安徽海螺水泥股份有限公司
ANHUI CONCH CEMENT COMPANY LIMITED
(a joint stock limited company incorporated in the People's Republic of China)

(Stock Code: 00914)

Results for the year ended 31 December 2021

Revenue of the Company for the year 2021 amounted to approximately RMB167,952.66 million (in accordance with the IFRSs), representing a decrease of 4.73% comparing to that of the year 2020.

Net profit attributable to equity shareholders of the Company for the year 2021 amounted to approximately RMB33,300.69 million (in accordance with the IFRSs), representing a decrease of 5.37% comparing to that of the year 2020.

Earnings per share for the year 2021 was RMB6.28 (in accordance with the IFRSs), representing a decrease of RMB0.36 per share comparing to that of the year 2020.

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

I. Basic Information of the Company

1. Basic information

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

2. Contact persons and means of contact

Title	Joint Company Secretary	Securities Affairs Representative
Name	Zhou Xiaochuan	Liao Dan
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II. Summary of Accounting Data and Operational Information

1. Financial Summary prepared in accordance with the International Financial Reporting Standards ("IFRSs") for the year ended 31 December

(Unit: RMB'000)

Item	2021	2020 (restated)	2019 (restated)	2018 (restated)	2017
Revenue	167,952,664	176,294,715	157,082,422	128,407,713	75,310,820
Net profit attributable to equity shareholders of the Company	33,300,694	35,192,071	33,640,106	29,856,712	15,898,689
Total assets	230,514,664	201,852,917	179,456,967	150,080,918	122,142,585
Total liabilities	38,806,828	33,391,198	36,990,442	33,692,113	30,453,291

Note: The Company is required to restate financial statements for previous year according to the relevant requirements under the PRC Accounting standards and IFRSs respectively since acquisition of Conch New Energy Co., Ltd. ("**Conch New Energy**") in 2021 was a merger which is a business combination under common control (the same as below).

2. Accounting data prepared in accordance with the PRC Accounting Standards (major accounting data and financial indicators for the latest three years)

Table 1: *(Unit: RMB'000)*

Item	2021	2020		Year-on-year change (%) between 2021 and 2020	2019	
		After Adjustment	Before Adjustment		After Adjustment	Before Adjustment
Revenue	167,952,664	176,294,715	176,242,682	-4.73	157,082,422	157,030,328
Profit before taxation	44,116,197	47,137,334	47,107,917	-6.41	44,572,571	44,556,845
Net profit attributable to equity shareholders of the Company	33,267,069	35,158,225	35,129,691	-5.38	33,603,058	33,592,755

Net profit exclude extraordinary items attributable to equity shareholders of the Company	31,375,196	33,170,447	33,170,447	-5.41	32,719,396	32,719,396
Basic earnings per share (RMB/share)	6.28	6.63	6.63	-5.38	6.34	6.34
Diluted earnings per share (RMB/share)	6.28	6.63	6.63	-5.38	6.34	6.34
Basic earnings per share after extraordinary items (RMB/share)	5.92	6.26	6.26	-5.41	6.17	6.17
Diluted return on net assets (%)	18.11	21.68	21.71	Decreased by 3.57 percentage points	24.41	24.46
Weighted average return on net assets (%)	19.23	23.59	23.62	Decreased by 4.36 percentage points	27.00	27.03
Diluted return on net assets after extraordinary items (%)	17.08	20.45	20.50	Decreased by 3.37 percentage points	23.77	23.82
Weighted average return on net assets after extraordinary items (%)	18.14	22.26	22.31	Decreased by 4.12 percentage points	26.29	26.33
Net cash flow generated from operating activities	33,900,529	34,822,098	34,797,213	-2.65	40,815,200	40,738,205
Net cash flow per share generated from operating activities (RMB/share)	6.40	6.57	6.57	-2.65	7.70	7.69

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

Item	As at 31 December 2021	As at 31 December 2020		Year-on-year change (%) as at 31 December 2021 and as at 31 December 2020	As at 31 December 2019	
		After Adjustment	Before Adjustment		After Adjustment	Before Adjustment
Total assets	230,514,664	201,852,917	200,972,758	14.20	179,456,967	178,777,182
Total equity attributable to equity shareholders of the Company	183,685,269	162,169,179	161,822,228	13.27	137,647,184	137,361,682
Net assets per share attributable to equity shareholders of the Company (RMB/share)	34.66	30.60	30.54	13.27	25.97	25.92

III. Shareholders

1. Shareholders

(1) As at 31 December 2021, the total number of registered shareholders of the Company was 331,554, of which 94 were registered holders of H Shares. As at 28 February 2022, the total number of registered shareholders of the Company was 309,692, of which 93 were registered holders of H Shares.

(2) As at 31 December 2021, the shareholdings of the top 10 registered shareholders of the Company are set out as follows:

No.	Name of shareholder	Nature of shareholder	Number of shares held as at 31 December 2021 (share)	Percentage of shareholding (%)	Class of shares	Pledged or frozen	
						Status	Number of shares (Share)
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	1,298,380,110	24.50	H Share	Unknown	Unknown
3	Hong Kong Securities Clearing Company Limited	Foreign legal person	338,935,066	6.40	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	68,767,400	1.30	A Share	Unknown	Unknown
6	Anhui Conch Venture Investment Co., Ltd. ("**CV Investment**")(Note 3)	Domestic non-state-owned legal person	39,666,000	0.75	A Share	Nil	-
7	HHLR Management Pte. Ltd－HHLR China Fund	Others	37,322,610	0.70	A Share	Unknown	Unknown
8	Guosen Securities Co., Ltd.	Others	21,078,225	0.40	A Share	Unknown	Unknown
9	Industrial & Commercial Bank of China – SSE 50 Trading Open-end Index Securities Investment Fund	Others	20,051,403	0.38	A Share	Unknown	Unknown
10	Bank of China－E Fund Steady Yield Bond Securities Investment Fund	Others	11,053,299	0.21	A Share	Unknown	Unknown

Notes:

(1) During the period from 1 January 2021 to 31 December 2021 (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 1,298,380,110 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 of the end of the Reporting Period, CV Investment held 39,666,000 A Shares, of which 34,031,303 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 and the capitalization of capital reserve fund as consideration for purchase of assets from CV Investment. According to the relevant commitments made by CV Investment, such shares does not have any voting rights.

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

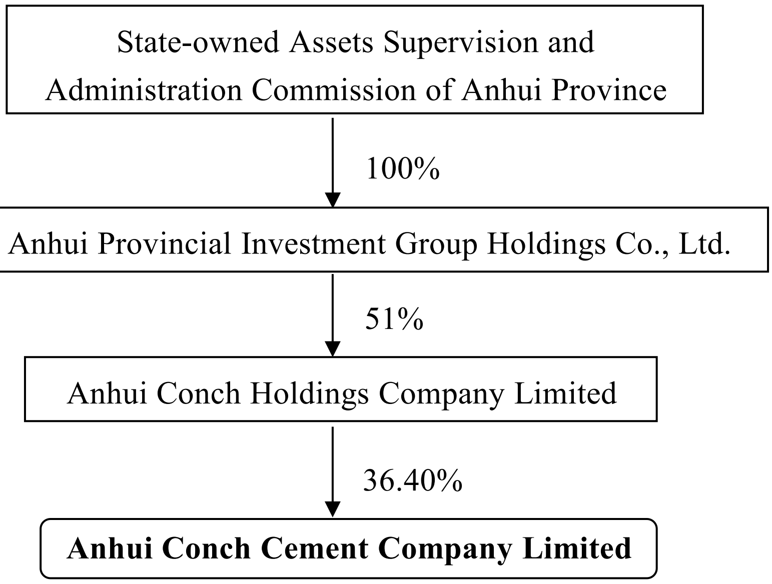
(5) The board ("**Board**") of directors ("**Directors**") of the Company is not aware of any connected relationship or acting in concert relationship among the above-mentioned shareholders.

(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.

2. Information on the controlling shareholder and de facto controller

During the Reporting Period, there was no change of controlling shareholder and de facto controller of the Company.

As at 31 December 2021, Conch Holdings was the controlling shareholder of the Company and the State-owned Assets Supervision and Administration Commission of Anhui Province was the de facto controller of the Company. The shareholding relationship structure between the Company and its de facto controller is set out as follows:



3. Purchase, sale or redemption of listed securities

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

IV. Interests of directors, supervisors and chief executive in share capital

On 3 November 2021, Liu Tiantian, the staff representative supervisor of the Company acquired 63,500 H shares of the Company through centralized bidding. In accordance with

Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("**SFO**"), a disclosure of interests notice disclosing the relevant event was submitted to the Stock Exchange on 4 November 2021.

Save as mentioned above, during the Reporting Period, none of the Directors, supervisors and chief executive of the Company nor their respective spouses and children under the age of 18 had any interests and/or short positions in shares, underlying shares, debentures of the Company or its associated corporation (within the meaning of Part XV of the SFO, and none of them had been granted any rights to subscribe for or exercised the above rights to subscribe for shares or debentures of the Company or its associated corporation as defined in Part XV of the SFO. Such interests or short positions shall be recorded in the register required to be kept and prepared by the Company under Section 352 of the SFO, or are otherwise required to notify to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 to the Rules Governing the Listing on Securities of the Stock Exchange ("**HKSE Listing Rules**").

V. Corporate Governance

During the Reporting Period, the Company complied with all the code provisions as set out in Part 2 of the Corporate Governance Code in Appendix 14 to the HKSE Listing Rules.

VI. Review of Annual Report and Annual Results

The financial report and this results announcement of the Company for the year ended 31 December 2021 have been reviewed by the audit committee of the Board. All of the Directors agree and confirm their individual and collective responsibility for preparing the accounts as contained in the financial report for the year under review. The Directors are responsible for the preparation of the financial statements for the relevant accounting periods under applicable statutory and regulatory requirements which give a true and fair view of the financial status, the results of operations and cash flows of the Group. In preparing the financial statements for the year ended 31 December 2021, applicable accounting policies have been adopted and applied consistently.

VII. Management Discussion and Analysis on the Operations

ANALYSIS ON THE OPERATIONAL CONDITIONS FOR 2021

(1) Overview of operation development

In 2021, in the face of the normalized COVID-19 pandemic prevention and control measures and the severe and complicated local and global economic environment, the Group strove to overcome the unfavorable factors, including the increase in bulk raw materials and fuel prices and the weakened market demand. The Group strengthened the organization of production, marketing and coordination of resources, and persisted in its adoption of a differentiated marketing strategy. The Group also closely monitored the supply market and enhanced in monitoring its analysis and study thereon, capitalized on its bulk purchase advantages, and consolidated long-term agreement for procurement of coal, so as to control the procurement costs of materials. Focusing on the green and low carbon cycle development, accelerating the practical application of scientific and technological innovation as well as strengthening the operation management and control of performance indicator, the Group has maintained sound operating performance.

