

# CONCH

Anhui Conch Cement Company Limited

(H Share: 00914, A Share: 600585)



2021  
ANNUAL REPORT



## Important

1. The Board, Supervisory Committee and Directors, Supervisors and the senior management of the Company warrant that the information in this report, for which they jointly and severally accept legal liability, is truthful, accurate and complete, and does not contain any misrepresentation, misleading statement or material omission.
2. All Directors of the Company attended the tenth meeting of the eighth session of the Board.
3. KPMG and KPMG Huazhen LLP issued a standard unqualified audit report for the Company.
4. Mr. Wang Cheng, the officer-in-charge of the Company, Mr. Li Qunfeng, officer-in-charge of the accounting function and Mr. Wang Jingqian, officer-in-charge of the accounting department, have declared that they warrant the financial statements contained herein are true, accurate and complete.
5. As considered by the tenth meeting of the eighth session of the Board of the Company, a cash dividend of RMB2.38 per share (tax inclusive) is proposed as the annual profit distribution proposal for 2021. No capitalization of common reserve fund was made.
6. Declaration of risks with respect to the forward-looking statements: the Company's plans for 2022 concerning its capital expenditure, new production capacity and net sales objectives as disclosed herein do not constitute any substantive commitment to investors. Investors and the public are advised to be cautious of investment risks.
7. There was no appropriation of the Company's funds for non-operating purpose by the controlling shareholder of the Company and its related parties.
8. No external guarantee was provided in violation of the established decision-making procedures.
9. There does not exist that more than half of the Directors of the Company being unable to warrant the truthfulness, accuracy and completeness of the content of this report.
10. Material risk alert: Chapter 3 of this report discloses the risks that the Company may be exposed to in 2022, including risks related to the policies, environmental protection regulations, fluctuation of price of energy resources, and the COVID-19 pandemic around the world. Investors are reminded to read it carefully.

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Documents for Inspection	(1) Financial reports bearing the signatures and seals of the officer-in-charge of the Company, officer-in-charge of the accounting function and officer-in-charge of the accounting department.
	(2) Original of the audited report with the seal of the accounting firm affixed and the signatures and seals of the registered accountants affixed.
	(3) Originals of all the corporate documents and the announcements of the Company which were disclosed during the Reporting Period.
	(4) Annual report of the Company published on the website of the Stock Exchange.



# 1. Definitions

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

The Company/Conch Cement	:	Anhui Conch Cement Company Limited
The Group	:	the Company and its subsidiaries
Board	:	the Board of Directors of the Company
Director(s)	:	the Director(s) of the Company
Supervisory Committee	:	the supervisory committee of the Company
Supervisor(s)	:	the supervisor(s) of the Company
Remuneration and Nomination Committee	:	the remuneration and nomination committee of the Board
Audit Committee	:	the audit committee of the Board
Xinli Finance	:	Anhui Xinli Finance Co., Ltd., a company listed on the SSE (stock code: 600318)
WCC	:	West China Cement Limited, a company listed on the Stock Exchange (stock code: 2233)
Conch Holdings	:	Anhui Conch Holdings Co., Ltd.
Conch Profiles and Science	:	Wuhu Conch Profiles and Science Co., Ltd., a company listed on the SZSE (stock code: 000619)
Conch Investment Company	:	Anhui Conch Investment Co., Ltd.
Conch Design Institute	:	Anhui Conch Construction Materials Design Institute Co., Ltd.



## 1. Definitions

Conch New Materials Company	:	Anhui Conch New Materials Technology Co., Ltd.
CV Investment	:	Anhui Conch Venture Investment Co., Ltd.
Conch Venture Property	:	Wuhu Conch Venture Property Co., Ltd.
Conch Venture	:	China Conch Venture Holdings Limited, a company listed on the Stock Exchange (stock code: 0586)
Conch HK	:	Conch International Holdings (HK) Limited
Haibo Intelligent Technology	:	Anhui Haibo Intelligent Technology Co., Ltd.
Conch New Energy	:	Anhui Conch New Energy Co., Ltd.
Baimashan Cement Plant	:	Baimashan Cement Plant of Anhui Conch Cement Company Limited
Bengbu Conch	:	Bengbu Conch Cement Co., Ltd.
Changfeng Conch	:	Anhui Changfeng Conch Cement Co., Ltd.
Chongqing Conch	:	Chongqing Conch Cement Co., Ltd.
Chizhou Conch	:	Anhui Chizhou Conch Cement Co., Ltd.
Dazhou Conch	:	Dazhou Conch Cement Co., Ltd.
Digang Conch	:	Anhui Digang Conch Cement Co., Ltd.
Huaining Conch	:	Anhui Huaining Conch Cement Co., Ltd.



## 1. Definitions

Huainan Conch	:	Huainan Conch Cement Co., Ltd.
Hami Hongyi	:	Hami Hongyi Construction Materials Co., Ltd.
Liukuangruian	:	Guizhou Liukuangruian Cement Co., Ltd.
Jiande Conch	:	Jiande Conch Cement Co., Ltd.
Kunming Conch	:	Kunming Conch Cement Co., Ltd.
Ningguo Cement Plant	:	Ningguo Cement Plant of Anhui Conch Cement Company Limited
Indonesia South Conch	:	PT Conch South Kalimantan Cement
Quanjiao Construction Technology	:	Quanjiao Conch Construction Technology Co., Ltd.
Tongling Conch	:	Anhui Tongling Conch Cement Co., Ltd.
Wuhu Conch	:	Wuhu Conch Cement Co., Ltd.
Prosperity Conch	:	Prosperity Conch Cement Co., Ltd.
Indonesia Conch	:	PT Conch Cement Indonesia
North Sulawesi Conch	:	PT Conch North Sulawesi Cement
Papua Cement	:	PT SDIC Papua Cement Indonesia
Zhuhai Haizhong	:	Zhuhai Haizhong Trading Co., Ltd.



