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**安徽海螺水泥股份有限公司**

**Anhui Conch Cement Company Limited**

(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00914)

## **Interim results for the six months ended 30 June 2021**

Revenue for the six months ended 30 June 2021 ("Reporting Period"), prepared in accordance with the International Financial Reporting Standards ("IFRSs"), amounted to approximately RMB80,432.87 million, representing an increase of approximately 8.68% over the corresponding period of the previous year.

As at the end of the Reporting Period, profit attributable to equity shareholders of the Company, prepared in accordance with the IFRSs, was approximately RMB14,968.08 million, representing a decrease of approximately 6.95% over the corresponding period of the previous year.

As at the end of the Reporting Period, basic earnings per share, prepared in accordance with the IFRSs, were RMB2.82.

Unless otherwise stated, the currency unit in this announcement refers to Renminbi ("RMB"), the lawful currency of the People's Republic of China ("PRC"); unless otherwise stated, the financial information in this announcement is prepared in accordance with the China Accounting Standards for Business Enterprises (2006) ("PRC Accounting Standards").

## **I. BASIC CORPORATE INFORMATION OF THE COMPANY**

### **1. Basic information**

Name of the Company	Anhui Conch Cement Company Limited ("the Company", together with its subsidiaries, the "Group")
A shares ("A Shares") and H shares ("H Shares") stock abbreviation	Conch Cement
A Shares stock code	600585
Exchange on which A Shares are listed	The Shanghai Stock Exchange
H Shares stock code	00914
Exchange on which H Shares are listed	The Stock Exchange of Hong Kong Limited ("Stock Exchange")
Office address	No. 39 Wenhua Road, Wuhu City, Anhui Province, the PRC
Postal code	241000

## 2. Contact persons and means of contact

	<b>Company Secretary</b>	<b>Securities affairs representative</b>
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## II. SUMMARY OF ACCOUNTING DATA AND FINANCIAL INDICATORS

### 1. Financial Summary prepared in accordance with the IFRSs

Items	Six months ended 30 June 2021 (RMB'000) (Unaudited)	Six months ended 30 June 2020 (RMB'000) (Unaudited)	Increase/ (decrease) over the corresponding period of the previous year (%)
Operating revenue	80,432,865	74,006,895	8.68
Net profit attributable to equity shareholders of the Company	14,968,080	16,086,075	-6.95
	As at 30 June 2021 (RMB'000) (Unaudited)	As at 31 December 2020 (RMB'000)	Increase/ (decrease) from the beginning of the year (%)
Total assets	200,907,579	200,972,758	-0.03
Total liabilities	29,374,428	32,909,849	-10.74

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

Items	As at 30 June 2021 (RMB'000) (Unaudited)	As at 31 December 2020 (RMB'000)	Increase/ (decrease) from the beginning of the year (%)
Total assets	200,907,579	200,972,758	-0.03
Total equity attributable to equity shareholders of the Company	165,348,352	161,822,228	2.18

Items	Six months ended 30 June 2021 (RMB'000) (Unaudited)	Six months ended 30 June 2020 (RMB'000) (Unaudited)	Increase/ (decrease) over the corresponding period of the previous year (%)
Net cash flow generated from operating activities	12,296,863	14,561,590	-15.55
Operating revenue	80,432,865	74,006,895	8.68
Net profit attributable to equity shareholders of the Company	14,951,193	16,069,245	-6.96
Net profit attributable to equity shareholders of the Company after extraordinary items	14,005,501	15,526,697	-9.80
Weighted average return on net assets (%)	8.93	11.18	Decreased by 2.25 percentage points
Basic earnings per share (RMB/per share)	2.82	3.03	-6.96
Diluted earnings per share (RMB/per share)	2.82	3.03	-6.96

### III. TOTAL NUMBER OF SHAREHOLDERS AND SHAREHOLDINGS OF THE TOP 10 SHAREHOLDERS

As at the end of the Reporting Period, the Company had a total of 413,342 shareholders, 93 of which were holders of H Shares.

Name of shareholder	Nature of shareholder	Number of shares held at the end of the Reporting Period (share)	Percentage of shareholding (%)	Class of shares	Pledged or frozen	
					Status	Number of shares
1. Anhui Conch Holdings Co., Ltd. ("Conch Holdings") (Note 1)	State-owned legal person	1,928,870,014	36.40	A Share	Nil	-
2. HKSCC Nominees Limited (Note 2)	Foreign legal person	1,298,377,610	24.50	H Share	Unknown	Unknown
3. Hong Kong Securities Clearing Company Limited	Foreign legal person	335,121,875	6.32	A Share	Unknown	Unknown
4. China Securities Finance Corporation Limited	State-owned legal person	158,706,314	2.99	A Share	Unknown	Unknown
5. Central Huijin Asset Management Ltd.	State-owned legal person	70,249,600	1.33	A Share	Unknown	Unknown
6. Anhui Conch Venture Investment Co., Ltd. ("CV Investment") (Note 3)	Domestic non-state-owned legal person	39,835,600	0.75	A Share	Nil	-
7. Hillhouse Capital Management Co., Ltd. – HCM China Fund	Others	37,322,610	0.70	A Share	Unknown	Unknown

8. Guosen Securities Co., Ltd.	Others	21,076,558	0.40	A Share	Unknown	Unknown
9. Industrial & Commercial Bank of China – SSE 50 Trading Open-end Index Securities Investment Fund	Others	16,007,578	0.30	A Share	Unknown	Unknown
10. He Xiangjian	Domestic natural person	15,589,853	0.29	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 pledge, freezing order or trust.

(2) HKSCC Nominees Limited held 1,298,377,610 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) As at the end of the Reporting Period, CV Investment held 39,835,600 A Shares, of which 34,200,903 shares were acquired through purchase in the secondary market, and have voting rights in accordance with the law and 5,634,697 shares were acquired through the Company's issue of shares as consideration for purchase of assets from CV Investment and the capitalisation of capital reserve fund. According to the relevant commitments made by CV Investment, such shares didn't have voting rights.

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

(5) The board ("Board") of directors ("Directors") of the Company is not aware of any connected relationship or acting in concert relationship among the above-mentioned shareholders.

(6) During the Reporting Period, the Company did not carry out share repurchase, so there was no designated repurchase account among the top ten shareholders.

#### **IV. PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES**

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold and redeemed any listed securities of the Company.

#### **V. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT**

##### **1. 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 Rules Governing the Listing of Securities on the Stock Exchange ("HKSE Listing Rules")) held any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO")), nor had they been granted or exercised the above interests or rights, which were required to be recorded in the register of the Company required to be kept and maintained in accordance with section 352 of the SFO or otherwise notified to the Company

and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the HKSE Listing Rules.

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

## **2. Corporate governance code and corporate governance report**

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

# **VI. MANAGEMENT DISCUSSION AND ANALYSIS**

## **ANALYSIS ON THE OPERATIONAL CONDITIONS FOR THE FIRST HALF OF 2021**

### **(1) Overview of operation development**

In the first half of 2021, the Group strove to overcome the impact of various unfavorable factors, including the increase in prices of bulk raw materials and fuel as well as fierce market competition, it strengthened the organization of production and marketing and resources coordination and adhered to differentiated marketing strategies. As a result, the Company maintained stable sales prices and achieved steady growth in sales volume. The Group also enhanced its study and analysis on the market conditions, consolidated long-term cooperation for procurement of coal, kept reasonable pace of procurement and controlled the procurement cost of materials. Furthermore, the Group emphasized and accelerated the application of scientific and technological innovation results, promoted green initiatives in the industry, improved on operation management and performance indicators, so as to increase the quality of the Company’s operation on a continual basis.

