

In order to strengthen the development of end-user sales markets, during the Reporting Period, the Group's cement and clinker trading business recorded a sales volume of 57 million tonnes, representing a period-on-period increase of 9 times. The revenue from the trading business amounted to RMB19,735 million, representing a period-on-period growth of 10 times. The cost of the trading business amounted to RMB19,704 million, representing a period-on-period growth of 10 times.

Sales by type of products

During the Reporting Period, the gross profit margins of the Group's 42.5-grade cement and 32.5R-grade cement decreased by 10.94 percentage points and 12.76 percentage points period-on-period respectively, while the gross profit margin of clinker decreased by 6.69 percentage points period-on-period. The gross profit margins of the Group's self-produced 42.5-grade cement, 32.5R-grade cement and clinker increased by 0.57 percentage points, 0.08 percentage points and 3.28 percentage points period-on-period respectively. The consolidated gross profit margin of aggregates and carpolite decreased by 2.52 percentage points period-on-period to 68.63%.

Sales by region

During the Reporting Period, the sales amount of self-produced products of the Group increased by varying degrees in different regions due to an increase in both composite selling prices and sales volume of products.

In East China and Central China, as market demand steadily increased and supply-demand balance further improved, sales volume increased with rising prices, leading to respective period-on-period increases of 11.26% and 18.92% in sales amount and respective period-on-period increases of 2.67 percentage points and 0.51 percentage points in gross profit margins.

In South China, through overcoming the impact of rainy weather and strengthening marketing coordination, the Company achieved growth in sales volume, with stable selling prices, and recorded a period-on-period increase of 18.91% in sales amount and the gross profit margin remained stable on a period-on-period basis.

In West China, the market was generally stable with growth in sales volume; the sales amount increased by 6.06% period-on-period. However, affected by downturns and decreased selling prices in certain local markets, the gross profit margin decreased by 3.10 percentage points period-on-period.

Affected by the periodic shortage in clinker resources in the domestic market, the export sales volume decreased by 59.37% period-on-period and export sales amount dropped by 56.58% period-on-period. With the gradual enhancement of capacity utilization of newly constructed overseas projects and continued improvement of sales network, overseas project companies recorded period-on-period increases of 49.74% and 85.32% in sales volume and sales amount respectively.

2. 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 previous year (%)
	Six months ended 30 June 2019 (RMB'000) (Unaudited)	Six months ended 30 June 2018 (RMB'000) (Unaudited)	
Revenue from principal activities	68,400,324	44,799,280	52.68
Profit from operations	20,136,018	17,011,437	18.37
Profit before taxation	20,336,001	17,185,657	18.33
Net profit attributable to equity shareholders of the Company	15,259,702	12,942,089	17.91

During the Reporting Period, due to rise in the selling price of products and increased trading income, the revenue from principal activities increased by 52.68% period-on-period. Benefitting from the rise in product prices, the Group's profit from operations, profit before taxation and net profit attributable to equity shareholders of the Company recorded period-on-period increase of 18.37%, 18.33% and 17.91% respectively.

3. Analysis of costs and expenses

Consolidated costs of cement and clinker for the six months ended 30 June 2019 and their period-on-period changes

Item	Six months ended 30 June 2019		Six months ended 30 June 2018		Change in unit costs (%)	Change in costs proportion (percentage points)
	Unit costs (RMB/tonne) (Unaudited)	Percentage (%)	Unit costs (RMB/tonne) (Unaudited)	Percentage (%)		
Raw materials	39.09	22.26	31.52	18.93	24.05	3.33
Fuel and power	97.53	55.56	100.86	60.61	-3.3	-5.05
Depreciation expense	12.72	7.25	12.66	7.61	0.47	-0.36
Labor cost and others	26.20	14.93	21.39	12.85	22.47	2.08
Total	**175.54**	**100.00**	**166.43**	**100.00**	**5.48**	**-**

Note: All cost items mentioned above represent the costs of the Company's self-produced products, excluding cost of the trading business.

During the Reporting Period, the consolidated costs of cement and clinker of the Company increased by 5.48% period-on-period, which was mainly due to increase in bulk purchasing price of raw material and increase in labor cost.

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 2019 (RMB'000) (Unaudited)	Amount for the six months ended 30 June 2018 (RMB'000) (Unaudited)	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	1,983,125	1,669,270	2.90	3.73	-0.83
Administrative expenses	2,165,012	1,590,731	3.17	3.55	-0.38
Research and development expenses	23,332	28,344	0.03	0.06	-0.03
Financial expenses (income is stated in negative)	-629,723	-65,547	-0.92	-0.15	-0.77
Total	**3,541,746**	**3,222,798**	**5.18**	**7.19**	**-2.01**

During the Reporting Period, the Group's financial expenses decreased by 860.72% period-on-period, mainly due to a period-on-period increase in deposit interest income of the Group.

During the Reporting Period, the Group's selling, administrative, research and development and financial expenses in aggregate as a percentage of revenue generated from principal activities was 5.18%, representing a decrease of 2.01 percentage points period-on-period. The decrease was mainly attributable to the increase in the revenue amount generated from principal activities. Excluding the effect of trading income, the Group's selling, administrative, research and development and financial expenses in aggregate as a percentage of revenue generated from principal activities is 7.28%, representing a decrease of 0.21 percentage points period-on-period. The decrease was mainly attributable to a significant period-on-period decrease in financial expenses.