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group's revenue amounted to RMB167,953 million, representing a decrease of 4.73% from that of the previous year; net profit attributable to equity shareholders of the Company amounted to RMB33,267 million, representing a decrease of 5.38% from that of the previous year; and earnings per share were RMB6.28, representing a decrease of RMB0.36 per share from that of the previous year. In accordance with the IFRSs, revenue amounted to RMB167,953 million, representing a decrease of 4.73% from that of the previous year; net profit attributable to equity shareholders of the Company amounted to RMB33,301 million, representing a decrease of 5.37% from that of the previous year; and earnings per share were RMB6.28, representing a decrease of RMB0.36 per share from that of the previous year.

During the Reporting Period, the Group seized development opportunities by proactively carrying out construction and merger and acquisition of projects domestically and internationally, thereby achieving fruitful results in its core cement business and extending upstream and downstream industrial chains expansion. Hunan Yunfeng cement clinker project was completed and put into operation. The Group successfully acquired cement projects, including Guangdong Hongfeng Cement Co., Ltd. ("Hongfeng Cement"), Guizhou New Shuanglong Cement Co., Ltd. ("Guizhou New Shuanglong") and Tengchong Tengyue Cement Co., Ltd. (" Tengyue Cement"). Jiangxi Yiyang aggregate project was completed and put into operation, and the Group obtained mining rights of several aggregate projects through public bidding. The Group successfully acquired commodity concrete projects, including Anhui Guanteng Group, Yingde Tongde Concrete Co., Ltd.("Yingde Tongde") and Yingde Shengde Concrete Co., Ltd. ("Yingde Shengde"). The Group completed the acquisition of the shares of Conch New Energy, adding 19 photovoltaic power stations and three energy storage power stations. Overseas construction and planned construction projects were also in orderly progress.

During the Reporting Period, through construction and mergers and acquisitions, the Group increased the production capacity of clinker, cement, aggregates, and commodity concrete of 7.20 million tonnes, 14.25 million tonnes, 7.50 million tonnes and 10.50 million cubic meters, respectively. As at the end of the Reporting Period, the Group's production capacity of clinker, cement, aggregates and commodity concrete amounted to 269 million tonnes, 384 million tonnes, 65.80 million tonnes and 14.70 million cubic meters respectively, and the installed capacity of photovoltaic power generation amounted to 200 MW.

(2) Major operational information during the Reporting Period

1. Analysis of revenue and cost

Principal activities by industry, product, region and sales model

Principal activities by industry						
Industry	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Year-on-year change in operating revenue(%)	Year-on-year change in operating cost(%)	Year-on-year change in gross profit margin
Building material industry (sale of self-produced products)	111,653,133	62,650,976	43.89	4.46	10.55	Decreased by 3.09 percentage points
Building material industry (trading business)	36,571,357	36,495,501	0.21	-10.95	-10.93	Decreased by 0.03 percentage point
Principal activities by product						
Product	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Year-on-year change in operating revenue(%)	Year-on-year change in operating cost(%)	Year-on-year change in gross profit margin
Building material industry (sale of self-produced products) – 42.5-grade cement Note 1	84,790,345	47,501,005	43.98	2.79	8.97	Decreased by 3.17 percentage points
Building material industry (sale of self-produced products) – 32.5-grade cement	13,840,939	7,436,599	46.27	1.47	4.67	Decreased by 1.64 percentage points
Building material industry (sale of self-produced products) – Clinker	10,978,867	6,908,803	37.07	15.28	25.95	Decreased by 5.33 percentage points
Building material industry (sale of self-produced products) – Aggregate and carpolite	1,820,198	624,421	65.69	77.50	92.30	Decreased by 2.64 percentage points
Building material industry (sale of self-produced products) – Commodity concrete	222,784	180,148	19.14	6.03	10.12	Decreased by 3.00 percentage points

Building material industry (trading business)	36,571,357	36,495,501	0.21	-10.95	-10.93	Decreased by 0.03 percentage point
Principal activities by region						
Region	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Year-on-year change in operating revenue(%)	Year-on-year change in operating cost(%)	Year-on-year change in gross profit margin
Building material industry (sale of self-produced products) – East China Note 2	32,525,219	17,093,827	47.44	5.60	12.36	Decreased by 3.16 percentage points
Building material industry (sale of self-produced products) – Central China Note 3	36,919,603	19,864,747	46.19	6.23	12.74	Decreased by 3.11 percentage points
Building material industry (sale of self-produced products) – South China Note 4	19,818,114	10,618,438	46.42	5.42	10.25	Decreased by 2.35 percentage points
Building material industry (sale of self-produced products) – West China Note 5	19,372,977	12,920,379	33.31	-0.32	6.66	Decreased by 4.37 percentage point
Building material industry (sale of self-produced products) – Export	217,926	177,963	18.34	-50.15	-47.46	Decreased by 4.19 percentage points
Building material industry (sale of self-produced products) – Overseas	2,799,294	1,975,622	29.42	5.32	12.67	Decreased by 4.60 percentage points
Building material industry (trading business)	36,571,357	36,495,501	0.21	-10.95	-10.93	Decreased by 0.03 percentage point
Principal activities by sales model						
Sales model	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Year-on-year change in operating revenue(%)	Year-on-year change in operating cost(%)	Year-on-year change in gross profit margin
Direct sale	83,746,837	54,034,830	35.48	1.80	2.48	Decreased by 0.43 percentage points
Distribution	64,477,653	45,111,647	30.04	-1.85	0.44	Decreased by 1.59 percentage points

Notes: 1. *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.*
6. *During the Reporting Period, owing to the implementation of the relevant requirements of the "Questions and Answers on the Implementation of the Accounting Standards for Business Enterprises" promulgated by the Accounting Department of the Ministry of Finance of the PRC, retrospective adjustments have been made to the operating cost and selling expenses in the 2020 financial statements.*

Sales by industry

During the Reporting Period, the Group realized an aggregate net sales volume of cement and clinker of 409 million tonnes, representing a year-on-year decrease of 9.76%. Revenue generated from principal activities reached RMB148,224 million, representing a year-on-year increase of 0.18%. Operating cost increased by 1.54% on a year-on-year basis to RMB99,146 million. The consolidated gross profit margin of products recorded a year-on-year decrease of 0.89 percentage point to 33.11%.

The Group realised a sales volume of self-produced products of cement and clinker of 304 million tonnes, representing a year-on-year decrease of 6.53%. Sales revenue from self-produced products amounted to RMB111,653 million, representing a year-on-year increase of 4.46%. Cost of sales of self-produced products increased by 10.55% year-on-year to RMB62,651 million. The consolidated gross profit margin of self-produced products recorded a year-on-year decrease of 3.09 percentage points to 43.89%.

During the Reporting Period, the Group realised a sales volume of 105 million tonnes for its cement and clinker trading business, representing a year-on-year decrease of 18.00%. Revenue from trading business amounted to RMB36,571 million, representing a year-on-year decrease of 10.95%. Cost of trading business decreased by 10.93% year-on-year to RMB36,496 million.

Sales by type of products

During the Reporting Period, gross profit margin of the Group's self-produced 42.5-grade cement, 32.5-grade cement and clinker decreased by 3.17 percentage points, 1.64 percentage points and 5.33 percentage points year-on-year, respectively. Consolidated gross profit margin of aggregate and carpolite decreased by 2.64 percentage points year-on-year to 65.69%. Consolidated gross profit margin of commodity concrete was 19.14%, representing a year-on-year decrease of 3.00 percentage points.

Sales by region

During the Reporting Period, benefiting from the year-on-year increase in product selling price, the sales amount of self-produced products increased by varying degrees in various regions of China except in the western region, where the sales amount of self-produced products recorded a slight year-on-year decrease. Gross profit margin in each region decreased year-on-year due to the increase in the production cost resulting from significant growth of raw coal price.

In East China, Central China and South China, the market demands remained stable and sales volume of products declined slightly. Benefiting from substantial growth in selling price, sales amount increased by 5.60%, 6.23% and 5.42% year-on-year respectively. Affected by the increase in production cost due to the increase in the price of raw coal, gross profit margin decreased by 3.16 percentage points, 3.11 percentage points and 2.35 percentage points year-on-year respectively.

In West China, due to insufficient market demand, the Group recorded a decrease in sales volume of products. Sales amount and gross profit margin declined by 0.32% and 4.37 percentage points year-on-year respectively.

During the Reporting Period, the Group's export sales volume dropped by 43.32% year-on-year and sales amount declined by 50.15% year-on-year. With the continuous improvement of sales market network for overseas projects, overseas project companies recorded year-on-year increases of 7.53% and 5.32% in sales volume and sales amount respectively.

Sales by sales model

During the Reporting Period, the Group's direct sales amount increased by 1.80% year-on-year and the distribution amount decreased by 1.85% year-on-year; the direct sales cost increased by 2.48% year-on-year and the distribution cost increased by 0.44% year-on-year; the consolidated gross profit margin of products through direct sales and products through distribution decreased by 0.43 percentage points and 1.59 percentage points year-on-year respectively.

2. Profit analysis

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

Items	Amount		Change from that of the previous year (%)
	2021 (RMB'000)	2020 (RMB'000)	
Revenue from principal activities	148,224,490	147,953,689	0.18
Profit from operations	43,109,189	46,300,165	-6.89
Profit before taxation	44,116,197	47,137,334	-6.41
Net profit attributable to equity shareholders of the Company	33,267,069	35,158,225	-5.38

During the Reporting Period, sales volume of products declined slightly and the selling price of products remained at a high level. The Group's revenue from principal activities increased by 0.18% year-on-year. Affected by the increase in costs due to significant increase in price of raw coal, the Group's profit from operations, profit before taxation and net profit attributable to equity shareholders of the Company recorded year-on-year decreases of 6.89%, 6.41% and 5.38% respectively.