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group’s operating revenue amounted to RMB80,433 million, representing an increase of 8.68% from that for the corresponding period of the previous year; net profit attributable to equity shareholders of the Company amounted to RMB14,951 million, representing a decrease of 6.96% from that for the corresponding period of the previous year; and earnings per share were RMB2.82, representing a decrease of RMB0.21 per share from that for the corresponding period of the previous year. In accordance with the IFRSs, operating revenue amounted to RMB80,433 million, representing an increase of 8.68% from that for the corresponding period of the previous year; net profit attributable to equity shareholders of the Company amounted to RMB14,968 million, representing a decrease of 6.95% from that for the corresponding period of the previous year; and earnings per share were RMB2.82, representing a decrease of RMB0.22 per share from that for the corresponding period of the previous year.

During the Reporting Period, the Group steadily proceeded with the construction of domestic and overseas projects. One clinker production line and two cement grinding units of Hunan Yunfeng Cement Co., Ltd. had been completed and put into operation. The construction for grinding plant projects in regions including Haimen and Ganzhou had begun and agreements for

aggregate projects in regions including Tongling and Chizhou were executed. In terms of overseas development, the overall operating quality of the Group's projects in operation continued to improve. The Qarshi project in Uzbekistan had proceeded to installation of equipment. Other existing and planned construction projects are also in orderly progress.

During the Reporting Period, the Group increased its production capacity of clinker and cement by 1.80 million tonnes and 2.70 million tonnes, respectively. As at the end of the Reporting Period, the Group's production capacity of clinker, cement, aggregates and commercial concrete amounted to 264 million tonnes, 372 million tonnes, 58.30 million tonnes and 4.20 million cubic metres 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)	51,352,506	29,435,191	42.68	8.98	18.97	Decreased by 4.82 percentage points
Building material industry (trading business)	18,079,622	18,043,537	0.20	17.71	17.73	Decreased by 0.02 percentage point
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	38,478,333	22,075,954	42.63	8.16	17.30	Decreased by 4.47 percentage points
Building material industry (sale of self-produced products) -32.5-grade cement	6,240,283	3,325,139	46.71	3.12	10.02	Decreased by 3.34 percentage points
Building material industry (sale of self-produced products) -Clinker	5,846,917	3,694,457	36.81	18.29	37.12	Decreased by 8.68 percentage points

Building material industry (sale of self-produced products) -Aggregate and carpolite	649,619	229,862	64.62	36.18	64.93	Decreased by 6.17 percentage points
Building material industry (sale of self-produced products) -Commercial concrete	137,354	109,779	20.08	75.38	68.37	Increased by 3.33 percentage points
Building material industry (trading business)	18,079,622	18,043,537	0.20	17.71	17.73	Decreased by 0.02 percentage point
Principal activities by region						
Region	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Period-on-period change in operating revenue (%)	Period-on-period change in operating cost (%)	Period-on-period change in gross profit margin
Building material industry (sale of self-produced products) - East China <sup>Note 2</sup>	15,386,434	7,940,891	48.39	22.08	25.64	Decreased by 1.46 percentage points
Building material industry (sale of self-produced products) -Central China <sup>Note 3</sup>	16,287,946	8,979,619	44.87	11.42	20.26	Decreased by 4.06 percentage points
Building material industry (sale of self-produced products) -South China <sup>Note 4</sup>	9,020,924	5,022,120	44.33	15.28	26.75	Decreased by 5.04 percentage points
Building material industry (sale of self-produced products) -West China <sup>Note 5</sup>	9,162,789	6,473,905	29.35	-13.94	7.12	Decreased by 13.89 percentage points
Building material industry (sale of self-produced products) -Export	157,828	125,028	20.78	-32.89	-24.05	Decreased by 9.22 percentage points
Building material industry (sale of self-produced products) -Overseas	1,336,585	893,628	33.14	12.03	14.00	Decreased by 1.15 percentage points
Building material industry (trading business)	18,079,622	18,043,537	0.20	17.71	17.73	Decreased by 0.02 percentage point

**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 realised an aggregate net sales volume of cement and clinker of 208 million tonnes, representing a period-on-period growth of 11.49%. Revenue generated from principal activities reached RMB69,432 million, representing a period-on-period increase of 11.12%. Operating cost increased by 18.50% on a period-on-period basis to RMB47,479 million. The consolidated gross profit margin of products recorded a period-on-period decrease of 4.26 percentage points to 31.62%.

The Group realised a sales volume of self-produced products of cement and clinker of 154 million tonnes, representing a period-on-period growth of 9.43%. Sales revenue from self-produced products amounted to RMB51,353 million, representing a period-on-period increase of 8.98%. Cost of sales of self-produced products increased by 18.97% period-on-period to RMB29,435 million. The consolidated gross profit margin of self-produced products recorded a period-on-period decrease of 4.82 percentage points to 42.68%.

During the Reporting Period, the Group realised a sales volume of 54 million tonnes for its cement and clinker trading business, representing a period-on-period increase of 17.76%. Revenue from trading business amounted to RMB18,080 million, representing a period-on-period growth of 17.71%. Cost of trading business increased by 17.73% period-on-period to RMB18,044 million.

### **Sales by type of products**

During the Reporting Period, the gross profit margin of the Group's 42.5-grade cement, 32.5-grade cement and clinker decreased by 4.33 percentage points, 2.97 percentage points and 4.30 percentage points period-on-period, respectively, among which, the gross profit margin of the Group's self-produced 42.5-grade cement, 32.5-grade cement and clinker decreased by 4.47 percentage points, 3.34 percentage points and 8.68 percentage points period-on-period, respectively. The consolidated gross profit margin of aggregates and carpolite decreased by 6.17 percentage points period-on-period to 64.62%; the consolidated gross profit margin of commercial concrete was 20.08%, representing a period-on-period increase of 3.33 percentage points.

### **Sales by region**

The regional market demand in East China, Central China and South China was relatively stable. Benefiting from the increase in product sales volume, the sales amount of self-produced products increased by varying degrees; however, demand in West China decreased, leading to a



relatively large decline in selling price, which in turn caused the sales amount of self-produced products to decrease period-on-period.

**In East China and Central China**, the market demand was stable, leading to growth in sales volume and selling price. Sales amount in East China and Central China increased by 22.08% and 11.42% period-on-period respectively, while gross profit margins dropped by 1.46 percentage points and 4.06 percentage points period-on-period respectively owing to rising purchase price of raw coal.

**In South China**, due to stable market demand, sales volume achieved a period-on-period growth. However, affected by the prolonged rainy weather, the selling price dropped slightly. The Group recorded a period-on-period increase of 15.28% in sales amount, while gross profit margin decreased by 5.04 percentage points period-on-period.

