



2019 INTERIM REPORT

Anhui Conch Cement Company Limited

(A Share: 600585 H Share: 00914)

1. The Board, Supervisory Committee and Directors, Supervisors and the senior management of the Company warrant that the information in this report, for which they jointly and severally accept legal liability, is truthful, accurate and complete, and does not contain any misrepresentation, misleading statement or material omission.
2. All Directors of the Company attended the second meeting of the eighth session of the Board.
3. This interim report is unaudited.
4. Mr. Gao Dengbang, Chairman of the Company, Mr. Wu Bin, officer-in-charge of the accounting function and Ms. Liu Yan, officer-in-charge of the accounting department, have declared that they warrant the financial statements contained herein are true, accurate and complete.
5. During the Reporting Period, there was no appropriation of the Company's funds for non-operating purpose by the controlling shareholder of the Company and its related parties.
6. During the Reporting Period, there was no external guarantee provided in violation of the established decision-making procedures.
7. Unless otherwise stated, all financial data in this report are prepared in accordance with the PRC Accounting Standards, and all monetary amounts herein are denominated in RMB.

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1. Definitions

The following terms and expressions contained in this report shall, unless the context otherwise requires, have the meanings assigned to them as follows:

The Company/Conch Cement	:	Anhui Conch Cement Company Limited
The Group	:	the Company and its subsidiaries
Board	:	the Board of Directors of the Company
Director(s)	:	the Director(s) of the Company
Supervisory Committee	:	the supervisory committee of the Company
Supervisor(s)	:	the supervisor(s) of the Company
Conch Holdings	:	Anhui Conch Holdings Co., Ltd.
Conch Profiles and Science	:	Wuhu Conch Profiles and Science Co., Ltd.
Conch New Material Company	:	Anhui Conch New Material Technology Co., Ltd.
CV Investment	:	Anhui Conch Venture Investment Co., Ltd.
Conch Venture	:	China Conch Venture Holdings Limited, a company listed on the Stock Exchange (stock code: 0586)
Conch Venture Property	:	Wuhu Conch Venture Property Co., Ltd.
Conch Design Institute	:	Anhui Conch Construction Materials Design Institute Co., Ltd.
Jining Conch	:	Jining Conch Cement Co., Ltd.
Zhongguo Cement Plant	:	Zhongguo Cement Co., Ltd.
Jiangsu Conch Building Materials	:	Jiangsu Conch Building Materials Co., Ltd.
Shaoyang Yeafing	:	Shaoyang Yeafing New Energy Co., Ltd.

1. Definitions

Xinli Finance	:	Anhui Xinli Finance Co., Ltd., a company listed on the SSE (stock code: 600318)
WCC	:	West China Cement Limited, a company listed on the Stock Exchange (stock code: 2233)
Contact person	:	has the meaning ascribed to it under the Listing Rules
Connected person	:	has the meaning ascribed to it under the Listing Rules
Regional Committee	:	Regional management unit(s) specially established by the Company for implementation of regional management in order to strengthen the Company's management over its subsidiaries and enhance management efficiency by organising certain subsidiaries located in a particular province or neighboring areas into a regional management unit
Audit Committee	:	Audit committee of the Board
Reporting Period	:	The period from 1 January 2019 to 30 June 2019
A Share	:	ordinary shares in the capital of the Company listed on the SSE, with a nominal value of RMB1.00 per share, which are subscribed for and traded in RMB
H Share	:	foreign shares in the capital of the Company listed on the Stock Exchange, with a nominal value of RMB1.00 per share, which are subscribed for and traded in Hong Kong dollars
Stock Exchange	:	The Stock Exchange of Hong Kong Limited
HKSE Listing Rules	:	The Rules Governing the Listing of Securities on the Stock Exchange
SFO	:	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SSE	:	Shanghai Stock Exchange

1. Definitions

SSE Listing Rules	:	The Rules Governing the Listing of Stocks on the SSE
Clinker	:	semi-finished products made in the manufacturing process of cement
Hong Kong	:	Hong Kong Special Administrative Region of the PRC
RMB	:	Renminbi, the lawful currency of the PRC
PRC	:	The People's Republic of China
Articles	:	Articles of Association of the Company

2. Corporate Profile and Major Financial Indicators

- (1) **Official Chinese name of the Company** : 安徽海螺水泥股份有限公司
Abbreviation in Chinese : 海螺水泥
Official English name of the Company : ANHUI CONCH CEMENT COMPANY LIMITED
Abbreviation in English : ACC
- (2) **Legal Representative of the Company** : Gao Dengbang
- (3) **Secretary to the Board (Company Secretary)** : Yu Shui
Phone number : 0086 553 8398976
Fax number : 0086 553 8398931
Company secretary (Hong Kong) : Leo P. Y. Chiu
Phone number : 00852 2111 3220
Fax number : 00852 2111 3299
Securities Affairs Representative : Liao Dan
Phone number : 0086 553 8398911
Fax number : 0086 553 8398931
E-mail : dms@chinaconch.com
- (4) **Registered address of the Company** : 39 Wenhua Road, Wuhu City, Anhui Province, the PRC
Office address of the Company : 39 Wenhua Road, Wuhu City, Anhui Province, the PRC
Postal code : 241000
Email address of the Company : dms@chinaconch.com
Website of the Company : <http://www.conch.cn>
Contact address in Hong Kong : 40th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong

2. Corporate Profile and Major Financial Indicators

- (5) **Company's designated newspaper for information disclosure** : Shanghai Securities Journal, Securities Times
- Website for publication of this report** : <http://www.sse.com.cn>
- Location where this interim report is available for inspection** : Secretariat to the Board of the Company, SSE
- (6) **Exchange on which the Company's shares are listed:**
- H Shares** : Stock Exchange
- Stock code** : 00914
- Stock name** : Conch Cement
- A Shares** : SSE
- Stock code** : 600585
- Stock name** : Conch Cement
- (7) **International auditors** : KPMG
8th Floor, Prince's Building, 10 Chater Road,
Central, Hong Kong
- PRC auditors** : KPMG Huazhen LLP
8th Floor, Tower E2, Oriental Plaza,
1 East Chang An Avenue, Beijing, the PRC
- (8) **H Shares share registrar and transfer office** : Hong Kong Registrars Limited
17/F, Hopewell Centre, 183 Queen's Road East,
Wanchai, Hong Kong

2. Corporate Profile and Major Financial Indicators

(9) Accounting data prepared in accordance with the PRC Accounting Standards

Table 1:

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
Net assets attributable to equity shareholders of the Company	119,019,967	112,688,916	5.62

Table 2:

Items	Six months ended 30 June 2019 (RMB'000) (Unaudited)	Six months ended 30 June 2018 (RMB'000) (Unaudited)	Change from that of the corresponding period of the previous year (%)
Net cash flows 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
Basic earnings per share (RMB/share)	2.88	2.44	17.91
Diluted earnings per share (RMB/share)	2.88	2.44	17.91
Basic earnings per share after extraordinary items (RMB/share)	2.82	2.41	17.09
Weighted average return on net assets (%)	12.84	13.65	Decreased by 0.81 percentage point
Weighted average return on net assets after extraordinary items (%)	12.56	13.45	Decreased by 0.89 percentage point

2. Corporate Profile and Major Financial Indicators

Table 3:

Extraordinary items for the Reporting Period	Amount (RMB'000) (Unaudited)
(1) Gain/(Loss) on disposal of non-current assets	-39,746
(2) Government subsidy	210,301
(3) Gain/(Loss) on changes in the fair value of financial assets held for trading and gain on disposals of financial assets held for trading and other investments in equity instruments	-11,236
(4) Gain/(Loss) on entrusted investment or asset management	248,398
(5) Entrusted fee income obtained from entrusted operation	1,287
(6) Charges on share of funds received from non-financial enterprises included in the current income statement	5,796
(7) Other non-operating income and expenses other than the above items	33,418
(8) Effect of extraordinary items on income tax	-110,344
(9) Effect of extraordinary items on minority interests	-1,656
Total	336,218

(10) Financial summary prepared in accordance with the International Financial Reporting Standards (“IFRSs”)

Items	Six months ended 30 June 2019 (RMB'000) (Unaudited)	Six months ended 30 June 2018 (RMB'000) (Unaudited)	Change from that of 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

2. Corporate Profile and Major Financial Indicators

	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

(11) Explanations for differences between consolidated financial statements prepared in accordance with the PRC Accounting Standards and the IFRSs

	Net profit attributable to equity shareholders of the Company		Equity attributable to equity shareholders of the Company	
	Six months ended 30 June 2019 (RMB'000) (Unaudited)	Six months ended 30 June 2018 (RMB'000) (Unaudited)	As at 30 June 2019 (RMB'000) (Unaudited)	As at 31 December 2018 (RMB'000)
As reported in the statutory financial statements prepared in accordance with the PRC Accounting Standards	15,259,702	12,942,089	119,019,967	112,688,916
– Deferral of subsidy income not subject to “China Accounting Standards for Business Enterprises No.16 – Government Subsidy” in accordance with IFRSs	22,009	22,010	-190,320	-212,330
As reported in accordance with IFRSs	15,281,711	12,964,099	118,829,647	112,476,586

3. Business Overview of the Company

(1) OVERVIEW OF THE CEMENT INDUSTRY

In the first half of 2019, the cement industry remained stable in general and quantity and price rising simultaneously with obvious divergence in regional market performance. On the supply side, continuous normalizing off-peak season production in the industry, controlling and maintaining national environmental protection at high-handed attitude, further tightening comprehensive management of mines, accelerating the phasing out of backward production capacity, though some new capacity production has brought certain impact on part of the market. On the demand side, China's growth rate of fixed asset investment stabilized and rebounded, infrastructure investment maintained a steady growth at a low rate, real estate investment continued to maintain a rapid growth although the growth rate saw a slight fallback. National cement output in the first half of this year was approximately 1.045 billion tonnes, representing a growth rate of 6.8% period-on-period. Industry earnings maintained at a relatively satisfactory level. *(Data source: Digital Cement)*

(2) INTRODUCTION OF THE MAIN BUSINESS OF THE COMPANY

During the Reporting Period, the Group was principally engaged in production and sale of cement, commodity clinker and aggregate. According to market demands, the Group's main cement products included 32.5R-grade cement, 42.5-grade cement and 52.5-grade cement, which are widely used in construction projects of large-scale national infrastructures such as railways, expressways, airports and hydraulic power as well as development of urban property, cement products and the rural markets.

As part of the basic raw material industry, cement is a regional product as its sales radius is subject to mode of transportation and local cement price, resulting in a sales model different from that of the consumer goods. The Group has adopted a sales model with its focus on direct sales and supplemented by distribution, and has established over 500 marketing departments in the marketplaces where the Company operates across the PRC and overseas, building up a relatively extensive marketing network. Meanwhile, the Group continued to improve its marketing strategy by proactively accelerating the construction or lease of the transfer storages and other landing passageway in the Yangtze River Delta, Pearl River Delta regions as well as the Zhejiang-Fujian coastal areas, so as to further improve the market planning and strengthen the control of the market.

During the Reporting Period, the Group continued to optimise its domestic and overseas market planning, steadily accelerating internationalised development strategy, proactively explored into the upstream and downstream industrial chain and steadily implemented its development strategy.

3. Business Overview of the Company

(3) CHANGES IN THE PRIMARY ASSETS OF THE COMPANY DURING THE REPORTING PERIOD

During the Reporting Period, the balance of the Group's trading financial assets decreased by 44.69% as compared to those at the beginning of the year which was mainly attributable to the change in fair value of swaps held during the Reporting Period. The balance of other receivables increased by 43.30% as compared to those at the beginning of the year. The changes were mainly attributable to the outstanding management products issued by the bank which were purchased during the Reporting Period. The balance of the investment properties increased by 37.64% as compared to those at the beginning of the year. Such increase was mainly due to the leasing of some idle buildings during the Reporting Period. Assets held for sale decreased by 84.34% as compared to those at the beginning of the year. It was mainly attributable to the completion of disposal of assets held for sale by certain subsidiaries during the Reporting Period. Save as disclosed above, there was no material change in the fixed assets, intangible assets and other primary assets of the Group.

(4) CHANGES IN CORE COMPETITIVENESS OF THE COMPANY DURING THE REPORTING PERIOD

Since its listing in 1997, the Company has focused on developing and growing its cement business by promoting independent innovation and technology innovation, facilitating environmental protection and energy conservation technology application and developing recycling economy. After over 20 years of constant, healthy and steady development, and by refining internal management, strengthening market construction and promoting technological innovation, the Company has created the unique "Conch Model", establishing relatively strong advantage in resources, technology, human resources, funding, market share and brand recognition.

During the Reporting Period, the Group made continuous efforts in enhancing regional market operation, strengthening cost control, increasing investment in safety and environmental protection, and speeding up the construction of factories equipped with information system and intelligent system, so as to further consolidate and improve its aforesaid competitive advantages, and maintain the core competitiveness of the Group.

4. Management Discussion and Analysis on the Operations of the Group

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. 1 cement grinding unit, 2 aggregate projects and 1 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 under construction. 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.

4. Management Discussion and Analysis on the Operations of the Group

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 point
Building material industry (trading business)	19,735,291	19,703,895	0.16	1,027	1,029	Decreased by 0.15 percentage point

4. Management Discussion and Analysis on the Operations of the Group

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 point
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 point
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 point
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

4. Management Discussion and Analysis on the Operations of the Group

Principal activities by region

Region	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Period-on-	Period-on-	Period-on-period change in gross profit margin (%)
				period change in operating revenue (%)	period change in operating cost (%)	
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 point
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 point
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 point

4. Management Discussion and Analysis on the Operations of the Group

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, etc;
3. Central China mainly includes Anhui, Jiangxi and Hunan, etc;
4. South China mainly includes Guangdong, Guangxi and Hainan;
5. West China mainly includes Sichuan, Chongqing, Guizhou, Yunnan, Gansu, Shaanxi and Xinjiang, etc;

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 point 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 point, 0.08 percentage point and 3.28 percentage point 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 point 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.

4. Management Discussion and Analysis on the Operations of the Group

2. Profit analysis

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

Items	Amount		Change from that of the corresponding period of the 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

Items	Six months ended 30 June 2019		Six months ended 30 June 2018		Change in unit costs (%)	Change in 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.

4. Management Discussion and Analysis on the Operations of the Group

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 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 expenses 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 expenses and financial expenses in aggregate as a percentage of revenue generated from principal activities is 7.28%, representing a decrease of 0.21 percentage point period-on-period. The decrease was mainly attributable to a significant period-on-period decrease in financial expenses.

4. Management Discussion and Analysis on the Operations of the Group

4. Financial position

Asset and liability overview

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

Items	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.

4. Management Discussion and Analysis on the Operations of the Group

Please refer to note 12 to the financial report 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 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.

4. Management Discussion and Analysis on the Operations of the Group

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. Please refer to note 8 to the financial report 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 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.

4. Management Discussion and Analysis on the Operations of the Group

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 year-on-year 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.

4. Management Discussion and Analysis on the Operations of the Group

(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 pushed forward the construction of overseas projects in order to prevent exchange rate fluctuation risk. In the construction process 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 overseas 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.

4. Management Discussion and Analysis on the Operations of the Group

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 Initiative” 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 marketing strategy of “one policy for one region, one policy for one plant and implementation of differential policies”, 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.

5. Report of the Directors

(1) PRINCIPAL INVESTMENTS DURING THE REPORTING PERIOD

1. Establishment of and capital increase in subsidiaries during the Reporting Period

- (1) In January 2019, the Company invested in and established Linquan Conch Cement Company Limited, with a registered capital of RMB50 million, which is held as to 100% by the Company.
- (2) In January 2019, the Company and natural person Yu Xueming jointly invested in and established Tongchuan Conch New Materials Company Limited, with a registered capital of RMB40 million, among which RMB26 million was funded by the Company, representing 65% of its registered capital. Yu Xueming invested RMB14 million, representing 35% of its registered capital.
- (3) In May 2019, the Company invested in and established Zhuhai Haizhong Trading Company Limited, with a registered capital of RMB10 million, which is held as to 100% by the Company.
- (4) In June 2019, the Company invested in and established Fenyi Conch Building Materials Company Limited, with a registered capital of RMB150 million, which is held up to 100% by the Company.
- (5) During the Reporting Period, the Company made capital injection into the following subsidiaries in the amount as follows:

Name of companies	Capital increase by the Company	Enlarged registered capital	The Company's shareholding upon the capital increase
PT Conch International Trade Indonesia	US\$10 million	US\$20 million	100%
Qarshi Conch Cement Foreign Enterprise Co., Ltd.	US\$5 million	US\$9 million	100%
Vientiane Conch Cement Co., Ltd.	US\$5.25 million	US\$10 million	75%

There has been no change in the percentage of shareholding in the above subsidiaries before and after the increase in capital.