3. Analysis of costs and expenses

Consolidated costs of cement and clinker for 2021 and their year-on-year changes

Items	2021		2020		Change in unit costs (%)	Change in costs proportion (percentage points)
	Unit costs (RMB/ tonne)	Proportion (%)	Unit costs (RMB/ tonne)	Proportion (%)		
Raw materials	46.10	22.67	45.24	26.20	1.90	-3.53
Fuel and power	112.74	55.44	86.73	50.24	29.98	5.20
Depreciation expense	12.66	6.23	11.70	6.78	8.24	-0.55
Labor cost	12.14	5.97	10.92	6.33	11.16	-0.36
Others	19.70	9.69	18.05	10.45	9.12	-0.76
Total	**203.34**	**100**	**172.64**	**100**	**17.78**	**-**

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

During the Reporting Period, the Company's consolidated costs of cement and clinker increased by 17.78% year-on-year, 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	2021 amount (RMB'000)	2020 amount (RMB'000)	Change from that of the previous year(%)	As a percentage of revenue from principal activities for the Reporting Period (%)	As a percentage of revenue from principal activities for last year(%)	Change in percentage of revenue from principal activities (percentage points)
Selling expenses	3,408,429	3,507,630	-2.83	2.30	2.37	-0.07
Administrative expenses	5,083,214	4,217,406	20.53	3.43	2.85	0.58

Research and development expenses	1,317,332	647,262	103.52	0.89	0.44	0.45
Financial expenses (income is stated in negative)	-1,314,606	-1,498,498	12.27	-0.89	-1.01	0.12
Total	**8,494,369**	**6,873,800**	**23.58**	**5.73**	**4.65**	**1.08**

During the Reporting Period, the Group's administrative expenses increased by 20.53% on a year-on-year basis, mainly due to the year-on-year increase in social insurance expense of the Company paid for employees as compared to that of last year during the COVID-19 epidemic. Research and development expenses increased by 103.52% on a year-on-year basis, mainly due to the year-on-year increase in expenditures for development of technologies including energy saving, environmental protection and green low-carbon technologies. Financial income decreased by 12.27% year-on-year, which was mainly due to a year-on-year 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 5.73%, representing an increase of 1.08 percentage points year-on-year. 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 7.61%, representing an increase of 1.18 percentage points year-on-year.

4. Financial position

Overview of asset and liability

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

Items	As at 31 December 2021 (RMB'000)	As a percentage of total assets as at the end of the Reporting Period (%)	As at 31 December 2020 (RMB'000) (restated)	As a percentage of total assets as at the end of the previous year (%)	Change of amount as at the end of the Reporting Period from that at the end of the previous year (%)
Cash at bank and on hand	69,534,545	30.16	62,300,091	30.86	11.61
Held-for-trading financial assets	24,271,570	10.53	26,882,714	13.32	-9.71
Inventories	9,895,531	4.29	7,001,615	3.47	41.33

Long-term equity investment	5,562,704	2.41	4,253,483	2.11	30.78
Fixed assets	66,514,367	28.85	63,274,357	31.35	5.12
Construction in progress	7,279,423	3.16	4,710,951	2.33	54.52
Intangible assets	18,239,563	7.91	13,710,239	6.79	33.04
Total assets	230,514,664	100.00	201,852,917	100.00	14.20
Short-term borrowings	3,289,754	1.43	1,982,276	0.98	65.96
Wages payable	1,557,652	0.68	1,363,696	0.68	14.22
Tax payable	5,484,481	2.38	5,978,902	2.96	-8.27
Contract liabilities	3,250,031	1.41	4,244,633	2.10	-23.43
Other payables	7,442,787	3.23	4,238,041	2.10	75.62
Long-term borrowings	3,747,695	1.63	3,695,050	1.83	1.42
Total liabilities	38,688,592	16.78	33,237,286	16.47	16.40
Total liabilities and equity	**230,514,664**	**100**	**201,852,917**	**100**	**14.20**

As at the end of the Reporting Period, the Group's balance of inventory increased by 41.33% as compared to those at the end of the previous year, which was mainly attributable to the increase in inventory of raw materials and finished products as at the end of the Reporting Period; the balance of construction in progress increased by 54.52% as compared to those at the end of the previous year, which was mainly attributable to technological updating and renovation of cement and clinker production lines during the Reporting Period; the balance of intangible assets increased by 33.04% as compared to those at the end of the previous year, which was mainly attributable to the effect of the inclusion of newly acquired companies leading to expansion of scope of consolidation as at the end of the Reporting Period; the balance of short-term borrowings increased by 65.96% as compared to those at the end of the previous year, which was mainly attributable to the Company's discounted bank acceptance bills have not yet been due during the Reporting Report and credit risks have not yet been substantially transferred, resulting in the recognition of the discounted bills as short-term borrowings; the balance of other payables increased by 75.62% as compared to those at the end of the previous year, which was mainly attributable to the payment conditions for equity consideration in certain newly acquired companies have not been fulfilled during the Reporting Period. The Group's total assets prepared in accordance with the PRC Accounting Standards amounted to RMB230.515 billion, representing an increase of 14.20% as compared to those at the end of the previous year. Total liabilities amounted to RMB38.689 billion, representing an increase of 16.40% as compared to those at the end of the previous year. As at 31 December 2021, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 16.78%, representing an increase of 0.32 percentage point 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 RMB183.685 billion, representing an increase of 13.27% as compared to that at the end of the previous year; shareholders' equity attributable to minority shareholders amounted to RMB8.141 billion, representing an increase of 26.28% as compared to that of the end of previous year; as at the end of the Reporting Period, net assets per share attributable to equity shareholders of the Company amounted to RMB34.66, representing an increase of RMB4.06 per share as compared to that at the end of the previous year.

As at 31 December 2021, the total current assets and total current liabilities of the Group prepared in accordance with the PRC Accounting Standards amounted to RMB123.583 billion and RMB32.669 billion respectively, with a current ratio of 3.78:1 (end of last year: 4.66:1). The decrease in current ratio as compared to that of the end of previous year was mainly due to the increase in balance of current liabilities including short-term borrowings and other payables. The total current assets and total current liabilities of the Group prepared in accordance with the IFRSs amounted to RMB124.018 billion and RMB32.669 billion respectively, with a net gearing ratio of -0.028 (end of last year: -0.034). Net gearing ratio was calculated as follows: (interest-bearing liabilities minus cash and cash equivalents) divided by shareholders' equity.

As at the end of the Reporting Period, overseas assets of the Group was RMB14.153 billion, representing 6.14% of its total assets.

During the Reporting Period, a newly acquired subsidiary of the Company had pledged fixed assets and intangible assets with a book value of approximately RMB180 million as security for borrowings from financial institutions. As at the end of the Reporting Period, the aforesaid pledged assets had not been discharged.

Save as the above-mentioned pledged assets, no other assets of the Group were distressed, seized, frozen, charged or pledged or can only 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 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 31 December 2021 (RMB'000)	As at 31 December 2020 (RMB'000)
Due within 1 year	4,524,868	3,161,022
Due after 1 year but within 2 years	1,288,335	1,245,180
Due after 2 years but within 5 years	1,929,252	1,563,500
Due after 5 years	530,108	886,370
Total	**8,272,563**	**6,856,072**

As at the end of the Reporting Period, the Group's bank loans borrowings were RMB8.273 billion, representing an increase of RMB1.416 billion as compared to those at the beginning of the year.

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

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

Analysis of cash flow

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

	2021 (RMB'000)	2020 (RMB'000)	Changes (%)
Net cash flow generated from operating activities	33,900,529	34,822,098	-2.65
Net cash flow generated from investment activities	-21,666,963	-26,753,724	19.01
Net cash flow generated from financing activities	-11,604,468	-13,207,325	12.14
Effect of exchange rate movement on cash and cash equivalents	-50,891	-100,111	49.16
Net increase in cash and cash equivalents ("-" represents decrease)	578,207	-5,239,062	111.04
Balance of cash and cash equivalents at the beginning of the year	16,799,307	22,038,369	-23.77
Balance of cash and cash equivalents at the end of the year	17,377,514	16,799,307	3.44

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB33.901 billion, representing a year-on-year decrease of RMB922 million. Such decrease was mainly due to a year-on-year decrease in the Group's cash flows received from sales of commodities during the Reporting Period.

During the Reporting Period, the Group's net cash outflows from investment activities decreased by RMB5.087 billion as compared to that of last year, which was mainly attributable to the year-on-year decrease in newly subscribed wealth management products during the Reporting Period.

During the Reporting Period, the Group's net cash outflows from financing activities decreased by RMB1.603 billion as compared to that of last year, primarily attributable to a year-on-year decrease in cash paid by the Group for repayment of debts during the Reporting Period.

5. Capital expenditure

During the Reporting Period, the capital expenditure of the Group amounted to approximately RMB16.02 billion, which was primarily used in the construction of projects, mergers and acquisitions of projects and technology modification for energy conservation, carbon reduction and environmental protection.

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 31 December 2021 (RMB'000)	As at 31 December 2020 (RMB'000)
Authorized and contracted for	6,453,886	3,798,327
Authorized but not contracted for	4,941,882	1,426,512
Total	**11,395,768**	**5,224,839**

OUTLOOK FOR 2022

In 2022, the PRC government will adhere to the main theme of making progress while maintaining stability; it will also implement the new development concept completely, accurately and comprehensively by accelerating the forming of a new development pattern, comprehensively deepening reform and opening up, promoting high-quality development, focused on the supply-side structural reform as its main focus, and coordinating the prevention and control of the pandemic as well as economic and social development. The government will continue to promote "six stabilities" (六穩) and "six guarantees" (六保), strengthen cross-cycle and counter-cycle adjustment of macro policies, proactively improve the efficiency of its fiscal policy and further its implementation of a stable monetary policy, focus on stabilizing the macro-economy, and keep the economic growth within a reasonable range. The GDP growth rate for the whole year is expected to be approximately 5.5%. *(Source: Government Work Report of 2022)*

In 2022, the cement industry will face various challenges and pressure including a decline in market demand, consistently high costs, control of energy consumption, etc. In respect of infrastructure, the government actively increases effective investments. The state will also stick to important strategic plans and "The 14th Five-Year Plan", and increase its investment in infrastructures at an appropriate advanced scale. It will also construct key hydraulic projects and comprehensive three-dimensional transportation network, promote the development of the Yangtze River Economic Zone and the construction of the Guangdong-Hong Kong-Macao Greater Bay Area, and integrating the development of the Yangtze River Delta. Infrastructure investment will, to certain extent, support demand for cement. As to real estates, the PRC government will adhere to its principle that "houses are for inhabitation and not for speculation" (房住不炒) on both leasing and purchase of houses aspects, accelerate the development of long-term rental market, promote the construction of affordable housing. It will also strive to stabilize land prices, property prices and expectations, and promote a virtuous cycle and healthy development of the real estate industry by adopting different policies for different cities. However, the downward trend in property investment will hardly be reversed in the short run, which will have adverse impact on cement demand. The state will promote rural revitalization in all aspects, improve the quality of new-type urbanization construction, facilitate urban renewal in an orderly manner and steadily promote the construction of city cluster and metropolitan area. At the same time, the PRC will strengthen composite treatment of ecological environment, fighting a tough battle to prevent and control pollution. It will also promote peak carbon dioxide emissions and carbon neutralisation in an orderly manner and the transition from "dual control" of energy consumption and energy intensity to "dual control" of total carbon emissions and carbon intensity, and improve the incentive and restraint policy on pollution and carbon emission reduction. The off-peak season production of the cement industry will continue to be normalized, which will have positive effects on supply contraction and eliminating excess capacity. As such, it is expected that the market demand and supply relationship may reach equilibrium.