## 1. Definitions

Zongyang Conch	:	Anhui Zongyang Conch Cement Co., Ltd.
Yatai Group	:	Jilin Yatai (Group) Co., Ltd.
Huaxin Cement	:	Huaxin Cement Co., Ltd.
Shangfeng Cement	:	Gansu Shangfeng Cement Co., Ltd.
West Construction	:	China West Construction Group Co., Ltd.
Regional Committee(s)	:	management unit(s) specially established by organizing certain subsidiaries located in a particular province or neighboring areas into a regional management unit for implementation of regional management in order to strengthen the Company's management over its subsidiaries and enhance management efficiency
Reporting Period	:	the period from 1 January 2021 to 31 December 2021
PRC Accounting Standards	:	China Accounting Standards for Business Enterprises
Stock Exchange	:	The Stock Exchange of Hong Kong Limited
HKSE Listing Rules	:	The Rules Governing the Listing of Securities on the Stock Exchange
SFO	:	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
Model Code	:	Model Code for Securities Transactions by Directors of Listed Issuers under Appendix 10 to the HKSE Listing Rules
SSE	:	Shanghai Stock Exchange



## 1. Definitions

SSE Listing Rules	:	The Rules Governing the Listing of Stocks on the SSE
SZSE	:	Shenzhen Stock Exchange
A Shares	:	ordinary shares in the capital of the Company listed on the SSE, with a nominal value of RMB1.00 per share, which are subscribed for and traded in RMB
H Shares	:	foreign shares in the capital of the Company listed on the Stock Exchange, with a nominal value of RMB1.00 per share, which are subscribed for and traded in Hong Kong dollars
Clinker	:	semi-finished products made in the manufacturing process of cement
Hong Kong	:	Hong Kong Special Administrative Region of the PRC
RMB	:	Renminbi, the lawful currency of the PRC
PRC	:	The People's Republic of China
CSRC	:	China Securities Regulatory Commission (中國證券監督管理委員會)
Articles	:	Articles of Association of the Company





## 2. Corporate Profile and Major Financial Indicators

- (1) Official Chinese name of the Company : 安徽海螺水泥股份有限公司  
 Abbreviation in Chinese : 海螺水泥  
 Official English name of the Company : ANHUI CONCH CEMENT COMPANY LIMITED  
 Abbreviation in English : ACC
- (2) Legal Representative of the Company : Wang Cheng
- (3) Secretary to the Board (Company Secretary) : Zhou Xiaochuan  
 Phone number : 0086 553 8398976  
 Fax number : 0086 553 8398931  
 Company secretary (Hong Kong) : Leo P. Y. Chiu  
 Phone number : 00852 21113220  
 Fax number : 00852 21113299  
 Securities Affairs Representative : Liao Dan  
 Phone number : 0086 553 8398911  
 Fax number : 0086 553 8398931  
 E-mail : dms@chinaconch.com
- (4) Registered address of the Company : 39 Wenhua Road, Wuhu City, Anhui Province, the PRC  
 Office address of the Company : 39 Wenhua Road, Wuhu City, Anhui Province, the PRC  
 Postal code : 241000  
 Email address of the Company : dms@chinaconch.com  
 Website of the Company : <http://www.conch.cn>  
 Contact address in Hong Kong : 40/F, Jardine House, 1 Connaught Place, Central, Hong Kong
- (5) Media names for disclosure of the Company's annual report : Shanghai Securities Journal, Securities Times  
 Website of the stock exchange for disclosure of annual report : <http://www.sse.com.cn>  
 Location where the Company's annual report is available for inspection : Secretariat to the Board of the Company, SSE



## 2. Corporate Profile and Major Financial Indicators

- (6) Exchange on which the Company's shares are listed :
- H Shares : Stock Exchange  
Stock code : 00914  
A Shares : SSE  
Stock code : 600585  
Stock name : Conch Cement
- (7) Legal adviser as to PRC law : Jingtian & Gongcheng  
34th Floor, Tower 3, China Central Place, 77 Jianguo Road, Chaoyang District, Beijing, the PRC
- Legal adviser as to Hong Kong law : Chiu & Partners  
40/F Jardine House, 1 Connaught Place, Central, Hong Kong
- (8) International auditors : KPMG  
Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance  
8th Floor, Prince's Building, 10 Chater Road, Central, Hong Kong
- Authorised signatory of the Accountant : Au Yat Fo
- PRC auditors : KPMG Huazhen LLP  
8th Floor, Tower E2, Oriental Plaza, 1 East Chang An Avenue, Beijing, the PRC
- Authorised signatory of the Accountant : Huang Wenhui, Zhou Xuchun
- (9) H Shares share registrar and transfer office : Hong Kong Registrars Limited  
17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong

## 2. Corporate Profile and Major Financial Indicators

### (10) FINANCIAL SUMMARY PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) FOR THE YEAR ENDED 31 DECEMBER

(Unit: RMB'000)

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

Note: During the Reporting Period, 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 was a merger which is a business combination under common control (the same as below).