5. Report of the Directors

2. Shareholding in other listed companies and trading of shares of other listed companies

During the Reporting Period, the Company did not deal in the shares of other listed companies. As at the end of the Reporting Period, the Group's shareholdings in other listed companies are set out as follows:

Stock code	Short name	Initial investment costs (RMB)	Percentage of shareholding at the beginning of the Reporting Period (%)	Percentage of shareholding at the end of the Reporting Period (%)	Carrying amount as at the end of the Reporting Period (RMB)	Profit/loss recognized during the Reporting Period (RMB)
600318	Xinli Finance	45,209,210	7.51	7.51	271,395,558	-
2233	WCC	1,449,828,915	21.11	21.11	1,885,905,009	167,153,125
Total		1,495,038,125	-	-	2,157,300,567	167,153,125

Note: The shares held by the Group in Xinli Finance were recognized as "other investments in equity instruments", while the shares in WCC were recognized as "long-term equity investments".

3. Major investments during the Reporting Period

During the Reporting Period, the Group did not have major investment project with a total investment amount exceeding 10% of the audited net assets of the Company of the previous year. For details of the investment projects of the Group during the Reporting Period, please refer to the paragraph headed "(1) Overview of Operation Development" under the section headed "Analysis on the Operational Conditions for the First Half of 2019" in Chapter 4 "Management Discussion and Analysis on the Operations of the Group" in this report as well as note 5 and 14 to the financial statements prepared in accordance with the PRC Accounting Standards.

4. Principal majority-owned subsidiaries and invested companies

As at the end of the Reporting Period, the Company had 161 majority-owned subsidiaries, 6 jointly-controlled entities and 1 associated entity. During the Reporting Period, there was no single subsidiary or invested company in which the Company's share of its net profit or investment income accounted for more than 10% of the net profit of the Company.

5. Report of the Directors

5. Financial entrustment

In light of the Company's daily fund arrangements and unutilized fund situation and in order to ensure full use of the unutilized fund, the Company handled six new batches of financial entrustment and recovered three batches of financial entrustment during the Reporting Period, after taking into consideration of capital safety and return rate, the details of which are as follows:

Trustee	Inception date	Expiry date	Product name	Amount (RMB in billion)	Expected annualized return rate	Statue of Recovery	Actual income (RMB in ten thousand)
Agricultural Bank of China, Wuhu Jinqiao Sub-branch	15 August 2018	20 February 2019	"Hui Li Feng" corporate RMB denominated structured deposit products	2.5	4.80%	Recovered	6,278.42
Bank of Communications, Wuhu Branch	6 September 2018	15 March 2019	"Win to Fortune" fixed-term structured deposit products	2.5	4.60%	Recovered	5,986.30
Agricultural Bank of China, Wuhu Jinqiao Sub-branch	16 October 2018	15 April 2019	"Hui Li Feng" corporate RMB denominated structured deposit products	5.0	4.05%	Recovered	9,986.30
Huishang Bank, Wuhu Beijing Road Sub-branch	25 February 2019	22 November 2019	Smart financial management "Chuangying" series portfolio investment financial management products	2.5	5.10%	Not yet expired	/
Bank of Communications, Wuhu Branch	19 March 2019	12 September 2019	"Win to Fortune" fixed-term structured deposit products	1.0	4.56%	Not yet expired	/
Bank of Communications, Wuhu Branch	20 March 2019	19 March 2020	"Win to Fortune" fixed-term structured deposit products	2.0	4.50%	Not yet expired	/
Bank of China, Wuhu Branch	12 April 2019	11 October 2019	BOC Steady Financial Management Plan - Zhihui series financial management products	2.0	4.10%	Not yet expired	/
Huishang Bank, Wuhu Beijing Road Sub-branch	17 April 2019	16 April 2020	Smart financial management "Chuangying" series fixed income net value financial management products	5.0	4.60%	Not yet expired	/
Huishang Bank, Wuhu Beijing Road Sub-branch	24 June 2019	23 June 2020	"Chuangying" series fixed income net value financial management products	2.0	4.58%	Not yet expired	/

During the Reporting Period, the Company had no overdue unrecoverable financial entrustment.

5. Report of the Directors

(2) IMPLEMENTATION OF THE 2018 PROFIT DISTRIBUTION PROPOSAL OF THE COMPANY

On 30 May 2019, the profit distribution proposal for the year 2018 was considered and approved at the 2018 annual general meeting of the Company (“2018 Annual General Meeting”). On the basis of 5,299,302,579 shares which was the total share capital of the Company as at 31 December 2018, under such proposal, the Company paid to all the shareholders of the Company a cash dividend of RMB1.69 (tax inclusive) per share, totaling RMB8,955,821,358.51 (tax inclusive). As at the end of the Reporting Period, the above dividend was paid to all the shareholders whose names appeared in the register of members of the Company on the relevant record date.

(3) INTERIM DIVIDEND

The Board did not recommend the payment of interim dividend or the transfer of surplus reserve to share capital for the six months ended 30 June 2019.

6. Significant Events

(1) CORPORATE GOVERNANCE

Since the listing of the Company on the Stock Exchange and the SSE in 1997 and 2002 respectively, the Company has been continuously improving its corporate governance structure, perfecting the internal management and control systems and regulating its operation in accordance with the relevant domestic and overseas listing rules and regulatory requirements. General meeting of the Company, the Board and the Supervisory Committee have clearly defined power and duties, each assuming and performing its specific responsibilities and making its own decisions in an independent, efficient and transparent manner.

The general meeting is the body with the highest authority in the Company and operates in accordance with the Rules of Procedures of General Meeting. During the Reporting Period, legal advisers as to the PRC law were present in witness of the convening of general meetings of the Company and provided legal advice in connection with its convention to ensure that decision-making procedures and contents of general meetings are legal and valid and that shareholders of the Company can fully exercise their own rights. On 30 May 2019, the Company convened the 2018 Annual General Meeting. Please refer to the announcement published by the Company on the websites of the Stock Exchange and the Company on 30 May 2019, and the announcement published by the Company on the website of the SSE on 31 May 2019 for the voting results of the resolutions at the general meeting.

The Board is the decision-making body for business operation of the Company, which is accountable to the shareholders in general meeting. It operates in accordance with the Articles and the Rules of Procedures of Board Meeting. The Directors of the Company organize and implement the resolutions of the general meeting in a diligent, prudent and responsible manner through decisions in scientific approach to facilitate the healthy and sound development of the Company.

The Supervisory Committee is a monitoring body of the Company, accountable to the shareholders in general meeting. It operates in accordance with the Rules of Procedures of Supervisory Committee. The Supervisors effectively monitor the performance of duties of the Directors and senior management and the legal compliance in the Company's operations.

6. Significant Events

(2) AUDIT COMMITTEE

The Audit Committee has been established by the Company. The terms of reference adopted by the Audit Committee complied with all the applicable code provisions (the “Code Provisions”) set out in Appendix 14 to the HKSE Listing Rules. 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 of the Company. This interim report of 2019 of the Company has been reviewed by the Audit Committee.

(3) COMMITMENTS

Commitment by shareholders: In 2007, the Company issued A Shares to CV Investment as consideration for the purchase of the relevant assets of CV Investment. CV Investment has made the following undertakings in relation to the shareholders’ rights arrangements in respect of the shares held: except the rights of a shareholder of a proprietary nature (including but not limited to rights to receive dividends), CV Investment will forgo its other shareholder’s rights of the Company such as rights to vote, nominate and elect Directors/Supervisors of the Company, so long as it holds the Company’s shares. During the Reporting Period, CV Investment has complied with the above undertakings.

(4) ANALYSIS AND EXPLANATION ON REASONS AND IMPACT OF CHANGES IN THE ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

During the Reporting Period, the Ministry of Finance issued the Revised Accounting Standards for Business Enterprises No.21 – Leases (2018) (the “New Standard on Leases), Revised Accounting Standards for Business Enterprises No.7 – Exchange of Non-Monetary Assets (2019) and Accounting Standards for Business Enterprises No.12 – Debt Restructurings, according to which, the Company shall adopt the aforementioned accounting standards for enterprises in the preparation of financial reports for the year 2019 and the subsequent periods. In addition, the Ministry of Finance released the Notice on Revising and Issuing the Format of Financial Statements of General Enterprises for 2019 (Cai Kuai (2019) No.6), which required enterprises that had adopted the new financial standards or the new revenue standards to prepare the financial statements according to the new format of financial statements.

The above changes to accounting policies and adjustments in the presentation of financial statements are reasonable adjustments made in accordance with the requirements of the Ministry of Finance of China, which have no material impact on the financial position and operating results of the Company.

6. Significant Events

(5) MATERIAL LITIGATION, ARBITRATION AND NEGATIVE MEDIA INQUIRY

During the Reporting Period, the Group was not involved in any material litigation, arbitration or negative media inquiry which might have a material impact on the Group's business operation and management, nor were any of the current Directors, Supervisors and members of senior management of the Company involved in any material litigation or arbitration.

(6) EVENTS REGARDING INSOLVENCY AND RESTRUCTURING

During the Reporting Period, there was no event regarding insolvency or restructuring of the Group.

(7) ACQUISITIONS AND DISPOSALS OF MATERIAL ASSETS

During the Reporting Period, there was no acquisition of the Group's material assets or equity.

(8) STOCK OPTION INCENTIVE SCHEME

During the Reporting Period, the Group did not formulate and implement any stock option incentive scheme.

(9) CONNECTED (OR RELATED PARTY) TRANSACTIONS

During the Reporting Period, the Group entered into the following significant connected (or related party) transactions under the SSE Listing Rules and the HKSE Listing Rules:

1. **Connected (or related party) transactions or continuing connected (or related party) transactions related to daily operations**

(1) *Use of trademarks*

On 23 September 1997, the Company and Conch Holdings, being its controlling shareholder, entered into a trademark licensing agreement ("Trademark Licensing Agreement"), pursuant to which the Company has been granted a license to use certain permitted trademarks (including trademarks of "海螺" and "CONCH") on permitted products in permitted regions for the period as set out in the Trademark Licensing Agreement. The validity period of the Trademark Licensing Agreement is provided to be the same as the validity period of the permitted trademarks, and where the validity period of the permitted trademarks is extended, the validity period of the Trademark Licensing Agreement in respect of the trademarks would be extended automatically. On 22 March 2018, the Company and Conch Holdings entered

6. Significant Events

into a supplemental agreement to the Trademark Licensing Agreement, pursuant to which it was agreed that the annual fees paid by the Company to Conch Holdings in respect of the use of the trademarks consist of fixed license fee and variable license fee, of which the fixed license fee is RMB15 million per annum, and the variable license fee is a license fee for the use of the permitted trademarks by the companies (not being wholly-owned subsidiaries of the Company) in which the Company holds not less than 20% shares, equity interest or registered capital, at an amount to be determined according to the sales volume of cement and clinker.

During the Reporting Period, the fees paid by the Company to Conch Holdings in respect of the use of the trademarks amounted to RMB16.3669 million. Pursuant to the HKSE Listing Rules and the SSE Listing Rules, no announcements were required to be made in respect of such connected (or related party) transaction, nor was such connected (or related party) transaction subject to the independent shareholders' approval requirement.

(2) *Transaction with Jiangsu Conch Building Materials – sale of cement and procurement of materials*

On 3 January 2019, the Company and Jiangsu Conch Building Materials entered into the sale and purchase of cement contract and the procurement of materials contract, respectively, both valid from the date of signing to 31 December 2019. As stipulated in the sale and purchase of cement contract, certain subsidiaries of the Company located in East China would sell a total of approximately 7.5 million tonnes of cement products to Jiangsu Conch Building Materials with an aggregate contract price not exceeding RMB2.5 billion. As stipulated in the procurement of materials contract, three of the Company's subsidiaries located in Shanghai region would procure a total of approximately 130,000 tonnes of fly ash and 70,000 tonnes of desulphurization gypsum materials from Jiangsu Conch Building Materials with an aggregate contract price not exceeding RMB21.2 million.

The price under the sale and purchase of cement contract signed by the Company and Jiangsu Conch Building Materials was determined with reference to the factory/freight on board prices and the prevailing market price of relevant cement products and was negotiated and agreed between the parties on arm's length basis after taking full account of factors such as the seasonal factors of cement prices, historical product prices and market conditions.

The price under the procurement of materials contract signed by the Company and Jiangsu Conch Building Materials was negotiated by the parties on an arm's length basis, and are determined after fully taking into account the prevailing market prices and historical procurement costs of the materials.

6. Significant Events

Also, the purchase price will not be higher than the price offered to the Company by independent third party suppliers for the same products in the same region during the same period.

During the Reporting Period, the actual transaction amount under the sale and purchase of cement contract was RMB1,353 million. The actual amount under the procurement of materials contract was RMB6.2013 million.

Jiangsu Conch Building Materials is a non-wholly-owned subsidiary of the Company, which is owned as to 51% by the Company and 49% by Conch Profiles and Science. Conch Profiles and Science is a controlling subsidiary of Conch Holdings, the controlling shareholder of the Company. Accordingly, Conch Profiles and Science is an associate of Conch Holdings and hence a connected person of the Company. According to Chapter 14A of the HKSE Listing Rules, Jiangsu Conch Building Materials is a connected subsidiary of the Company and thereby a connected person of the Company, and the transactions under the sale and purchase of cement contract as well as the procurement of materials contract both constitute continuing connected transactions of the Company. Pursuant to Rule 14A.81 of the HKSE Listing Rules, the two connected transactions contemplated under the contracts shall be aggregated and calculated, and treated as one transaction, as they were all carried out within a 12-month period by the same transaction parties. For details, please refer to the announcement published by the Company on the website of the Stock Exchange and the website of the Company on 3 January 2019. According to the SSE Listing Rules, Jiangsu Conch Building Materials is not a related (connected) party of the Company.

(3) *Transactions with Conch New Material Company – procurement of grinding aids*

On 14 February 2019, the Company entered into the procurement of cement grinding aids contract with Conch New Materials Company, with a validity period from the date of the contract to 31 December 2019. As stipulated in the contract, the Company would procure not more than 150,000 tonnes cement grinding aids from Conch New Materials Company with an aggregate contract price not exceeding RMB840 million.

The price under the procurement of cement grinding aids contact signed by the Company and Conch New Materials Company was determined at a fixed unit price (calculated per tonne) based on the results of the open tender conducted by the Company.

During the Reporting Period, the transaction amount incurred by the Company and Conch New Materials Company for the performance of the procurement of cement grinding aids contract was RMB200 million.

6. Significant Events

Conch Holdings, the controlling shareholder of the Company, held 100% of the shares of Anhui Conch Investment Co., Ltd. (“Conch Investment Company”). Conch Investment Company held 50.72% of the shares of Conch New Materials Company, Conch New Materials Company is therefore a non-wholly owned subsidiary of Conch Holdings. According to the HKSE Listing Rules, Conch New Materials Company is a connected person of the Company and therefore the transaction under the above contract constitutes a connected transaction of the Company. According to the SSE Listing Rules, Conch New Materials Company is a related (connected) party of the Company and the transaction under the above contract constitutes a related (connected) party transaction under its definition. However, as this related (connected) transaction was conducted through open tendering, it can be exempted from the review and disclosure procedures of related (connected) party transactions as required by the SSE Listing Rules. For details, please refer to the announcement published by the Company on the website of the Stock Exchange and the website of the Company on 14 February 2019.

2. Engineering design and technical services for projects

On 1 March 2019, Jining Conch and Zhongguo Plant, both being the Company’s subsidiaries, respectively entered into the SCR denitration technology transformation EPC contract with Conch Design Institute. Conch Design Institute will provide SCR denitration technology transformation service to clinker production lines of Jining Conch and Zhongguo Plant. The total contract price amounted to RMB154.30 million. On the same day, the Company and Conch Design Institute entered into the engineering design and technology service contract. Conch Design Institute will provide engineering design and technology transformation services to the clinker production lines, cement grinding system, aggregate and commercial concrete projects of certain subsidiaries of the Company. The contract price is RMB89.07 million. The total amount of the above two contracts was RMB243.37 million.