In terms of investment and development, focusing on the "14th Five-Year Plan", the Group will continue to step up its efforts in investment and development to upgrade its capabilities and create new development pattern. The Group will seize opportunities to promote domestic development, speed up the construction progress of existing projects, and make every effort to push forward its merger and acquisition projects to further improve the market layout. The Group will continue to expedite its expansion of upstream and downstream industrial chain, progress with the expansion of aggregate projects and production capacity utilization with full strength, speed up the planning for commodity concrete industry, vigorously promote the development of new energy industry, to create new industrial growth poles. The Group will steadily promote overseas development, proactively build a diversified cooperation model, adhere to the combination of new construction and mergers and acquisitions, speed up the construction process of projects in progress, strengthen the expansion and reserve of potential projects, establish a comprehensive whole-process management and control system, and improve the operation quality of overseas projects.

In 2022, the Group plans to spend RMB23.5 billion on capital expenditure, mainly to be settled by its internal funds, which will be mainly used for project construction, energy conservation and environmental protection technological transformation, merger and acquisition projects and equity investments. It is expected (excluding mergers and acquisitions) that the capacity of clinker, cement, aggregates and commodity concrete for the whole year will increase by 4.6 million tonnes, 1.4 million tonnes, 44.0 million tonnes, 10.2 million cubic meters, respectively, and the installed capacity of photovoltaic power generation will reach 1GW.

In respect of operation and management, the Group will pay close attention to the domestic and international macroeconomic situation, coordinate and carry out pandemic prevention and control and production and operation management. The Group will strengthen its study and analysis on market supply and demand situation, promote the innovation of its marketing model, optimize the allocation of resources, strengthen the construction of end market, increase the control of channels, and steadily increase the market share. The Group will focus on the secured supply of critical resources, continue to trace and control the source of raw materials and fuel, consolidate and expand strategic cooperation with large coal enterprises, and increase the proportion of direct supply and the realization rate of long-term cooperation. The Group will accelerate the optimization of fuel and energy structure, increase the use of clean energy such as biomass fuel, and gradually increase the proportion of "green energy" in power consumption. The Group will also implement green development strategy, continuously increase investment in environmental protection, strongly carry out technological modification in relation to energy saving and consumption reduction, and consolidate and expand the achievements of pollution prevention and control. According to the requirements of peak carbon dioxide emissions and carbon neutrality policies, the Group will increase the research on carbon reduction technology, speed up the construction progress of joint laboratory, optimize the energy structure, formulate the Company's medium-and long-term carbon emission reduction plan and accelerate industrial transformation and upgrading. The Group will consistently implement the "Jian 30" (殲 30) innovation and development action plan, accelerate the iterative upgrade of existing intelligent systems, build a strong industrial brain, and comprehensively enhance the driving force of innovation. The Group will further promote the strategy of strengthening the Company with talents, continuously optimize and improve the incentive mechanism, build a diversified remuneration performance management system, stimulate innovation and creativity, and promote the high-quality development of the Company.

In 2022, the Group plans to achieve the annual net sales volume of cement and clinker (excluding trading volume) of 325 million tonnes, which is basically the same as that of 2021. It is expected that the cost per tonne of products and the expense per tonne of products will be basically stable.

In 2022, the risk factors that the Group may face mainly include the following four aspects:

1. The cement industry in which the Company operates is relatively reliant on the

construction industry and is relatively related to the growth rates of fixed-asset investment and real estate investment. If the growth rates of fixed-asset investment and real estate investment gradually slow down, it may have an adverse impact on the market demand for cement.

In view of the above risk, the Group will pay close attention to the changes of national macroeconomic situation, strengthen its study on market supply and demand situations, fully capitalize on the marketing advantages of "Cement+" for the entire industrial chain by relying on the "Conch+" strategic cooperation mode, strengthen the construction of the end market, and promote the steady increase of its market share.

2. With the continuous promotion of China's peak carbon dioxide emissions and carbon neutralization task, the cement industry will be procured to continuously increase their investment in carbon reduction technology innovation. While promoting sustainable development of green and low carbon, it is expected that the production and operation costs of enterprises in the industry will be increased.

In view of the above risk, the Group will carefully study and persistently implement relevant national environmental protection laws and policies, continuously increase investment in energy saving and environmental protection, formulate medium-and long-term solutions to carbon emissions, strengthen research on cutting-edge technologies for environmental protection, proactively study and participate in the carbon trading market, and vigorously develop emerging industries such as new energy to promote industrial transformation and upgrading.

3. Cement is an energy-dependent industry, and the costs of coal and electricity account for a relatively high proportion in the costs of clinker production. In the event of coal prices increase sharply due to factors such as policy changes or market supply and demand, the production costs of the Group will be increased correspondingly. If such cost increase caused by the coal price increase cannot be fully shifted to the product price, it will have certain adverse impact on the Company's profitability.

In view of the above risk, the Group will conduct thorough study on the changes of market supply and demand in raw materials and fuel, such as coal, deepen the strategic cooperation with large coal enterprises, expand the resource procurement channels by long-term cooperation, reduce the procurement costs of raw materials and fuel to a maximum extent, accelerate the optimization of fuel and energy structure, and increase the pilot use of clean energy. At the same time, the Group will beef up the technological modification for energy saving and consumption reduction, continue to enhance the refined management of production lines, continuously optimize coal and electricity consumption indicators, and reduce the costs of coal and electricity consumption.

4. Affected by the continual spread of COVID-19 overseas that cause various

inconveniences to the Company's overseas projects in terms of labor dispatch, study and research and demonstration, project implementation is subject to certain uncertainties. If the COVID-19 epidemic cannot be effectively prevented and controlled for a long time in the overseas, the Company's international development strategy may progress slowly as a result.

In view of the above risk, the Company will closely monitor the international pandemic situation, strive to overcome difficulties, pool efforts of all stakeholders to improve the quality of overseas project operations and promote the progress of project construction. In addition, with a more open mind, the Company will, take into account the global industry situation, proactively seek more opportunities for international development, with an aim to adopt a more pragmatic collaboration approach to achieve mutual benefits and win-wins.

VIII. Profit appropriation proposal

Based on the financial data prepared in accordance with the PRC Accounting Standards and IFRSs respectively, the Group's profit after tax and minority interests for the year 2021 amounted to RMB33,267.07 million and RMB33,300.69 million respectively. The Board of the Company proposed the appropriation of the profit for the year ended 31 December 2021 as follows:

(1) Pursuant to the requirements of the Companies Law of the PRC and the Articles of the Association of the Company, the Company shall appropriate 10% of its realized profit after tax for the year to the statutory surplus reserve, provided that no further appropriation is required when the accumulated appropriated amount for the statutory surplus reserve exceeds 50% of the registered capital of the Company. As the statutory surplus reserve had reached 50% of the registered capital of the Company, no appropriation was made for the year 2021.

(2) Based on the Company's total number of issued shares of 5,299,302,579 shares in its share capital as at 31 December 2021, the payment of a final dividend of RMB2.38 per share (tax inclusive) is proposed, totaling RMB12,612.34 million.

(3) The date of payment of final dividend to the holders of the Company's H Shares is expected to be on or around 30 June 2022, Thursday. Details of the payment of final dividend will be set out in the circular of the Company in respect of profit appropriation and other matters to be despatched to its shareholders in due course.

The above profit appropriation proposal is subject to consideration and approval by the shareholders of the Company at the annual general meeting for year 2021.

IX. Financial Information

Financial information extracted from the audited consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2021 and audited consolidated statement of financial position of the Group at 31 December 2021 together with the 2020 comparative figures, prepared in accordance with IFRSs and presented on the basis described in Note 4(1) below are as follows:

1. Consolidated statement of profit or loss

for the year ended 31 December 2021

	Note	*2021*	*2020*
		RMB'000	RMB'000 (restated) (Note 4(11)(b))
Revenue	4(3)	167,952,664	176,294,715
Cost of sales and services rendered		(119,388,987)	(126,095,615)
Gross profit		48,563,677	50,199,100
Other income	4(4)	5,100,015	5,620,041
Selling and marketing costs		(3,408,428)	(4,123,435)
Administrative expenses		(5,110,498)	(4,215,025)
Research and development costs		(1,317,332)	(647,262)
Profit from operations		43,827,434	46,833,419
Finance costs	4(5)(a)	(333,671)	(464,542)
Share of profit of associates		385,331	377,264
Share of profits of joint ventures		272,780	426,957
Profit before taxation	4(5)	44,151,874	47,173,098
Income tax	4(6)(b)	(9,950,361)	(10,737,012)
Profit for the year		34,201,513	36,436,086

1. Consolidated statement of profit or loss (contd.)

for the year ended 31 December 2021

	Note	*2021* RMB'000	*2020* RMB'000 (restated) (Note 4(11)(b))
Attributable to:			
Equity shareholders of the Company		33,300,694	35,192,071
Non-controlling interests		900,819	1,244,015
Profit for the year		34,201,513	36,436,086
Earnings per share	4(8)		
- Basic		RMB 6.28	RMB 6.64
- Diluted		RMB 6.28	RMB 6.64

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

for the year ended 31 December 2021

	2021	*2020*
	RMB'000	RMB'000
		(restated)
		(Note 4(11)(b))
Profit for the year	34,201,513	36,436,086
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income (“FVOCI”) – net movement in fair value reserve (non-recycling)	57,316	110,949
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(95,918)	(213,625)
Share of other comprehensive income of investees	(71,577)	7,283
Other comprehensive income for the year	(110,179)	(95,393)
Total comprehensive income for the year	34,091,334	36,340,693
Attributable to:		
Equity shareholders of the Company	33,223,575	35,125,087
Non-controlling interests	867,759	1,215,606
Total comprehensive income for the year	34,091,334	36,340,693

3. Consolidated statement of financial position

	Note	*31 December 2021*		*31 December 2020*	
		RMB'000	RMB'000	RMB'000	RMB'000
				(restated) (Note 4(11)(b))	(restated) (Note 4(11)(b))
Non-current assets					
Property, plant and equipment					
- Investment properties			76,357		84,159
- Other property, plant and equipment			80,992,152		73,357,239
Intangible assets			11,735,570		8,496,930
Goodwill			876,038		576,042
Interest in associates			3,528,022		2,370,857
Interests in joint ventures			2,034,682		1,882,626
Loans and receivables			451,367		493,082
Long-term prepayments			2,203,340		31,366
Financial assets measured at fair value through profit and loss (FVPL)			2,972,650		-
Financial assets measured at FVOCI			869,903		391,241
Deferred tax assets			756,200		851,777
			106,496,281		88,535,319
Current assets					
Inventories		9,895,531		7,001,615	
Trade and bills receivables	4(9)	14,582,378		10,920,459	
Financial assets measured at fair value through profit and loss (FVPL)		24,271,570		26,882,714	
Prepayments and other receivables		4,900,930		5,859,307	
Amounts due from related parties		597,584		292,471	
Tax recoverable		235,845		60,941	
Restricted cash deposits		636,239		539,881	
Bank deposits with original maturity over three months		51,520,792		44,960,903	
Cash and cash equivalents		17,377,514		16,799,307	
		124,018,383		113,317,598	