**In West China**, due to the decline in market demand and affected by the decrease in sales volume and selling price, the sales amount decreased by 13.94% period-on-period; gross profit margin decreased by 13.89 percentage points period-on-period.

During the Reporting Period, the Group's export sales volume decreased by 29.94% period-on-period and export sales amount dropped by 32.89% period-on-period. With continued improvement in the sales network of overseas projects, the sales volume and sales amount of overseas project companies increased by 21.16% and 12.03% period-on-period respectively.

## 2. Profit analysis

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

Item	Amount		Change from that of the corresponding period of previous year (%)
	Six months ended 30 June 2021 (RMB'000) (Unaudited)	Six months ended 30 June 2020 (RMB'000) (Unaudited)	
<b>Revenue from principal activities</b>	69,432,128	62,482,427	11.12
<b>Profit from operations</b>	19,283,888	21,145,063	-8.80
<b>Profit before taxation</b>	19,868,352	21,496,460	-7.57
<b>Net profit attributable to equity shareholders of the Company</b>	14,951,193	16,069,245	-6.96

During the Reporting Period, benefiting from the period-on-period increase in the sales volume of products, the Group's revenue from principal activities increased by 11.12% period-on-period. Affected by the significant increase in the price of raw coal and the increase in expenses for the period, the Group's profit from operations, profit before taxation and net profit attributable to equity shareholders of the Company recorded period-on-period decreases of 8.80%, 7.57% and 6.96% respectively.

### 3. Analysis of costs and expenses

Consolidated costs of cement and clinker for the six months ended 30 June 2021 and their period-on-period changes

Item	Six months ended 30 June 2021		Six months ended 30 June 2020		Change in unit costs (%)	Change in costs proportion (percentage points)
	Unit costs (RMB/tonne) (Unaudited)	Percentage (%)	Unit costs (RMB/tonne) (Unaudited)	Percentage (%)		
Raw materials	43.77	23.15	42.66	24.45	2.60	-1.30
Fuel and power	106.38	56.26	92.78	53.17	14.66	3.09
Depreciation expense	12.33	6.52	13.44	7.70	-8.27	-1.18
Labor cost and others	26.61	14.07	25.62	14.68	3.88	-0.61
<b>Total</b>	<b>189.09</b>	<b>100</b>	<b>174.50</b>	<b>100</b>	<b>8.36</b>	<b>-</b>

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

During the Reporting Period, the Company's consolidated costs of cement and clinker increased by 8.36% period-on-period, which was due to the significant increase in the price of raw coal.

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 2021 (RMB'000) (Unaudited)	Amount for the six months ended 30 June 2020 (RMB'000) (Unaudited)	Change from that of the corresponding period of previous year (%)	As a percentage of revenue from principal activities for the Reporting Period (%)	As a percentage of revenue from principal activities for the corresponding period of last year (%)	Change in percentage of revenue from principal activities (percentage points)
Selling expenses	1,947,448	1,791,651	8.70	2.80	2.87	-0.06
Administrative expenses	2,316,400	1,772,554	30.68	3.35	2.84	0.51
Research and development expenses	272,516	80,537	238.38	0.39	0.13	0.26
Financial expenses (income is stated in negative)	-545,507	-864,130	36.87	-0.79	-1.38	0.59
<b>Total</b>	<b>3,990,857</b>	<b>2,780,612</b>	<b>43.52</b>	<b>5.75</b>	<b>4.45</b>	<b>1.30</b>

During the Reporting Period, the Group's administrative expenses increased by 30.68% on a period-on-period basis, mainly due to the period-on-period increase in social insurance expense of the Company paid for employees as compared to that of last year during the epidemic. Research and development expenses increased by 238.38% on a period-on-period basis, mainly

due to the period-on-period increase in expenditures for development of technologies including energy saving, environmental protection and green low-carbon technologies. Financial income decreased by 36.87% period-on-period, which was mainly due to a period-on-period increase in exchange losses as a result of the global finance condition and the political events in Myanmar.

During the Reporting Period, the Group's selling, administrative, research and development and financial expenses in aggregate as a percentage to revenue generated from principal activities was 5.75%, representing an increase of 1.30 percentage points period-on-period. Excluding the effect of trading business income, the Group's selling, administrative, research and development and financial expenses in aggregate as a percentage to revenue generated from principal activities was 7.77%, representing an increase of 1.87 percentage points period-on-period.

#### 4. Financial position

##### Asset and liability overview

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

Items	30 June 2021 (RMB'000) (Unaudited)	As a percentage of total assets as at the end of the Reporting Period (%)	31 December 2020 (RMB'000)	As a percentage of total assets as at the end of the previous year (%)	Change from that at the end of the previous year (%)
Monetary assets	57,438,309	28.59	62,177,168	30.94	-7.62
Inventories	8,711,771	4.34	7,001,615	3.48	24.43
Long-term equity investments	4,417,407	2.20	4,223,040	2.10	4.60
Fixed assets	62,433,526	31.08	62,720,184	31.21	-0.46
Construction in progress	5,692,999	2.83	4,675,076	2.33	21.77
Intangible assets	13,974,667	6.96	13,710,239	6.82	1.93
Total assets	200,907,579	100.00	200,972,758	100.00	-0.03
Short-term borrowings	1,986,191	0.99	1,982,276	0.99	0.20
Payroll payables	150,527	0.07	1,360,262	0.68	-88.93
Taxes payables	3,565,456	1.77	5,977,996	2.97	-40.36
Contract liabilities	3,572,316	1.78	4,244,633	2.11	-15.84
Long-term liabilities	2,937,555	1.46	3,309,680	1.65	-11.24
Total liabilities	29,238,354	14.55	32,755,937	16.30	-10.74
<b>Total liabilities and equity</b>	<b>200,907,579</b>	<b>-</b>	<b>200,972,758</b>	<b>-</b>	<b>-0.03</b>

As at the end of the Reporting Period, the Group's balance of payroll payables decreased by

88.93% as compared to those at the end of the previous year, which was mainly attributable to the payment of annual bonus for the previous year during the Reporting Period; the balance of taxes payables decreased by 40.36% as compared to those at the end of the previous year, which was mainly attributable to the increase in taxes paid during the Reporting Period. The Group's total assets prepared in accordance with the PRC Accounting Standards amounted to RMB200.908 billion, representing a decrease of 0.03% as compared to those at the end of the previous year. Total liabilities amounted to RMB29.238 billion, representing a decrease of 10.74% as compared to those at the end of the previous year. As at 30 June 2021, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 14.55%, representing a decrease of 1.75 percentage points as compared to that at the end of the previous year.

As at the end of the Reporting Period, equity attributable to equity shareholders of the Company amounted to RMB165.348 billion, representing an increase of 2.18% as compared to that at the end of the previous year; shareholders' equity attributable to minority shareholders amounted to RMB6.321 billion, representing a decrease of 1.15% as compared to that at the end 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 RMB31.20, representing an increase of RMB0.67 per share as compared to that at the end of the previous year.