The price of the SCR denitration technology transformation EPC contract was determined by the parties through arm’s length negotiation and consensus was reached on a fair basis. Among which the cost for equipment supply, construction and installation and project supervision was determined by the final bidding price of the public tender conducted by Conch Design Institute. The engineering design fee was determined with reference to the [2002] Cost Estimate Paper No.10 ([2002] 計價格10號文) and the Engineering Survey Design Fee Standard (《工程勘察設計收費標準》) promulgated by National Development and Reform Commission and the Ministry of Construction in 2002, as well as the project size, investment amount, design scope and technology indicator, and negotiated by all parties on arm’s length basis. The project management fee was determined with reference to the

6. Significant Events

Fee Standard Specifications of Construction Engineering Quantity List (《建設工程工程量清單計價規範》) issued by the Ministry of Housing and Urban-Rural Development in 2013, as well as the project scale and complexity of technology transformation project, and generally represents 2.5% of the total cost for equipment supply and construction installation services.

The price of the engineering design and technology service contract was determined by the parties after arm's length negotiation with reference to the [2002] Cost Estimate Paper No.10 ([2002]計價格10號文) and the Engineering Survey Design Fee Standard (《工程勘察設計收費標準》) promulgated by National Development and Reform Commission and the Ministry of Construction in 2002, as well as the project size, investment amount, design scope, technology indicator and the prevailing market price for provision of similar services.

During the Reporting Period, the transaction amount under the SCR denitration technology transformation EPC contract was RMB92.5756 million; the transaction amount under the engineering design and technology service contract was RMB18.0137 million. If the relevant contracts entered into during previous years are included, the accumulated transaction amount between the Company and Conch Design Institute during the reporting period amounted to RMB126.7956 million.

Conch Design is a wholly-owned subsidiary of Conch Holdings, a controlling shareholder of the Company. Pursuant to the HKSE Listing Rules, Conch Design is a connected person of the Company, and the two transactions contemplated under the contracts constitute connected transactions of the Company. Pursuant to Rule 14A.81 of the HKSE Listing Rules, the transactions contemplated under the contracts shall be aggregated and calculated, and treated as one transaction as they were all carried out within a 12-month period by the same transaction parties. According to the SSE Listing Rules, Conch Design is also a related (connected) party of the Company and the transactions under the above two contracts also constitute related (connected) transactions under its definition. Please refer to the announcement of the Company published on the websites of the Stock Exchange and the Company on 1 March 2019 and the website of the SSE on 2 March 2019 for further details.

6. Significant Events

(10) MATERIAL CONTRACTS

1. The Group was not involved in any material entrustment, contracting or leasing of assets of other companies, nor were any other companies involved in any entrustment, contracting or leasing of assets of the Company during the Reporting Period or during the previous periods but subsisting in the Reporting Period.

2. Guarantees

During the Reporting Period, all the external guarantees of the Company were in compliance with the approval procedures of the Board and/or the general meeting, and the aggregate amount of guarantees provided by the Company to its controlling subsidiaries was RMB1,009.36 million, all being guarantees for collateral liabilities, the details of which are as follows:

No.	Guaranteed company	Shareholding proportion of the Company	Amount guaranteed by the Company (ten thousand)	Guaranteed period	Date of guarantee contract	Name of creditor
1	Shaoyang Yeafing	65%	40,000	Two Years	2019.04.25	Hefei Branch of HSBC
2	PT Conch North Sulawesi Cement	100%	30,936 (US\$ 45 million)	One Year	2019.05.27	Indonesia Branch of Citibank
3	Wuhu South East Asia Trading Co., Ltd.	55%	30,000	Three Years	2019.02.26	Wuhu Branch of Bank of China
Total			100,936			

During the Reporting Period, the aggregate new guarantees provided by the Company for its subsidiaries with a gearing ratio of over 70% was RMB309.36 million. Except for the guarantees for the bank loans as set out in the table above, the Company provided guarantees of RMB345 million and RMB687.47 million respectively for the trade finance facilities granted to Shanghai Conch Construction Material International Trading Co., Ltd. and Conch International Holding (HK) Co., Ltd.

6. Significant Events

As at the end of the Reporting Period, the aggregate balance of external guarantees provided by the Company (including those provided for its subsidiaries and joint ventures) was RMB8,925.25 million (including RMB 3,919.48 million and USD728.15 million), representing 7.5% of the net assets of the Company as at the end of the Reporting Period. Among which, the aggregate balance of the guarantees provided to its subsidiaries was RMB8,004.30 million and that for its joint ventures was RMB920.95 million.

As at the end of the Reporting Period, save for the guarantees for three joint ventures, namely, Myanmar Conch Cement Company Limited, PT Sdic Papua Cement Indonesia and Huaibei Mining Xiangshan Cement Company Limited, the Company did not provide any other guarantee for its controlling shareholder, de facto controllers, other related parties and any entities which are not legal persons or individuals. Save for the guarantees as disclosed above, the Group did not provide any other guarantees or pledges, nor did the Group have any other significant contingent liabilities.

(11) PENALTIES AND/OR REMEDIES IN RELATION TO THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

During the Reporting Period, none of the Company, its existing Directors, Supervisors, senior management, controlling shareholder and de facto controller was subject to any penalties by the relevant authorities.

(12) EXPLANATION ON INTEGRITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

During the Reporting Period, there was no unenforced effective judgment of court, and no default in payment of outstanding due debt of relatively large amount by the Company, its controlling shareholder and de facto controller.

6. Significant Events

(13) ENVIRONMENTAL PROTECTION AND WASTE DISCHARGE OF THE GROUP

1. Discharge information of key pollutant discharge units

As at the end of the Reporting Period, 78 subsidiaries and branch companies of the Group were included in the List of Key Pollutant Discharging Units by the environmental protection departments. Details of the major pollutants discharged during the production process by such companies are set out in the below table:

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of discharge (t)	Approved total amount of discharge (t/a)	Excessive discharge
1	Ningguo Cement Plant of Anhui Conch Cement Company Limited	Sulfur dioxide	Organised	3	Kiln tail	38.61	GB4915-2013	93.96	500	No
		Nitrogen oxides	Organised	3	Kiln tail	352.11		949.69	3,650	No
		Particulate matter	Organised	6	Kiln head and tail	12.35		71.84	470.85	No
		Particulate matter	Organised	175	General discharge outlet	10.89		19.51	206.056	No
2	Anhui Tongling Conch Cement Co., Ltd.	Sulfur dioxide	Organised	5	Kiln tail	20.61	GB4915-2013	401.56	7,095	No
		Nitrogen oxides	Organised	5	Kiln tail	308.04		4,643.55	14,190	No
		Particulate matter	Organised	10	Kiln head and tail	9.33		214.64	2,411	No
		Particulate matter	Organised	306	General discharge outlet	11.21		4.33		No
3	Baimashan Cement Plant of Anhui Conch Cement Company Limited	Sulfur dioxide	Organised	2	Kiln tail	0.45	GB4915-2013	1.06	1,187.5	No
		Nitrogen oxides	Organised	2	Kiln tail	167.45		439.9	2,375	No
		Particulate matter	Organised	4	Kiln head and tail	9.7		43.52	473.035	No
		Particulate matter	Organised	94	General discharge outlet	5.26		5.41		No
4	Anhui Digang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	4	Kiln tail	33.3	GB4915-2013	298.76	3,075	No
		Nitrogen oxides	Organised	4	Kiln tail	184.01		1,677.21	6,150	No
		Particulate matter	Organised	8	Kiln head and tail	8.84		122.55	793.6	No
		Particulate matter	Organised	147	General discharge outlet	2.48		10.15	158.67	No
5	Anhui Zongyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	5	Kiln tail	0.61	GB4915-2013	21.02	4,950	No
		Nitrogen oxides	Organised	5	Kiln tail	282.94		4,101.51	9,900	No
		Particulate matter	Organised	10	Kiln head and tail	9.93		220.77	1546.28	No
		Particulate matter	Organised	174	General discharge outlet	12.46		21.41		No
6	Anhui Chizhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	7	Kiln tail	3.19	GB4915-2013	43.31	6,270	No
		Nitrogen oxides	Organised	7	Kiln tail	316.2		4,396.06	12,540	No
		Particulate matter	Organised	14	Kiln head and tail	11.4		291.99	1,617.66	No
		Particulate matter	Organised	221	General discharge outlet	12.2		71.33	418.132	No
7	Anhui Huaining Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	18.11	GB4915-2013	93.05	1,550	No
		Nitrogen oxides	Organised	2	Kiln tail	254.3		1,208.61	3,100	No
		Particulate matter	Organised	4	Kiln head and tail	13.78		85.35	399.9	No
		Particulate matter	Organised	140	General discharge outlet	8.4		13.79	221.88	No

6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of discharge (t)	Approved total amount of discharge (t/a)	Excessive discharge
8	Anhui Xuancheng Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	41.48	GB4915-2013	236.79	1,125	No
		Nitrogen oxides	Organised	2	Kiln tail	278.71		1,590.99	3,100	No
		Particulate matter	Organised	4	Kiln head and tail	11.95		88.6	617.48	No
		Particulate matter	Organised	116	General discharge outlet	5.8		20.23		No
9	Wuhu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	6	Kiln tail	28.4	GB4915-2013	556.53	2,344.532	No
		Nitrogen oxides	Organised	6	Kiln tail	219.39		3,884.37	13,995	No
		Particulate matter	Organised	12	Kiln head and tail	4.95		167.12	6,997.5	No
		Particulate matter	Organised	308	General discharge outlet	4.4		32.67		No
10	Suzhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	0.93	GB4915-2013	5.01	240	No
		Nitrogen oxides	Organised	2	Kiln tail	152.58		639.96	3,300	No
		Particulate matter	Organised	4	Kiln head and tail	11.4		78.45	425.7	No
		Particulate matter	Organised	127	General discharge outlet	5.3		9.7	274.34	No
11	Quanjiao Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	22.1	GB4915-2013	87.1	300	No
		Nitrogen oxides	Organised	2	Kiln tail	314.6		1,204.6	3,300	No
		Particulate matter	Organised	4	Kiln head and tail	9.1		55.86	425.7	No
		Particulate matter	Organised	123	General discharge outlet	4.2		13.64	265.74	No
12	Chaohu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	61.28	GB4915-2013	439.79	2,475	No
		Nitrogen oxides	Organised	3	Kiln tail	283.54		2,066.94	4,950	No
		Particulate matter	Organised	6	Kiln head and tail	15.39		148.82	638.55	No
		Particulate matter	Organised	144	General discharge outlet	5.79		11.85	230.91	No
13	Zhongguo Cement Plant	Sulfur dioxide	Organised	2	Kiln tail	11.86	GB4915-2013	17.74	382.9	No
		Nitrogen oxides	Organised	2	Kiln tail	80.11	Environmental Protection Department of Jiangsu Province "Notice on Launching the Deep Reduction of the Non-electric Nitrogen Oxide Emission of the Whole Province" (Su Huan Ban (2017) Article No. 128)	156.93	1,807.82	No
		Particulate matter	Organised	4	Kiln head and tail	5.88	GB4915-2013	21.27	113.1	No
		Particulate matter	Organised	78	General discharge outlet	6.76		13.17	185.12	No

6. Significant Events

Name of No. companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of discharge (t)	Approved total amount of discharge (t/a)	Excessive discharge
14 Jiande Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	15.7	GB4915-2013	47.55	300	No
	Nitrogen oxides	Organised	2	Kiln tail	261.01		903.74	1,840	No
	Particulate matter	Organised	4	Kiln head and tail	4.84		22.87	330	No
	Particulate matter	Organised	110	General discharge outlet	5.5		20.49		No
15 Fenyi Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	15.44	GB4915-2013	10.42	800	No
	Nitrogen oxides	Organised	2	Kiln tail	284.01		226.24	1,600	No
	Particulate matter	Organised	4	Kiln head and tail	7.8		12.21	206.4	No
	Particulate matter	Organised	115	General discharge outlet	8.65		8.75	148.78	No
	Sulfur dioxide (coal mill)	Organised	2	General discharge outlet	6.8		0.82	227.7	No
	Nitrogen oxides (coal mill)	Organised	2	General discharge outlet	122		14.76	151.8	No
16 Yiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	7.42	GB4915-2013	50.68	300	No
	Nitrogen oxides	Organised	3	Kiln tail	314.08		1,978.89	4,050	No
	Particulate matter	Organised	6	Kiln head and tail	13.28		159.92	832	No
	Particulate matter	Organised	157	General discharge outlet	9.94				No
17 Ganzhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	3.41	GB4915-2013	13.62	235.19	No
	Nitrogen oxides	Organised	3	Kiln tail	290.31		1,195.7	2,641	No
	Particulate matter	Organised	6	Kiln head and tail	13.48		96.45	813.04	No
	Particulate matter	Organised	115	General discharge outlet	9.1		25.38		No
18 Prosperity Conch Cement Co., Ltd.	Sulfur dioxide	Organised	4	Kiln tail	23.06	GB4915-2013	93.34	640	No
	Nitrogen oxides	Organised	4	Kiln tail	282.12		1,456.98	6,590	No
	Particulate matter	Organised	8	Kiln head and tail	10.27		108.49	1,550	No
	Particulate matter	Organised	222	General discharge outlet	5.7		21.99		No
19 Guangdong Qingxin Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	5.4	GB4915-2013	56.3	320	No
	Nitrogen oxides	Organised	2	Kiln tail	260.15		1,296.9	3,808	No
	Particulate matter	Organised	4	Kiln head and tail	7.68		64.23	750	No
	Particulate matter	Organised	121	General discharge outlet	7.25		19.96		No
20 Yangchun Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	15.1	GB4915-2013	137.5	530	No
	Nitrogen oxides	Organised	2	Kiln tail	211.7		1,668.3	3,548	No
	Particulate matter	Organised	4	Kiln head and tail	9.35		115.4	746.13	No
	Particulate matter	Organised	195	General discharge outlet	7		76.2		No
21 Guangdong Qingyuan Guangying Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	10.43	GB4915-2013	32.64	234.09	No
	Nitrogen oxides	Organised	2	Kiln tail	246.8		690.42	2,628.93	No
	Particulate matter	Organised	4	Kiln head and tail	8.14		38.79	537.37	No
	Particulate matter	Organised	88	General discharge outlet	6.35		5.35		No
22 Xingan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	7.98	GB4915-2013	30.5	300	No
	Nitrogen oxides	Organised	2	Kiln tail	298.42		1,062.92	2,476	No
	Particulate matter	Organised	4	Kiln head and tail	13.06		79.62	340.56	No
	Particulate matter	Organised	122	General discharge outlet	5.68		35.44	218.62	No

6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of discharge (t)	Approved total amount of discharge (t/a)	Excessive discharge
23	Xingye Kuiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	5.45	GB4915-2013	21.89	121	No
		Nitrogen oxides	Organised	2	Kiln tail	287.75		1,169.7	2,673	No
		Particulate matter	Organised	4	Kiln head and tail	13		84.51	399.9	No
		Particulate matter	Organised	126	General discharge outlet	7.03		19.65		No
24	Fusui Xinning Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	3.61	GB4915-2013	19.19	181	No
		Nitrogen oxides	Organised	3	Kiln tail	297.57		1,667.55	3,713	No
		Particulate matter	Organised	6	Kiln head and tail	9.2		88.37	605.2	No
		Particulate matter	Organised	114	General discharge outlet	8.23		26.58		No
25	Beiliu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	5.63	GB4915-2013	25.77	80	No
		Nitrogen oxides	Organised	2	Kiln tail	252.16		1,249.21	2,525	No
		Particulate matter	Organised	4	Kiln head and tail	13.23		81.31	378.046	No
		Particulate matter	Organised	119	General discharge outlet	6.98		36.13	221.951	No
26	Longan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	3.84	GB4915-2013	4.86	40	No
		Nitrogen oxides	Organised	1	Kiln tail	354.22		453.92	1,240	No
		Particulate matter	Organised	2	Kiln head and tail	15.44		32.16	267.2	No
		Particulate matter	Organised	86	General discharge outlet	7.1		11.78		No
27	Guangxi Lingyun Tonghong Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	12.58	GB4915-2013	7.38	426.25	No
		Nitrogen oxides	Organised	1	Kiln tail	291.36		191.5	852.5	No
		Particulate matter	Organised	2	Kiln head and tail	14.56		14.03	177.38	No
		Particulate matter	Organised	52	General discharge outlet	3.75		6.12		No
28	Shuangfeng Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	6.45	GB4915-2013	28.08	476.5	No
		Nitrogen oxides	Organised	2	Kiln tail	280.22		1,279.99	2,947	No
		Particulate matter	Organised	4	Kiln head and tail	8.66		55.97	396.16	No
		Particulate matter	Organised	149	General discharge outlet	7.8		8.09		No
29	Hunan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	11.7	GB4915-2013	40.47	404.36	No
		Nitrogen oxides	Organised	2	Kiln tail	341		1,448.9	2,880	No
		Particulate matter	Organised	4	Kiln head and tail	8.5		48.15	646.32	No
		Particulate matter	Organised	150	General discharge outlet	11.8		35.91		No
30	Shimen Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	4.1	GB4915-2013	12.8	450.1	No
		Nitrogen oxides	Organised	2	Kiln tail	271		1,144.69	3,074.6	No
		Particulate matter	Organised	4	Kiln head and tail	9.02		69.34	689.2	No
		Particulate matter	Organised	140	General discharge outlet	7.9				No
31	Qiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	41.71	GB4915-2013	182.98	462	No
		Nitrogen oxides	Organised	2	Kiln tail	237.58		1,118.19	2,187	No
		Particulate matter	Organised	4	Kiln head and tail	4.89		33.88	935	No
		Particulate matter	Organised	124	General discharge outlet	9.87				No