3. Consolidated statement of financial position (contd.)

	Note	*31 December 2021*		*31 December 2020*	
		RMB'000	RMB'000	RMB'000	RMB'000
				(restated)	(restated)
				(Note 4(11)(b))	(Note 4(11)(b))
Current liabilities					
Trade payables	4(10)	6,598,895		4,562,943	
Other payables and accruals		10,737,154		7,461,259	
Current portion of long-term payables		62,585		519,477	
Contract liabilities		3,246,413		4,237,557	
Bank loans and other borrowings		8,023,576		3,161,022	
Lease liabilities		20,081		17,107	
Amounts due to related parties		415,418		384,823	
Current taxation		3,564,888		3,961,610	
		32,669,010		24,305,798	
Net current assets			91,349,373		89,011,800
Total assets less current liabilities			197,845,654		177,547,119
Non-current liabilities					
Bank loans and other borrowings		3,747,695		7,193,420	
Lease liabilities		47,229		36,625	
Long-term payables		356,363		397,439	
Deferred income		714,166		686,349	
Deferred tax liabilities		1,272,365		771,567	
			6,137,818		9,085,400
NET ASSETS			191,707,836		168,461,719

3. Consolidated statement of financial position (contd.)

	31 December 2021		*31 December 2020*	
	RMB'000	RMB'000	RMB'000	RMB'000
			(restated)	(restated)
			(Note 4(11)(b))	(Note 4(11)(b))
CAPITAL AND RESERVES				
Share capital		5,299,303		5,299,303
Reserves		178,278,156		156,728,442
Total equity attributable to equity shareholders of the Company		183,577,459		162,027,745
Non-controlling interests		8,130,377		6,433,974
TOTAL EQUITY		191,707,836		168,461,719

Approved and authorised for issue by the board of directors on 25 March 2022.

4. Notes

(1) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries and the Group's interests in associates and joint ventures. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- equity investments;
- bank acceptance notes receivable measured at FVOCI (recycling); and
- structured deposits and wealth management products measured at FVPL

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

On 30 August 2021, the Group entered into the acquisition agreement with Anhui Conch Investment Co., Ltd. 安徽海螺投資有限責任公司 ("Conch Investment"), pursuant to which, the Group has agreed to purchase, and Conch Investment has agreed to sell, the entire equity interest in Anhui Conch New Energy Co., Ltd. 安徽海螺新能源有限公司 and its subsidiaries ("New Energy Group") at a cash consideration of RMB443,211,000. The acquisition was completed on 14 September 2021, and New Energy Group have become wholly owned subsidiaries of the Group since then. As New Energy Group and the Group are under common control of Conch Holdings before and after the business combination and the control is not transitory, the acquisition of New Energy Group was considered as a business combination involving entities under common control.

The Group has consistently adopted the accounting policy for business combination under common control that merger accounting is applied to account for the acquisition of New Energy Group in preparing the financial statements of the Group. By applying the principles of merger accounting, the financial statements of the Group incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of Conch Holdings. The assets and liabilities of the combining entities or businesses are consolidated at the carrying amounts previously recognised in the controlling shareholder's consolidated financial statements (i.e. Conch Holdings). The consolidated statement of profit or loss and other comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when combining entities or businesses first came under common control, where this is a shorter period, regardless of the date of the common control combination. The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been consolidated at the earliest balance sheet date presented or when they first came under common control, whichever is later. Differences between the total consideration payable by the Group and the capital of the entities acquired under common control are presented in "share premium" within equity.

The details of the restated balances have been disclosed in Note 4(11)(b) to these financial statements.

(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

(a) Revenue

The principal activities of the Group are the manufacturing, sale and trading of clinker and cement products. Further details regarding the Group's revenue from principal activities are disclosed below.

(i) Disaggregation of revenue

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

	2021	*2020*
	RMB'000	RMB'000
		(restated)
		(Note 4(11)(b))
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products or service lines		
- Sales and trading of clinker and cement products	148,224,490	147,953,689
- Sales and trading of other materials	17,954,708	27,639,409
- Service income	1,773,466	701,617
	167,952,664	176,294,715

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 4(3)(b). The Group's customer base is diversified and there is no single customer with whom transactions have exceeded 10% of the Group's revenue.

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date.

The Group has applied the practical expedient in paragraph 121 of IFRS 15 to its revenue contracts such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that have an original expected duration of one year or less.

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following five reportable segments based on the region in which the Group's business operates: Eastern China, Central China, Southern China, Western China and overseas. All segments are primarily engaged in manufacture and sale of clinker and cement products. No operating segments have been aggregated to form the following reportable segments.

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all assets in the financial statements prepared in accordance with

Accounting Standards for Business Enterprises or referred to as China Accounting Standards ("CAS") issued by the Ministry of Finance ("MOF") of the PRC. Segment liabilities include all liabilities in the financial statements prepared in accordance with CAS.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments in accordance with CAS.

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

In addition to receiving segment information concerning profit before taxation, management is provided with segment information concerning revenue (including inter-segment revenue), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment revenue are priced with reference to prices charged to external parties for similar orders.

(3) Revenue and segment reporting (contd.)

Disaggregation of revenue from contracts with customers by the type and 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 years ended 31 December 2021 and 2020 is set out below.

For the year ended 31 December 2021

	Eastern China	*Central China*	*Southern China*	*Western China*	*Overseas*	*Subtotal*	*Elimination*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by type of business								
Sales and trading of clinker, cement products	50,220,399	46,404,310	23,469,571	25,494,123	2,636,087	148,224,490	-	148,224,490
Sales and trading of other materials	7,393,611	3,744,981	1,317,558	5,355,670	142,888	17,954,708	-	17,954,708
Service Income	721,660	980,763	17,391	34,505	19,147	1,773,466	-	1,773,466
Revenue from external customers	58,335,670	51,130,054	24,804,520	30,884,298	2,798,122	167,952,664	-	167,952,664
Disaggregated by timing of revenue recognition								
Point in time	58,334,413	51,034,218	24,804,233	30,881,127	2,778,975	167,832,966	-	167,832,966
Over time	1,257	95,836	287	3,171	19,147	119,698	-	119,698
Revenue from external customers	58,335,670	51,130,054	24,804,520	30,884,298	2,798,122	167,952,664	-	167,952,664
Inter-segment revenue	5,738,835	31,466,580	519,611	909,590	630,228	39,264,844	(39,264,844)	-
Reportable segment revenue	64,074,505	82,596,634	25,324,131	31,793,888	3,428,350	207,217,508	(39,264,844)	167,952,664
Reportable segment profit (profit before taxation)	5,754,528	35,648,634	7,574,441	4,977,197	(90,756)	53,864,044	(9,747,845)	44,116,199

(3) Revenue and segment reporting (contd.)

For the year ended 31 December 2021

	Eastern China	*Central China*	*Southern China*	*Western China*	*Overseas*	*Subtotal*	*Elimination*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	16,990	2,386,051	40,440	19,272	8,175	2,470,928	(241,566)	2,229,362
Interest expense	(26,013)	(243,545)	(28,203)	(80,858)	(203,583)	(582,202)	248,531	(333,671)
Depreciation and amortisation for the year	(493,759)	(2,529,679)	(936,355)	(1,578,615)	(434,925)	(5,973,333)	16,578	(5,956,755)
Reportable segment assets (including interests in associates and joint ventures)	16,666,590	198,689,536	31,007,707	30,544,256	14,152,699	291,060,788	(60,546,124)	230,514,664
Investments in associates and joint ventures	-	2,378,727	-	3,044,212	139,765	5,562,704	-	5,562,704
Additions to non-current segment assets during the year	631,812	10,434,810	5,504,068	3,237,451	292,417	20,100,558	-	20,100,558
Reportable segment liabilities	8,802,962	27,206,312	12,694,344	13,204,193	10,602,608	72,510,419	(33,821,826)	38,688,593

(3) Revenue and segment reporting (contd.)

For the year ended 31 December 2020 (restated)

	Eastern China	*Central China*	*Southern China*	*Western China*	*Overseas*	*Subtotal*	*Elimination*	*Total*
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by type of business								
Sales and trading of clinker, cement products	48,576,355	44,024,820	23,122,432	29,684,462	2,545,620	147,953,689	-	147,953,689
Sales and trading of other materials	14,408,875	6,749,901	1,603,750	4,459,135	417,748	27,639,409	-	27,639,409
Service income	476,708	149,461	11,038	41,381	23,029	701,617	-	701,617
Revenue from external customers	63,461,938	50,924,182	24,737,220	34,184,978	2,986,397	176,294,715	-	176,294,715
Disaggregated by timing of revenue recognition								
Point in time	63,461,167	50,810,186	24,737,041	34,180,591	2,963,368	176,152,353	-	176,152,353
Over time	771	113,996	179	4,387	23,029	142,362	-	142,362
Revenue from external customers	63,461,938	50,924,182	24,737,220	34,184,978	2,986,397	176,294,715	-	176,294,715
Inter-segment revenue	5,008,921	24,661,775	396,199	650,658	546,605	31,264,158	(31,264,158)	-
Reportable segment revenue	68,470,859	75,585,957	25,133,419	34,835,636	3,533,002	207,558,873	(31,264,158)	176,294,715
Reportable segment profit (profit before taxation)	6,354,047	49,475,668	7,921,658	6,306,022	475,131	70,532,526	(23,395,192)	47,137,334

(3) Revenue and segment reporting (contd.)

For the year ended 31 December 2020 (restated)

	Eastern China RMB'000	*Central China* RMB'000	*Southern China* RMB'000	*Western China* RMB'000	*Overseas* RMB'000	*Subtotal* RMB'000	*Elimination* RMB'000	*Total* RMB'000
Interest income	17,451	2,388,775	14,199	19,695	25,445	2,465,565	(239,399)	2,226,166
Interest expense	(64,456)	(306,275)	(45,963)	(103,742)	(191,663)	(712,099)	247,557	(464,542)
Depreciation and amortisation for the year	(495,325)	(2,247,850)	(818,390)	(1,501,497)	(419,775)	(5,482,837)	18,089	(5,464,748)
Reportable segment assets (including interests in associates and joint ventures)	17,871,308	176,852,440	22,365,401	28,065,334	12,695,193	257,849,676	(55,996,759)	201,852,917
Investments in associates and joint ventures	-	1,599,412	-	2,370,857	283,214	4,253,483	-	4,253,483
Additions to non-current segment assets during the year	377,448	6,638,009	3,117,488	1,743,607	488,302	12,364,854	-	12,364,854
Reportable segment liabilities	11,570,512	23,136,443	8,937,461	12,686,518	9,390,044	65,720,978	(32,483,690)	33,237,288

(3) Revenue and segment reporting (contd.)