4. Financial position

Asset and liability overview

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

Item	As at 30 June 2019 (RMB'000) (Unaudited)	As at 31 December 2018 (RMB'000)	Change as at the end of the Reporting Period as compared to those at the beginning of the year (%)
Fixed assets	59,297,564	60,320,464	-1.70
Current and other assets	92,825,058	89,226,888	4.03
Total assets	152,122,622	149,547,352	1.72
Current liabilities	20,710,690	26,151,961	-20.81
Non-current liabilities	8,199,477	6,977,517	17.51
Total liabilities	28,910,167	33,129,478	-12.74
Minority interests	4,192,488	3,728,958	12.43
Equity attributable to equity shareholders of the Company	119,019,967	112,688,916	5.62
Total liabilities and equity	**152,122,622**	**149,547,352**	**1.72**

As at the end of the Reporting Period, the Group's total assets prepared in accordance with the PRC Accounting Standards amounted to RMB152,123 million, representing an increase of 1.72% as compared to those at the end of the previous year. Total liabilities amounted to RMB28,910 million, representing a decrease of 12.74% as compared to those at the end of the previous year; of which the current liabilities amounted to RMB20,711 million, representing a decrease of 20.81% as compared to those at the end of the previous year; which is mainly attributable to a decrease in taxes payables; non-current liabilities amounted to RMB8,199 million, representing an increase of 17.51% when compared with that at the end of last year, which was mainly due to the increase in long-term borrowings during the Reporting Period. As at 30 June 2019, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 19.00%, representing a decrease of 3.15 percentage points as compared to that at the end of the previous year.

As at the end of the Reporting Period, equity attributable to equity shareholders of the Company amounted to RMB119,020 million, representing an increase of 5.62% as compared to that at the end of the previous year; equity attributable to minority shareholders amounted to RMB4,192 million, representing an increase of 12.43% as compared to that of the previous year; as at the end of the Reporting Period, net assets per share attributable to equity shareholders of the Company amounted to RMB22.46, representing an increase of RMB1.19/share as compared to that at the end of the previous year.

As at 30 June 2019, the total current assets and total current liabilities of the Group prepared in accordance with the PRC Accounting Standards amounted to RMB73,620 million and RMB20,711 million respectively, with a current ratio of 3.55:1 (at the end of last year: 2.76:1). The increase in the current ratio as compared to that at the end of last year was mainly due to the decrease in tax payable and non-current liabilities due within one year. The total current assets and total current liabilities of the Group prepared in accordance with the IFRSs amounted to RMB73,733 million and RMB20,711 million respectively; with a net gearing ratio of -0.05 (corresponding period last year: -0.01). 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 2019 (RMB'000) (Unaudited)	**As at 31 December 2018** (RMB'000)
Due within 1 year	2,911,475	4,128,170
Due after 1 year but within 2 years	1,388,153	779,710
Due after 2 years but within 5 years	1,838,100	1,266,955
Due after 5 years	460,302	559,917
Total	6,598,030	6,734,752

As at the end of the Reporting Period, the Group's aggregate bank borrowings balance were RMB6,598 million, representing a decrease of RMB137 million as compared to those at the beginning of the year. The decrease was mainly attributable to the Group's repayment of those bank borrowings due during the Reporting Period.

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

During the Reporting Period, the Group's source of funding was mainly from 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 2019 (RMB'000) (Unaudited)	Six months ended 30 June 2018 (RMB'000) (Unaudited)	Changes (%)
Net cash flows generated from operating activities	14,504,324	11,946,486	21.41
Net cash flows generated from investment activities	423,736	-1,068,048	139.67
Net cash flows generated from financing activities	-9,018,218	-10,211,406	11.68
Effect of foreign exchange rate changes on cash and cash equivalents	2,620	4,237	-38.16
Net increase in cash and cash equivalents	5,912,462	671,269	780.79
Balance of cash and cash equivalents at the beginning of the year	9,857,672	10,428,932	-5.48
Balance of cash and cash equivalents at the end of the period	15,770,134	11,100,201	42.07

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB14,504 million, representing a period-on-period increase of RMB2,558 million, which was mainly due to an increase in the Group's operating revenue.

During the Reporting Period, the Group's net cash inflows from investment activities increased by RMB1,492 million as compared to that of the same period last year, mainly due to the increase in the Group's fixed term deposits with a maturity of over three months and the recovery of matured wealth management products.

During the Reporting Period, the Group's net cash outflows from financing activities decreased by RMB1,193 million as compared to that of the same period last year, primarily attributable to the corporate bond repayment of RMB2,500 million by the Group in the previous year, which was absent during the current year.

(3) Capital expenditure

During the Reporting Period, capital expenditure of the Group amounted to approximately RMB3,468 million, which was primarily used in the construction of cement and clinker production lines of overseas projects, the technology modification and improvement in respect of energy conservation and environmental protection for domestic production lines, investment in residual heat generation projects and the construction of aggregate projects, as well as used as the expenditure in mergers and acquisitions of projects.

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

	As at 30 June 2019 (RMB'000) (Unaudited)	As at 31 December 2018 (RMB'000)
Authorized and contracted for	2,366,885	1,089,377
Authorized but not contracted for	1,717,530	1,426,958
Total	**4,084,415**	**2,516,335**

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

During the Reporting Period, the Group proactively prevented risk arising from exchange rate fluctuation. During the construction of the overseas projects, the payment was principally made in local currency, Renminbi and US dollars. The equipment, fire-resistant tiles and spare parts imported by the Group were mainly settled in US dollars and Euro dollars, while cement and clinker and equipment for export were usually settled in RMB or US dollars. The purchase of raw materials and sales of commodities by overseas companies were mainly settled in local currencies. 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 that the risk level is overall under control, the Group made appropriate financing and foreign exchange payment arrangements based on the construction progress of oversea projects by adjusting its foreign exchange fund management plan on a timely basis. The Group proactively implemented centralized management, allocation and utilization over foreign funds in 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 financial expenses. The Group implemented a regional fund pool management model in the same country which the Group invested in, so as to complement each other's capital advantage, enhance capital economies of scale, reduce loss from currency exchange and reduce financing costs. Meanwhile, the Group made appropriate allocation of foreign assets in active response to the adverse impact from expected rate cuts by the Federal Reserve and US dollar exchange rate fluctuations, reallocated loan funds according to the changes in foreign exchange rates and interest rates, and leveraged swap instruments to hedge foreign exchange risks based on currency performance. The Group made appropriate foreign exchange fund payment arrangements based on its import and export plan, with an aim to improve the efficiency of using foreign exchange funds, lower costs of exchange settlement and sales and reduce financial expenses.