## 2. Corporate Profile and Major Financial Indicators

### (11) ACCOUNTING DATA PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING STANDARDS

#### 1. Major accounting data and financial indicators for the preceding three years

Table 1:

Items	2021	2020		Year-on-year change between 2021 and 2020 (%)	2019	
		After adjustment	Before adjustment		After adjustment	Before adjustment
Revenue	<b>167,952,664</b>	176,294,715	176,242,682	-4.73	157,082,422	157,030,328
Profit before taxation	<b>44,116,197</b>	47,137,334	47,107,917	-6.41	44,572,571	44,556,845
Net profit attributable to equity shareholders of the Company	<b>33,267,069</b>	35,158,225	35,129,691	-5.38	33,603,058	33,592,755
Net profit after extraordinary items attributable to equity shareholders of the Company	<b>31,375,196</b>	33,170,447	33,170,447	-5.41	32,719,396	32,719,396
Basic earnings per share (RMB/share)	<b>6.28</b>	6.63	6.63	-5.38	6.34	6.34
Diluted earnings per share (RMB/share)	<b>6.28</b>	6.63	6.63	-5.38	6.34	6.34
Basic earnings per share after extraordinary items (RMB/share)	<b>5.92</b>	6.26	6.26	-5.41	6.17	6.17
Diluted return on net assets (%)	<b>18.11</b>	21.68	21.71	Decreased by 3.57 percentage points	24.41	24.46
Weighted average return on net assets (%)	<b>19.23</b>	23.59	23.62	Decreased by 4.36 percentage points	27.00	27.03
Diluted return on net assets after extraordinary items (%)	<b>17.08</b>	20.45	20.50	Decreased by 3.37 percentage points	23.77	23.82
Weighted average return on net assets after extraordinary items (%)	<b>18.14</b>	22.26	22.31	Decreased by 4.12 percentage points	26.29	26.33
Net cash flow generated from operating activities	<b>33,900,529</b>	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)	<b>6.40</b>	6.57	6.57	-2.65	7.70	7.69

## 2. Corporate Profile and Major Financial Indicators

Table 2:

(Unit: RMB'000)

Items	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	<b>230,514,664</b>	201,852,917	200,972,758	14.20	179,456,967	178,777,182
Equity attributable to equity shareholders of the Company	<b>183,685,269</b>	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)	<b>34.66</b>	30.60	30.54	13.27	25.97	25.92

### 2. Major financial data for 2021 by quarters

(Unit: RMB'000)

Items	First quarter	Second quarter	Third quarter	Fourth quarter
Revenue	34,440,937	45,991,928	41,277,910	46,241,889
Net profit attributable to equity shareholders of the Company	5,808,626	9,142,567	7,439,075	10,876,801
Net profit after extraordinary items attributable to equity shareholders of the Company	5,456,851	8,548,650	7,053,980	10,315,715
Net cash flow generated from operating activities	4,955,236	7,341,628	9,154,692	12,448,973

## 2. Corporate Profile and Major Financial Indicators

### 3. Extraordinary items and amount for the Reporting Period

Extraordinary items		(Unit: RMB'000)		
		2021	2020	2019
(1)	Gain/(loss) from disposal of non-current assets	57,738	856,281	-39,614
(2)	Government subsidy (excluding continuing government subsidy closely associated with the enterprise's normal business, granted in fixed amount or quantity in accordance with the State's policy and based on certain standards) included in the current income statement	900,815	844,144	530,707
(3)	Gain/(Loss) on changes in the fair value of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and investment gain from disposal of financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and other debt investment excluding effective hedging business associated with the Company's normal business	665,124	99,977	414,912
(4)	Entrusted fee income obtained from entrusted operation	31,684	47,635	18,700
(5)	Charges on share of funds received from non-financial enterprises included in the current income statement	-	-	5,000
(6)	Gains or losses from external entrusted loans	26,682	1,540	1,605
(7)	Gains arising from the excess of the Group's share of the fair values of the investees' identifiable net assets over the investment costs for acquisition of the subsidiaries, associates and joint ventures	90,981	1,416	-
(8)	Gains or losses on entrusted investment or asset management	669,916	700,242	169,401
(9)	Other non-operating income and expenses other than the above items	61,849	69,345	67,371
(10)	Net gain or loss of subsidiaries formed through business combination under common control from the beginning of the period to the date of merger attributable to the current period	38,904	30,143	15,697
(11)	Effect of extraordinary items on income tax	-614,111	-629,587	-286,583
(12)	Effect of extraordinary items on minority interests (after tax)	-37,709	-33,358	-13,534
<b>Total</b>		<b>1,891,874</b>	<b>1,987,778</b>	<b>883,662</b>

## 2. Corporate Profile and Major Financial Indicators

### 4. Items at fair value

(Unit: RMB'000)

Items	Opening balance of the Reporting Period	Closing balance of the Reporting Period	Changes during the Reporting Period	Impact on the profit for the current period
Financial assets at fair value through profit or loss	26,882,714	24,271,570	-2,611,144	-2,611,144
Other investments in equity instruments	391,241	869,903	478,662	-
Financing of receivables	3,085,316	4,227,831	1,142,515	-
Financial liabilities at fair value through profit or loss	-	-	-	-

## 2. Corporate Profile and Major Financial Indicators

### (12) EXPLANATIONS FOR DIFFERENCES BETWEEN CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING STANDARDS AND IFRSs

(Unit: RMB'000)

	Net profit attributable to parent company		Equity attributable to equity shareholders of parent company	
	1 January to 31 December 2021 (Audited)	1 January to 31 December 2020 (Audited)	31 December 2021 (Audited)	31 December 2020 (Audited)
As reported in the statutory financial statements prepared in accordance with the PRC Accounting Standards	<b>33,267,069</b>	35,158,225	<b>183,685,269</b>	162,169,179
– Deferral of subsidy income not subject to “China Accounting Standards for Business Enterprises No.16 – Government Subsidy” in accordance with IFRSs	<b>33,625</b>	33,846	<b>-107,810</b>	-141,433
As reported in accordance with IFRSs	<b>33,300,694</b>	35,192,071	<b>183,577,459</b>	162,027,746



# 海螺水泥 广东鸿丰水泥项目合作签约仪式



Signing Ceremony for Guangdong Hongfeng Cement Project





Signing Ceremony for Fujian Youxi Green New Building Materials Industrial Park Project



Signing Ceremony for Green Building Materials Construction Project



Signing Ceremony for the Strategic Cooperation Framework Agreement on Regional Headquarters of Conch Cement and Zhaoqing Green Building Materials Industrial Base Project