6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Approved total		Excessive discharge
								Total amount of discharge (t)	total amount of discharge (t/a)	
32	Jianghua Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	11.44	GB4915-2013	29.94	234.4	No
		Nitrogen oxides	Organised	1	Kiln tail	323.57		853.68	1,350	No
		Particulate matter	Organised	2	Kiln head and tail	8.65		32.71	330.24	No
		Particulate matter	Organised	122	General discharge outlet	7.23		10.6		No
33	Shaoyang Yunfeng	Sulfur dioxide	Organised	1	Kiln tail	79.11	GB4915-2013	115.38	160	No
		Nitrogen oxides	Organised	1	Kiln tail	275.99		436	1,395	No
		Particulate matter	Organised	2	Kiln head and tail	14.57		28.55	153.83	No
		Particulate matter	Organised	70	General discharge outlet	15.63		22.31	117.87	No
34	Hunan Yunfeng Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	6.46	GB4915-2013	5.08	67.2	No
		Nitrogen oxides	Organised	1	Kiln tail	285.59		297.94	600	No
		Particulate matter	Organised	2	Kiln head and tail	9.05		17.77	145.5	No
		Particulate matter	Organised	64	General discharge outlet	14.2		5.08		No
35	Hunan Yiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	6.39	GB4915-2013	16.14	234.97	No
		Nitrogen oxides	Organised	1	Kiln tail	299.36		715.49	1,450	No
		Particulate matter	Organised	2	Kiln head and tail	14.29		55.44	194.26	No
		Particulate matter	Organised	78	General discharge outlet	2.63		3.42	132.91	No
36	Liangyuan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	7.99	GB4915-2013	11.61	151.11	No
		Nitrogen oxides	Organised	1	Kiln tail	249.94		382.32	1,440	No
		Particulate matter	Organised	2	Kiln head and tail	14.54		39.8	340.31	No
		Particulate matter	Organised	106	General discharge outlet	9.4		14.29		No
37	Linxiang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	32.51	GB4915-2013	58.11	150	No
		Nitrogen oxides	Organised	1	Kiln tail	271		487.56	1,200	No
		Particulate matter	Organised	2	Kiln head and tail	9.32		22.31	299.71	No
		Particulate matter	Organised	80	General discharge outlet	6.06		19.36		No
38	Guangyuan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	3.34	GB4915-2013	16.24	342.58	No
		Nitrogen oxides	Organised	2	Kiln tail	212.53		1,151.66	3,285	No
		Particulate matter	Organised	4	Kiln head and tail	12.16		81.04	700	No
		Particulate matter	Organised	128	General discharge outlet	3.66		35.08		No
39	Dazhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	3.05	GB4915-2013	12.87	284.3	No
		Nitrogen oxides	Organised	2	Kiln tail	199.89		766.12	2,970	No
		Particulate matter	Organised	4	Kiln head and tail	9.89		47.82	352.14	No
		Particulate matter	Organised	105	General discharge outlet	7.96		29.27	238.18	No
40	Bazhong Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	12.63	GB4915-2013	27.86	142.13	No
		Nitrogen oxides	Organised	1	Kiln tail	193.82		446.36	1,008.26	No
		Particulate matter	Organised	2	Kiln head and tail	17.85		78.66	202.7	No
		Particulate matter	Organised	81	General discharge outlet	2.06		8.58	124.29	No

6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of discharge (t)	Approved total amount of discharge (t/a)	Excessive discharge
41	Sichuan Nanwei Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	8.45	GB4915-2013	8.53	56	No
		Nitrogen oxides	Organised	1	Kiln tail	172.84		170.7	800	No
		Particulate matter	Organised	2	Kiln head and tail	8.93		13.86	68.04	No
		Particulate matter	Organised	62	General discharge outlet	7.8		6.8	41.96	No
42	Chongqing Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	47.9	DB50/656-2016	286.9	2,252.25	No
		Nitrogen oxides	Organised	3	Kiln tail	122.02		722.72	3,941.43	No
		Particulate matter	Organised	6	Kiln head and tail	6.85		54.17	573.55	No
		Particulate matter	Organised	181	General discharge outlet	17.2		66.83	301.817	No
43	Liangping Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	16.8	DB50/656-2016	29.2	792	No
		Nitrogen oxides	Organised	1	Kiln tail	207.76		357.16	1,386	No
		Particulate matter	Organised	2	Kiln head and tail	12.63		35.87	204.34	No
		Particulate matter	Organised	81	General discharge outlet	13.16		26.23	135.47	No
44	Pingliang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	15	GB4915-2013	33.7	1,515	No
		Nitrogen oxides	Organised	2	Kiln tail	248		507.9	3,030	No
		Particulate matter	Organised	4	Kiln head and tail	11		31.1	382.51	No
		Particulate matter	Organised	124	General discharge outlet	15.7		6.2	263.37	No
45	Guiyang Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	33.69	GB4915-2013	151.57	706.37	No
		Nitrogen oxides	Organised	3	Kiln tail	323.13		1,453.97	3,901.51	No
		Particulate matter	Organised	6	Kiln head and tail	13.98		87.04	585.83	No
		Particulate matter	Organised	170	General discharge outlet	8.97		15.24	398.7	No
46	Zunyi Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	19.5	GB4915-2013	18.24	646.8	No
		Nitrogen oxides	Organised	2	Kiln tail	254.43		313.8	3,267	No
		Particulate matter	Organised	4	Kiln head and tail	9.91		18.8	671.266	No
		Particulate matter	Organised	160	General discharge outlet	5.83		1.79		No
47	Tongren Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	10.96	GB4915-2013	45.52	1,485	No
		Nitrogen oxides	Organised	2	Kiln tail	292.66		1,227.89	2,970	No
		Particulate matter	Organised	4	Kiln head and tail	12		60.79	631.756	No
		Particulate matter	Organised	116	General discharge outlet	7.14		14.27		No
48	Guiding Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	42.83	GB4915-2013	126.32	1,559.25	No
		Nitrogen oxides	Organised	2	Kiln tail	311.87		971.91	3,118.5	No
		Particulate matter	Organised	4	Kiln head and tail	12.77		62.96	660.094	No
		Particulate matter	Organised	130	General discharge outlet	6.24		13.69		No
49	Qianxinan Resource Development Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	29.5	GB4915-2013	307.9	620	No
		Nitrogen oxides	Organised	1	Kiln tail	270		33.6	310	No
		Particulate matter	Organised	2	Kiln head and tail	7.91		15	79.98	No
		Particulate matter	Organised	84	General discharge outlet	6.36		9.49	54.08	No

6. Significant Events

Name of No. companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of discharge (t)	Approved total amount of discharge (t/a)	Excessive discharge
50 Shuicheng Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	2	GB4915-2013	1.96	446.99	No
	Nitrogen oxides	Organised	2	Kiln tail	326.52		289.55	1,733.62	No
	Particulate matter	Organised	4	Kiln head and tail	12.86		18.16	393.7	No
	Particulate matter	Organised	71	General discharge outlet	10.51		8.41		No
51 Guizhou Liukuangruian Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	50.2	GB4915-2013	113.09	529.23	No
	Nitrogen oxides	Organised	2	Kiln tail	254		672.87	2,260	No
	Particulate matter	Organised	4	Kiln head and tail	12.1		43.56	481	No
	Particulate matter	Organised	102	General discharge outlet	8.3		8.75	189.45	No
52 Liqun Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	9.54	DB61/941-2018	29.61	208.6875	No
	Nitrogen oxides	Organised	2	Kiln tail	242.87		920.7	1,908	No
	Particulate matter	Organised	4	Kiln head and tail	4.57		19.13	335.962	No
	Particulate matter	Organised	160	General discharge outlet	8.46		22.25		No
53 Qianyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	5.42	DB61/941-2018	12.15	220.5	No
	Nitrogen oxides	Organised	1	Kiln tail	167		307.03	882	No
	Particulate matter	Organised	2	Kiln head and tail	7.42		21.4	158.73	No
	Particulate matter	Organised	104	General discharge outlet	7.5				No
54 Baoji Zhongxi Jinlinghe Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	4.14	DB61/941-2018	5.4	220.5	No
	Nitrogen oxides	Organised	1	Kiln tail	253.5		330.44	882	No
	Particulate matter	Organised	2	Kiln head and tail	4.81		8.17	94.815	No
	Particulate matter	Organised	79	General discharge outlet	7.9		14.63	51.911	No
55 Qianxian Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	12.69	DB61/941-2018	18.31	191.81	No
	Nitrogen oxides	Organised	1	Kiln tail	242.99		356.39	1,227.6	No
	Particulate matter	Organised	2	Kiln head and tail	8.63		18.29	126.95	No
	Particulate matter	Organised	121	General discharge outlet	7.59		12.82	59.96	No
56 Baoji Zhongxi Fenghuangshan Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	12	DB61/941-2018	16.62	220.5	No
	Nitrogen oxides	Organised	1	Kiln tail	211.14		266.27	882	No
	Particulate matter	Organised	2	Kiln head and tail	2.15		4.33	94.815	No
	Particulate matter	Organised	104	General discharge outlet	7.29		9.74	51.911	No
57 Shaanxi Tongchuan Fenghuang Construction Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	17.87	DB61/941-2018	16.84	298.125	No
	Nitrogen oxides	Organised	1	Kiln tail	247.21		248.18	954	No
	Particulate matter	Organised	2	Kiln head and tail	0.45		0.98	100.555	No
	Particulate matter	Organised	82	General discharge outlet	6.72		6.62	63.81	No
58 Jining Conch	Sulfur dioxide	Organised	1	Kiln tail	9	DB37/2373-2018	18.7	281.3	No
	Nitrogen oxides	Organised	1	Kiln tail	86.6		190	1,127.25	No
	Particulate matter	Organised	2	Kiln head and tail	6.69		18.94	129.258	No
	Particulate matter	Organised	126	General discharge outlet	2.64	GB4915-2013	3.59	79.746	No

6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of discharge (t)	Approved total amount of discharge (t/a)	Excessive discharge
59	Baoshan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	0.75	GB4915-2013	1.17	150.76	No
		Nitrogen oxides	Organised	1	Kiln tail	289.78		567.53	1,534.5	No
		Particulate matter	Organised	2	Kiln head and tail	7.82		22.92	190.4175	No
		Particulate matter	Organised	79	General discharge outlet	8.45		12.52	121.991	No
60	Longling Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	1.54	GB4915-2013	1.44	43	No
		Nitrogen oxides	Organised	1	Kiln tail	282.54		262.65	750	No
		Particulate matter	Organised	2	Kiln head and tail	4.8		5.66	163.4	No
		Particulate matter	Organised	96	General discharge outlet	6.6		3.01		No
61	Yingjiangyunhan Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	2.4	GB4915-2013	9.2	60.151	No
		Nitrogen oxides	Organised	1	Kiln tail	270		624.09	1,304.048	No
		Particulate matter	Organised	2	Kiln head and tail	10.29		32.7	162.199	No
		Particulate matter	Organised	95	General discharge outlet	12.86		9.99	98.02	No
		Sulfur dioxide (coal mill)	Organised			1.5		0.19	/	No
		Nitrogen oxides (coal mill)	Organised			168		23.13	/	No
62	Wenshan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	7.66	GB4915-2013	40.36	241.1	No
		Nitrogen oxides	Organised	2	Kiln tail	240.18		1,276.3	2,790	No
		Particulate matter	Organised	4	Kiln head and tail	9.45		55.79	359.91	No
		Particulate matter	Organised	123	General discharge outlet	7.01		16.71	243.982	No
63	Hami Hongyi Construction Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	0.78	GB4915-2013	0.2	45	No
		Nitrogen oxides	Organised	1	Kiln tail	306.12		76.81	750	No
		Particulate matter	Organised	2	Kiln head and tail	7.06		3.48	96.75	No
		Particulate matter	Organised	59	General discharge outlet	9.58		2.38	55.93	No
64	Bengbu Conch Cement Co., Ltd.	Particulate matter	Organised	86	General discharge outlet	6.14	GB4915-2013	8.75	/	No
65	Lu'an Conch Cement Co., Ltd.	Particulate matter	Organised	72	General discharge outlet	6.08	GB4915-2013	10.15	/	No
66	Huainan Conch Cement Co., Ltd.	Particulate matter	Organised	110	General discharge outlet	9.6	GB4915-2013	15.4	/	No
67	Bozhou Conch Cement Co., Ltd.	Particulate matter	Organised	45	General discharge outlet	7.02	GB4915-2013	5.53	118.555	No
68	Ma'anshan Conch Cement Co., Ltd.	Particulate matter	Organised	65	General discharge outlet	4.36	GB4915-2013	9.41	/	No

6. Significant Events

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of discharge (t)	Approved total amount of discharge (t/a)	Excessive discharge
69	Shanghai Mingzhu Conch Cement Co., Ltd.	Particulate matter	Organised	29	General discharge outlet	6.3	GB4915-2013	1.29	/	No
70	Zhangjiagang Conch Cement Co., Ltd.	Particulate matter	Organised	57	General discharge outlet	4.38	GB4915-2013	13.12	/	No
71	Nantong Conch Cement Co., Ltd.	Particulate matter	Organised	59	General discharge outlet	4.06	GB4915-2013	5.51	71.491	No
72	Haimen Conch Cement Co., Ltd.	Particulate matter	Organised	136	General discharge outlet	9.42	GB4915-2013	28.74	374.7	No
73	Ningbo Conch Cement Co., Ltd.	Particulate matter	Organised	78	General discharge outlet	9.4	GB4915-2013	9.15	/	No
74	Shaoyang Shangyu Conch Cement Co., Ltd.	Particulate matter	Organised	38	General discharge outlet	7.37	GB4915-2013	7.35	21.5	No
75	Taizhou Conch Cement Co., Ltd.	Particulate matter	Organised	55	General discharge outlet	5.6	GB4915-2013	19.27	/	No
76	Ninghai Qiangjiao Conch Cement Co., Ltd.	Particulate matter	Organised	95	General discharge outlet	8.7	GB4915-2013	27.15	/	No
77	Xiangshan Conch Cement Co., Ltd.	Particulate matter	Organised	122	General discharge outlet	6.3	GB4915-2013	20.28	/	No
78	Fujian Jianyang Conch Cement Co., Ltd.	Particulate matter	Organised	29	General discharge outlet	12.55	GB4915-2013	3.34	/	No