PROSPECTS FOR THE SECOND HALF OF THE YEAR

In the second half of 2019, the PRC government will adhere to the main theme of making steady progress while maintaining stability, focus on the supply-side structural reform, continue to embrace new development concepts and promote high-quality development and promote reform and opening up. The PRC government will also continue to stabilize macro policy, implement flexible micro policy and underpin the foundation of social policy, while implement proactive fiscal policy and prudent monetary policy. Fiscal policies will be pushed forward and monetary policies will be introduced, including further reducing taxes, to have six aspects developed steadily. Infrastructure investment is expected to rebound from lower levels, while real estate investment continues to be stable. It is expected that the overall cement market demand will remain stable in the second half of the year. At the same time, the off-peak season production in the cement industry will continue to be normalized, while the second round of central environmental protection inspection visits is also in full swing, which is conducive to balancing supply and demand of the cement industry.

In the second half of the year, committed to achieving high quality development, the Group will seize the opportunities arising from “The Belt and Road Initiate” and actively and steadily implement its internationalization development strategies. We will accelerate the construction of contracted projects, step up efforts in surveys and feasibility study and actively secure potential project sources. The Group will grasp the favorable timing of domestic supply-side structural reforms and the country's efforts to enhance environmental protection and management. Based on the principle of improving market planning and enhancing regional competitiveness, the Group will seek suitable targets and actively carry out mergers and acquisitions; accelerate the development of aggregates, steadily expand concrete, enter the prefabricated construction sector on a trial basis, with an aim to cultivate new growth drivers.

In terms of operation and management, the Group will pay close attention to the macroeconomic situations at home and abroad, conduct in-depth study on market trends, coordinate optimization of resource allocation, adhere to the differentiated marketing strategy of "one policy for one region, one policy for one plant", strengthen the terminal market construction, continuously strengthen the management of production operation, deepen the integration of informatization and industrialization, accelerate the construction of informationized and intelligent factories to maintain our leading position in cost efficiency. We will implement the decision-making and deployment of national ecological civilization, accelerate the transformation of environmental protection, continuously explore the application of high-efficiency cutting-edge new technologies, and consolidate our comparative advantages in environmental protection. We will continue to carry out organizational structure optimization and talent pool building, and to improve the incentive mechanism so as to lay a solid foundation for the Company's business development.

VII. AUDIT COMMITTEE

The audit committee ("Audit Committee") of the Board was established by the Company. The terms of reference adopted by the Audit Committee complied with all the applicable 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. INTERIM DIVIDEND

The Board did not recommend the payment of dividend or the capitalization of surplus reserve for the Reporting Period.

IX. NO MATERIAL IMPACT EVENT

As at the end of the Reporting Period and up to the date of publishing this announcement, there has been no event that might impose material impacts on the Group.

X. FINANCIAL INFORMATION

Financial information extracted from the unaudited consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 30 June 2019 and unaudited consolidated statement of financial position of the Group at 30 June 2019 together with the comparative figures for the six months ended 30 June 2018, 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

	Note	*Six months ended 30 June* *2019* RMB'000 (unaudited)	*2018* *(Note)* RMB'000 (unaudited)
Revenue	4(3)	71,643,826	45,742,247
Cost of sales and services rendered		(49,045,000)	(26,177,257)
Gross profit		22,598,826	19,564,990
Other revenue	4(4)(a)	1,674,710	1,146,419
Other net income/ (loss)	4(4)(b)	67,324	(169,430)
Selling and marketing costs		(1,983,125)	(1,669,270)
Administrative expenses		(2,198,191)	(1,621,726)
Profit from operations		20,159,544	17,250,983
Finance costs	4(5)(a)	(234,809)	(252,483)
Share of profits of associates		167,153	124,394
Share of profits of joint ventures		267,174	85,825
Profit before taxation	4(5)	20,359,062	17,208,719
Income tax	4(6)	(4,717,522)	(3,875,775)
Profit for the period		15,641,540	13,332,944
Attributable to:			
Equity shareholders of the Company		15,281,711	12,964,099
Non-controlling interests		359,829	368,845
Profit for the period		15,641,540	13,332,944
Earnings per share	4(7)		
Basic		RMB 2.88	RMB 2.45
Diluted		RMB 2.88	RMB 2.45

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 4 (2).

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

	Six months ended 30 June	
	2019	*2018* *(Note)*
	RMB'000 (unaudited)	RMB'000 (unaudited)
Profit for the period	15,641,540	13,332,944
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income – net movement in fair value reserve (non-recycling)	9,537	(45,233)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	9,929	(21,793)
Shares of other comprehensive income of the joint ventures	3,150	(5,267)
Other comprehensive income for the period	22,616	(72,293)
Total comprehensive income for the period	15,664,156	13,260,651
Attributable to:		
Equity shareholders of the Company	15,303,271	12,889,757
Non-controlling interests	360,885	370,894
Total comprehensive income for the period	15,664,156	13,260,651

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 4(2).