Lighting Ceremony for Hunan Yunfeng Phase II Clinker Production Line with Daily Production Capacity of 4,500 tonnes



## 3. Management Discussion and Analysis

### (1) OVERVIEW OF THE CEMENT INDUSTRY

In 2021, following the consistent and consolidated epidemic control and economic recovery measures implemented by the government of the PRC, the national economy had continued to recover. The national fixed asset investment amount increased by 4.9% year-on-year, infrastructure investment amount increased by 0.4% year-on-year, and real estate development investment amount increased by 4.4% year-on-year. The national cement industry witnessed initial stronger demand and followed by weaker demand. The national cement output was 2.363 billion tonnes, representing a year-on-year decrease of 1.2%. Due to factors including energy consumption control, control of electricity consumption and production and rising coal price, the supply of cement industry was limited and its price fluctuated significantly throughout the year. Although industry profits had declined by 10% year-on-year, it remained within a generally sound level. (Source: *Digital Cement*)

### (2) INTRODUCTION OF THE MAIN BUSINESSES OF THE COMPANY

During the Reporting Period, the Group principally engaged in production and sales of cement, commodity clinker, aggregate and concrete. Responding to the market demand, the Group's cement products mainly comprise 32.5-grade cement, 42.5-grade cement and 52.5-grade cement, which are widely used in large-scale national infrastructure construction projects such as railways, expressways, airports and water conservancy as well as property development in urban areas, cement products and the rural markets.

Belonging to the basic raw material industry and as a regional product, the sales of cement is limited by the mode of transportation and local cement price, and its sales model is different from that of daily consumer goods. The Group has adopted a sales model focusing on direct sales and supplemented by distribution. The Group has a relatively extensive marketing network, with over 500 marketing departments in the regions across the PRC and overseas where the Group has operation. Meanwhile, the Group continued to improve its marketing strategy by continuing to promote the construction of waterway channels in the regional markets along the river and coastal areas, taking advantages of "cement +" marketing tool which caters for full industrial chain marketing and consolidating the construction in the end markets, so as to further improve its marketing network and strengthen its market share.

During the Reporting Period, the Group steadily implemented its development strategy by continuing to optimize its marketing plan domestically and in overseas, pushing steadily for international development strategies, proactively extending the upstream and downstream industrial chain and accelerating the development of emerging industries such as new energy and intelligent logistics.



### 3. Management Discussion and Analysis

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

Since its listing in 1997, the Company has focused on developing, optimizing and growing its core cement business by promoting independent innovation and technology innovation, vigorously pushing forward energy conservation and emission reduction and developing low-carbon recycling economy. After over 20 years of sustainable, healthy and steady development, and by refining internal management, strengthening market construction and promoting technological innovation, the Company has created a unique “Conch Model”, and established relatively strong advantages in resources, technology, human resources, funding, market share and brand recognition.

During the Reporting Period, the Group made continuous efforts in enhancing regional market operation, promoting technological innovation, increasing devotion in environmental protection in a safe manner, and speeding up the construction of factories equipped with information system and intelligent system and facilitating green low-carbon development, so as to further consolidate and improve its competitive advantages, and persistently strengthen the core competitiveness of the Group.



### 3. Management Discussion and Analysis

#### (4) 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 operating 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, operating 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.

### 3. Management Discussion and Analysis

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, Guizhou New Shuanglong and Yunnan Tengyue. 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 and Shengde Concrete. 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

Industry	Principal activities by industry			Year-on-year	Year-on-year	Year-on-year change in gross profit margin
	Operating	Operating	Gross profit	change in	change in	
	revenue	cost	margin	operating	operating	
	(RMB'000)	(RMB'000)	(%)	revenue	cost	
				(%)	(%)	
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

### 3. Management Discussion and Analysis

Product	Principal activities by product			Year-on-year	Year-on-year	Year-on-year
	Operating	Operating	Gross profit	change in	change in	change in gross
	revenue	cost	margin	operating	operating	profit margin
	(RMB'000)	(RMB'000)	(%)	(%)	(%)	
Building material industry (sale of self-produced products) - 42.5-grade cement <sup>Note 1</sup>	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

### 3. Management Discussion and Analysis

Region	Principal activities by region			Year-on-year	Year-on-year	Year-on-year change in gross profit margin
	Operating	Operating	Gross profit	change in	change in	
	revenue	cost	margin	operating	operating	
	(RMB'000)	(RMB'000)	(%)	revenue	cost	
				(%)	(%)	
Building material industry (sale of self-produced products) – East China <sup>Note 2</sup>	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 <sup>Note 3</sup>	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 <sup>Note 4</sup>	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 <sup>Note 5</sup>	19,372,977	12,920,379	33.31	-0.32	6.66	Decreased by 4.37 percentage points
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



### 3. Management Discussion and Analysis

#### Principal activities by sales model

Sales model	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Year-on-year	Year-on-year	Year-on-year
				change in operating revenue (%)	change in operating cost (%)	change in gross profit margin
Direct sale	83,746,837	54,034,830	35.48	1.80	2.48	Decreased by 0.43 percentage point
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.



### 3. Management Discussion and Analysis

#### 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.



### 3. Management Discussion and Analysis

#### 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 of products 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.

### 3. Management Discussion and Analysis

#### 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 point 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

### 3. Management Discussion and Analysis

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
<b>Total</b>	<b>203.34</b>	<b>100</b>	<b>172.64</b>	<b>100</b>	<b>17.78</b>	<b>-</b>

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

During the Reporting Period, the Company's consolidated costs of cement and clinker increased by 17.78% year-on-year, which was due to the significant increase in the price of raw coal.

### 3. Management Discussion and Analysis

#### 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
<b>Total</b>	<b>8,494,369</b>	<b>6,873,800</b>	<b>23.58</b>	<b>5.73</b>	<b>4.65</b>	<b>1.08</b>

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.