6. Significant Events

2. Discharge status of the major pollutants by subsidiaries other than key pollutant discharging units

No.	Name of companies	Name of major pollutants and discharge special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³) (mg/m ³)	Implemented standards for discharge of pollutants	Total amount of discharge (t)	Approved total amount of discharge (t/a)	Excessive discharge
1	Linxia Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	58.73	GB4915-2013	13.1	55	No
		Nitrogen oxides	Organised	2	Kiln tail	289.67		150.3	645	No
		Particulate matter	Organised	4	Kiln head and tail	12.55		9.34	79.17	No
		Particulate matter	Organised	114	General discharge outlet	0.63		5.67	/	No
2	Kunming Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	15.08	GB4915-2013	15.04	62.269	No
		Nitrogen oxides	Organised	1	Kiln tail	256.17		279.97	775	No
		Particulate matter	Organised	2	Kiln head and tail	8.31		13.73	36.427	No
		Particulate matter	Organised	46	General discharge outlet	8.21		5.24	42.17	No
3	Yunnan Zhuangxiang Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	7.15	GB4915-2013	4.41	172	No
		Nitrogen oxides	Organised	1	Kiln tail	286.26		239.55	576	No
		Particulate matter	Organised	2	Kiln head and tail	16.3		21.94	124.281	No
		Particulate matter	Organised	32	General discharge outlet	8.69		7.69		No
4	Anhui Changfeng Conch Cement Co., Ltd.	Particulate matter	Organised	30	General discharge outlet	7.75	GB4915-2013	3.72	170	No
5	Huangshan Conch Cement Co., Ltd.	Particulate matter	Organised	68	General discharge outlet	8.17	GB4915-2013	4.01	/	No
6	Taichang Conch Cement Co., Ltd.	Particulate matter	Organised	44	General discharge outlet	1.95	GB4915-2013	3.41	/	No
7	Zhenjiang Beigu Conch Cement Co., Ltd.	Particulate matter	Organised	11	General discharge outlet	8.38	GB4915-2013	2.32	23.7	No
8	Taizhou Yangwan Conch Cement Co., Ltd.	Particulate matter	Organised	129	General discharge outlet	7.2	GB4915-2013	17.2	/	No

6. Significant Events

No.	Name of companies	Name of major pollutants and discharge special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Discharge concentration (mg/m ³)	Implemented standards for discharge of pollutants	Approved		Excessive discharge
								Total amount of discharge (t)	total amount of discharge (t/a)	
9	Yangzhou Conch Cement Co., Ltd.	Particulate matter	Organised	142	General discharge outlet	6.37	GB4915-2013	20.6	/	No
10	Jiangsu Baling Conch Cement Co., Ltd.	Particulate matter	Organised	98	General discharge outlet	6.8	GB4915-2013	20.76	263.86	No
11	Huai'an Conch Cement Co., Ltd.	Particulate matter	Organised	43	General discharge outlet	11.77	GB4915-2013	8.94	274.54	No
12	Huai'an Chuzhou Conch Cement Co., Ltd.	Particulate matter	Organised	142	General discharge outlet	11.41	GB4915-2013	24.24	288.353	No
13	Yueqing Conch Cement Co., Ltd.	Particulate matter	Organised	113	General discharge outlet	5.86	GB4915-2013	11.37	/	No
14	Jiangxi Lushan Conch Cement Co., Ltd.	Particulate matter	Organised	79	General discharge outlet	11.33	GB4915-2013	11.99	/	No
15	Jiangxi Ganjiang Conch Cement Co., Ltd.	Particulate matter	Organised	72	General discharge outlet	11.22	GB4915-2013	13.38	/	No
16	Jinxiang Conch Cement Co., Ltd.	Particulate matter	Organised	52	General discharge outlet	6.2	GB4915-2013	2.05	/	No
17	Nanchang Conch Cement Co., Ltd.	Particulate matter	Organised	41	General discharge outlet	5.5	GB4915-2013	32.11	93	No
18	Zhanjiang Conch Cement Co., Ltd.	Particulate matter	Organised	78	General discharge outlet	8.3	GB4915-2013	5.11	/	No
19	Maoming Dadi Cement Co., Ltd.	Particulate matter	Organised	40	General discharge outlet	13	GB4915-2013	3.25	32.04	No
20	Jiangmen Conch Cement Co., Ltd.	Particulate matter	Organised	99	General discharge outlet	4.08	GB4915-2013	3.92	/	No
21	Foshan Conch Cement Co., Ltd.	Particulate matter	Organised	89	General discharge outlet	6.78	GB4915-2013	5.59	73.13	No

6. Significant Events

3. Environmental protection investment and achievements of the Group

The Group comprehensively implemented the national environmental protection policy, continuously strengthened environmental management, kept increasing environmental protection investment, strictly implemented various environmental laws, regulations and standards, and actively utilized the resources of the company's headquarters and regional management committees to guide the subordinate subsidiaries to strengthen the operation and maintenance of environmental protection equipment and accelerate the development of environmental protection technology.

During the reporting period, in terms of technological modification of desulfurization, the Group completed the construction of 24 wet desulfurization technological modification lines, of which 16 have been put into operation. In terms of modification on dust collectors, the Company completed modification on 60 electric dust collectors for 42 production lines and upgraded 990,000 ultra-low emission membrane filter bags, with the dust discharge concentration reaching the ultra-low emission limit; In terms of improvement on denitration technology, during the Reporting Period, improvement on SCR denitration technology on a clinker production line has been completed, the efficient and pinpoint SNCR technology has been comprehensively promoted, while the sulfur dioxide discharge concentration has been decreased by 12.73% compared with the previous year. Meanwhile, improvement on technology for low nitrogen decomposition furnace has been piloted as well as the design has been optimized, achieving a significant result in nitrogen oxides reduction. In addition, the Company continued to strengthen management on solid wastes and hazardous wastes, optimize domestic wastewater treatment facilities, tighten control on the discharge of unorganized particulate matter and actively launch measures for noise abatement, achieving remarkable performance at all fronts of environmental protection work.

6. Significant Events

For the projects under construction, the Group has strictly completed the environment impact assessment pursuant to relevant requirements, and obtained the approval documents. All of the subsidiaries have developed and implemented the self-monitoring program in strict compliance with the relevant requirements of the emission permit system and self-monitoring technical guidance. The Group has conducted self-monitoring inspection on a quarterly basis and received the monitoring inspection reports on a timely manner, and published its environmental information including company production, equipment operation and pollutant discharge, etc., on a regular basis and prepared and submitted reports on implementation for public supervision pursuant to the requirements of The Administrative Measures for Pollutant Discharge Licensing (《排污許可管理辦法》). In order to strictly comply with the Interim Measures for the Administration of Environmental Emergency Response Plan (《突發環境事件應急預案管理暫行辦法》) and other laws, regulations and relevant documents, each subsidiary of the Group has formulated environmental emergency response plan and has completed the necessary filing. They also carried out drills regularly to prevent, warn against and respond to environmental emergency incidents or various environmental emergency issues in relation to or arising from production safety, enabling the Company to take actions in a quick, orderly and efficient manner to manage and reduce damages upon occurrence of any environmental pollution incidents (accidents), thereby safeguarding the public and protecting the environment.

(14) NO EVENT THAT MIGHT IMPOSE MATERIAL IMPACTS

As at the end of the Reporting Period and up to the date of this interim report, there was no occurrence of any event that might impose material impacts on the Group.

7. Changes in Shares and Shareholders

(1) TOTAL NUMBER OF SHARES AND SHAREHOLDING STRUCTURE

There was no change in the total number of shares and the shareholding structure of the Company during the Reporting Period, as detailed below:

Class of shares	Before change		Increase/decrease (+,-) Transfer from capital reserve			After change <i>(Unit: Share)</i>	
	Number	Percentage (%)	Issue of new shares	Subtotal		Number	Percentage (%)
(1) Shares subject to trading restrictions	-	-	-	-	-	-	-
1. State-owned legal person shares	-	-	-	-	-	-	-
2. Other domestic shares	-	-	-	-	-	-	-
(2) Shares not subject to trading restrictions	5,299,302,579	100	-	-	-	5,299,302,579	100
1. RMB-denominated ordinary shares (i. e. A Shares)	3,999,702,579	75.48	-	-	-	3,999,702,579	75.48
2. Overseas-listed foreign shares (i. e. H Shares)	1,299,600,000	24.52	-	-	-	1,299,600,000	24.52
(3) Total number of shares	5,299,302,579	100	-	-	-	5,299,302,579	100

7. Changes in Shares and Shareholders

(2) SHAREHOLDERS

As at the end of the Reporting Period, the total number of shareholders and the shareholdings of the top ten registered shareholders of the Company are set out as follows: as at the end of the Reporting Period, the total number of shareholders of the Company was 93,082, of which the H Shareholders were 91.

Name of shareholders	Nature of shareholder	Number of shares held at the end of the Reporting Period (share)	Percentage of shareholding (%)	Pledged or frozen		
				Class of shares	Status	Number of shares
1. 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. CV Investment	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 is not aware of any connected relationship or acting in concert relationship among the above-mentioned shareholders.

7. Changes in Shares and Shareholders

(3) SUBSTANTIAL SHAREHOLDERS

As at the end of the Reporting Period, the following persons (other than the Directors or chief executive of the Company) held interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO (references to Directors or chief executive in this paragraph include supervisors):

Name of shareholder	Number of ordinary shares held	Capacity	Percentage of shareholding of the relevant class of shares
Conch Holdings	1,928,870,014 A Shares (long position) (Note 1)	Interest of a controlled corporation/ Beneficial owner	48.23% (Note 2)
Anhui Provincial Investment Group Holdings Co., Ltd.	1,928,870,014 A Shares (long position) (Note 1)	Interest of a controlled corporation	48.23% (Note 2)
Conch Venture Property	1,928,870,014 A Shares (long position) (Note 1)	Interest of a controlled corporation	48.23% (Note 2)
Conch Venture	1,928,870,014 A Shares (long position) (Note 1)	Interest of a controlled corporation	48.23% (Note 2)
Taiwan Cement Corporation	116,568,000 H Shares (long position) (Note 4)	Interest of a controlled corporation	8.97% (Note 3)
BlackRock, Inc.	104,673,416 H Shares (long position) (Note 5)	Interest of a controlled corporation	8.05% (Note 3)
BlackRock, Inc.	122,500 H Shares (short position) (Note 5)	Interest of a controlled corporation	0.01% (Note 3)
JPMorgan Chase & Co.	103,872,802 H Shares (long position) (Note 6)	Interest of a controlled corporation/ Investment manager/Person having a security interest in shares/ Trustee/Approved lending agent	7.99% (Note 3)

7. Changes in Shares and Shareholders

Name of shareholder	Number of ordinary shares held	Capacity	Percentage of shareholding of the relevant class of shares
JPMorgan Chase & Co.	10,283,300 H Shares (short position) (Note 6)	Interest of a controlled corporation/ Investment manager	0.79% (Note 3)
Citigroup Inc.	65,232,528 H Shares (long position) (Note 7)	Person having a security interest in shares/Interest of a controlled corporation/ Approved lending agent	5.02% (Note 3)
Citigroup Inc.	1,145,487 H Shares (short position) (Note 7)	Interest of a controlled corporation	0.09% (Note 3)

Notes:

- (1) Anhui Provincial Investment Group Holdings Co., Ltd. ("Anhui Provincial Investment Group") and Conch Venture Property held 51% and 49% of the equity interests in Conch Holdings, respectively. Conch Venture Property is wholly owned by Anhui Conch Venture New Energy-saving Building Material Co., Ltd. ("CV Green"), which is in turn wholly owned by China Conch Venture Holdings (HK) Limited ("CV HK"). CV HK is wholly owned by China Conch Venture Holdings International Limited ("CV International"). CV International is a wholly-owned subsidiary of Conch Venture, a company listed on the Main Board of the Stock Exchange (stock code: 0586). Pursuant to the SFO, Anhui Provincial Investment Group, Conch Venture Property, CV Green, CV HK, CV International and Conch Venture were deemed to have interests in the entire number of shares of the Company held by Conch Holdings.
- (2) The total number of domestic shares in issue was 3,999,702,579 shares, all of which were A Shares.
- (3) The total number of H Shares in issue was 1,299,600,000 shares.
- (4) Based on the disclosure of interests form submitted by Taiwan Cement Corporation on 12 December 2008 in respect of the relevant event that occurred on 11 December 2008, 38,856,000 H shares of the Company shares were held through certain subsidiaries of Taiwan Cement Corporation. Assuming that the company has not disposed of any shares, upon implementation of the proposal of capitalization of capital reserve fund by the Company in 2010 and 2011, Taiwan Cement Corporation held 116,568,000 H Shares accordingly.
- (5) Based on the disclosure of interests form submitted by BlackRock, Inc. on 2 July 2019 in respect of the relevant event that occurred on 27 June 2019, these shares were held through certain subsidiaries of BlackRock, Inc..

7. Changes in Shares and Shareholders

- (6) Based on the disclosure of interests form submitted by JPMorgan Chase & Co. on 23 May 2019 in respect of the relevant event that occurred on 20 May 2019, these shares were held through certain subsidiaries of JPMorgan Chase & Co. Of the 103,872,802 H Shares (long position), 24,417,040 Shares were held in the capacity of interest of a controlled corporation; 7,594,650 shares were held in the capacity of investment manager; 1,082,188 Shares were held in the capacity of person having a security interest in shares; 61,015 Shares were held in the capacity of trustee; another 70,717,909 shares, which are available for lending, were held in the capacity of approved lending agent. Out of the 10,283,300 H Shares (short position) held, 10,151,800 shares were held in the capacity of interest of a controlled corporation and the remaining 131,500 shares were held in the capacity of investment manager.
- (7) Based on the disclosure of interests form submitted by Citigroup Inc. on 20 May 2019 in respect of the relevant event that occurred on 15 May 2019, these shares were held through certain subsidiaries of Citigroup Inc. Of the 65,232,528 H Shares (long position), 9,500 Shares were held in the capacity of person having a security interest in shares; 4,004,234 Shares were held in the capacity of interest of a controlled corporation; another 61,218,794 shares, which are available for lending, were held in the capacity of approved lending agent. 1,145,487 H Shares (short position) were held in the capacity of interest of a controlled corporation.

Save for the aforesaid shareholders, as at the end of the Reporting Period, the Company was not aware of any interests and short positions as recorded in the register required to be kept pursuant to section 336 of the SFO.

(4) 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.

(5) ISSUE OF PREFERENCE SHARES AND PRE-EMPTIVE RIGHTS

During the Reporting Period, the Company did not issue any preference shares. Under the Articles and the laws of the PRC, the Company is not required to offer to its existing shareholders pre-emptive right to acquire new shares in proportion to their shareholdings.

8. Directors, Supervisors, Senior Management and Staff

(1) APPOINTMENT OR CESSATION IN OFFICE OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

The term of the Directors and Supervisors of the seventh session of the Board and the Supervisory Committee of the Company expired during the Reporting Period. At the 2018 Annual General Meeting held on 30 May 2019, Mr. Gao Dengbang, Mr. Wang Jianchao, Mr. Wu Bin and Mr. Li Qunfeng were appointed as Executive Directors of the eighth session of the Board of the Company. Mr. Ding Feng has been appointed as a non-executive Director of the eighth Session of the Board of the Company; Mr. Yang Mianzhi, Mr. Leung Tat Kwong Simon and Ms. Zhang Yunyan have been appointed as independent non-executive Directors of the eighth Session of the Board of the Company. Mr. Wu Xiaoming and Mr. Wang Pengfei were appointed as Supervisors of the eighth session of Supervisory Committee of the Company. Upon election at the staff representative meeting of the Company, Mr. Liu Tiantian became the staff representative Supervisor of the eighth session of Supervisory Committee of the Company. The aforementioned personnel shall be appointed for a term of three years commencing from the date of the election at the 2018 Annual General Meeting.

On 30 May 2019, the Company held the first meeting of the eighth session of the Board of the Company, where Mr. Gao Dengbang was elected unanimously as the Chairman of the eighth session of the Board of the Company and Mr. Wang Jianchao as the deputy Chairman, where Mr. Wu Xiaoming was elected unanimously as the Chairman of the eighth session of the Supervisory Committee of the Company at the first meeting of the eighth session of the Supervisory Committee held on the same day.

On 30 May 2019, Mr. Tai Kwok Leung retired as an independent non-executive Director of the Company and retired from his relevant roles in the committee under the Board due to the expiration of his term of office. Mr. Wang Chunjian retired from his role as the Staff representative Supervisor of the Company. The Board hereby expresses its sincere gratitude towards the above retired Director and Supervisor for their active contribution for the Company during their term of office.

Save for the aforesaid, there was no change in the biographies of other Directors, Supervisors and senior management members of the Company which required disclosure under Rule 13.51B(1) of the HKSE Listing Rules.

8. Directors, Supervisors, Senior Management and Staff

(2) CHANGES IN THE NUMBER OF SHARES OF THE COMPANY HELD BY DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

Name	Position	Number of shares held as at 31 December 2018 (share)	Number of shares sold during the Reporting Period (share)	Number of shares held as at 30 June 2019 (share)
Li Xiaobo	Deputy general manager	193,000	-	193,000
Ke Qiubi	Deputy general manager	293,845	70,000	223,845

According to the shareholding reduction plan submitted by Mr. Ke Qiubi, the deputy general manager, the Company disclosed his plan to reduce shareholdings in the Company on the SSE website on 5 March 2019. Under strict compliance with the requirements of the relevant business rules of the Shanghai Stock Exchange, Mr. Ke Qiubi has reduced cumulatively 70,000 shares held during the Reporting Period and continued to reduce 3,400 shares held in July 2019 (i. e. reduced cumulatively 73,400 shares of the Company from 3 June 2019 to 2 July 2019). Mr. Ke Qiubi has completed the implementation of reduction plan this time. The Company has fulfilled its information disclosure obligations in a timely manner.