3. Consolidated statement of financial position

	Note	At 30 June 2019 RMB'000 (unaudited)	At 31 December 2018 (Note) RMB'000
Non-current assets			
Property, plant and equipment			
-Investment properties		89,397	64,950
-Other property, plant and equipment		68,976,005	63,646,686
-Lease prepayments		-	5,024,099
Intangible assets		3,641,500	3,450,932
Goodwill		514,398	514,398
Interests in associates		1,885,905	1,782,230
Interests in joint ventures		1,663,894	1,399,760
Loans and receivables		343,606	259,414
Financial assets measured at fair value, with value changes recognised in other comprehensive income		271,396	258,680
Deferred tax assets		1,003,734	953,856
		78,389,835	77,355,005
Current assets			
Inventories		6,900,353	6,022,717
Assets held for sale		9,811	62,640
Trade receivables		12,221,775	14,361,418
Prepayments and other receivables		18,120,870	13,778,027
Amounts due from related parties		297,221	283,489
Tax recoverable		84,744	64,949
Restricted cash deposits		324,282	257,838
Bank deposits with maturity over three months		20,003,597	27,503,597
Cash and cash equivalents		15,770,134	9,857,672
		73,732,787	72,192,347

3. Consolidated statement of financial position (continued)

	Note	*At 30 June 2019*	*At 31 December 2018 (Note)*
		RMB'000 (unaudited)	RMB'000
Current liabilities			
Trade payables		5,846,392	6,341,351
Other payables and accruals		6,149,818	7,940,936
Contract liabilities		3,156,291	3,312,151
Bank loans and other borrowings		2,911,474	4,128,170
Lease liabilities	4(2)(d)	16,861	-
Amounts due to related parties		312,488	273,228
Current taxation		2,317,366	4,156,125
		20,710,690	26,151,961
Net current assets		53,022,097	46,040,386
Total assets less current liabilities		131,411,932	123,395,391
Non-current liabilities			
Bank loans and other borrowings		7,185,456	6,105,332
Lease liabilities	4(2)(d)	35,733	-
Deferred income		628,916	634,579
Deferred tax liabilities		555,001	466,297
		8,405,106	7,206,208
NET ASSETS		123,006,826	116,189,183
CAPITAL AND RESERVES			
Share capital		5,299,303	5,299,303
Reserves		113,530,345	107,177,285
Total equity attributable to equity shareholders of the Company		118,829,648	112,476,588
Non-controlling interests		4,177,178	3,712,595
TOTAL EQUITY		123,006,826	116,189,183

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 4(2).

4. Notes

(1) Basis of preparation

This interim financial report of Anhui Conch Cement Company Limited and its subsidiaries 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 issue on 22 August 2019.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2018 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2019 annual financial statements. Details of any changes in accounting policies are set out in note 4(2).

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

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 2018 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

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

The financial information relating to the financial year ended 31 December 2018 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 2018 are available from the Company's registered office. The independent auditors have expressed an unqualified opinion on those financial statements in their report dated 21 March 2019.

(2) Changes in accounting policies

The IASB has issued a new IFRS, IFRS 16, *Leases*, and a number of amendments to IFRSs that are first effective for the current accounting period of the Group.

(2) Changes in accounting policies (continued)

Except for IFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented 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.

IFRS 16, *Leases*

IFRS 16 replaces IAS 17, *Leases*, and the related interpretations, IFRIC 4, *Determining whether an arrangement contains a lease*, SIC 15, *Operating leases – incentives*, and SIC 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less ("short-term leases") and leases of low value assets. The lessor accounting requirements are brought forward from IAS 17 substantially unchanged.

The Group has initially applied IFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has no cumulative effect of the initial application on the opening balance of equity at 1 January 2019. Comparative information has not been restated and continues to be reported under IAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

(a) Changes in accounting policies

(i) New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. IFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in IFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases.

Accordingly, contracts that were previously assessed as leases under IAS 17 continue to be accounted for as leases under IFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

(2) Changes in accounting policies (continued)

(ii) Lessee accounting

IFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by IAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under IAS 17, other than those short-term leases and leases of low-value assets. As far as the Group is concerned, these newly capitalised leases are primarily in relation to property, plant and equipment.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

(2) Changes in accounting policies (continued)

(iii) Leasehold investment property

Under IFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and / or for capital appreciation ("leasehold investment properties"). The adoption of IFRS 16 does not have a significant impact on the Group's financial statements as the Group previously elected to apply IAS 40, *Investment properties*, to account for all of its leasehold properties that were held for investment purposes as at 31 December 2018. Consequentially, these leasehold investment properties continue to be carried at cost.

(iv) Lessor accounting

In addition to leasing out the investment property referred to in paragraph (a)(iii) above, the Group leases out a number of items of machinery as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under IAS 17.

(b) **Critical accounting judgements and sources of estimation uncertainty in applying the above accounting policies**

(i) Determining the lease term

As explained in the above accounting policies, the lease liability is initially recognised at the present value of the lease payments payable over the lease term. In determining the lease term at the commencement date for leases that include renewal options exercisable by the Group, the Group evaluates the likelihood of exercising the renewal options taking into account all relevant facts and circumstances that create an economic incentive for the Group to exercise the option, including favourable terms, leasehold improvements undertaken and the importance of that underlying asset to the Group's operation. The lease term is reassessed when there is a significant event or significant change in circumstance that is within the Group's control. Any increase or decrease in the lease term would affect the amount of lease liabilities and right-of-use assets recognised in future years.

(c) **Transition impact**

At the date of transition to IFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was from 3.98% to 7.50%.

(2) Changes in accounting policies (continued)

To ease the transition to IFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of IFRS 16:

(i) the Group elected not to apply the requirements of IFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of IFRS 16, i.e. where the lease term ends on or before 31 December 2019; and

(ii) when measuring the right-of-use assets at the date of initial application of IFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

The following table reconciles the operating lease commitments as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

	At 1 January 2019 RMB'000
Operating lease commitments at 31 December 2018	78,706
Less: short-term leases and other leases with remaining lease term ending on or before 31 December 2019	(812)
	77,894
Less: total future interest expenses	(17,264)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019	60,630
Total lease liabilities recongnised at 1 January 2019	60,630

(2) Changes in accounting policies (continued)

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position at 31 December 2018.

So far as the impact of the adoption of IFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of IFRS 16, other than changing the captions for the balances. Accordingly, instead of "obligations under finance leases", these amounts are included within "lease liabilities", and the depreciated carrying amount of the corresponding leased asset is identified as a right-of-use asset. There is no impact on the opening balance of equity.

The Group presents right-of-use assets that do not meet the definition of investment property in "other property, plant and equipment" and presents lease liabilities separately in the consolidated statement of financial position.