### 3. Management Discussion and Analysis

#### (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)	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 payables	1,557,652	0.68	1,363,696	0.68	14.22
Taxes payables	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



### 3. Management Discussion and Analysis

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.

Please refer to note 12 to the financial report prepared in accordance with the PRC Accounting Standards for information on the contingent liabilities of the Group.

As at the end of the Reporting Period, equity attributable to equity shareholders of the Company amounted to 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.



### 3. Management Discussion and Analysis

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 the 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 Company 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:

	<b>As at 31 December 2021 (RMB'000)</b>	As at 31 December 2020 (RMB'000)
Due within 1 year	<b>4,524,868</b>	3,161,022
Due after 1 year but within 2 years	<b>1,288,335</b>	1,245,180
Due after 2 years but within 5 years	<b>1,929,252</b>	1,563,500
Due after 5 years	<b>530,108</b>	886,370
<b>Total</b>	<b>8,272,563</b>	6,856,072

### 3. Management Discussion and Analysis

As at the end of the Reporting Period, the Group's bank borrowings were RMB8.273 billion, representing an increase of RMB1.416 billion as compared to those at the beginning of the year. Please refer to note 8 to the financial report prepared in accordance with the PRC Accounting Standards for information on borrowings bearing fixed and floating interest rate.

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

### 3. Management Discussion and Analysis

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.

#### 3. 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:

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



### 3. Management Discussion and Analysis

#### 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.



### 3. Management Discussion and Analysis

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 million tonnes, 10.2 million cubic meters, respectively, and the installed capacity of photovoltaic power generation will reach 1GW.





### 3. Management Discussion and Analysis

In respect of operation and management, the Group will pay close attention to the domestic and international macro-economic 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” (建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.



### 3. Management Discussion and Analysis

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. Management Discussion and Analysis

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.







## 4. Report of the Directors

### (1) INVESTMENTS DURING THE REPORTING PERIOD

#### 1. Establishment, merger and acquisition of and increase and reduction of capital in subsidiaries during the Reporting Period

- (1) In March 2021, Haibo Intelligent Technology, a majority-owned subsidiary of the Company, has established the Shanghai Branch of Anhui Haibo Intelligent Technology Co., Ltd..
- (2) In April 2021, the Company invested in and established Tongling Conch New Construction Materials Co., Ltd. with a registered capital of RMB200 million. The Company holds 100% of its equity interest.
- (3) In April 2021, the deregistration of the Company's majority-owned subsidiary, Shanghai Conch Cement Co., Ltd. was completed, such deregistration will not have adverse impact on the overall production, operation and results of the Company.
- (4) In April 2021, the Company acquired 20% equity interests in Hami Hongyi from Hongyi Investment Co., Ltd.. After the completion of this equity transfer, the Company holds 100% equity interest in Hami Hongyi.
- (5) In July 2021, Anhui Haihui Supply Chain Technology Co., Ltd. (hereinafter referred to as "Anhui Haihui Company"), a majority-owned subsidiary of the Company, invested in and established Tianjin Haihui Supply Chain Technology Co., Ltd. with a registered capital of RMB10 million. Anhui Haihui Company holds 100% of its equity interest.
- (6) In July 2021, the Company and Hainan Huayumao Supply Chain Management Co., Ltd. (hereinafter referred to as "Huayumao Company") jointly invested in and established Changjiang Conch Huasheng Plastic Packaging Co., Ltd. with a registered capital of RMB50 million, of which the Company contributed RMB30 million, accounting for 60% of its registered capital; and Huayumao Company contributed RMB20 million, accounting for 40% of its registered capital.
- (7) In July 2021, the Company invested in and established Nantong Conch Construction Materials Co., Ltd. with a registered capital of RMB30 million. The Company holds 100% of its equity interest.



#### 4. Report of the Directors

- (8) In July 2021, the Company and Anhui Zhengyang Construction Investment Co., Ltd. (hereinafter referred to as “Zhengyang Construction Investment”) jointly invested in and established Zongyang Conch New Materials Technology Co., Ltd. with a registered capital of RMB1 billion, of which the Company contributed RMB510 million, accounting for 51% of its registered capital; and Zhengyang Construction Investment contributed RMB490 million, accounting for 49% of its registered capital.
- (9) In August 2021, the Company and Conch Investment Company entered into an equity transfer agreement of Conch New Energy, pursuant to which the Company acquired 100% equity interests in Conch New Energy from Conch Investment Company. Upon the completion of acquisition, Conch New Energy became a wholly-owned subsidiary of the Company. In September 2021, Conch New Energy completed the relevant business registration procedures.
- (10) In August 2021, the Company and Wuhu Fanchang Guoyuan Mining Co., Ltd. (hereinafter referred to as “Guoyuan Mining”) jointly invested in and established Wuhu Conch Green Building Materials Co., Ltd. with a registered capital of RMB500 million, of which the Company contributed RMB335 million, accounting for 67% of its registered capital; and Guoyuan Mining contributed RMB165 million, accounting for 33% of its registered capital.
- (11) In August 2021, the Company invested in and established Jiande Conch Green Building Materials Co., Ltd. with a registered capital of RMB40 million. The Company holds 100% of its equity interest.
- (12) In August 2021, the Company invested in and established Wuhu Conch Green Building Technology Co., Ltd. with a registered capital of RMB200 million. The Company holds 100% of its equity interest.
- (13) In September 2021, the Company acquired 30% of the equity interest in Bozhou Conch Cement Co., Ltd. (hereinafter referred to as “Bozhou Conch”) held by Song Houjin, a natural person shareholder. Upon completion of the acquisition, the Company holds 100% of equity interest in Bozhou Conch.