As at 30 June 2021, the total current assets and total current liabilities of the Group prepared in accordance with the PRC Accounting Standards amounted to RMB107.589 billion and RMB20.935 billion respectively, with a current ratio of 5.14:1 (end of last year: 4.66:1). The increase in current ratio as compared to that at the end of the previous year was mainly due to the decrease in balance of current liabilities including taxes payables and payroll payables. The total current assets and total current liabilities of the Group prepared in accordance with the IFRSs amounted to RMB107.711 billion and RMB20.935 billion respectively, with a net gearing ratio of 0.016 (end of last year: -0.038). Net gearing ratio was calculated as follows: the difference between interest-bearing liabilities and cash and cash equivalents, and divided by shareholders' equity.

As at the end of the Reporting Period, overseas assets of the Group was RMB12,925 million, representing 6.43% of its total assets.

As at the end of the Reporting Period, no assets of the Company were distressed, seized, frozen, charged or pledged or can only be realised upon satisfaction of certain conditions or cannot be realised or used to settle debts, nor did there exist any circumstance or arrangement under which the occupation, use, gain from and disposal of assets were subject to other restrictions.

### **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 2021 (RMB'000) (Unaudited)	As at 31 December 2020 (RMB'000)
<b>Due within 1 year</b>	3,379,018	3,109,211
<b>Due after 1 year but within 2 years</b>	1,491,555	1,245,180
<b>Due after 2 years but within 5 years</b>	861,000	1,563,500
<b>Due after 5 years</b>	585,000	501,000
<b>Total</b>	<b>6,316,573</b>	<b>6,418,891</b>

As at the end of the Reporting Period, the Group's total bank borrowings were RMB6,317 million, representing a decrease of RMB102 million as compared to those at the beginning of the year. The decrease was mainly attributable to the repayment of certain loans due during the Reporting Period.

Save for the aforesaid borrowings, the Group had corporate bonds in a principal amount of RMB3,499 million which would be due after 1 year but within 2 years.

During the Reporting Period, the Group's source of funding was mainly from the cash flow generated from operating activities and the cash flow generated from realisation of investment.

#### **Analysis of cash flow**

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

	Six months ended 30 June 2021 (RMB'000) (Unaudited)	Six months ended 30 June 2020 (RMB'000) (Unaudited)	Changes (%)
Net cash flows generated from operating activities	12,296,863	14,561,590	-15.55
Net cash flows generated from investment activities	-9,884,537	-9,749,425	-1.39
Net cash flows generated from financing activities	-11,888,970	-9,805,041	-21.25
Effect of foreign exchange rate changes on cash and cash equivalents	-29,562	17,246	-271.41
Net increase in cash and cash equivalents	-9,506,206	-4,975,630	91.06
Balance of cash and cash equivalents at the beginning of the period	16,676,384	22,014,145	-24.25
Balance of cash and cash equivalents at the end of the period	7,170,178	17,038,515	-57.92

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB12,297 million, representing a period-on-period decrease of RMB2,265 million. Such decrease was mainly due to a period-on-period increase in the Group's cash outflows arising from payment for commodities purchased during the Reporting Period.

During the Reporting Period, the Group's net cash outflows from investment activities increased by RMB135 million as compared to the corresponding period of last year, mainly because the fixed term deposits and wealth management products subscribed by the Group with a maturity period of over three months have not reached maturity during the Reporting Period.

During the Reporting Period, the Group's net cash outflows from financing activities increased by RMB2,084 million as compared to the corresponding period of last year, primarily attributable to an increase in dividends distributed by the Group during the Reporting Period as compared to that of the same period of the previous year.

### **(3) Capital expenditure**

During the Reporting Period, the capital expenditure of the Group amounted to approximately RMB5,992 million, which was primarily used in the construction of cement and clinker production lines, technology modification for energy conservation and environmental protection, investment in the construction of aggregate projects, as well as merger and acquisition 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 2021 (RMB'000) (Unaudited)	As at 31 December 2020 (RMB'000)
<b>Authorized and contracted for</b>	4,888,728	3,798,327
<b>Authorized but not contracted for</b>	4,151,414	1,426,512
<b>Total</b>	<b>9,040,142</b>	<b>5,224,839</b>

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

During the Reporting Period, the Group took proactive initiatives to minimize foreign exchange fluctuation risk. During the construction of overseas projects, the payment of construction fee was principally made in local currency, RMB and US dollars. Imported equipment, fire-resistant tiles and spare parts were mainly settled in US dollars and Euros, while cement and clinker and equipment for export were usually settled in RMB or US dollars. 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 revenue of the Group.

In order to effectively reduce foreign exchange risk and to ensure that the overall exchange risk is under control, the Group made appropriate financing and foreign exchange receipt and payment arrangements based on the construction progress of overseas projects and adjusted its foreign exchange fund management plan on a timely basis. The Group proactively implemented centralized management, allocation and utilisation of foreign funds in domestic and overseas markets by persistently promoting a management model of foreign fund pool, so as to lower the

costs of foreign exchange settlement and sales, effectively reducing financial expenses. The Group implemented a regional fund pool management model in the same country where the Group invested, so as to complement each other's capital advantage, enhance financial economies of scale, reduce loss from foreign currency exchange and reduce financing costs. Meanwhile, the Group made appropriate allocation of foreign currency assets in active response to the impact from global financial market policies and exchange rate fluctuations as a result of the COVID-19 pandemic; the Group arranged reasonable loan facilities according to the changes in foreign exchange rates and interest rates, and timely leveraged swap instruments base on the movement of the foreign currency exchange rate to hedge foreign exchange risks.

## **OUTLOOK FOR THE SECOND HALF OF THE YEAR**

In the second half of 2021, the PRC government will adhere to the main theme of making progress while maintaining stability, it will also implement the new development concept fully and accurately by furthering the structural reform of the supply side, accelerating the forming of a new development environment, and promoting high-quality development. The government will continue to promote “six stabilities” (六穩) and “six guarantees” (六保), adjust macro policies across cycles and maintain their consistency, stability and sustainability, keep the economy running in a reasonable pace and strive to reach the annual economic and social development targets. The government will accelerate the construction of major projects under the “14th Five-year Plan”, and support infrastructure investment to certain extent. China adheres to its position that “houses are for inhabitation and not for speculation” (房住不炒), by ensuring stable land prices, stable housing prices, stable expectations and promoting steady and healthy development of the real estate market. Influenced by adjustment and control policies, the growth rate of real estate development investment is expected to gradually slow down. At the same time, China will continue to step up efforts in ecological environment management to achieve peak carbon emission and carbon neutrality through effective coordination; the cement industry will continue with the comprehensive and normalised implementation of off-peak season production, while policies on capacity replacement will become increasingly stringent, which will be conducive to the improvement of the industry's supply-demand relationship.

In the second half of the year, the Group will be committed to high-quality development. In terms of investment and development, the Group plans to increase investment and development efforts around the Company's 14th Five-Year Development Plan and annual investment plan. First, the Group will accelerate the implementation of a complete supply chain development approach by strengthening to the development of its aggregate business, with an emphasis on the construction of large-scale aggregate projects; actively developing commercial concrete business, with an aim to create new industrial growth poles; second, the Group will steadily promote its international development strategy, insist on both new construction and mergers and acquisitions, make progress in the development of existing projects, and step up efforts in carrying out expansion projects; third, the Group will continue to improve its market layout and actively seek targets for merger and acquisition; fourth, the Group will continue to further develop intelligence and information technology, accelerate the pace of innovation, increase

investment in research and development, and consolidate and enhance the Company's core competitiveness.