The following table summarises the impacts of the adoption of IFRS 16 on the Group's consolidated statement of financial position:

	Carrying amount at 31 December 2018	*Capitalisation of operating lease contracts*	*Reclassi-fica tion*	*Carrying amount at 1 January 2019*
	RMB'000	RMB'000	RMB'000	RMB'000
Line items in the consolidated statement of financial position impacted by the adoption of IFRS 16:				
Other property, plant and equipment	63,646,686	48,227	5,036,502	68,731,415
Lease prepayments	5,024,099	12,403	(5,036,502)	-
Total non-current assets	77,355,005	60,630	-	77,415,635
Lease liabilities (current)	-	18,979	-	18,979
Current liabilities	26,151,961	18,979	-	26,170,940
Net current assets	46,040,386	(18,979)	-	46,021,407
Total assets less current liabilities	123,395,391	41,651	-	123,437,042
Lease liabilities (non-current)	-	41,651	-	41,651
Total non-current liabilities	7,206,208	41,651	-	7,247,859
Net assets	116,189,183	-	-	116,189,183

(2) Changes in accounting policies (continued)

The analysis of the net book value of the Group's right-of-use assets by class of underlying asset at the end of the reporting period and at the date of transition to IFRS 16 is as follows:

	At 30 June 2019 RMB'000 (unaudited)	*At 1 January 2019* RMB'000
Included in "Other property, plant and equipment":		
Ownership interests in leasehold land held for own use, carried at depreciated cost	5,085,497	5,036,502
Plant, machinery and equipment, carried at depreciated cost	39,300	48,227
	5,124,797	5,084,729

(d) Lease liabilities

The remaining contractual maturities of the Group's lease liabilities at the end of the reporting period and at the date of transition to IFRS 16 are as follows:

	At 30 June 2019		*At 1 January 2019*	
	Present value of the minimum lease payments RMB'000 (unaudited)	*Total minimum lease payments* RMB'000 (unaudited)	*Present value of the minimum lease payments* RMB'000	*Total minimum lease payments* RMB'000
Within 1 year	16,861	17,263	18,979	19,476
After 1 year but within 2 years	10,178	11,728	12,749	13,679
After 2 years but within 5 years	16,484	17,971	19,957	24,633
After 5 years	9,071	21,548	8,945	20,106
	35,733	51,247	41,651	58,418
	52,594	68,510	60,630	77,894
Less: total future interest expenses		(15,916)		(17,264)
Present value of lease liabilities		52,594		60,630

(2) Changes in accounting policies (continued)

(e) Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if IAS 17 had been applied during the year.

In the cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under IAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under IAS 17. Although total cash flows are unaffected, the adoption of IFRS 16 therefore results in a slight change in presentation of cash flows within the cash flow statement.

The following tables may give an indication of the estimated impact of adoption of IFRS 16 on the Group's financial result, segment result and cash flows for the six months ended 30 June 2019, by adjusting the amounts reported under IFRS 16 in these interim financial statements to compute estimates of the hypothetical amounts that would have been recognised under IAS 17 if this superseded standard had continued to apply to 2019 instead of IFRS 16, and by comparing these hypothetical amounts for 2019 with the actual 2018 corresponding amounts which were prepared under IAS 17.

(2) Changes in accounting policies (continued)

	2019				*2018*
	Amounts reported under IFRS 16 (A) RMB'000	*Add back: IFRS 16 depreciation and interest expense* (B) RMB'000	*Deduct: Estimated amounts related to operating leases as if under IAS 17 (note 1)* (C) RMB'000	*Hypothetical amounts for 2019 as if under IAS 17* (D=A+B+C) RMB'000	*Compared to amounts reported for 2018 under IAS 17* RMB'000
Financial result for the six months ended 30 June 2019 impacted by the adoption of IFRS 16 (unaudited):					
Profit from operations	20,159,544	9,240	(9,494)	20,159,290	17,250,983
Finance costs	(234,809)	1,348	-	(233,461)	(252,483)
Profit before taxation	20,359,062	10,588	(9,494)	20,360,156	17,208,719
Profit for the period	15,641,540	10,588	(9,494)	15,642,634	13,332,944
Reportable segment profit (profit before taxation) for the six months ended 30 June 2019 (note 4(3)(b)) impacted by the adoption of IFRS 16 (unaudited):					
-East	2,512,592	7,419	(6,758)	2,513,253	2,112,264
-Central	12,606,948	568	(199)	12,607,317	13,453,849
-South	2,878,369	2,236	(2,182)	2,878,423	2,927,076
-West	3,269,877	-	-	3,269,877	3,654,345
-Overseas	193,487	365	(355)	193,497	(72,449)

(2) Changes in accounting policies (continued)

	2019			2018
	Amounts reported under IFRS 16 (A) RMB'000	*Estimated amounts related to operating leases as if under IAS 17 (note 1&2)* (B) RMB'000	*Hypothetical amounts for 2019 as if under IAS 17* (C=A+B) RMB'000	*Compared to amounts reported for 2018 under IAS 17* RMB'000
Line items in the condensed consolidated cash flow statement for the six months ended 30 June 2019 impacted by the adoption of IFRS 16 (unaudited):				
Cash generated from operations	21,044,752	(9,494)	21,035,258	16,008,884
Interest paid	(122,537)	942	(121,595)	(241,411)
Net cash generated from operating activities	14,381,787	(8,552)	14,373,235	11,705,075
Capital element of lease rentals paid	(8,552)	8,552	-	-
Net cash used in financing activities	(8,895,681)	8,552	(8,887,129)	(9,969,995)

Note 1: The "estimated amounts related to operating leases" is an estimate of the amounts of the cash flows in 2019 that relate to leases which would have been classified as operating leases, if IAS 17 had still been applied in 2019. This estimate assumes that there were no differences between rentals and cash flows and that all of the new leases entered into in 2019 would have been classified as operating leases under IAS 17, if IAS 17 had still been applied in 2019. Any potential net tax effect is ignored.