## 4. Report of the Directors

- (14) In September 2021, the Company and Zhaoqing Communications Investment Detong Minerals Resource Co., Ltd. (hereinafter referred to as “Zhaoqing Communications Investment Company”) jointly invested in and established Fengkai Conch Communications Investment Green Building Materials Co., Ltd. with a registered capital of RMB10 million, of which the Company contributed RMB6.8 million, accounting for 68% of its registered capital; and Zhaoqing Communications Investment Company contributed RMB3.2 million, accounting for 32% of its registered capital.
- (15) In October 2021, Zhuhai Haizhong, a wholly-owned subsidiary of the Company acquired 62% of equity interest in Zhaoqing Communications Investment Green Quarry Co., Ltd. (hereinafter referred to as “Green Quarry Company”) held by Zhaoqing Communications Investment Company and relevant debts by way of public bidding. Among the remaining 38% of equity interest, 1% of equity interest was directly held by Mr. Long Yongquan, a natural person shareholder and 37% of equity interest was held by Guangzhou Beiheng Building Materials Co., Ltd. (hereinafter referred to as “Beiheng Building Materials”, which is wholly-owned by Mr. Long Yongquan). Green Quarry Company was established in April 2020 with a registered capital of RMB100 million. In order to ensure follow-up infrastructure investment and normal operation of Green Quarry Company, in October 2021, Zhuhai Haizhong and Mr. Long Yongquan increased capital in Green Quarry Company through capitalization of shareholders loan of Green Quarry Company. Upon the completion of capital increase, the registered capital of Green Quarry Company became RMB417.0526 million, of which Zhuhai Haizhong contributed RMB258.5726 million, Mr. Long Yongquan contributed RMB3.96 million and Beiheng Building Materials contributed RMB154.52 million. The shareholding percentage of each party remained unchanged.
- (16) In October 2021, the Company acquired 100% of equity interest in Tengchong County Tengyue Cement Co., Ltd. (hereinafter referred to as “Tengyue Cement”) and 100% of equity interest in Guizhou New Shuanglong Cement Co., Ltd. (hereinafter referred to as “Guizhou New Shuanglong”) held by CV Investment by way of public bidding. Tengyue Cement was established in March 2008 with registered capital of RMB56 million. Guizhou New Shuanglong was established in May 2012 with registered capital of RMB200 million. In November 2021, both Tengyue Cement and Guizhou New Shuanglong completed the relevant business registration procedures.



#### 4. Report of the Directors

- (17) In October 2021, Anhui Haizhong Investment Co., Ltd. (hereinafter referred to as “Haizhong Investment”), a majority-owned subsidiary of the Company and Xiamen Dadexing Industrial Co., Ltd. (hereinafter referred to as “Xiamen Dadexing”) jointly invested in and established Youxi Conch Cement Co., Ltd. with a registered capital of RMB800 million, of which Haizhong Investment contributed RMB530.4 million, accounting for 66.3% of its registered capital; and Xiamen Dadexing contributed RMB269.6 million, accounting for 33.7% of its registered capital.
- (18) In October 2021, the Company and Anhui Guanteng Group Co., Ltd. (hereinafter referred to as “Guanteng Group”) jointly invested in and established Anhui Conch Green New Material Co., Ltd. (hereinafter referred to as “Conch Green New Material”) with a registered capital of RMB1.5 billion, of which the Company contributed RMB975 million, accounting for 65% of its registered capital, and Guanteng Group contributed RMB525 million, accounting for 35% of its registered capital.

In October 2021, Conch Green New Material and Guanteng Group entered into an equity transfer agreement, pursuant to which, Conch Green New Material acquired 100% of equity interest in Bozhou Huayi New Material Co., Ltd., Anhui Zhonglian New Material Co., Ltd., Zhonglian Xiangqiao Building Material Co., Ltd., Anhui Motai New Material Co., Ltd., Bozhou Huasheng Road Engineering Co., Ltd. and Bozhou Zhonglian Construction Engineering Co., Ltd. held by Guanteng Group.

- (19) In October 2021, the Company and Ningguo State Owned Assets Investment And Management Co., Ltd. (hereinafter referred to as “Ningguo State Owned Assets Investment Company”) jointly invested in and established Ningguo Conch Green Building Material Co., Ltd. with a registered capital of RMB500 million, of which the Company contributed RMB300 million, accounting for 60% of its registered capital; and Ningguo State Owned Assets Investment Company contributed RMB200 million, accounting for 40% of its registered capital.
- (20) In November 2021, the Company invested in and established Huaian Conch Green Construction Technology Co., Ltd. with a registered capital of RMB70 million. The Company holds 100% of its equity interest.

## 4. Report of the Directors

- (21) From October to December 2021, Conch New Energy solely invested in and established 15 new energy companies as follows:

No.	Name of companies	Date of establishment	Registered capital (RMB million)	Shareholding percentage held by Conch New Energy
1	Yiyang Conch New Energy Co., Ltd.	October 2021	40	100%
2	Baoji Phoenix Mountain Conch New Energy Co., Ltd.	November 2021	7	100%
3	Qiyang Conch New Energy Co., Ltd.	November 2021	10	100%
4	Linxia Conch New Energy Co., Ltd.	November 2021	20	100%
5	Wenshan Conch New Energy Co., Ltd.	November 2021	4	100%
6	Pingliang Conch New Energy Co., Ltd.	November 2021	7	100%
7	Jiangmen Conch New Energy Co., Ltd.	November 2021	9	100%
8	Yangchun Conch New Energy Co., Ltd.	November 2021	8	100%
9	Huaian Conch Green Energy Technology Co., Ltd.	November 2021	6	100%
10	Zhenjiang Beigu Conch New Energy Co., Ltd.	November 2021	5	100%
11	Shuangfeng Conch New Energy Co., Ltd.	November 2021	10	100%
12	Nantong Haimen Conch New Energy Co., Ltd.	November 2021	4	100%
13	Yingjiang Conch New Energy Co., Ltd.	November 2021	5	100%
14	Baoshan Conch New Energy Co., Ltd.	November 2021	7	100%
15	Guiding Conch New Energy Co., Ltd.	December 2021	8.3	100%

- (22) In November 2021, the Company and Guangdong Hongfa Investment Group Co., Ltd. (hereinafter referred to as “Hongfa Group”) jointly invested in and established Guangdong Conch Hongfeng Cement Co., Ltd. (hereinafter referred to as “Conch Hongfeng”) with a registered capital of RMB1 billion, of which the Company contributed RMB510 million, accounting for 51% of its registered capital; and Hongfa Group contributed RMB490 million, accounting for 49% of its registered capital.