In terms of operation management, the Group will pay close attention to the macroeconomic situation at home and abroad, and coordinate and implement pandemic prevention and control measures, as well as production and operation management. First, the Group will conduct further analysis and studies on the market conditions; make better adjustment to sales organization and reasonably control the pace of production and sales; deepen strategic cooperation with major customers and increase control of the end-user market; second, the Group will continue to trace and control the source of bulk raw materials and fuel; deepen strategic cooperation with large coal enterprises; actively explore sourcing channels, with an emphasis on securing the supply of key resources at competitive prices; explore the development and utilization of alternative resources, and strive to reduce overall procurement costs; third, the Group will implement the "green building materials" strategy; continue to increase investment in environmental protection; actively implement technical reform and employ technological measures, and accelerate industrial transformation and upgrading; fourth, the Group will focus on achieving peak carbon emission and carbon neutrality; deepen cooperation among industry, academia and research institutions in order to carry out joint scientific and technological efforts to explore medium- and long-term solutions to reduce pollution and lower carbon emission, and promote green and low-carbon circular development, consolidate the competitiveness and comparative advantage; fifth, the Group will strengthen the development of talent pool, accelerate the implementation of medium to long-term employee incentive mechanisms, stimulate talent innovation and creativity, so as to maintain high-quality development.

## **VII. AUDIT COMMITTEE**

The audit committee ("Audit Committee") has been established by the Company. The terms of reference adopted by the Audit Committee complied with all the applicable 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. The interim results for the six months ended 30 June 2021 as disclosed in this announcement have been reviewed by the Audit Committee.

## **VIII. INTERIM DIVIDEND**

The Board did not recommend the payment of interim dividend or the capitalization of surplus reserve for the first half of 2021.

## **IX. NO MATERIAL IMPACT EVENT**

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



## X. FINANCIAL INFORMATION

Financial information extracted from the unaudited consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 30 June 2021 and unaudited consolidated statement of financial position of the Group at 30 June 2021 together with the comparative figures for the six months ended 30 June 2020, prepared in accordance with IFRSs and presented on the basis described in Note 4(1) below are as follows:

### 1. Consolidated statement of profit or loss

	Note	<i>Six months ended 30 June</i>	
		2021	2020
		RMB'000	RMB'000
		(Unaudited)	(Unaudited)
<b>Revenue</b>	4(3)	80,432,865	74,006,895
Cost of sales and services rendered		(58,657,340)	(51,348,962)
<b>Gross profit</b>		21,775,525	22,657,933
Other revenue	4(4)(a)	2,596,981	2,283,562
Other net (loss) / income	4(4)(b)	(130,892)	11,847
Selling and marketing costs		(1,947,448)	(1,791,651)
Administrative expenses		(2,592,529)	(1,853,583)
<b>Profit from operations</b>		19,701,637	21,308,108
Finance costs	4(5)(a)	(190,029)	(216,603)
Share of profits of an associate		234,942	160,966
Share of profits of joint ventures		139,639	261,871
<b>Profit before taxation</b>	4(5)	19,886,189	21,514,342
Income tax	4(6)	(4,499,215)	(4,878,210)
<b>Profit for the period</b>		15,386,974	16,636,132
<b>Attributable to:</b>			
Equity shareholders of the Company		14,968,080	16,086,075
Non-controlling interests		418,894	550,057
<b>Profit for the period</b>		15,386,974	16,636,132
<b>Earnings per share</b>	4(7)		
Basic		RMB 2.82	RMB 3.04
Diluted		RMB 2.82	RMB 3.04

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

	<i>Six months ended 30 June</i>	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Profit for the period</b>	15,386,974	16,636,132
<b>Other comprehensive income for the period (after tax and reclassification adjustments):</b>		
<b>Item that will not be reclassified to profit or loss:</b>		
Equity investments at fair value through other comprehensive income (“FVOCI”) – net movement in fair value reserve (non-recycling)	(56,156)	112,146
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Exchange differences on translation of financial statements of overseas subsidiaries	(100,675)	(38,183)
Shares of other comprehensive income of investees	(42,570)	20,406
<b>Other comprehensive income for the period</b>	(199,401)	94,369
<b>Total comprehensive income for the period</b>	15,187,573	16,730,501
<b>Attributable to:</b>		
Equity shareholders of the Company	14,800,840	16,171,799
Non-controlling interests	386,733	558,702
<b>Total comprehensive income for the period</b>	15,187,573	16,730,501

### 3. Consolidated statement of financial position

	<i>At 30 June</i> 2021 RMB'000 (Unaudited)	<i>At 31 December</i> 2020 RMB'000
<b>Non-current assets</b>		
Property, plant and equipment		
- Investment properties	83,570	84,159
- Other property, plant and equipment	73,419,804	72,752,905
Intangible assets	8,715,130	8,496,930
Goodwill	576,042	576,042
Interests in an associate	2,478,544	2,370,857
Interests in joint ventures	1,938,863	1,852,183
Loans and receivables	532,011	459,716
Long-term prepayments	717,550	31,366
Financial assets measured at FVOCI	316,367	391,241
Financial assets measured at fair value through profit or loss ("FVPL")	3,427,688	-
Deferred tax assets	991,056	851,777
	<u>93,196,625</u>	<u>87,867,176</u>
<b>Current assets</b>		
Inventories	8,711,771	7,001,615
Trade and bills receivables	10,986,885	10,888,831
Financial assets measured at FVPL	24,556,637	26,882,714
Prepayments and other receivables	5,702,272	5,802,159
Amounts due from related parties	250,363	292,154
Tax recoverable	64,717	60,941
Restricted cash deposits	556,158	539,881
Bank deposits with maturity over three months	49,711,973	44,960,903
Cash and cash equivalents	7,170,178	16,676,384
	<u>107,710,954</u>	<u>113,105,582</u>

### 3. Consolidated statement of financial position (continued)

	<i>At 30 June 2021 RMB'000 (Unaudited)</i>	<i>At 31 December 2020 RMB'000</i>
<b>Current liabilities</b>		
Trade and bills payables	5,602,665	4,565,797
Other payables and accruals	5,605,353	7,429,267
Current portion of long-term payables	61,347	519,477
Contract liabilities	3,564,423	4,237,555
Bank loans and other borrowings	3,379,018	3,109,211
Lease liabilities	9,913	17,107
Amounts due to related parties	445,776	383,924
Current taxation	2,266,384	3,960,783
	<u>20,934,879</u>	<u>24,223,121</u>
<b>Net current assets</b>	<u>86,776,075</u>	<u>88,882,461</u>
<b>Total assets less current liabilities</b>	<u>179,972,700</u>	<u>176,749,637</u>
<b>Non-current liabilities</b>		
Bank loans and other borrowings	6,436,094	6,808,050
Lease liabilities	15,223	23,323
Long-term payables	366,522	397,439
Deferred income	707,734	686,349
Deferred tax liabilities	913,976	771,567
	<u>8,439,549</u>	<u>8,686,728</u>
<b>NET ASSETS</b>	<u>171,533,151</u>	<u>168,062,909</u>
<b>CAPITAL AND RESERVES</b>		
Share capital	5,299,303	5,299,303
Reserves	159,924,503	156,381,492
<b>Total equity attributable to equity shareholders of the Company</b>	<u>165,223,806</u>	<u>161,680,795</u>
<b>Non-controlling interests</b>	<u>6,309,345</u>	<u>6,382,114</u>
<b>TOTAL EQUITY</b>	<u>171,533,151</u>	<u>168,062,909</u>

## 4. Notes

### (1) Basis of preparation

This interim financial report of Anhui Conch Cement Company Limited and its subsidiaries has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” adopted by the International Accounting Standards Board (“IASB”). It was authorised for issue on 27 August 2021.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2020 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2021 annual financial statements. Details of any changes in accounting policies are set out in note 4(2).