(ii) Reconciliations of reportable segment revenues, profit, assets and liabilities to the consolidated figures as reported in the consolidated financial statements

	2021	*2020*
	RMB'000	RMB'000
		(restated)
		(Note 4(11)(b))
Revenue		
Reportable segment revenue	207,217,508	207,558,873
Inter-segment revenue	(39,264,844)	(31,264,158)
Consolidated revenue	167,952,664	176,294,715

	2021	*2020*
	RMB'000	RMB'000
		(restated)
		(Note 4(11)(b))
Profit		
Reportable segment profit (profit before taxation)	53,864,044	70,532,526
Inter-segment profit	(9,747,845)	(23,395,192)
Difference between CAS and IFRS*	35,675	35,764
Consolidated profit before taxation	44,151,874	47,173,098

	2021	*2020*
	RMB'000	RMB'000
		(restated)
		(Note 4(11)(b))
Assets		
Reportable segment assets	291,060,788	257,849,676
Inter-segment assets	(60,546,124)	(55,996,759)
Consolidated total assets	230,514,664	201,852,917

(3) Revenue and segment reporting (contd.)

	2021	2020
	RMB'000	RMB'000
		(restated)
		(Note 4(11)(b))
Liabilities		
Reportable segment liabilities	72,510,419	65,720,978
Inter-segment liabilities	(33,821,826)	(32,483,690)
Difference between CAS and IFRS*	118,235	153,910
Consolidated total liabilities	38,806,828	33,391,198

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

(iii) Geographic information

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, intangible assets, goodwill, interests in associates and joint ventures, loans and receivables ("specified non-current assets"). The geographical location of customers is based on the location at where the services were provided or the goods delivered to. The geographical location of the specified non-current assets is based on the physical locations of the assets or the locations of the operations.

	Revenue from external customers		*Specified non-current assets*	
	2021	*2020*	*2021*	*2020*
	RMB'000	RMB'000	RMB'000	RMB'000
		(restated)		(restated)
		(Note 4(11)(b))		(Note 4(11)(b))
The PRC	164,667,851	172,714,077	94,452,023	78,897,327
Others	3,284,813	3,580,638	7,881,239	8,520,736
	167,952,664	176,294,715	102,333,262	87,418,063

(4) Other income

	2021	2020
	RMB'000	RMB'000
		(restated)
		(Note 4(11)(b))
Interest income on financial assets measured at amortised cost	2,229,362	2,226,166
Subsidy income*	1,903,020	1,927,191
Net gain on disposal of property, plant and equipment	57,738	810,517
Net realised and unrealised loss on derivative financial instruments	-	(525)
Net realised and unrealised gain on financial assets measured at FVPL	1,334,417	800,743
Dividend income from financial assets measured at FVOCI	624	-
Net gain on liquidation of a subsidiary	-	45,764
Net foreign exchange loss	(577,973)	(260,599)
Gain arising from bargain purchase	90,981	1,416
Others	61,846	69,368
	5,100,015	5,620,041

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

(5) Profit before taxation

Profit before taxation is arrived at after charging:

(a) Finance costs

	2021	*2020*
	RMB'000	RMB'000 (restated) (Note 4(11)(b))
Interest on bank loans and other borrowings	331,136	475,228
Interest on lease liabilities	2,736	3,011
Interest expense on financial liabilities not at FVPL	333,872	478,239
Less: Interest expense capitalised into construction-in-progress*	(201)	(13,697)
	333,671	464,542

* The borrowing costs have been capitalised at rates of 1.57% for the year ended 31 December 2021(2020: 2.48% ~ 2.64%).

(b) Staff costs*

	2021	*2020*
	RMB'000	RMB'000 (restated) (Note 4(11)(b))
Salaries, wages and other benefits	7,537,647	7,152,896
Contributions to defined contribution retirement plans	733,863	124,066
Annuity	312,649	270,344
	8,584,159	7,547,306

Employees of the Group's PRC subsidiaries are required to participate in a defined contribution retirement plans administered and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentages of the average employee salary as agreed by the local municipal government to the plan to fund the retirement benefits of the employees.

The Group's contributions to the defined contribution retirement plans are expensed as incurred and not reduced by contributions forfeited by those employees who leave the plans prior to vesting fully in the contributions. The Group has no other material obligation for the payment of retirement benefits associated with the scheme beyond the annual contributions described above.

(5) Profit before taxation (contd.)

(c) Other items

	2021 RMB'000	*2020* RMB'000 (restated) (Note 4(11)(b))
Amortisation		
- intangible assets	453,589	303,860
Depreciation		
- investment properties	3,248	3,464
- property, plant and equipment	5,499,918	5,157,424
Impairment losses/ (reversal of impairment losses)		
- trade receivables	24,173	(3,948)
- prepayments and other receivables	-	(960)
Auditors'remuneration		
- audit services	5,500	5,500
- other services	229	149
Cost of inventories*	116,389,952	124,250,745

* Cost of inventories includes RMB9,121,818,000 (2020: RMB8,614,054,000) relating to staff costs, depreciation and amortisation 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 in the consolidated statement of profit or loss

(a) Taxation in the consolidated statement of profit or loss represents:

	2021	*2020*
	RMB'000	RMB'000
		(restated)
		(Note 4(11)(b))
Current tax		
Provision for the year	9,599,947	10,544,276
(Over)/under-provision in respect of prior years	(16,943)	11,980
	9,583,004	10,556,256
Deferred tax		
Origination and reversal of temporary differences	367,357	180,756
	9,950,361	10,737,012

The Company and the Group's subsidiaries in mainland China are subject to Corporate Income Tax at 25% on taxable income determined according to the relevant income tax rules and regulations, except for:

Subsidiaries' Name	*Tax rates*
Pingliang Conch Cement Co., Ltd. 平涼海螺水泥有限責任公司 (Note (i))	15%
Dazhou Conch Cement Co., Ltd. 達州海螺水泥有限責任公司 (Note (i))	15%
Guangyuan Conch Cement Co., Ltd. 廣元海螺水泥有限責任公司 (Note (i))	15%
Chongqing Conch Cement Co., Ltd. 重慶海螺水泥有限責任公司 (Note (i))	15%
Liquan Conch Cement Co., Ltd. 禮泉海螺水泥有限責任公司 (Note (i))	15%
Guiyang Conch Panjiang Cement Co., Ltd. 貴陽海螺盤江水泥有限責任公司 (Note (i))	15%
Guiding Conch Panjiang Cement Co., Ltd. 貴定海螺盤江水泥有限責任公司 (Note (i))	15%

Subsidiaries' Name	*Tax rates*
Zunyi Conch Panjiang Cement Co., Ltd. 遵義海螺盤江水泥有限責任公司 (Note (i))	15%
Qianyang Conch Cement Co., Ltd. 千陽海螺水泥有限責任公司 (Note (i))	15%
Bazhong Conch Cement Co., Ltd. 巴中海螺水泥有限責任公司 (Note (i))	15%
Wenshan Conch Cement Co., Ltd. 文山海螺水泥有限責任公司 (Note (i))	15%
Longan Conch Cement Co., Ltd. 隆安海螺水泥有限責任公司 (Note (i))	15%
Linxia Conch Cement Co., Ltd. 臨夏海螺水泥有限責任公司 (Note (i))	15%
Tongren Conch Panjiang Cement Co., Ltd. 銅仁海螺盤江水泥有限責任公司 (Note (i))	15%
Guizhou Liukuangruian Cement Co., Ltd. 貴州六礦瑞安水泥有限公司 (Note (i))	15%
Qianxian Conch Cement Co., Ltd. 乾縣海螺水泥有限責任公司 (Note (i))	15%
Qianxinan Resource Development Co., Ltd. 黔西南州發展資源開發有限公司 (Note (i))	15%
Sichuan Nanwei Cement Co., Ltd. 四川南威水泥有限公司 (Note (i))	15%
Yunnan Zhuangxiang Cement Co., Ltd. 雲南壯鄉水泥股份有限公司 (Note (i))	15%
Liangping Conch Cement Co., Ltd. 梁平海螺水泥有限責任公司 (Note (i))	15%
Baoji Zhongxi Jinlinghe Cement Co., Ltd. 寶雞市眾喜金陵河水泥有限公司 (Note (i))	15%
Baoji Zhongxi Fenghuangshan Cement Co., Ltd. 寶雞眾喜鳳凰山水泥有限公司 (Note (i))	15%
Guangxi Lingyun Tonghong Cement Co., Ltd. 廣西淩雲通鴻水泥有限公司 (Note (i))	15%
Baoshan Conch Cement Co., Ltd. 保山海螺水泥有限責任公司 (Note (i))	15%

Subsidiaries' Name	*Tax rates*
Ganzhou Conch Cement Co., Ltd. 贛州海螺水泥有限責任公司 (Note (i))	15%
Hami Hongyi Construction Co., Ltd. 哈密弘毅建材有限責任公司 (Note (i))	15%
Yingjiangyunhan Cement Co., Ltd. 盈江縣允罕水泥有限責任公司 (Note (i))	15%
Kunming Conch Cement Co., Ltd. 昆明海螺水泥有限公司 (Note (i))	15%
Shaanxi Tongchuan Fenghuang Construction Co., Ltd. 陝西銅川鳳凰建材有限公司 (Note (i))	15%
Chongqing Material Trading Co., Ltd. 重慶海螺物資貿易有限責任公司 (Note (i))	15%
Tongchuan Conch New Material Co., Ltd. 銅川海螺新材料有限責任公司 (Note (i))	15%
Basu Conch Cement Co., Ltd. ("Basu Conch") 八宿海螺水泥有限責任公司 (Note (i))	15%
Zunyi Huaihui New Material Co., Ltd. 遵義海匯新材料有限責任公司(Note (i))	15%
Bazhong Conch Construction Co., Ltd. 巴中海螺建材有限責任公司(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%
Quanjiao Conch New Energy Co., Ltd. 全椒海螺新能源有限公司(Note (iii))	20%
Huai'an Conch New Energy Co., Ltd. 淮安海螺新能源有限公司(Note (iii))	20%
Xing'an Conch New Energy Co., Ltd. 興安海螺新能源有限公司(Note (iii))	20%
Shuangfeng Conch New Energy Co., Ltd. 雙峰海螺新能源有限公司(Note (iii))	20%
Qiyang Conch New Energy Co., Ltd.	20%

Subsidiaries' Name	*Tax rates*
祁陽海螺新能源有限公司(Note (iii))	
Nantong Haimen Conch New Energy Co., Ltd. 南通海門海螺新能源有限公司(Note (iii))	20%
Linxia Conch New Energy Co., Ltd. 臨夏海螺新能源有限公司(Note (iii))	20%
Yingjiang Conch New Energy Co., Ltd. 盈江海螺新能源有限公司(Note (iii))	20%
Jiangmen Conch New Energy Co., Ltd. 江門海螺新能源有限公司(Note (iii))	20%
Huai'an Conch Green Energy Co., Ltd. 淮安海螺綠色能源科技有限公司(Note (iii))	20%
Pingliang Conch New Energy Co., Ltd. 平涼海螺新能源有限公司(Note (iii))	20%
Zhenjiang Beigu Conch New Energy Co., Ltd. 鎮江北固海螺新能源有限公司(Note (iii))	20%
Wenshan Conch New Energy Co., Ltd. 文山海螺新能源有限公司(Note (iii))	20%
Suzhou Huayang Co., Ltd. 宿州市華陽新能源有限公司(Note (iv))	0%

Notes:

(i) Pursuant to Notice No.23 issued by the Ministry of Finance, State Administration of Taxation of PRC and National Development and Reform Commission on 23 April 2020, 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 2021 (2020: 15%).