Note 2: In this impact table these cash outflows are reclassified from financing to operating in order to compute hypothetical amounts of net cash generated from operating activities and net cash used in financing activities as if IAS 17 had still been applied.

(3) Revenue and 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 sale and trading of clinkers and cement products. No operating segments have been aggregated to form the following reportable segments.

(a) Disaggregation of revenue

Disaggregation of revenue from contracts with customers by major products or service lines and geographical location of customers is as follows:

	Six months ended 30 June	
	2019	*2018*
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products of service lines		
Sales of clinker, cement products and other materials	48,815,974	43,356,087
Trading of clinker, cement products and other materials	22,730,914	2,299,202
Service income	96,938	86,958
	71,643,826	45,742,247
Disaggregated by geographical location of customers		
Eastern China	21,836,641	12,636,464
Central China	24,699,932	14,854,833
Southern China	9,754,065	7,467,917
Western China	14,351,718	10,227,259
Overseas	1,001,470	555,774
	71,643,826	45,742,247

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 4(3)(b).

(b) Information about profit or loss, assets and liabilities

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as 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:

(3) Revenue and Segment reporting (continued)

For the six months ended 30 June 2019 (unaudited)

	Eastern China	*Central China*	*Southern China*	*Western China*	*Overseas*	*Subtotal*	*Reconciling items (note 4(3)(c))*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by type of business								
Sales of clinker, cement products and other materials	13,896,301	17,123,457	7,974,898	8,823,257	998,061	48,815,974	-	48,815,974
Trading	7,900,206	7,535,943	1,772,525	5,518,831	3,409	22,730,914	-	22,730,914
Service Income	40,134	40,532	6,642	9,630	-	96,938	-	96,938
Revenue from external customers	**21,836,641**	**24,699,932**	**9,754,065**	**14,351,718**	**1,001,470**	**71,643,826**	**-**	**71,643,826**
Disaggregated by timing of revenue recognition								
Point in time	21,796,507	24,659,400	9,747,423	14,342,088	1,001,470	71,546,888	-	71,546,888
Over time	40,134	40,532	6,642	9,630	-	96,938	-	96,938
Revenue from external customers	**21,836,641**	**24,699,932**	**9,754,065**	**14,351,718**	**1,001,470**	**71,643,826**	**-**	**71,643,826**
Inter-segment revenue	3,781,093	11,411,061	212,908	216,597	74,228	15,695,887	(15,695,887)	-
Reportable segment revenue	25,617,734	36,110,993	9,966,973	14,568,315	1,075,698	87,339,713	(15,695,887)	71,643,826
Reportable segment profit (profit before taxation)	2,512,592	12,606,948	2,878,369	3,269,877	193,487	21,461,273	(1,102,211)	20,359,062

(3) Revenue and Segment reporting (continued)

For the six months ended 30 June 2019 (unaudited)

	Eastern China	*Central China*	*Southern China*	*Western China*	*Overseas*	*Subtotal*	*Reconciling items (note4(3)(c))*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	8,079	979,932	9,130	13,969	2,448	1,013,558	(227,276)	786,282
Interest expense	(11,113)	(136,025)	(148,294)	(55,995)	(117,394)	(468,821)	234,012	(234,809)
Depreciation and amortisation for the period	(247,474)	(1,026,917)	(389,104)	(763,771)	(191,756)	(2,619,022)	16,134	(2,602,888)
Impairment losses of property, plant and equipment	-	-	-	-	-	-	-	-
Reportable segment assets (including interests in associates and joint ventures)	14,484,286	125,694,770	13,442,199	27,396,093	10,426,358	191,443,706	(39,321,084)	152,122,622
Investment in associates and joint ventures	-	1,509,779	-	1,885,905	154,115	3,549,799	-	3,549,799
Additions to non-current segment assets during the period	220,588	1,224,121	441,732	721,859	476,199	3,084,499	-	3,084,499
Reportable segment liabilities	6,911,132	20,137,391	969,827	9,960,838	8,963,986	46,943,174	(17,827,378)	29,115,796

(3) Revenue and Segment reporting (continued)

For the six months ended 30 June 2018 (Note) (unaudited)

	Eastern China	*Central China*	*Southern China*	*Western China*	*Overseas*	*Subtotal*	*Reconciling items (note4(3)(c))*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by type of business								
Sales of clinker, cement products and other materials	12,003,813	13,133,672	7,464,020	10,212,021	542,561	43,356,087	-	43,356,087
Trading	594,894	1,687,595	-	3,500	13,213	2,299,202	-	2,299,202
Service Income	37,757	33,566	3,897	11,738	-	86,958	-	86,958
Revenue from external customer	**12,636,464**	**14,854,833**	**7,467,917**	**10,227,259**	**555,774**	**45,742,247**	**-**	**45,742,247**
Disaggregated by timing of revenue recognition								
Point in time	12,598,707	14,821,267	7,464,020	10,215,521	555,774	45,655,289	-	45,655,289
Over time	37,757	33,566	3,897	11,738	-	86,958	-	86,958
Revenue from external customers	**12,636,464**	**14,854,833**	**7,467,917**	**10,227,259**	**555,774**	**45,742,247**	**-**	**45,742,247**
Inter-segment revenue	2,877,110	11,448,115	309,818	148,205	-	14,783,248	(14,783,248)	-
Reportable segment revenue	15,513,574	26,302,948	7,777,735	10,375,464	555,774	60,525,495	(14,783,248)	45,742,247
Reportable segment profit (profit before taxation)	2,112,264	13,453,849	2,927,076	3,654,345	(72,449)	22,075,085	(4,866,366)	17,208,719

(3) Revenue and Segment reporting (continued)

For the six months ended 30 June 2018 (Note) (unaudited)