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2020 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 2020 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 2020 are available from the Company’s registered office. The independent auditors have expressed an unqualified opinion on those financial statements in their report dated 25 March 2021.

### (2) Changes in accounting policies

The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, *Interest Rate Benchmark Reform – Phase 2*
- Amendment to IFRS 16, *Covid-19-Related Rent Concessions beyond 30 June 2021*

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

### (3) 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:

	<u>Six months ended 30 June</u>	
	2021	2020
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Revenue from contracts with customers within the scope of IFRS 15</b>		
Disaggregated by major products of service lines		
- Sales of clinker, cement products and other materials	51,650,589	48,134,587
- Trading of clinker and cement products	18,079,622	15,359,275
- Trading of other materials	10,208,511	10,266,989
- Service income	494,143	246,044
	<u>80,432,865</u>	<u>74,006,895</u>
Disaggregated by geographical location of customers		
- Eastern China	29,330,124	26,690,657
- Central China	23,191,717	21,660,313
- Southern China	11,476,199	10,228,266
- Western China	14,957,047	13,951,803
- Overseas	1,477,778	1,475,856
	<u>80,432,865</u>	<u>74,006,895</u>

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

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

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment in the interim financial statements prepared in accordance with Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS") issued by the Ministry of Finance of the PRC.

Disaggregation of revenue from contracts with customers by timing of revenue recognition, as well as information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the period is set out below:

### (3) Revenue and segment reporting (continued)

For the six months ended 30 June 2021 (Unaudited)

	<i>Eastern China</i> RMB'000	<i>Central China</i> RMB'000	<i>Southern China</i> RMB'000	<i>Western China</i> RMB'000	<i>Overseas</i> RMB'000	<i>Subtotal</i> RMB'000	<i>Elimination</i> RMB'000	<i>Total</i> RMB'000
<b>Disaggregated by type of business</b>								
Sales of clinker, cement products and other materials	16,196,621	15,834,033	9,127,209	9,053,174	1,439,552	51,650,589	-	51,650,589
Trading	12,750,205	7,287,136	2,343,460	5,879,431	27,901	28,288,133	-	28,288,133
Service Income	383,298	70,548	5,530	24,442	10,325	494,143	-	494,143
<b>Revenue from external customers</b>	<b>29,330,124</b>	<b>23,191,717</b>	<b>11,476,199</b>	<b>14,957,047</b>	<b>1,477,778</b>	<b>80,432,865</b>	<b>-</b>	<b>80,432,865</b>
<b>Disaggregated by timing of revenue recognition</b>								
Point in time	28,946,826	23,121,169	11,470,669	14,932,605	1,467,453	79,938,722	-	79,938,722
Over time	383,298	70,548	5,530	24,442	10,325	494,143	-	494,143
<b>Revenue from external customers</b>	<b>29,330,124</b>	<b>23,191,717</b>	<b>11,476,199</b>	<b>14,957,047</b>	<b>1,477,778</b>	<b>80,432,865</b>	<b>-</b>	<b>80,432,865</b>
Inter-segment revenue	2,200,966	14,830,696	381,654	232,979	93,009	17,739,304	(17,739,304)	-
<b>Reportable segment revenue</b>	<b>31,531,090</b>	<b>38,022,413</b>	<b>11,857,853</b>	<b>15,190,026</b>	<b>1,570,787</b>	<b>98,172,169</b>	<b>(17,739,304)</b>	<b>80,432,865</b>
<b>Reportable segment profit (profit before taxation)</b>	<b>2,666,967</b>	<b>17,383,898*</b>	<b>2,983,948</b>	<b>2,137,418</b>	<b>(83,836)</b>	<b>25,088,395</b>	<b>(5,220,043)</b>	<b>19,868,352</b>

\* Reportable segment profit of Central China includes dividend income from subsidiaries in Eastern China, Southern China, Western China and overseas regions of RMB5,242,288,000 for the six months ended 30 June 2021.

### (3) Revenue and segment reporting (continued)

For the six months ended 30 June 2021 (Unaudited)

	<u>Eastern China</u> RMB'000	<u>Central China</u> RMB'000	<u>Southern China</u> RMB'000	<u>Western China</u> RMB'000	<u>Overseas</u> RMB'000	<u>Subtotal</u> RMB'000	<u>Elimination</u> RMB'000	<u>Total</u> RMB'000
Interest income	7,607	1,220,632	7,811	15,307	5,001	1,256,358	(119,902)	1,136,456
Interest expense	(31,153)	(117,279)	(22,256)	(47,832)	(96,656)	(315,176)	125,147	(190,029)
Depreciation and amortisation for the period	244,738	1,146,295	460,768	782,149	222,230	2,856,180	(9,752)	2,846,428
<b>Reportable segment assets (including interests in an associate and joint ventures)</b>	16,218,499	187,508,868	23,182,900	28,414,636	12,925,484	268,250,387	(67,342,808)	200,907,579
Investments in an associate and joint ventures	-	1,742,656	-	2,478,544	196,207	4,417,407	-	4,417,407
Additions to non-current segment assets during the period	202,709	3,246,457	705,426	814,710	193,332	5,162,634	-	5,162,634
<b>Reportable segment liabilities</b>	9,516,351	31,469,287	9,249,423	12,567,162	9,767,759	72,569,982	(43,331,628)	29,238,354



### (3) Revenue and segment reporting (continued)

For the six months ended 30 June 2020 (Unaudited)

	<i>Eastern China</i> RMB'000	<i>Central China</i> RMB'000	<i>Southern China</i> RMB'000	<i>Western China</i> RMB'000	<i>Overseas</i> RMB'000	<i>Subtotal</i> RMB'000	<i>Elimination</i> RMB'000	<i>Total</i> RMB'000
<b>Disaggregated by type of business</b>								
Sales of clinker, cement products and other materials	13,537,049	15,558,097	8,395,271	9,454,866	1,189,304	48,134,587	-	48,134,587
Trading	12,986,065	6,066,594	1,817,948	4,469,105	286,552	25,626,264	-	25,626,264
Service Income	167,543	35,622	15,047	27,832	-	246,044	-	246,044
<b>Revenue from external customers</b>	<b>26,690,657</b>	<b>21,660,313</b>	<b>10,228,266</b>	<b>13,951,803</b>	<b>1,475,856</b>	<b>74,006,895</b>	<b>-</b>	<b>74,006,895</b>
<b>Disaggregated by timing of revenue recognition</b>								
Point in time	26,523,114	21,624,691	10,213,219	13,923,971	1,475,856	73,760,851	-	73,760,851
Over time	167,543	35,622	15,047	27,832	-	246,044	-	246,044
<b>Revenue from external customers</b>	<b>26,690,657</b>	<b>21,660,313</b>	<b>10,228,266</b>	<b>13,951,803</b>	<b>1,475,856</b>	<b>74,006,895</b>	<b>-</b>	<b>74,006,895</b>
Inter-segment revenue	2,889,341	11,407,783	252,333	178,407	75,181	14,803,045	(14,803,045)	-
<b>Reportable segment revenue</b>	<b>29,579,998</b>	<b>33,068,096</b>	<b>10,480,599</b>	<b>14,130,210</b>	<b>1,551,037</b>	<b>88,809,940</b>	<b>(14,803,045)</b>	<b>74,006,895</b>
<b>Reportable segment profit (profit before taxation)</b>	<b>2,621,411</b>	<b>25,769,294*</b>	<b>3,732,687</b>	<b>2,942,292</b>	<b>271,666</b>	<b>35,337,350</b>	<b>(13,840,890)</b>	<b>21,496,460</b>