(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.

(iii) According to Caishui [2019] No. 13, “The Announcement of Implementation on Inclusive Tax Relief Policy of Small-scaled Minimal Profit Enterprise” issued by Ministry of Finance of the PRC and the State Administration of Taxation of PRC on January 17, 2019, the small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 (RMB1,000,000 included) is entitled to a preferential tax treatment of 75% exemption of taxable income and application of income tax rate as 20%; the small-scaled minimal profit enterprise with an annual taxable income between RMB1,000,000 and RMB3,000,000 (RMB3,000,000 included) is entitled to a preferential tax treatment of 50% exemption of taxable income and application of income tax rate as 20%, from January 1, 2019 to December 31, 2021.

(iv) According to Article 27 of the Law of the PRC on Enterprise Income, the income from investment and operation of public infrastructure projects supported by the state can enjoy preferential tax policy. Further explained by Article 87 of Regulations on the Implementation of Enterprise Income Tax, the public infrastructure projects supported by the state refers to the ports, airports, railways, highways, urban public transportation, electric power, water conservancy and other projects stipulated in the Catalogue of Enterprise Income Tax Preferential for Public Infrastructure Projects. The preferential policy allows full exemption from PRC income tax for the first three years starting from the first year of production and operation and 50% of the standard tax rates for the following three years.

(6) Income tax in the consolidated statement of profit or loss (contd.)

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

Subsidiaries' Name	***Tax rates***
Conch International Holding (HK) Co., Ltd., a subsidiary in Hong Kong	16.5%
Luangprabang Conch Cement Co., Ltd., a subsidiary in Laos	35%
Vientian Conch Cement CO.,Ltd., a subsidiary in Laos	35%
Conch Cement Volga Limited Liability Company, a subsidiary in Russia	20%
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%
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%
Battambang Conch Cement Company Limited ("Battambang Conch"), a subsidiary in Cambodia (Note (i))	0%
Qarshi Conch Cement Limited Liability Company, a subsidiary in Uzbekistan	15%
Tashkent Cement Conch Joint Venture Co., Ltd. ("Tashkent Conch"), a subsidiary in Uzbekistan	15%

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. Battambang Conch started sales in 2018 and became profitable in 2019. According to the policy, the income tax-free period for Battambang Conch is from 2018 to 2024.

(6) Income tax in the consolidated statement of profit or loss (contd.)

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

	2021	*2020*
	RMB'000	RMB'000
		(restated)
		(Note 4(11)(b))
Profit before taxation	44,151,874	47,173,098
Notional tax on profit before taxation calculated at 25% (2020: 25%)	11,037,969	11,793,275
Tax effect of subsidiaries subject to tax rates other than 25%	(591,062)	(823,989)
Tax effect of non-deductible expenses	33,220	13,651
Tax effect of non-taxable income	(193,084)	(211,026)
(Over)/ under-provision in respect of prior years	(16,943)	11,980
Tax effect of gain arising from bargain purchase	(22,745)	-
Tax effect of bonus deduction for research and development costs	(308,974)	(71,773)
Others	11,980	24,894
Actual tax expense	9,950,361	10,737,012

(7) Dividends

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

	2021	*2020*
	RMB'000	RMB'000
Final dividend proposed after the statement of financial position date of RMB2.38 (2020: RMB2.12) per ordinary share	12,612,340	11,234,521

The final dividend proposed for shareholders' approval after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

	2021	*2020*
	RMB'000	RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB2.12 (2020: RMB2.00) per ordinary share	11,234,521	10,598,605

(8) Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the year ended 31 December 2021 of RMB33,300,694,000 (2020: RMB35,192,071,000 (restated)) and the weighted average number of shares in issue during the year ended 31 December 2021 of 5,299,303,000 shares (2020: 5,299,303,000 shares).

(b) Diluted earnings per share

The Company had no dilutive potential ordinary shares outstanding during the years ended 31 December 2021 and 2020, therefore diluted earnings per share is the same as the basic earnings per share.

(9) Ageing analysis of trade receivables

The following ageing analysis of trade debtors (net of loss allowance) are based on invoice date as of the end of the reporting period:

	31 December 2021	*31 December 2020*
	RMB'000	RMB'000
		(restated)
		(Note 4(11)(b))
Within 1 year	2,345,025	1,232,999
Over 1 year	20,770	865
	2,365,795	1,233,864

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. Bank acceptance notes receivable are due within 1 year from the date of issuance.

(10) Ageing analysis of trade payables

Included in trade payables are trade creditors with the following ageing analysis based on invoice date at the end of the reporting period:

	31 December 2021	*31 December 2020*
	RMB'000	RMB'000
		(restated)
		(Note 4(11)(b))
Within 1 year (inclusive)	6,598,895	4,562,943
Between 1 year and 2 years (inclusive)	-	-
Between 2 years and 3 years (inclusive)	-	-
Over 3 years	-	-
	6,598,895	4,562,943

(11) Business combination and material assets acquisition

(a) Business combination not under common control

During the year ended 31 December 2021, the Group entered into several share purchase agreements to acquire equity interest of below subsidiaries from third parties. Details of the acquired subsidiaries are as follows:

Name of the company	*Voting rights/ effective equity interests*	*Date of acquisition*	*Principal activities*
Tengyue Cement	100%/ 100%	1 November 2021	Manufacture and sale of clinker and cement products
Guizhou New Shuanglong	100%/ 100%	1 November 2021	Manufacture and sale of clinker and cement products
Guan Teng Companies (note(i))	65%/ 65%(note(ii))	29 October 2021	Manufacture and sale of commercial concrete
Hongfeng Cement	51%/ 51%(note(ii))	24 November 2021	Manufacture and sale of clinker and cement products
Yingde Shengde	70%/ 70%(note(ii))	24 December 2021	Manufacture and sale of concrete
Yingde Tongde	70%/ 70%(note(ii))	24 December 2021	Manufacture and sale of concrete
Tashkent Conch	65%/ 65%	31 August 2021	Manufacture and sale of clinker and cement products

Notes:

(i) The cement related business of Bozhou Huayi New Material Co., Ltd. 亳州市華誼新型材料有限公司 ("Bozhou Huayi New Material"), Anhui Zhonglian New Material Co., Ltd. 安徽省中聯新型材料有限公司 ("Anhui Zhonglian New Material"), Zhonglian Xiangqiao Construction Co., Ltd. 中聯湘譙建材有限公司 ("Zhonglian Xiangqiao Consrtuction"), Anhui Motai New Material Co., Ltd. 安徽省墨泰新型材料有限公司 ("Motai New Material"), Bozhou Huasheng Road Engineering Co., Ltd. 亳州市華盛道路工程有限公司 ("Huasheng Road Engineering"), Bozhou Zhonglian Consrtuction Engineering Co., Ltd. 亳州市中聯建設工程有限公司 ("Bozhou Zhonglian Consrtuction"), Bozhou Xiangqiao Consrtuction Industrialization Co., Ltd. 亳州湘譙建築工業化有限公司 ("Xiangqiao Construction"), Anhui Zhonglian Guanteng New Material Co., Ltd. 安徽中聯觀騰新型材料有限公司 ("Zhonglian Guanteng") and Anhui Zhonglian Motaike New Material Co., Ltd. 安徽中聯摩泰克新型材料有限公司 ("Zhonglian Motaike") are collectively referred to as "Guan Teng Companies".

(ii) These companies are acquired by the non-wholly owned subsidiary of the Group. The interest here represents the ownership interest directly acquired by the non-wholly owned subsidiary.

(11) Business combination and material assets acquisition (contd.)

Summary of net assets of the acquisitions and the goodwill arising at the acquisition date are as follows:

Identifiable assets acquired and liabilities assumed at the acquisition date:

	Tengyue Cement	Guizhou New Shuanglong	Guan Teng Companies	Hongfeng Cement	Yingde Shengde	Yingde Tongde	Tashkent Conch	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	479,519	278,762	1,252,186	1,047,855	26,332	27,362	9,464	3,121,480
Intangible assets	28,539	79,154	970	785,248	-	-	69,600	963,511
Loans and receivables	480	-	3,214	-	1,576	402	-	5,672
Inventories	45,447	23,400	53,039	75,090	3,336	2,855	-	203,167
Tax recoverable	1,045	292	492	-	-	-	139	1,968
Trade receivables, prepayments and other receivables	5,764	18,387	1,122,857	950,893	43,260	63,089	2,533	2,206,783
Cash and cash equivalents	5,435	8,739	10,456	-	3,225	478	108,033	136,366
Deferred tax assets	55	-	658	-	2,691	1,091	-	4,495
Bank loans and other borrowings	-	(78,384)	(88,000)	(200,000)	-	-	(9,495)	(375,879)
Lease liabilities	-	-	(8,457)	-	(860)	(2,720)	-	(12,037)
Trade payables and other liabilities	(433,441)	(75,264)	(1,390,413)	(154,585)	(54,373)	(75,440)	(14,455)	(2,197,971)
Deferred tax liabilities	(18,681)	(12,422)	(153,118)	(28,157)	(3,295)	(3,993)	(2,620)	(222,286)
Net identifiable assets	114,162	242,664	803,884	2,476,344	21,892	13,124	163,199	3,835,269
Less: Non-controlling interests	-	-	-	-	-	-	(57,120)	(57,120)
Share of fair value of identifiable net assets	114,162	242,664	803,884	2,476,344	21,892	13,124	106,079	3,778,149

(11) Business combination and material assets acquisition (contd.)