	Eastern China	*Central China*	*Southern China*	*Western China*	*Overseas*	*Subtotal*	*Reconciling items (note4(3)(c))*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	5,743	551,292	2,703	7,317	1,828	568,883	(78,766)	490,117
Interest expense	(10,252)	(196,310)	(11,282)	(56,281)	(56,094)	(330,219)	77,736	(252,483)
Depreciation and amortisation for the period	(225,863)	(1,018,616)	(345,831)	(766,145)	(82,493)	(2,438,948)	15,978	(2,422,970)
Reportable segment assets (including interests in associates and joint ventures)	14,352,342	99,897,497	11,778,270	27,384,237	8,993,862	162,406,208	(38,079,312)	124,326,896
Investment in associates and joint ventures	-	1,200,039	-	1,631,242	128,495	2,959,776	-	2,959,776
Additions to non-current segment assets during the period	236,304	1,059,727	246,484	37,809	600,303	2,180,627	-	2,180,627
Reportable segment liabilities	8,831,803	12,200,616	2,232,174	12,044,021	8,090,692	43,399,306	(17,768,259)	25,631,047

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 4(2).

(3) Revenue and Segment reporting (continued)

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

	Six months ended 30 June	
	2019	*2018* *(Note)*
	RMB'000 (unaudited)	RMB'000 (unaudited)
Revenue		
Under China Accounting Standards ("CAS") and IFRS		
Elimination of inter-segment revenue	(15,695,887)	(14,783,248)
Profit		
Elimination of inter-segment profits under CAS	(1,125,273)	(4,889,428)
Differences between CAS and IFRS*	23,062	23,062
	(1,102,211)	(4,866,366)

	At 30 June 2019	*At 31 December 2018*
	RMB'000 (unaudited)	RMB'000
Assets		
Under CAS and IFRS		
Elimination of inter-segment balances	(39,321,084)	(38,396,034)
Liabilities		
Elimination of inter-segment balances under CAS	(18,033,006)	(17,327,821)
Differences between CAS and IFRS*	205,628	228,690
	(17,827,378)	(17,099,131)

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 4(2).

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

(4) Other revenue and net income/ (loss)

(a) Other revenue

	Six months ended 30 June	
	2019	*2018*
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest income on financial assets measured at amortised cost	786,282	490,117
Subsidy income*	640,030	596,620
Investment income on wealth management products issued by banks	248,398	59,682
	1,674,710	1,146,419

* Subsidy income comprises refunds of value-added tax in connection with sales of certain cement products and government grants received.

(b) Other net income/ (loss)

	Six months ended 30 June	
	2019	*2018*
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Net loss on disposal of property, plant and equipment	(39,845)	(1,686)
Net realised and unrealised (loss)/gain on derivative financial instruments	(11,236)	29,985
Net exchange gain/(loss)	84,888	(169,435)
Net gain on disposal of interest in associate	99	-
Others	33,418	(28,294)
	67,324	(169,430)

(5) Profit before taxation

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

(a) Finance costs:

	Six months ended 30 June	
	2019	*2018*
		(Note)
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Interest expense on financial liabilities not at fair value through profit or loss	233,461	276,585
Interest on lease liabilities	1,348	-
Less: interest expense capitalised into construction-in-progress*	-	(24,102)
	234,809	252,483

* There is no borrowing costs that have been capitalized (six months ended 30 June 2018: 2.65% ~ 5.99%).

(b) Staff costs:

	Six months ended 30 June	
	2019	*2018*
		(Note)
	RMB'000	RMB'000
	(unaudited)	(unaudited)
Salaries, wages and other benefits	3,034,616	2,167,455
Contributions to defined contribution retirement plans	276,348	230,915
Annuity*	111,058	-
	3,422,022	2,398,370

* The Group joined the corporate annuity plan approved by relevant PRC authorities. Contribution to the annuity plan is charged to expense as incurred.

(5) Profit before taxation (continued)

(c) Other items:

	Six months ended 30 June	
	2019	*2018* *(Note)*
	RMB'000 (unaudited)	RMB'000 (unaudited)
Depreciation of investment property and other property, plant and equipment	2,501,305	2,258,479
Amortisation of lease prepayments	-	64,617
Amortisation of intangible assets	101,583	99,874
Cost of inventories*	48,264,693	25,973,215

* Cost of inventories includes RMB4,001,335,000 (six months ended 30 June 2018: RMB3,369,533,000) relating to staff costs and depreciation expenses which amount is also included in the respective total amounts disclosed separately above or in note 4(5)(b) for each of these types of expenses.

Note: The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated. See note 4(2).

(6) Income tax

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2019	*2018*
	RMB'000 (unaudited)	RMB'000 (unaudited)
Current tax		
Provision for the period	4,650,307	3,915,423
Under provision in respect of prior year	31,568	20,113
	4,681,875	3,935,536
Deferred tax		
Origination and reversal of temporary differences	35,647	(59,761)
	4,717,522	3,875,775

No provision for Hong Kong Profits Tax was made for the six months ended 30 June 2019 and 2018 as the Group did not earn any income which is subject to Hong Kong Profits Tax.

(6) Income tax (continued)

The corporate income tax rates of the subsidiaries outside mainland China are as following:

Conch International Holding (HK) Co., Ltd., a subsidiary in Hong Kong	16.5%
Luangprabang Conch Cement Co., Ltd. and Vientiane Conch Cement Co., Ltd., subsidiaries in Laos	24%
Conch Cement Volga Limited Liability Company, a subsidiary in Russia	20%
Battambang Conch Cement Company Limited, a subsidiary in Cambodia	20%
Qarshi Conch Cement Limited Liability Company, a subsidiary in Uzbekistan	7.5%

Other individual companies within the Group in the mainland China are generally subject to corporate income tax at 25% on taxable income determined according to the relevant income tax rules and regulations, except for:

Qianxinan Resource Development Co., Ltd. (Note (i)) 黔西南州發展資源開發有限公司	15%
Pingliang Conch Cement Co., Ltd. (Note (i)) 平凉海螺水泥有限責任公司	15%
Dazhou Conch Cement Co., Ltd. (Note (i)) 達州海螺水泥有限責任公司	15%
Guangyuan Conch Cement Co., Ltd. (Note (i)) 廣元海螺水泥有限責任公司	15%
Chongqing Conch Cement Co., Ltd. (Note (i)) 重慶海螺水泥有限責任公司	15%
Liquan Conch Cement Co., Ltd. (Note (i)) 禮泉海螺水泥有限責任公司	15%
Guigyang Conch Panjiang Cement Co., Ltd. (Note (i)) 貴陽海螺盤江水泥有限責任公司	15%
Guiding Conch Panjiang Cement Co., Ltd. (Note (i)) 貴定海螺盤江水泥有限責任公司	15%
Zunyi Conch Panjiang Cement Co., Ltd. (Note (i)) 遵義海螺盤江水泥有限責任公司	15%
Qianyang Conch Cement Co., Ltd. (Note (i)) 千陽海螺水泥有限責任公司	15%
Bazhong Conch Cement Co., Ltd. (Note (i)) 巴中海螺水泥有限責任公司	15%
Wenshan Conch Cement Co., Ltd. (Note (i)) 文山海螺水泥有限公司	15%
Longan Conch Cement Co., Ltd. (Note (i)) 隆安海螺有限責任公司	15%
Linxia Conch Cement Co., Ltd. (Note (i)) 臨夏海螺水泥有限責任公司	15%
Tongren Conch Panjiang Cement Co., Ltd. (Note (i)) 銅仁海螺盤江水泥有限責任公司	15%
Guizhou Liukuangruian Cement Co., Ltd. (Note (i)) 貴州六礦瑞安水泥有限公司	15%
Qianxian Conch Cement Co., Ltd. (Note (i)) 乾縣海螺水泥有限責任公司	15%

Sichuan Nanwei Cement Co., Ltd. (Note (i)) 四川南威水泥有限公司	15%
Yunnan Zhuangxiang Cement Co., Ltd. (Note (i)) 雲南壯鄉水泥股份有限公司	15%
Liangping Conch Cement Co., Ltd. (Note (i)) 梁平海螺水泥有限責任公司	15%
Baoji Zhongxi Fenghuangshan Cement Co., Ltd. (Note (i)) 寶雞眾喜鳳凰山水泥有限公司	15%
Baoji Zhongxi Jinlinghe Cement Co., Ltd. (Note (i)) 寶雞眾喜金陵河水泥有限公司	15%
Guangxi Lingyun Tonghong Cement Co., Ltd. (Note (i)) 廣西淩雲通鴻水泥有限公司	15%
Baoshan Conch Cement Co., Ltd. (Note (i)) 保山海螺水泥有限責任公司	15%
Ganzhou Conch Cement Co., Ltd. (Note (i)) 贛州海螺有限責任公司	15%
Hami Hongyi Construction Co., Ltd. (Note (i)) 哈密弘毅建材有限責任公司	15%
Yingjiangyunhan Cement Co., Ltd. (Note (i)) 盈江縣允罕水泥有限公司	15%
Kunming Conch Cement Co., Ltd. (Note (i)) 昆明海螺水泥有限公司	15%
Shanxi Tongchuan Fenghuang Construction Co., Ltd. (Note (i)) 陝西銅川鳳凰建材有限公司	15%
Chongqing Material Trading Co., Ltd. (Note (i)) 重慶海螺物資貿易有限責任公司	15%
Anhui Wuhu Conch Construction and Installation Co., Ltd. (“Conch Construction”) (Note (ii)) 安徽蕪湖海螺建築安裝工程有限責任公司	15%
Anhui Conch Siam Refractory Material Co., Ltd. (“Refractory Material”) (Note (ii)) 安徽海螺暹羅耐火材料有限公司	15%

Notes:

(i) Pursuant to Notice No.4 issued by the State Administration of Taxation of the People’s Republic of China(“the PRC”) 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 are entitled to a preferential income tax rate of 15% in 2019.

(ii) Pursuant to Chapter 28 of the Law of the PRC 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 passed the review in 2018 and is entitled to a preferential income tax rate of 15% from 2018 to 2020. Refractory Material has obtained a high and new technology enterprise certification in 2016 and the relevant documents have been submitted for review in 2019. In this case, a preferential income tax rate of 15% is applied.

(7) Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2019 is based on the profit attributable to ordinary equity shareholders of the Company of RMB15,281,711,000 (six months ended 30 June 2018: RMB12,964,099,000) and the weighted average number of shares in issue during the six months ended 30 June 2019 of 5,299,303,000 shares (six months ended 30 June 2018: 5,299,303,000 shares).

(b) Diluted earnings per share

The Company had no dilutive potential ordinary shares outstanding during the six months ended 30 June 2019 and 2018, therefore, diluted earnings per share is the same as the basic earnings per share.

(8) Contingent liabilities

At 30 June 2019, outstanding letters of credit issued by the Group amounted to approximately RMB83,304,000 (31 December 2018: RMB92,291,000).

At 30 June 2019, the Group issued guarantees in relation to banking facilities to its related parties, PT SDIC Papua Cement Indonesia, Huaibei Mining Xiangshan Cement Company Limited and Myanmar Conch Cement Company Limited, amounting to RMB920,958,000 in aggregate (31 December 2018: RMB995,992,000). These guarantees were utilised to the extent of RMB920,958,000 (31 December 2018: RMB995,992,000) as at 30 June 2019.

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

Wuhu City, Anhui Province, the People's Republic of China
22 August 2019

As at the date of this announcement, the Board comprises (i) Mr Gao Dengbang, Mr Wang Jianchao, Mr Wu Bin and Mr Li Qunfeng as executive Directors; (ii) Mr Ding Feng as non-executive Director; (iii) Mr Yang Mianzhi, Mr Leung Tat Kwong Simon and Ms Zhang Yunyan as independent non-executive Directors.