Save as disclosed above, none of the other Directors, Supervisors and senior management members of the Company held or purchased or sold any share of the Company during the Reporting Period.

8. Directors, Supervisors, Senior Management and Staff

(3) INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE

During 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 Listing Rules of the Stock Exchange) 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 SFO), nor had they been granted or exercised the above rights, which were 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 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.

(4) CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

During the Reporting Period, the Company complied with all the code provisions (“Code Provision”) as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the HKSE Listing Rules.

(5) MODEL CODE

The Company has adopted a code of practice regarding Directors’ securities transactions on terms no less exacting than the required standard in the Model Code as set out in Appendix 10 to the HKSE Listing Rules. Having made specific enquiries to all Directors by the Company, all Directors of the Company confirmed that they have complied with the required standards as set out in the Model Code and the Company’s code of conduct in relation to securities transactions by Directors during the Reporting Period.

8. Directors, Supervisors, Senior Management and Staff

(6) STAFF AND REMUNERATION

As of the end of the Reporting Period, there were 43,508 staff members under the employment of the Group with a total remuneration of approximately RMB3,444.59 million, which was the total remuneration of staff for the Reporting Period.

During the reporting period, the Group implemented an annual remuneration system for its middle and senior management members who were assessed based on the Group's production and sales volume, profitability, costs and other key indicators according to the annual objective accountability assessment system, while a position-based and performance-linked salary system was adopted for its professional technical management staff and general staff which were assessed based on position indicators and performance of their duties and responsibilities according to the objective assessment management system based on positions.

In relation to training, the Group organised and provided multi-level training programmes, with an aim to enhance the management capability of the leaders and strengthen the professional skills and safety awareness of the staff. During the Reporting Period, the Group further improved its training management systems at its head office, regional entities and subsidiaries, enhanced the duty-performing capabilities of its professional departments and regional professional teams. Leveraging on the external training resources, the headquarters of the Group provided off-the-job training for the cadres, thus effectively improving all cadres' ability in production, operation and management. Meanwhile, efforts were made by each regional branch to strengthen trainings for middle management staff by providing various forms of training including outward development training and internal seminar exchange, so as to improve the professional management capability of the middle management staff. In light of the actual training needs, the subsidiaries also provided daily training for staff from different functions and departments, so as to secure adequate reserve of human resources for stable production and effective management control.

9. Information on Corporate Bonds

(1) GENERAL INFORMATION ON CORPORATE BONDS

Name of Bonds	Abbreviation	Code	Issuance Date	Maturity Date	Balance of Bonds (RMB in billion)	Interest rate (%)	Mode of Repayment of Principal and Interest	Stock Exchange
2012 Corporate Bonds of Anhui Conch Cement Company Limited ("2012 Corporate Bonds")	12 Conch 02 (12海螺02)	122203	2012.11.7	2022.11.6	3.5	5.10	Interest is payable annually, and the final interest shall be paid together with the principal amount	SSE

Note: There are options for the issuer to adjust the coupon rate and for investors to resell at the end of the 7th year under "12 Conch 02" of 2012 Corporate Bonds. i. e. the issuer has the right to raise the coupon rate for the last three years at the end of the seventh year from the date of issue (the issuer may choose not to exercise such option and the original coupon rate remains unchanged), and the investors have the right to sell all or part of the bonds held by them back to the Company at face value on the interest payment date of the seventh interest-bearing year.

(2) CONTACT PERSON AND CONTACT INFORMATION OF THE TRUSTEE OF THE CORPORATE BONDS AND CONTACT INFORMATION OF THE CREDIT RATING AGENCY

Trustee of 2012 Corporate Bonds	Name	Zhong De Securities Company Limited (中德證券有限責任公司)
	Business address	22nd Floor, Tower 1, China Central Place, 81 Jianguo Road, Chaoyang District, Beijing
	Contact person	Li Bingting (李冰婷)
	Telephone	010-5902 6656
Credit Rating Agency of 2012 Corporate Bonds	Name	China Chengxin Securities Rating Company Limited (中誠信證券評估有限公司)
	Business address	14th Floor, Block C, Merchants International Finance Center, 156 Fuxingmennei Avenue, Xicheng District, Beijing

9. Information on Corporate Bonds

(3) USE OF PROCEEDS FROM ISSUANCE OF CORPORATE BONDS

The net proceeds raised from the issuance of the corporate bonds with a principal amount of RMB9,500 million by the Company in 2011 amounted to RMB9,461.98 million. Pursuant to the purposes and application plan as stipulated in the prospectus, all the proceeds were utilized in 2012, of which RMB5,034.48 million was used to replenish its working capital and RMB4,427.5 million was used to repay loans.

The net proceeds raised from the issuance of the corporate bonds with a principal amount of RMB6.0 billion by the Company in 2012 amounted to RMB5,995.24 million. Pursuant to the purposes and application plan as stipulated in the prospectus, all the proceeds were utilized in 2013, of which RMB3,000 million was used to replenish its working capital and RMB2,995.24 million was used to repay loans.

(4) CREDIT RATING AGENCY AND RATING TRACKING OF CORPORATE BONDS

According to the credit rating notice (Xinpingweihanzi [2019] Tracking No.188) and tracking rating report issued by China Chengxin Securities Rating Company Limited (中誠信證券評估有限公司) (“China Chengxin Securities”) in May 2019. China Chengxin Securities conducted tracking analysis on the Company and the credit status of the 2012 corporate bonds of the Company. Upon the validation by the China Chengxin Securities Credit Rating Committee, the Company’s main credit rating was maintained at AAA, and the rating outlook is stable; the credit rating of the 2019 corporate bonds of the Company was maintained at AAA. The rating tracking report was published on the websites of the Stock Exchange and the Company on 20 May 2019 and the website of the SSE on 21 May 2019 respectively.

9. Information on Corporate Bonds

(5) CREDIT ENHANCEMENT MECHANISM AND DEBT REPAYMENT PLAN IN RELATION TO THE CORPORATE BONDS FOR THE REPORTING PERIOD

Conch Holdings, the controlling shareholder of the Company, provided unconditional and irrevocable guarantee by way of joint liability assurance for the 2012 Corporate Bonds issued by the Company. As of 30 June 2019, the accumulative outstanding balance of external guarantees provided by Conch Holdings amounted to RMB7.096 billion, representing 14.70% of the unaudited net assets (excluding minority interests) of Conch Holdings as at 30 June 2019. The debt repayment plan for the 2012 Corporate Bonds issued by the Company is as follows:

The interests of the 2012 Corporate Bonds of the Company which have a maturity of ten years shall be paid by the issuer through the share registrar and the relevant authorities on 7 November of each year during the period from the first year to the tenth year after the issuance date, and the principal amount shall be paid by the issuer through the share registrar and the relevant authorities on 7 November 2022. In the case that the investors have exercised their sell-back options, the interest of the corporate bonds sold back shall be paid by the issuer through the share registrar and the relevant authorities on 7 November of each year during the period from the first year to the seventh year after the issuance date, and the principal amount of the corporate bonds sold back shall be paid by the issuer through the share registrar and the relevant authorities on 7 November 2019.

During the Reporting Period, the Company strictly executed the aforesaid debt repayment plan, so as to protect the interests of the creditors of the Company.

The major financial indicators (unaudited) of Conch Holdings, the guarantor for the 2012 Corporate Bonds of the Company as at 30 June 2019 are as follows:

Items	30 June 2019
Net assets (100 million)	1,353.68
Gearing ratio (%)	30.93
Return on net assets (%)	12.13
Current ratio (times)	2.39
Quick ratio (times)	2.06

9. Information on Corporate Bonds

(6) MEETINGS OF CORPORATE BOND HOLDERS

During the Reporting Period, the Company did not convene any meeting of corporate bond holders.

(7) PERFORMANCE OF THE TRUSTEE OF THE CORPORATE BONDS

During the Reporting Period, Zhong De Securities Company Limited disclosed the Trustee Report on the 2012 Corporate Bonds of Anhui Conch Cement Company Limited (2018) in April 2019, which mainly contained the information regarding the operation and financial position of the issuer for the year, utilization of the proceeds, credibility of the guarantor for the corporate bonds, interest payment of the bonds for the current period and the rating tracking of the bonds.

(8) ACCOUNTING INFORMATION AND FINANCIAL INDICATORS OF THE COMPANY UP TO THE END OF THE REPORTING PERIOD AND THE PREVIOUS YEAR (OR THE CORRESPONDING PERIOD OF THE REPORTING PERIOD AND THE PREVIOUS YEAR)

Major indicators	30 June 2019 (unaudited)	31 December 2018	Change as at the end of the Reporting Period as compared to those at the end of the previous year (%)	Reason for the change
Current ratio (%)	355.47	275.52	79.95 percentage points increase	the decrease in tax payable and non-current liabilities due within one year
Quick ratio (%)	322.15	252.49	69.66 percentage points increase	the decrease in tax payable and non-current liabilities due within one year
Gearing ratio (%)	19.00	22.15	3.15 percentage points decrease	the decrease in tax payable and staff salary
Loan repayment rate (%)	100	100	-	-

Major indicators	Six months ended 30 June 2019 (unaudited)	Six months ended 30 June 2018 (unaudited)	Change from that of the corresponding period of the previous year (%)	Reason for the change
EBITDA interest coverage ratio	98.69	71.81	37.44	mainly due to a period-on-period increase in profit before taxation
Interest payment ratio (%)	100	100	-	-

9. Information on Corporate Bonds

(9) ASSETS OF THE COMPANY AT THE END OF THE REPORTING PERIOD

As at the end of the Reporting Period, no assets of the Company were charged, pledged, distressed, frozen or only can be realized upon satisfaction of certain conditions or cannot be realized or used to settle debts, nor did there exist any circumstance or arrangement under which other rights were restricted. There were not any other senior debts that have defensive power against a third party.

(10) PAYMENT OF INTERESTS PAYABLE ON OTHER BONDS AND DEBT FINANCING INSTRUMENTS OF THE COMPANY

Other than the issuance of the 2011 Corporate Bonds and the 2012 Corporate Bonds, the Company did not have any other bonds or debt financing instruments.

(11) BANK FACILITIES OF THE COMPANY DURING THE REPORTING PERIOD

As at the end of the Reporting Period, the facilities granted to the Company by all the banks in aggregate amounted to RMB88.896 billion and US\$5.78 billion, of which an amount of RMB5.735 billion and US\$0.53 billion were drawn and an amount of RMB83.161 billion and US\$5.25 billion remained unutilized. During the Reporting Period, the Company obtained new bank loans in an amount of 2.413 billion according to the needs for the operation and development of the Company, and repaid bank loans of 2.55 billion.

(12) PERFORMANCE OF THE AGREEMENTS OR UNDERTAKINGS UNDER THE PROSPECTUS OF CORPORATE BONDS BY THE COMPANY DURING THE REPORTING PERIOD

During the Reporting Period, there was no breach of terms of the prospectus of corporate bonds by the Company.

(13) SIGNIFICANT EVENTS AND THEIR IMPACTS ON THE OPERATION AND SOLVENCY OF THE COMPANY

During the Reporting Period, the Company did not have any significant events which might impact the operation and solvency of the Company.

10. Financial Accounting Report (Unaudited)

Consolidated statement of profit or loss

for the six months ended 30 June 2019 – unaudited

(Expressed in Renminbi Yuan ("RMB"))

	Note	Six months ended 30 June	
		2019 RMB'000	2018 (Note) RMB'000
Revenue	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(a)	1,674,710	1,146,419
Other net income/(loss)	4(b)	67,324	(169,430)
Selling expenses		(1,983,125)	(1,669,270)
Administrative expenses		(2,198,191)	(1,621,726)
Profit from operations		20,159,544	17,250,983
Financial expenses	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	5	20,359,062	17,208,719
Income tax	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	7		
Basic		RMB2.88	RMB2.45
Diluted		RMB2.88	RMB2.45

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

The notes on pages 78 to 115 form part of this interim financial report. Details of dividends payable to equity shareholders of the Company are set out in note 18.

10. Financial Accounting Report (Unaudited)

Consolidated statement of profit and loss and other comprehensive income

for the six months ended 30 June 2019 – unaudited

(Expressed in Renminbi Yuan)

	Six months ended 30 June	
	2019	2018
	RMB'000	(Note) RMB'000
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 associates	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 2.

The notes on pages 78 to 115 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Consolidated statement of financial position

at 30 June 2019 – unaudited
(Expressed in Renminbi Yuan)

	Note	At 30 June 2019 RMB'000	At 31 December 2018 (Note) RMB'000
Non-current assets			
Property, plant and equipment			
– Investment properties	8	89,397	64,950
– Other property, plant and equipment	9	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	10	343,606	259,414
Financial assets measured at fair value through other comprehensive income	11	271,396	258,680
Deferred tax assets		1,003,734	953,856
		78,389,835	77,355,005
Current assets			
Inventories	12	6,900,353	6,022,717
Assets held for sale		9,811	62,640
Trade receivables	13	12,221,775	14,361,418
Prepayments and other receivables	14	18,120,870	13,778,027
Amounts due from related parties	21(d)	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	15,770,134	9,857,672
		73,732,787	72,192,347

The notes on pages 78 to 115 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Consolidated statement of financial position (Cont'd)

at 30 June 2019 – unaudited
(Expressed in Renminbi Yuan)

	Note	At 30 June 2019 RMB'000	At 31 December 2018 (Note) RMB'000
Current liabilities			
Trade payables	16	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	17	2,911,474	4,128,170
Lease liabilities	2(d)	16,861	–
Amounts due to related parties	21(d)	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	17	7,185,456	6,105,332
Lease liabilities	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

The notes on pages 78 to 115 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Consolidated statement of financial position (Cont'd)

at 30 June 2019 – unaudited
(Expressed in Renminbi Yuan)

	Note	At 30 June 2019 RMB'000	At 31 December 2018 (Note) RMB'000
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 2.

The notes on pages 78 to 115 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Consolidated statement of changes in equity

for the six months ended 30 June 2019 – unaudited

(Expressed in Renminbi Yuan)

Note	Attributable to equity shareholders of the Company											
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory surplus reserve	Fair value reserve (recycling)	Fair value reserve (non-recycling)	Share of other comprehensive income of investees	Retained profits	Total	Non-controlling interests	Total equity
Balance at 1 January 2018	5,299,303	10,135,850	216,201	(41,453)	2,649,654	-	312,150	20,478	70,557,766	89,149,949	2,539,345	91,689,294
Changes in equity for the six months ended 30 June 2018:												
Profit for the period	-	-	-	-	-	-	-	-	12,964,099	12,964,099	368,845	13,332,944
Other comprehensive income	-	-	-	(23,842)	-	-	(45,233)	(5,267)	-	(74,342)	2,049	(72,293)
Total comprehensive income	-	-	-	(23,842)	-	-	(45,233)	(5,267)	12,964,099	12,889,757	370,894	13,260,651
Dividends declared by non-wholly owned subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(89,193)	(89,193)
Dividends approved in respect of the previous year 18(b)	-	-	-	-	-	-	-	-	(6,359,163)	(6,359,163)	-	(6,359,163)
Capital contribution received by non-wholly owned subsidiaries from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	190,737	190,737
Share of change of capital reserve of the investees	-	-	3,523	-	-	-	-	-	-	3,523	-	3,523
Balance at 30 June 2018	5,299,303	10,135,850	219,724	(65,295)	2,649,654	-	266,917	15,211	77,162,702	95,684,066	3,011,783	98,695,849

The notes on pages 78 to 115 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Consolidated statement of changes in equity (Cont'd)

for the six months ended 30 June 2019 – unaudited

(Expressed in Renminbi Yuan)

Note	Attributable to equity shareholders of the Company											
	Share capital	Share premium	Capital reserve	Exchange reserve	Statutory surplus reserve	Fair value reserve (recycling)	Fair value reserve (non-recycling)	Share of other comprehensive income of investees	Retained profits	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 30 June 2018 and 1 July 2018	5,299,303	10,135,850	219,724	(65,295)	2,649,654	-	266,917	15,211	77,162,702	95,684,066	3,011,783	98,695,849
Changes in equity for the six months ended 31 December 2018:												
Profit for the period	-	-	-	-	-	-	-	-	16,894,204	16,894,204	454,990	17,349,194
Other comprehensive income	-	-	-	8,015	-	-	(106,814)	(7,783)	-	(106,582)	(1,745)	(108,327)
Total comprehensive income	-	-	-	8,015	-	-	(106,814)	(7,783)	16,894,204	16,787,622	453,245	17,240,867
Dividends declared by non-wholly owned subsidiaries to non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	(5,064)	(5,064)
Capital contribution received by non-wholly owned subsidiaries from non-controlling shareholders	-	-	-	-	-	-	-	-	-	-	76,468	76,468
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	-	176,163	176,163
Acquisition of non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	-
Share of change of capital reserve of the investees	-	-	4,900	-	-	-	-	-	-	4,900	-	4,900
Balance at 31 December 2018 (Note)	5,299,303	10,135,850	224,624	(57,280)	2,649,654	-	160,103	7,428	94,056,906	112,476,588	3,712,595	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 2.