## 4. Report of the Directors

In November 2021, Conch Hongfeng and Guangdong Hongfeng Cement Co., Ltd. (a subsidiary of Hongfa Group) entered into an asset transfer agreement, pursuant to which Conch Hongfeng acquired relevant assets and interest including two cement and clinker production lines with daily production capacity of 4,500 tonnes, limestone mining rights and clinker production capacity indicators.

- (23) In November 2021, Zhuhai Haizhong and Prosperity Huanye Business & Trade Development Co., Ltd. (hereinafter referred to as “Huanye Business & Trade”) jointly invested in and established Yingde Conch Green New Material Co., Ltd. (hereinafter referred to as “Yingde New Material”) with a registered capital of RMB100 million, of which Zhuhai Haizhong contributed RMB70 million, accounting for 70% of its registered capital, and Huanye Business & Trade contributed RMB30 million, accounting for 30% of its registered capital.

In November 2021, Yingde New Material and Yingde Guangde Trade Co., Ltd. (hereinafter referred to as “Guangde Trade”) entered into an equity transfer agreement, pursuant to which Yingde New Material acquired 100% of equity interest in Yingde Tongde Concrete Co., Ltd. (hereinafter referred to as “Tongde Concrete”) held by Guangde Trade.

In November 2021, Yingde New Material and Mr. Guan Wenwu, Mr. Zheng Longsheng, natural person shareholders, entered into an equity transfer agreement, pursuant to which, Yingde New Material acquired 50% of equity interest in Yingde Shengde Concrete Co., Ltd. (hereinafter referred to as “Shengde Concrete”) held by each of Mr. Guan Wenwu and Mr. Zheng Longsheng.

In December 2021, Tongde Concrete and Shengde Concrete completed relevant business registration procedures and became wholly-owned subsidiaries of Yingde New Material holds 100% equity interest.

- (24) In December 2021, the Company invested in and established Ma’anshan Conch Green Building Material Co., Ltd. with a registered capital of RMB2 billion. The Company holds 100% of its equity interest.

## 4. Report of the Directors

- (25) During the Reporting Period, the Group increased the capital of the following subsidiaries as follows:

Name of companies	Capital contributed by the Group	Registered capital after capital increase	Percentage of shareholding held by the Company after capital increase
Chizhou Conch New Material Co., Ltd.	RMB200 million	RMB250 million	100%
Haibo Intelligent Technology	RMB30 million	RMB80 million	60%
Conch HK	US\$65 million	US\$265 million	100%
Jiangxi Yiyang Conch New Material Co., Ltd.	RMB12.60 million	RMB30 million	70%

- (26) Tashkent Conch Cement Joint Venture Co., Ltd. (hereinafter referred to as “Tashkent Conch”) is a company established by Conch HK and Uzbekistan Xinlei Co., Ltd. (hereinafter referred to as “Xinlei Company”) in Uzbekistan in September 2019 with initial registered capital of US\$100,000, of which Conch HK contributed US\$1,000, accounting for 1% of its registered capital; and Xinlei Company contributed US\$99,000, accounting for 99% of its registered capital.

In August 2021, both parties increased capital in Tashkent Conch in accordance with their cooperation agreement. After the capital increase, the registered capital of Tashkent Conch became US\$25.7195 million, of which Conch HK contributed capital of US\$16.7135 million with its shareholding ratio becoming 65% after the capital increase, and Xinlei Company contributed capital of US\$8.906 million with its shareholding ratio becoming 35% after the capital increase.

- (27) China-Myanmar (Wuhu) International Trade Co., Ltd. (hereinafter referred to as “China-Myanmar Company”) is a company jointly invested and established by the Company and GAO SHENG GROUP PTE. LTD. (a company registered in Singapore, hereinafter referred to as “GAO SHENG Group”) in October 2014, with initial registered capital of US\$90 million, of which the Company holds 45% of its equity interest and GAO SHENG Group holds 55% of its equity interest. After the capital reduction according to the shareholders’ respective shareholding ratios in 2020, its registered capital became US\$65 million. During the Reporting Period, in order to revitalize the capital stock and improve the efficiency of capital use, the Company and GAO SHENG Group jointly reduced the capital of China-Myanmar Company, whereby the Company reduced its capital contribution by US\$8.01 million and GAO SHENG Group reduced its capital contribution by US\$9.79 million. After the capital reduction, the registered capital of China-Myanmar Company is US\$47.20 million, and the shareholding ratio of both parties remained unchanged.