Goodwill has been recognised as a result of the acquisitions as follows:

	Tengyue Cement	Guizhou New Shuanglong	Guan Teng Companies	Hongfeng Cement	Yingde Shengde	Yingde Tongde	Tashkent Conch	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total cash consideration	140,325	258,352	1,060,000	2,391,873	17,587	10,919	108,108	3,987,164
Non-controlling interests, based on their proportionate interest in recognised amount of the assets and liabilities of the acquiree	-	-	-	-	-	-	57,120	57,120
Fair value of net identifiable assets	(114,162)	(242,664)	(803,884)	(2,476,344)	(21,892)	(13,124)	(163,199)	(3,835,269)
	26,163	15,688	256,116	(84,471)	(4,305)	(2,205)	2,029	209,015
Represented by								
Goodwill arising from the business combination	26,163	15,688	256,116	-	-	-	2,029	299,996
Gain arising from business combination bargain purchase	-	-	-	(84,471)	(4,305)	(2,205)	-	(90,981)

The goodwill arises from the acquisition represents the benefits of expected synergies to be achieved from integrating the business into the Group's existing business, future market development potential and the acquired workforce. None of the goodwill recognised above is expected to be deductible for tax purposes.

Revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of revenue and profit or loss for the year acquired are disclosed as below:

	Tengyue Cement	Guizhou New Shuanglong	Guan Teng Companies	Hongfeng Cement	Yingde Shengde	Yingde Tongde	Tashkent Conch
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contributed to Group after acquisition							
Revenue	41,234	40,733	264,013	73,134	13,412	6,579	-
Net profit	207	4,669	13,401	383	867	127	50

(11) Business combination and material assets acquisition (contd.)

Had the acquisitions occurred on 1 January 2021, management estimates that the consolidated revenue of the Group for the year ended 31 December 2021 would have been RMB170,493,349,000 and the consolidated net profit for the year would have been RMB33,439,776,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the acquisition date would remain the same as if the acquisition had occurred on 1 January 2021.

(b) Business combination under common control

As mentioned in Note 4(1) to these consolidated financial statements, the acquisition of New Energy Group has been accounted for in accordance with the principles of merger accounting.

The financial performance previously reported by the Group for the year ended 31 December 2020 have been restated to include the operating results of the combining entities from the earliest date presented or since the date when combining entities first came under common control, where this is a shorter period, regardless of the date of the common control combination, as set out below:

	The Group RMB'000 (as previously reported)	New Energy Group RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
Revenue	176,242,682	101,317	(49,284)	176,294,715
Cost of sales and services rendered	(126,100,500)	(44,399)	49,284	(126,095,615)
Gross profit	50,142,182	56,918	-	50,199,100
Other income	5,618,494	1,547	-	5,620,041
Selling and marketing costs	(4,123,287)	(148)	-	(4,123,435)
Administrative expenses	(4,204,836)	(10,189)	-	(4,215,025)
Research and development costs	(646,582)	(680)	-	(647,262)
Profit from operations	46,785,971	47,448	-	46,833,419
Finance costs	(446,777)	(17,765)	-	(464,542)
Share of profits of associates	377,264	-	-	377,264
Share of profits of joint ventures	427,223	(266)	-	426,957
Profit before taxation	47,143,681	29,417	-	47,173,098
Income tax	(10,737,738)	726	-	(10,737,012)
Profit for the year	36,405,943	30,143	-	36,436,086

(11) Business combination and material assets acquisition (contd.)

	The Group	New Energy Group	Inter-company elimination	The Group
	RMB'000 (as previously reported)	RMB'000	RMB'000	RMB'000 (as restated)
Attributable to:				
Equity shareholders of the Company	35,163,538	28,533	-	35,192,071
Non-controlling interests	1,242,405	1,610	-	1,244,015
Profit for the year	36,405,943	30,143	-	36,436,086
Earnings per share				
- Basic and diluted	RMB6.64			RMB6.64
Profit for the year	36,405,943	30,143	-	36,436,086
Other comprehensive income for the year (after tax and reclassification adjustments)				
Item that will not be reclassified to profit or loss:				

	The Group RMB'000 (as previously reported)	New Energy Group RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
Equity investments at FVOCI – net movement in fair value reserve (non-recycling)	110,949	-	-	110,949
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of financial statements of overseas subsidiaries	(213,625)	-	-	(213,625)
Share of other comprehensive income of investees	7,283	-	-	7,283
Other comprehensive income for the year	(95,393)	-	-	(95,393)
Total comprehensive income for the year	36,310,550	30,143	-	36,340,693
Attributable to:				
Equity shareholders of the Company	35,096,554	28,533	-	35,125,087
Non-controlling interests	1,213,996	1,610	-	1,215,606
	36,310,550	30,143	-	36,340,693

The financial position previously reported by the Group as 31 December 2020 has been restated to include the assets and liabilities of the combining entities recognized at the carrying value based on the controlling shareholder's financial statements (i.e.Conch Holdings) as set out below:

	The Group	New Energy Group	Inter-company elimination	The Group
	RMB'000 (as previously reported)	RMB'000	RMB'000	RMB'000 (as restated)
Non-current assets				
Property, plant and equipment				
- Investment properties	84,159	-	-	84,159
- Other property, plant and equipment	72,752,905	604,334	-	73,357,239
Intangible assets	8,496,930	-	-	8,496,930
Goodwill	576,042	-	-	576,042
Interest in associates	2,370,857	-	-	2,370,857
Interests in joint ventures	1,852,183	30,443	-	1,882,626
Loans and receivables	459,716	33,366	-	493,082
Long-term prepayments	31,366	-	-	31,366
Financial assets measured at FVOCI	391,241	-	-	391,241
Deferred tax assets	851,777	-	-	851,777
	87,867,176	668,143	-	88,535,319
Current assets				
Inventories	7,001,615	-	-	7,001,615
Trade and bills receivables	10,888,831	34,800	(3,172)	10,920,459
Financial assets measured at fair value through profit and loss (FVPL)	26,882,714	-	-	26,882,714
Prepayments and other receivables	5,802,159	57,148	-	5,859,307
Amounts due from related parties	292,154	-	317	292,471
Tax recoverable	60,941	-	-	60,941
Restricted cash deposits	539,881	-	-	539,881
Bank deposits with original maturity over three months	44,960,903	-	-	44,960,903
Cash and cash equivalents	16,676,384	122,923	-	16,799,307
	113,105,582	214,871	(2,855)	113,317,598

(11) Business combination and material assets acquisition (contd.)

	The Group RMB'000 (as previously reported)	New Energy Group RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
Current liabilities				
Trade payables	4,565,797	2	(2,856)	4,562,943
Other payables and accruals	7,429,267	32,888	(896)	7,461,259
Current portion of long-term payables	519,477	-	-	519,477
Contract liabilities	4,237,555	4	(2)	4,237,557
Bank loans and other borrowings	3,109,211	51,811	-	3,161,022
Lease liabilities	17,107	-	-	17,107
Amounts due to related parties	383,924	-	899	384,823
Current taxation	3,960,783	827	-	3,961,610
	24,223,121	85,532	(2,855)	24,305,798
Net current assets	88,882,461	129,339	-	89,011,800
Total assets less current liabilities	176,749,637	797,482	-	177,547,119
Non-current liabilities				
Bank loans and other borrowings	6,808,050	385,370	-	7,193,420
Lease liabilities	23,323	13,302	-	36,625
Long-term payables	397,439	-	-	397,439
Deferred income	686,349	-	-	686,349
Deferred tax liabilities	771,567	-	-	771,567
	8,686,728	398,672	-	9,085,400
NET ASSETS	168,062,909	398,810	-	168,461,719
CAPITAL AND RESERVES				
Share capital	5,299,303	297,915	(297,915)	5,299,303
Reserves	156,381,492	49,035	297,915	156,728,442
Total equity attributable to equity shareholders of the Company	161,680,795	346,950	-	162,027,745
Non-controlling interests	6,382,114	51,860	-	6,433,974
TOTAL EQUITY	168,062,909	398,810	-	168,461,719

(11) Business combination and material assets acquisition (contd.)

The cash flows previously reported by the Group for the year ended 31 December 2020 have been restated to include the cash flows of the combining entities from the earliest date presented or since the date when combining entities first came under common control, where this is a shorter period, regardless of the date of the common control combination, as set out below:

	The Group	New Energy Group	Inter-company elimination	The Group
	RMB'000 (as previously reported)	RMB'000	RMB'000	RMB'000 (as restated)
Net cash generated from operating activities	34,391,555	25,263	-	34,416,818
Net cash (used in)/ generated from investing activities	(26,772,878)	19,154	-	(26,753,724)
Net cash (used in)/ generated from financing activities	(12,856,365)	54,320	-	(12,802,045)
Net (decrease)/ increase in cash and cash equivalents	(5,237,688)	98,737	-	(5,138,951)
Cash and cash equivalents as at 1 January 2020	22,014,145	24,224	-	22,038,369
Effect of foreign exchange rate changes	(100,073)	(38)	-	(100,111)
Cash and cash equivalents as at 31 December 2020	16,676,384	122,923	-	16,799,307

(c) Material assets acquisition

On 28 October 2021, the Group acquired 62% equity interest of Zhaoqing Trading Green Quarry Co., Ltd. (“Zhaoqing Quarry”) from a third party for a cash consideration of RMB 845,000,000. In the view of the directors, the acquisition of Zhaoqing Quarry does not constitute a business, as substantially all of the fair value of the gross assets acquired is concentrated in the intangible asset of mining rights. Therefore, the transaction was determined by the directors of the Company to be an asset acquisition and no goodwill was recognized. The Group recorded net assets acquired of RMB 1,245,294,000 and non-controlling interests of RMB400,294,000.

(12) Contingent liabilities

At 31 December 2021, outstanding letters of credit issued by the Group amounted to RMB183,532,000(2020: RMB142,146,000). The directors do not consider it probable that the outstanding letters of credit issued would cause additional financial risk.

At 31 December 2021, the Group has issued guarantees to banking facilities of its related parties, PT SDIC Papua Cement Indonesia and Myanmar Conch Cement Company Limited, amounting to RMB794,580,000 in aggregate (2020: RMB899,095,000). These facilities were utilised to the extent of RMB794,580,000 (2020: RMB899,095,000) as at 31 December 2021. The directors do not consider it probable that a claim will be made against the Group under any of these guarantees.

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

Wuhu City, Anhui Province, the PRC
25 March 2022

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