The notes on pages 78 to 115 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Consolidated statement of changes in equity (Cont'd)

for the six months ended 30 June 2019 – unaudited

(Expressed in Renminbi Yuan)

	Attributable to equity shareholders of the Company												
	Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve (recycling) RMB'000	Fair value reserve (non-recycling) RMB'000	Share of other comprehensive income of investees RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 31 December 2018		5,299,303	10,135,850	224,624	(57,280)	2,649,654	-	160,103	7,428	94,056,906	112,476,588	3,712,595	116,189,183
Impact on initial application of IFRS 16		-	-	-	-	-	-	-	-	-	-	-	-
Adjusted balance at 1 January 2019		5,299,303	10,135,850	224,624	(57,280)	2,649,654	-	160,103	7,428	94,056,906	112,476,588	3,712,595	116,189,183
Changes in equity for the six months ended 30 June 2019:													
Profit for the period		-	-	-	-	-	-	-	-	15,281,711	15,281,711	359,829	15,641,540
Other comprehensive income		-	-	-	8,873	-	-	9,537	3,150	-	21,560	1,056	22,616
Total comprehensive income		-	-	-	8,873	-	-	9,537	3,150	15,281,711	15,303,271	360,885	15,664,156
Dividends declared by non-wholly owned subsidiaries to non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	(261,881)	(261,881)
Dividends approved in respect of the previous year	18(b)	-	-	-	-	-	-	-	-	(8,955,821)	(8,955,821)	-	(8,955,821)
Capital contribution received by non-wholly owned subsidiaries from non-controlling shareholders		-	-	-	-	-	-	-	-	-	-	365,579	365,579
Share of change of capital reserve of the investees		-	-	5,610	-	-	-	-	-	-	5,610	-	5,610
Balance at 30 June 2019		5,299,303	10,135,850	230,234	(48,407)	2,649,654	-	169,640	10,578	100,382,796	118,829,648	4,177,178	123,006,826

The notes on pages 78 to 115 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Condensed consolidated cash flow statement

for the six months ended 30 June 2019 – unaudited
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2019	2018
		RMB'000	(Note) RMB'000
Operating activities			
Cash generated from operations		21,044,752	16,008,884
– Income tax paid		(6,540,428)	(4,062,398)
– Interest paid		(122,537)	(241,411)
Net cash generated from operating activities		14,381,787	11,705,075
Investing activities			
Payments for purchase of property, plant and equipment, lease prepayment and intangible assets		(3,194,376)	(1,750,817)
Proceeds from maturity of bank deposits with maturity over three months		21,000,000	9,500,000
Investment in bank deposits with maturity over three months		(13,500,000)	(9,000,000)
Receipts from wealth management products issued by banks		10,000,000	4,000,000
Payments for purchase of wealth management products issued by banks		(14,500,000)	(4,000,000)
Investment income on wealth management products issued by banks		222,510	65,915
Other cash flows arising from investing activities		395,602	116,854
Net cash generated from/(used in) investing activities		423,736	(1,068,048)

The notes on pages 78 to 115 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Condensed consolidated cash flow statement (Cont'd)

for the six months ended 30 June 2019 – unaudited
(Expressed in Renminbi Yuan)

	Note	Six months ended 30 June	
		2019	2018
		RMB'000	(Note) RMB'000
Financing activities			
Capital element of lease rentals paid		(8,552)	–
Proceeds from new bank loans and other borrowings		2,411,090	485,460
Repayments of bank loans and other borrowings		(2,548,079)	(4,068,805)
Dividends paid to equity shareholders of the Company		(8,850,579)	(6,505,161)
Capital contribution from non-controlling interests		365,579	142,635
Other cash flow arising from financing activities		(265,140)	(24,124)
Net cash used in financing activities		(8,895,681)	(9,969,995)
Net increase in cash and cash equivalents		5,909,842	667,032
Effect of foreign exchange rate changes		2,620	4,237
Cash and cash equivalents at 1 January		9,857,672	10,428,932
Cash and cash equivalents at 30 June		15,770,134	11,100,201

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 2.

The notes on pages 78 to 115 form part of this interim financial report.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

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 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 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 International Financial Reporting Standards (“IFRSs”).

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

The financial information relating to the financial year ended 31 December 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.

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.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

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 the initial application has no cumulative effect 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.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 16, Leases (continued)

(a) *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 as disclosed in note 20(b).

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.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 16, Leases (continued)

(a) 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

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%.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 16, Leases (continued)

(c) Transition impact (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 disclosed in note 20(b) 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 recognised at 1 January 2019	60,630

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.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 16, Leases (continued)

(c) Transition impact (continued)

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 RMB'000	Capitalisation of operating lease contracts RMB'000	Reclassi- fication RMB'000	Carrying amount at 1 January 2019 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

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 16, Leases (continued)

(c) Transition impact (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	At 31 December 2018 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

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 16, Leases (continued)

(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	Total minimum lease payments RMB'000	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 expense		(15,916)		(17,264)
Present value of lease liabilities		52,594		60,630

(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.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 16, Leases (continued)

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

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 be applied 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.

	2019			Hypothetical amounts for 2019 as if under IAS 17	2018
	Amounts reported under IFRS 16	Add back: IFRS 16 depreciation and interest expense	Deduct: Estimated amounts related to operating leases as if under IAS 17		
	(A)	(B)	(C)	(D=A+B+C)	Compared to amounts reported for 2018 under IAS 17
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Financial result for the six months ended 30 June 2019 impacted by the adoption of IFRS 16:					
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 3(b)) impacted by the adoption of IFRS 16:					
- 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)

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

2 CHANGES IN ACCOUNTING POLICIES (CONTINUED)

IFRS 16, Leases (continued)

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

	2019			2018
	Amounts reported under IFRS 16 (A) RMB'000	Estimated amounts related to operating leases as if under IAS 17 (notes 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:				
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 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 applied.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

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 RMB'000	2018 RMB'000
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 3(b).

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

(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:

For the six months ended 30 June 2019

	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 3(c)) RMB'000	Total 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
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
Investments 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

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(Expressed in Renminbi Yuan unless otherwise indicated)

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

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

For the six months ended 30 June 2018 (Note)

	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 3(c)) RMB'000	Total 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 customers	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
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
Investments 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 2.

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3 REVENUE AND SEGMENT REPORTING (CONTINUED)

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

	Six months ended 30 June	
	2019 RMB'000	2018 (Note) RMB'000
Revenue		
Elimination of inter-segment revenue under China Accounting Standards ("CAS") and IFRS	(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 RMB'000	At 31 December 2018 RMB'000
Assets		
Elimination of inter-segment balances under CAS and IFRS	(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 2.

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

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4 OTHER REVENUE AND NET INCOME/(LOSS)

(a) Other revenue

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
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
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)

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5 PROFIT BEFORE TAXATION

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

(a) Finance costs:

	Six months ended 30 June	
	2019	2018
	RMB'000	(Note) RMB'000
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
	RMB'000	(Note) RMB'000
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.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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5 PROFIT BEFORE TAXATION (CONTINUED)

(c) Other items:

	Six months ended 30 June	
	2019	2018 (Note)
	RMB'000	RMB'000
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 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 2.

6 INCOME TAX

Taxation in the consolidated statement of profit or loss represents:

	Six months ended 30 June	
	2019	2018
	RMB'000	RMB'000
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.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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6 INCOME TAX (CONTINUED)

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

Conch International Holding (HK) Co., Ltd. (“Conch International”), a subsidiary in Hong Kong	16.5%
Luangprabang Conch Cement Co., Ltd. (“Luangprabang Conch”) and Vientiane Conch Cement Co., Ltd. (“Vientiane Conch”), subsidiaries in Laos	24%
Conch Cement Volga Limited Liability Company (“Volga Conch”), a subsidiary in Russia	20%
Battambang Conch Cement Company Limited (“Battambang Conch”), a subsidiary in Cambodia	20%
Qarshi Conch Cement Limited Liability Company (“Qarshi Conch”), 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. (“Qianxinan”) 黔西南州發展資源開發有限公司 (Note (i))	15%
Pingliang Conch Cement Co., Ltd. (“Pingliang Conch”) 平涼海螺水泥有限責任公司 (Note (i))	15%
Dazhou Conch Cement Co., Ltd. (“Dazhou Conch”) 達州海螺水泥有限責任公司 (Note (i))	15%
Guangyuan Conch Cement Co., Ltd. (“Guangyuan Conch”) 廣元海螺水泥有限責任公司 (Note (i))	15%
Chongqing Conch Cement Co., Ltd. (“Chongqing Conch”) 重慶海螺水泥有限責任公司 (Note (i))	15%
Liquan Conch Cement Co., Ltd. (“Liquan Conch”) 禮泉海螺水泥有限責任公司 (Note (i))	15%
Guiyang Conch Panjiang Cement Co., Ltd. (“Guiyang Conch”) 貴陽海螺盤江水泥有限責任公司 (Note (i))	15%
Guiding Conch Panjiang Cement Co., Ltd. (“Guiding Conch”) 貴定海螺盤江水泥有限責任公司 (Note (i))	15%
Zunyi Conch Panjiang Cement Co., Ltd. (“Zunyi Conch”) 遵義海螺盤江水泥有限責任公司 (Note (i))	15%

10. Financial Accounting Report (Unaudited)

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6 INCOME TAX (CONTINUED)

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%
Longan Conch Cement Co., Ltd. (“Longan Conch”) 隆安海螺水泥有限責任公司 (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%
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”) 廣西凌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”) 贛州海螺水泥有限責任公司 (Note (i))	15%

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6 INCOME TAX (CONTINUED)

Hami Hongyi Construction Co., Ltd. (“Hami Construction”) 哈密弘毅建材有限責任公司 (Note (i))	15%
Yingjiangyunhan Cement Co., Ltd. (“Yingjiangyunhan”) 盈江縣允罕水泥有限公司 (Note (i))	15%
Kunming Conch Cement Co., Ltd. (“Kunming Conch”) 昆明海螺水泥有限公司 (Note (i))	15%
Shanxi Tongchuan Fenghuang Construction Co., Ltd. (“Fenghuang Construction”) 陝西銅川鳳凰建材有限公司 (Note (i))	15%
Chongqing Material Trading Co., Ltd. (“Chongqing Trading”) 重慶海螺物資貿易有限責任公司 (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 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 has 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).

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7 EARNINGS PER SHARE (CONTINUED)

(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 Investment properties

8 INVESTMENT PROPERTIES

During the six months ended 30 June 2019, the Group leased out three properties with a carrying value of RMB25,810,000 (six months ended 30 June 2018: two properties with a carrying value of RMB16,176,000) under operating lease and classified the properties as investment properties accordingly.

During the six months ended 30 June 2019, the Group did not transfer investment property to other property, plant and equipment (six months ended 30 June 2018: nil) due to the termination of the leasing agreement and change of intention to hold for own use.

The rental income earned by the Group during the six months ended 30 June 2019 from its investment properties, all of which are leased out under operating leases, amounted to RMB3,717,000 (six months ended 30 June 2018: RMB2,906,000). Direct operating expenses arising from the investment properties amounted to RMB1,364,000 (six months ended 30 June 2018: RMB1,045,000).

9 OTHER PROPERTY, PLANT AND EQUIPMENT

(a) Right-of-use assets

As discussed in note 2, the Group has initially applied IFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under IAS 17. Further details on the net book value of the Group's right-of-use assets by class of underlying asset are set out in note 2.

During the six months ended 30 June 2019, the Group entered into a number of lease agreements for use of land, office buildings, and cement transfer storages, and therefore recognised the additions of right-of-use assets of RMB132,357,000. The leases of cement transfer storages contain variable lease payment terms that are based on volume of cements transited through the transfer storages and minimum annual lease payment terms that are fixed. These payment terms are common in transfer storages business in Mainland China where the Group mainly operates.

(b) Acquisitions and disposals of owned assets

During the six months ended 30 June 2019, the Group acquired property, plant and equipment with a cost of RMB2,817,476,000 (six months ended 30 June 2018: RMB1,801,911,000).

Items of property, plant and equipment with a carrying amount of RMB68,274,000 were disposed of during the six months ended 30 June 2019 (six months ended 30 June 2018: RMB15,806,000), resulting in a net loss on disposal of RMB43,736,000 (six months ended 30 June 2018: a net loss of RMB1,686,000).

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10 LOANS AND RECEIVABLES

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Loans and receivables	423,606	369,414
Less: Current portion of non-current loans and receivables (note 14)	(80,000)	(110,000)
	343,606	259,414

As at 30 June 2019, loans and receivables of the Group mainly represent a loan to a related party of the Group and advances made to local government authorities.

A loan of RMB27,960,000 (31 December 2018: RMB27,960,000) was made to Jiande Chengli Building Material Co., Ltd. ("Chengli Building Material") which is under the trust of the Group and is repayable in 2020 at a fixed interest rate of 6% per annum.

The advances of RMB80,000,000 (31 December 2018: RMB65,000,000) to government authorities are unsecured, bearing interest at rates from 4.35% to 4.75% (2018: from 4.35% to 4.75%) per annum, and repayable in 2019. The remaining advances of RMB315,646,000 (31 December 2018: RMB276,454,000) are unsecured, interest-free and repayable from 2020 to 2024.

11 FINANCIAL ASSETS MEASURED AT FVOCI

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Financial assets measured at FVOCI (non-recycling)		
– Listed equity securities (Non- trading propose)	271,396	258,680

All financial assets measured at FVOCI held by the Group are listed on the Shanghai Stock Exchange ("SSE"). The fair values of these investments are measured with reference to the respective quoted market prices as at 30 June 2019.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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12 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Raw materials	3,350,219	3,001,274
Work in progress	291,264	276,731
Finished goods	2,709,925	2,355,588
Spare parts	548,945	389,124
	6,900,353	6,022,717

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Carrying amount of inventories sold	48,264,693	25,973,215
	48,264,693	25,973,215

13 TRADE RECEIVABLES

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Trade debtors	1,276,382	1,237,501
Less: loss allowance for doubtful debts	(13,528)	(10,320)
	1,262,854	1,227,181
Bank acceptance notes	10,957,921	13,093,836
Commercial acceptance notes	1,000	40,401
	12,221,775	14,361,418

10. Financial Accounting Report (Unaudited)

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13 TRADE RECEIVABLES

(a) Ageing analysis

Included in trade receivables are trade debtors and bills receivable (net of loss allowance for doubtful debts) with the following ageing analysis based on invoice date as the end of the reporting period:

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Within 1 year	12,216,548	14,358,735
1 to 2 years	5,227	2,683
2 to 3 years	-	-
More than 3 years	-	-
	12,221,775	14,361,418

Trade debtors are due within 30 to 60 days from the date of billing, except for retention money in respect of certain sales contracts which is due upon the expiry of the retention period. Bills receivable are due within 1 year from the date of issuance.

(b) Bank acceptance notes

As at 30 June 2019, the Group endorsed the undue bank acceptance notes of RMB6,250,352,000 (31 December 2018: RMB8,794,473,000) to its suppliers to settle trade payables of the same amounts and derecognised these bills receivable and the payables to suppliers in their entirety as the Group's management considered that the risks and rewards of ownership of these undue bills have been substantially transferred. The Group's continuous involvement in these derecognised undue bills receivable is limited to when the issuance banks of these undue notes are unable to settle the amounts due to the holders of these notes. As at 30 June 2019, the maximum exposure to loss from its continuous involvement represents the amounts of bills receivable of RMB6,250,352,000 (31 December 2018: RMB8,794,473,000), which the Group endorsed to its suppliers. The endorsed undue bills receivable will be derecognised if management consider, based on its 'risks and rewards' evaluation, that the Group has transferred substantially all of the risks and rewards of ownership of the bills receivable.