\* Reportable segment profit of Central China includes dividend income from subsidiaries in Eastern China, Southern China and Western China regions of RMB13,690,877,000 for the six months ended 30 June 2020.

### (3) Revenue and segment reporting (continued)

#### For the six months ended 30 June 2020 (Unaudited)

	<u>Eastern China</u> RMB'000	<u>Central China</u> RMB'000	<u>Southern China</u> RMB'000	<u>Western China</u> RMB'000	<u>Overseas</u> RMB'000	<u>Subtotal</u> RMB'000	<u>Elimination</u> RMB'000	<u>Total</u> RMB'000
Interest income	8,614	1,141,866	6,859	9,982	6,535	1,173,856	(112,276)	1,061,580
Interest expense	(32,266)	(137,851)	(19,148)	(51,779)	(85,276)	(326,320)	109,717	(216,603)
Depreciation and amortisation for the period	(249,648)	(1,053,652)	(403,253)	(741,509)	(199,825)	(2,647,887)	5,126	(2,642,761)
<b>Reportable segment assets (including interests in an associate and joint ventures)</b>	16,340,917	142,586,550	16,970,603	26,937,984	13,665,096	216,501,150	(33,206,582)	183,294,568
Investments in an associates and joint ventures	-	1,670,798	-	2,150,990	288,820	4,110,608	-	4,110,608
Additions to non-current segment assets during the period	196,542	2,985,260	391,321	759,549	756,234	5,088,906	-	5,088,906
<b>Reportable segment liabilities</b>	9,639,115	9,665,903	3,701,167	11,039,748	10,020,956	44,066,889	(9,593,542)	34,473,347

### (3) Revenue and segment reporting (continued)

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

	<i>Six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Revenue</b>		
Reportable segment revenue	80,432,865	74,006,895
Consolidated revenue	80,432,865	74,006,895
<b>Profit</b>		
Reportable segment profit (profit before taxation)	19,868,352	21,496,460
Differences between CAS and IFRS*	17,837	17,882
Consolidated profit before taxation	19,886,189	21,514,342
	<i>At 30 June</i>	<i>At 31 December</i>
	<i>2021</i>	<i>2020</i>
	RMB'000	RMB'000
	(Unaudited)	
<b>Assets</b>		
Reportable segment assets	200,907,579	200,972,758
Consolidated total assets	200,907,579	200,972,758
<b>Liabilities</b>		
Reportable segment liabilities	29,238,355	32,755,939
Difference between CAS and IFRS*	136,073	153,910
Consolidated total liabilities	29,374,428	32,909,849

\* The differences mainly arise from the deferred income in respect of certain government grants recognised in profit and loss under IFRS.

#### (4) Other revenue and other net income

##### (a) Other revenue

	<u>Six months ended 30 June</u>	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest income on financial assets measured at amortised cost	1,136,456	1,061,580
Subsidy income*	1,071,720	833,247
Investment income on wealth management products	388,181	388,735
Investment income on financial assets measured at FVOCI	624	-
	<u>2,596,981</u>	<u>2,283,562</u>

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

##### (b) Other net (loss) / income

	<u>Six months ended 30 June</u>	
	<u>2021</u>	<u>2020</u>
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Net gain/(loss) on disposal of property, plant and equipment	40,199	(18,206)
Net realised and unrealised gain/(loss) on financial assets measured at FVPL	201,611	(21,273)
Net exchange (loss)/gain	(398,137)	20,872
Others	25,435	30,454
	<u>(130,892)</u>	<u>11,847</u>

## (5) Profit before taxation

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

### (a) Finance costs:

	<i>Six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings	161,446	196,317
Interest on long-term payables	27,581	21,018
Interest on lease liabilities	1,002	1,292
Less: interest expense capitalised into construction-in-progress*	-	(2,024)
	<u>190,029</u>	<u>216,603</u>

\* The Group has no interest expense capitalised into construction-in-progress for the six months ended 30 June 2021 (six months ended 30 June 2020: capitalised at interest rate of 2.48%).

### (b) Staff costs:

	<i>Six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Salaries, wages and other benefits	3,070,896	2,699,747
Contributions to defined contribution retirement plans	348,703	78,853
Annuity	152,997	130,181
	<u>3,572,596</u>	<u>2,908,781</u>

### (c) Other items:

	<i>Six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Depreciation of investment property and other property, plant and equipment	2,668,511	2,496,446
Amortisation of intangible assets	177,917	146,315
Cost of inventories*	57,485,822	50,489,663

\* Cost of inventories includes RMB4,117,986,000 (six months ended 30 June 2020: RMB3,830,932,000) relating to staff costs and depreciation expenses which amount is also included in the respective total amounts disclosed separately above or in note 4(5)(b) for each of these types of expenses.

## (6) Income tax

### Taxation in the consolidated statement of profit or loss represents:

	<i>Six months ended 30 June</i>	
	<i>2021</i>	<i>2020</i>
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<b>Current tax</b>		
Provision for the period	4,472,513	4,897,062
Under-provision in respect of prior year	4,853	29,197
	<u>4,477,366</u>	<u>4,926,259</u>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	21,849	(48,049)
	<u>4,499,215</u>	<u>4,878,210</u>

No provision for Hong Kong Profits Tax was made for the six months ended 30 June 2021 and 2020 as the Group did not earn any income which is subject to Hong Kong Profits Tax.