As at 30 June 2019, the undue bills receivable of RMB2,613,228,000 (31 December 2018: RMB3,284,639,000) endorsed to its suppliers to settle the trade payables were not derecognised because management believed that the credit risk of ownership were not substantially transferred. The associated trade payables were also not derecognised. The carrying amounts of these undue bills receivable and trade payables approximate its fair values. All these undue bills receivable were due within 1 year.

10. Financial Accounting Report (Unaudited)

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14 PREPAYMENTS AND OTHER RECEIVABLES

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Purchase prepayments	1,439,332	2,096,906
Current portion of loans and receivables (note 10)	80,000	110,000
Value-added tax and other tax prepayments	427,774	354,623
Interest receivables	613,843	294,017
Wealth management product issued by banks and investment income receivable*	14,649,765	10,123,877
Other receivables**	910,156	798,604
	18,120,870	13,778,027

Except for certain security deposits which do not have fixed payment terms, all of the prepayments and other receivables are expected to be recovered within one year.

* As at 30 June 2019, the balance represents an investment in a short-term wealth management product issued by banks in January 2019. The principal amount of the product is RMB14,500,000,000 (31 December 2018: RMB10,000,000,000) with a fixed interest rate of 4.10% – 5.10% per annum (2018: 4.00% – 4.85% per annum). The principal amount of the above wealth management product and the related investment income will be received by June 2020.

** As at 30 June 2019, the balance of other receivables include dividends due from West China Cement Limited (“West Cement”), an associate of the Company, amounting to RMB16,066,000 (31 December 2018:nil) and Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd. (“Conch Kawasaki Equipment”), a joint venture of the Company, amounting to RMB11,518,000 (31 December 2018:nil).

15 CASH AND CASH EQUIVALENTS

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Bank deposits with maturity within three months	9,003,834	2,548,156
Cash at bank and on hand	6,766,300	7,309,516
Cash and cash equivalents in the consolidated statement of financial position and cash flow statement	15,770,134	9,857,672

10. Financial Accounting Report (Unaudited)

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16 TRADE PAYABLES

Included in trade payables are trade creditors with the following aging analysis based on invoice dates as the end of the reporting period:

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Within 1 year (inclusive)	5,836,283	6,330,341
Between 1 and 2 years (inclusive)	4,159	4,938
Between 2 and 3 years (inclusive)	727	622
More than 3 years	5,223	5,450
	5,846,392	6,341,351

17 BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings are as follows:

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Current bank loans and other borrowings		
Unsecured bank loans	2,911,474	4,128,170
	2,911,474	4,128,170
Non-current bank loans and other borrowings		
Unsecured bank loans	3,686,555	2,606,582
Unsecured debentures	3,498,901	3,498,750
	7,185,456	6,105,332

In November 2012, the Company issued corporate bonds with an aggregate principal amount of RMB3,500,000,000 with a maturity period of 10 years ("10-year bond"). The 10-year bond carried fixed annual interest rate of 5.10%, which is repaid annually. The principal of the 10-year bond is fully repayable on 7 November 2022.

Anhui Conch Holdings Co., Ltd. ("Conch Holdings"), the substantial shareholder of the Company, provides unconditional and irrevocable joint liability guarantee for the above bonds over the respective maturity periods.

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17 BANK LOANS AND OTHER BORROWINGS (CONTINUED)

At 30 June 2019 and 31 December 2018, the bank loans were repayable as follows:

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Within 1 year or on demand	2,911,474	4,128,170
After 1 year but within 2 years	1,388,153	779,710
After 2 years but within 5 years	1,838,100	1,266,955
After 5 years	460,302	559,917
Total non-current bank loans	3,686,555	2,606,582
	6,598,029	6,734,752

18 CAPITAL, RESERVES AND DIVIDENDS

(a) Reserves

Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period.

(b) Dividends

Dividends payable to equity shareholders attributable to the previous financial year, approved and paid during the interim period

	Six months ended 30 June 2019 RMB'000	2018 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the following interim period, of RMB1.69 per share (six months ended 30 June 2018: RMB1.2 per share)	8,955,821	6,359,163

The board of directors does not recommend the payment of an interim dividend for the six months ended 30 June 2019 (six months ended 30 June 2018: Nil).

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(Expressed in Renminbi Yuan unless otherwise indicated)

18 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(c) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose adjusted net debt is calculated as bank loans and other borrowings plus lease liabilities and unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital represents total equity attributable to equity shareholders of the Company, less unaccrued proposed dividends.

The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the Group recognise right-of-use assets and corresponding lease liabilities for almost all leases previously accounted for as operating leases as from 1 January 2019. This caused a slight increase in the Group's total debt and hence the Group's adjusted net debt-to-capital ratio rose from 9.01% to 9.07% on 1 January 2019 when compared to its position as at 31 December 2018.

10. Financial Accounting Report (Unaudited)

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18 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

The Group's adjusted net debt-to-capital ratio at the end of the current and previous reporting periods and at the date of transition to IFRS 16 was as follows:

(c) Capital management (Continued)

	Note	30 June 2019 RMB'000	1 January 2019 (Note) RMB'000	31 December 2018 (Note) RMB'000
Current liabilities:				
Bank loans and other borrowings	17	2,911,474	4,128,170	4,128,170
Lease liabilities	2(d)	16,861	18,979	-
		2,928,335	4,147,149	4,128,170
Non-current liabilities:				
Bank loans and other borrowings	17	7,185,456	6,105,332	6,105,332
Lease liabilities	2(d)	35,733	41,651	-
Total debt		10,149,524	10,294,132	10,233,502
Add: Proposed dividends		-	8,955,821	8,955,821
Less: Cash and cash equivalents	15	(15,770,134)	(9,857,672)	(9,857,672)
Adjusted net (cash)/debt		(5,620,610)	9,392,281	9,331,651
Total equity attributable to equity shareholders of the Company				
		118,834,953	112,476,588	112,476,588
Less: Proposed dividends		-	(8,955,821)	(8,955,821)
Adjusted capital		118,834,953	103,520,767	103,520,767
Adjusted net debt-to-capital ratio		N/A	9.07%	9.01%

Note: The Group has initially applied IFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under IAS 17. Under this approach, the comparative information is not restated. See note 2.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

(Expressed in Renminbi Yuan unless otherwise indicated)

19 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets and liabilities measured at fair value

(i) Financial instruments carried at fair value

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1: Fair values measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3: Fair value measured using significant unobservable inputs

(ii) Fair value hierarchy

	Fair value measurements as at 30 June 2019 categorised into			
	Fair value at 30 June 2019 RMB'000	Quoted prices in active market for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurement				
Financial assets:				
Derivative financial instruments	13,904	–	13,904	–
Financial assets measured at FVOCI:				
– Listed equity securities	271,396	271,396	–	–
	285,300	271,396	13,904	–

10. Financial Accounting Report (Unaudited)

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19 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial assets and liabilities measured at fair value (Continued)

(ii) Fair value hierarchy (Continued)

	Fair value measurements as at 31 December 2018 categorised into			
	Fair value at 31 December 2018 RMB'000	Quoted prices in active market for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurement				
Financial assets:				
Derivative financial instruments	25,140	–	25,140	–
Financial assets measured at FVOCI:				
– Listed equity securities	258,680	258,680	–	–
	283,820	258,680	25,140	–

Derivative financial instruments in Level 2 are cross-currency swap contracts. The fair value of cross-currency swap contracts are determined using option model and observable inputs.

During the six months ended 30 June 2019, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2018: Nil).

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2019 and 31 December 2018.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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20 COMMITMENTS

(a) Capital commitments outstanding at 30 June 2019 not provided for in the interim financial report

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Contracted for	2,366,885	1,089,377
Authorised but not contracted for	1,717,530	1,426,958
	4,084,415	2,516,335

(b) At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	Properties RMB'000	Others RMB'000	Total RMB'000
Within 1 year	18,918	817	19,735
After 1 year but within 5 years	34,732	3,268	38,000
After 5 years	105	20,866	20,971
	53,755	24,951	78,706

The Group is the lessee in respect of a number of properties and items of plant and land use rights which were previously classified as operating leases under IAS 17. The Group has initially applied IFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 2). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position in accordance with the policies set out in note 2.

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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21 MATERIAL RELATED PARTY TRANSACTIONS

(a) Related parties information

Name of related party	Nature of relationship
Conch Holdings 安徽海螺集團有限責任公司	Substantial shareholder of the Company
China Conch Venture Holdings Limited ("China Conch Venture") 中國海螺創業控股有限公司	Major shareholder of Conch Holdings
Conch Profiles and Science Co., Ltd. and its subsidiaries ("Conch Profiles and Science") 蕪湖海螺型材科技股份有限公司及其附屬公司	Subsidiary of Conch Holdings
Anhui Conch Construction Materials Design Centre ("Conch Design Institute") 安徽海螺建材設計研究院	Subsidiary of Conch Holdings
Anhui Conch Information Technology Engineering Co., Ltd. ("Conch IT Engineering") 安徽海螺信息技術工程有限責任公司	Subsidiary of Conch Holdings
Conch New Materials Technology Co., Ltd. and its subsidiaries ("Conch New Materials") 安徽海螺新材料科技有限公司及其附屬公司	Subsidiary of Conch Holdings
Conch New Energy Co., Ltd. and its subsidiaries ("Conch New Energy") 安徽海螺新能源有限公司及其附屬公司	Subsidiary of Conch Holdings
Wuhu Conch Trading Co., Ltd. ("WH Trading") 蕪湖海螺貿易有限公司	Subsidiary of Conch Holdings
Wuhu Conch International Hotel ("Wuhu Conch Hotel") 蕪湖海螺國際大酒店	Subsidiary of Conch Holdings
Wuhu Conch Venture Enterprise Limited ("Conch Venture Wuhu") 蕪湖海創實業有限責任公司	Subsidiary of China Conch Venture
Anhui Conch Kawasaki Engineering Co., Ltd. and its subsidiaries ("CK Engineering") 安徽海螺川崎工程有限公司及其附屬公司	Subsidiary of China Conch Venture
Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd. ("CK Equipment") 安徽海螺川崎節能設備製造有限公司	Subsidiary of China Conch Venture

10. Financial Accounting Report (Unaudited)

Notes to the unaudited interim financial report

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21 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Related parties information (Continued)

Name of related party	Nature of relationship
Yangzhou Haichang Port Industrial Co., Ltd. (“HC Port”) 揚州海昌港務實業有限公司	Subsidiary of China Conch Venture
Anhui Conch Venture New Energy-saving Building Material Co., Ltd. (“Conch Venture Green”) 安徽海創新型節能建築材料有限責任公司	Subsidiary of China Conch Venture
Bozhou Conch Venture New Energy-saving Building Material Co., Ltd. (“Bozhou Conch Venture Green”) 亳州海創新型節能建築材料有限責任公司	Subsidiary of China Conch Venture
Wuhu Conch Investment Ltd. and its subsidiaries (“WH Investment and its subsidiaries”) 蕪湖海螺投資有限公司及其附屬公司	Subsidiary of China Conch Venture
WH Electric Conch Clean Energy (“Clean Energy”) 蕪湖市國家電投海螺清潔能源有限公司	Joint venture of the subsidiary of Conch Holdings
Conch Kawasaki Equipment Co., Ltd. 安徽海螺川崎裝備製造有限公司	Joint venture of the Company
PT. SDIC Papua Cement Indonesia (“Papua Cement”) 印尼巴布亞水泥有限公司	Joint venture of the Company
Sino-Myanmar International Trading Co., Ltd. (“Sino-Myanmar International”) 中緬(蕪湖)國際貿易有限公司	Joint venture of the Company
Myanmar Conch Cement Co., Ltd. (“Myanmar Conch”) 緬甸海螺水泥有限公司	Joint venture of the Company
Myanmar Conch Cement (Yangon) Co., Ltd. (“Yangon Conch”) 緬甸海螺(仰光)水泥有限公司	Joint venture of the Company
Huaibei Mining Xiangshan Cement Co., Ltd. (“Xiangshan Cement”) 淮北礦業相山水泥有限責任公司	Joint venture of the Company
Anhui King Bridge Cement Co., Ltd. (“King Bridge Cement”) 安徽朱家橋水泥有限公司	Associate of the Company
West Cement 中國西部水泥有限公司	Associate of the Company
Chengli Building Material Co., Ltd. 建德市成利建材有限公司	Under the trust of the Group

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21 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions between the Group and related parties

The Group has entered into the following material related party transactions:

(i) Transactions with Conch Holdings

	Six months ended 30 June	
	2019	2018
	RMB'000	(Note) RMB'000
Receiving services and purchase of goods	15,108	15,545
Purchase of right of use assets	1,678	–
Payment of lease liabilities	854	–
Provision of services and sales of goods	849	853

As at 30 June 2019, bank loans and other borrowings amounting to RMB3,500,000,000 (31 December 2018: RMB3,500,000,000) are guaranteed by Conch Holdings.

(ii) Transactions with other related parties

	Six months ended 30 June	
	2019	2018
	RMB'000	(Note) RMB'000
Sales of goods	107,816	149,832
Provision of services	49,216	35,455
Purchase of property, plant and equipment	178,673	110,120
Purchase of raw materials	1,067,528	301,503
Purchase of right of use assets	2,284	–
Payment of lease liabilities	385	–
Receiving services	150,707	122,284
Interest income on loans	843	843

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 2.

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21 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions between the Group and related parties (Continued)

(iii) Loan guarantees provided to other related parties

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Papua Cement	843,835	918,931
Xiangshan Cement	40,000	40,000
Myanmar Conch	37,123	37,061
	920,958	995,992

(c) Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

	Six months ended 30 June	
	2019 RMB'000	2018 RMB'000
Short-term employees benefits	3,313	1,222
Post-employment benefits	231	173
	3,544	1,395

The above remuneration is disclosed in "staff costs" (see note 5(b)).

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21 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Amounts due from/to related parties

(i) Due from related parties

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
CK Engineering	13,050	20,517
Papua Cement	57,498	47,331
Conch Kawasaki Equipment	66,099	81,802
CK Equipment	5,998	36,933
WH Investment	25,840	23,964
Myanmar Conch	38,070	26,310
Conch Design Institute	28,016	14,748
Xiangshan Cement	26,240	7,125
Chengli Building Material	5,922	4,132
Other related parties	30,488	20,627
	297,221	283,489

(ii) Due to related parties

(a) Lease liabilities to related parties

	At 30 June 2019 (Note i) RMB'000	At 31 December 2018 (Note ii) RMB'000
HC Port	2,080	-
Conch Holdings	857	-
Other related parties	170	-
	3,107	-

Note i: The amount of lease liabilities to related parties are included in total lease liabilities.

Note ii: 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 2.

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21 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Amounts due from/to related parties

(ii) Due to related parties

(b) Other amounts due to related parties

	At 30 June 2019 RMB'000	At 31 December 2018 RMB'000
Conch Kawasaki Equipment	43,635	52,702
CK Equipment	50,450	82,370
Conch Venture Wuhu	19,056	18,597
Papua Cement	17,937	15,532
Conch IT Engineering	29,747	25,985
CK Engineering	49,616	41,936
Conch Design Institute	7,588	5,228
Conch New Materials	55,012	5,518
Other related parties	39,447	25,360
	312,488	273,228

22 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, Papua Cement, Xiangshan Cement and Myanmar Conch, amounting to RMB920,958,000 in aggregate (31 December 2018: RMB995,992,000). These facilities were utilised to the extent of RMB920,958,000 as at 30 June 2019 (31 December 2018: RMB995,992,000).

23 COMPARATIVE FIGURES

The Group has initially applied IFRS 16 at 1 January 2019 using the modified retrospective method. Under this approach, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

11. Documents for Inspection

- (1) Financial statements bearing the signatures and seals of the legal representative, officer-in-charge of the accounting function and officer-in-charge of the accounting department;
- (2) Originals of all the corporate documents and the announcements of the Company which were disclosed in newspaper designated by the CSRC during the Reporting Period;
- (3) A copy of this half-year report of the Company published on the Stock Exchange.

Anhui Conch Cement Company Limited

Gao Dengbang

Chairman

22 August 2019