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

Conch International Holding (HK) Co., Ltd., a subsidiary in Hong Kong	16.5%
Luangprabang Conch Cement Co., Ltd. and Vientiane Conch Cement Co., Ltd., subsidiaries in Laos	24%
Conch Cement Volga Limited Liability Company, a subsidiary in Russia	20%
Battambang Conch Cement Company Limited (“Battambang Conch”), a subsidiary in Cambodia (Note (i))	20%
Qarshi Conch Cement Limited Liability Company, a subsidiary in Uzbekistan	7.5%
Conch KT Cement (Phnom Penh) Company Limited, a subsidiary in Cambodia	20%
PT Conch Cement Indonesia, a subsidiary in Indonesia	22%
PT Conch South Kalimantan Cement , a subsidiary in Indonesia	22%
PT Conch International Trade Indonesia, a subsidiary in Indonesia	22%
PT Conch Maros South Sulawesi Mine, a subsidiary in Indonesia	22%
PT Conch Maros Cement Indonesia, a subsidiary in Indonesia	22%
PT Conch Barru Cement Indonesia, a subsidiary in Indonesia	22%
PT Conch North Sulawesi Cement, a subsidiary in Indonesia	22%

## (6) Income tax (continued)

PT Conch West Kalimantan Trade Cement, a subsidiary in Indonesia	22%
Tonga Conch Mining Co., Ltd., a subsidiary in Indonesia	22%
Beisu Conch Mining Co., Ltd., a subsidiary in Indonesia	22%

Note:

- (i) Battambang Conch was accredited as a Qualified Investment Project by the Cambodian Development Council in April 2016. According to local investment laws, it can enjoy income tax exemption for 9 years from the year when the company generates its revenue and income tax exemption for 6 years from the year when the company generates its profit, whichever is shorter. According to the policy, the income tax-free period for Battambang Conch is from 2018 to 2024.

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

Qianxinan Resource Development Co., Ltd. (Note (i)) 黔西南州發展資源開發有限公司	15%
Pingliang Conch Cement Co., Ltd. (Note (i)) 平涼海螺水泥有限責任公司	15%
Dazhou Conch Cement Co., Ltd. (Note (i)) 達州海螺水泥有限責任公司	15%
Guangyuan Conch Cement Co., Ltd. (Note (i)) 廣元海螺水泥有限責任公司	15%
Chongqing Conch Cement Co., Ltd. (Note (i)) 重慶海螺水泥有限責任公司	15%
Liquan Conch Cement Co., Ltd. (Note (i)) 禮泉海螺水泥有限責任公司	15%
Guigyang Conch Panjiang Cement Co., Ltd. (Note (i)) 貴陽海螺盤江水泥有限責任公司	15%
Guiding Conch Panjiang Cement Co., Ltd. (Note (i)) 貴定海螺盤江水泥有限責任公司	15%
Zunyi Conch Panjiang Cement Co., Ltd. (Note (i)) 遵義海螺盤江水泥有限責任公司	15%
Qianyang Conch Cement Co., Ltd. (Note (i)) 千陽海螺水泥有限責任公司	15%
Bazhong Conch Cement Co., Ltd. ((Note (i)) 巴中海螺水泥有限責任公司	15%

**(6) Income tax (continued)**

Wenshan Conch Cement Co., Ltd. (Note (i)) 文山海螺水泥有限責任公司	15%
Longan Conch Cement Co., Ltd. (Note (i)) 隆安海螺水泥有限責任公司	15%
Linxia Conch Cement Co., Ltd. (Note (i)) 臨夏海螺水泥有限責任公司	15%
Tongren Conch Panjiang Cement Co., Ltd. (Note (i)) 銅仁海螺盤江水泥有限責任公司	15%
Guizhou Liukuangruian Cement Co., Ltd. (Note (i)) 貴州六礦瑞安水泥有限公司	15%
Qianxian Conch Cement Co., Ltd. (Note (i)) 乾縣海螺水泥有限責任公司	15%
Sichuan Nanwei Cement Co., Ltd. (Note (i)) 四川南威水泥有限公司	15%
Yunnan Zhuangxiang Cement Co., Ltd. (Note (i)) 雲南壯鄉水泥股份有限公司	15%
Liangping Conch Cement Co., Ltd. (Note (i)) 梁平海螺水泥有限責任公司	15%
Baoji Zhongxi Fenghuangshan Cement Co., Ltd. (Note (i)) 寶雞眾喜鳳凰山水泥有限公司	15%
Baoji Zhongxi Jinlinghe Cement Co., Ltd. (Note (i)) 寶雞市眾喜金陵河水泥有限公司	15%
Guangxi Lingyun Tonghong Cement Co., Ltd. (Note (i)) 廣西凌雲通鴻水泥有限公司	15%
Baoshan Conch Cement Co., Ltd. (Note (i)) 保山海螺水泥有限責任公司	15%
Ganzhou Conch Cement Co., Ltd. (Note (i)) 贛州海螺水泥有限責任公司	15%
Hami Hongyi Construction Co., Ltd. (Note (i)) 哈密弘毅建材有限責任公司	15%
Yingjiangyunhan Cement Co., Ltd. (Note (i)) 盈江縣允罕水泥有限責任公司	15%
Kunming Conch Cement Co., Ltd. (Note (i)) 昆明海螺水泥有限公司	15%
Shanxi Tongchuan Fenghuang Construction Co., Ltd. (Note (i)) 陝西銅川鳳凰建材有限公司	15%
Chongqing Material Trading Co., Ltd. (Note (i)) 重慶海螺物資貿易有限責任公司	15%
Zunyi Haihui New Materials Co., Ltd. (Note (i)) 遵義海匯新材料有限責任公司	15%
Basu Conch Cement Co., Ltd. (Note (i)) 八宿海螺水泥有限責任公司	15%



## **(6) Income tax (continued)**

Anhui Wuhu Conch Construction and Installation Co., Ltd. ("Conch Construction") (Note (ii)) 安徽蕪湖海螺建築安裝工程有限責任公司	15%
Anhui Conch Siam Refractory Material Co., Ltd. ("Refractory Material") (Note (ii)) 安徽海螺暹羅耐火材料有限公司	15%

### Notes:

- (i) Pursuant to Notice No.23 issued by the Ministry of Finance, State Administration of Taxation, National Development and Reform Commission of PRC on 23 April 2020 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.
- (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 obtained a renewed certification in 2021. Accordingly, it is entitled to a preferential income tax rate of 15% from 2021 to 2023.

Refractory Material has obtained a high and new technology enterprise certification in 2016 and obtained a renewed certification in 2019. Accordingly, it is entitled to a preferential income tax rate of 15% from 2019 to 2021.

## **(7) Earnings per share**

### **(a) Basic earnings per share**

The calculation of basic earnings per share for the six months ended 30 June 2021 is based on the profit attributable to ordinary equity shareholders of the Company of RMB14,968,080,000 (six months ended 30 June 2020: RMB16,086,075,000) and the weighted average number of shares in issue during the six months ended 30 June 2021 of 5,299,303,000 shares (six months ended 30 June 2020: 5,299,303,000 shares).

### **(b) Diluted earnings per share**

The Company had no dilutive potential ordinary shares outstanding during the six months ended 30 June 2021 and 2020, therefore, diluted earnings per share is the same as the basic earnings per share.

## **(8) Contingent liabilities**

At 30 June 2021, outstanding letters of credit issued by the Group amounted to approximately RMB199,561,000 (31 December 2020: RMB142,146,000).

**(8) Contingent liabilities (continued)**

At 30 June 2021, the Group issued guarantees in relation to banking facilities to its related parties, PT SDIC Papua Cement Indonesia and Myanmar Conch Cement Co., Ltd., amounting to RMB824,777,000 in aggregate (31 December 2020: RMB899,095,000). These facilities were utilised to the extent of RMB824,777,000 as at 30 June 2021 (31 December 2020: RMB899,095,000).

By Order of the Board  
**Anhui Conch Cement Company Limited**  
Chairman  
**Wang Cheng**

Wuhu City, Anhui Province, the PRC  
27 August 2021

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