## 4. Report of the Directors

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

During the Reporting Period, in accordance with the authorization and approval of the Board, the Company utilized its own fund to invest in some listed companies with certain competitive advantages and development potentials in cement industry and the upstream and downstream industrial chain. As at the end of the Reporting Period, the Group's shareholdings in other listed companies are set out as follows:

Stock code	Short name	Initial investment costs (RMB)	Percentage of	Percentage of shareholding at the end of the Reporting Period (%)	Amount purchased during the Reporting Period (RMB)	Amount sold during the Reporting Period (RMB)	Carrying amount at the beginning of the Reporting Period (RMB)	Carrying amount at the end of the Reporting Period (RMB)	Profit/loss recognized during the Reporting Period (RMB)
			shareholding at the beginning of the Reporting Period (%)						
600318	Xinli Finance	38,821,182	6.08	5.68	-	2,551,491	319,465,472	361,427,140	-
2233	WCC	1,449,828,915	21.10	27.43	372,481,714	-	2,370,857,037	3,044,212,293	385,331,480
600881	Yatai Group	491,406,138	-	5.00	491,406,138	-	-	527,948,493	36,542,355
000672	Shangfeng Cement	622,852,981	-	1.77	622,852,981	361,256,278	-	288,722,083	88,418,424
600801	Huaxin Cement	34,736,996	-	-	34,736,996	45,689,132	-	-	10,952,136
0586	Conch Venture	436,304,871	-	0.77	436,304,871	-	-	436,699,701	-
<b>Total</b>		<b>3,073,951,083</b>	<b>-</b>	<b>-</b>	<b>1,957,782,700</b>	<b>409,496,901</b>	<b>2,690,322,509</b>	<b>4,659,009,710</b>	<b>521,244,395</b>

Note: The shares held by the Group in Xinli Finance and Conch Venture were recognized as "other investments in equity instruments", the shares in WCC were recognized as "long-term equity investments" and shares in Yatai Group, Shangfeng Cement and Huaxin Cement were recognized as "held-for-trading financial assets".







## 4. Report of the Directors

On 21 December 2021, the Company and West Construction entered into the Conditional Stock Subscription Agreement and the Conditional Strategic Cooperation Agreement for the proposed subscription of shares under private placing. The Company intended to subscribe for 251,444,577 shares (the final number of shares to be subscribed for shall be subject to the approval of the CSRC) of RMB-denominated common stock (A shares) issued by way of private placing with a total subscription amount of RMB1,760,112,039 in cash. The Company will hold 16.30% of the shares of West Construction, making it the second largest shareholder after such subscription. For details, please refer to the announcement dated 22 December 2021 in relation to proposed subscription of A shares of China West Construction Group Co., Ltd. under private placing (Provisional 2021-48) published on the website of the SSE. As at the end of the Reporting Period, that subscription has not completed.

### 3. Major investments during the Reporting Period

During the Reporting Period, the Company did not have major investment project with a total investment amount exceeding 10% of the audited net assets of the Company of the previous year. For details of the investment projects of the Company during the Reporting Period, please refer to the paragraph headed “1. Overview of Operation Development” under the section headed “(4) Management Discussion and Analysis on the Operations – Analysis on the Operational Conditions for 2021” in Chapter 3 “Management Discussion and Analysis” in this report as well as item 15 under note 5 to the financial statements prepared in accordance with the PRC Accounting Standards.

### 4. Principal majority-owned subsidiaries and invested companies

As at the end of the Reporting Period, the Company had 257 subsidiaries, 10 jointly-controlled entities, and invested in 2 associated entities and 1 joint venture. For details, please refer to notes 17, 18 and 19 to the financial statements of the Company prepared in accordance with IFRSs.

During the Reporting Period, there was no single subsidiary or invested company in which the Company’s share of its net profit or investment income respectively accounted for more than 10% of the net profit of the Company.

## 4. Report of the Directors

### 5. Cooperation and Investment with Private Equity Fund

During the Reporting Period, the Company, China National Building Material Private Equity Fund Management (Beijing) Co., Ltd. (general partner and fund manager, hereinafter referred to as “CNBM Private Equity Fund”) and other limited partners co-funded CNBM (Anhui) New Materials Industry Investment Fund Partnership (limited partnership) (hereinafter referred to as “Industrial Investment Fund”), and the initial fund scale amounted to RMB15 billion. The Company, as a limited partner, shall subscribe for RMB1.6 billion. Meanwhile, CNBM Private Equity Fund and some partners or related parties jointly established CNBM (Anhui) New Materials Fund Management Co., Ltd. (hereinafter referred to as “CNBM New Materials Fund”), with a registered capital of RMB50 million, of which the Company contributed RMB3,809,524, accounting for 7.62% of its registered capital. After the establishment of CNBM New Materials Fund, it has joined the Industrial Investment Fund to act as its general partner and executive partner. As at the end of the Reporting Period, the Industrial Investment Fund has completed industrial and commercial registration and registered at the Asset Management Association of China. The Company has made a paid-in capital contribution of RMB480 million. For details, please refer to the provisional announcements No. 26, 29, 37 and 47 published by the Company on the website of the SSE in 2021. The Company will strictly comply with the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and Guidelines No. 5 for Self-regulatory Rules of Companies Listed on the Shanghai Stock Exchange – Transactions and Related Transactions and relevant requirements, and fulfill information disclosure obligation on a timely basis according to the subsequent development of the Industrial Investment Fund.

## (2) PROFIT APPROPRIATION POLICY AND ITS IMPLEMENTATION

### 1. Formulation and implementation of the Company's cash dividend policy

The Articles provides that the Company shall implement a proactive profit appropriation method, and its profit appropriation policy shall maintain continuity and stability. When distributing profit, the Company shall have regard to the importance of maintaining a reasonable return to investors as well as the sustainable development of the Company. The Company adopts cash dividend distribution as its main profit distribution policy, and the independent non-executive Directors shall expressly give their opinion on the matters concerned. Cash dividends to be distributed by the Company for any financial year shall not be less than 10% of the total distributable profit of the same financial year. When the Board submits a cash dividend distribution proposal to the general meeting of shareholders, it shall proactively communicate with shareholders of the Company, in particular the minority shareholders.

## 4. Report of the Directors

The Board of the Company has attached great importance to the implementation of the cash dividend policy. In formulating the profit distribution proposal, the Board shall strictly follow the requirements of the Articles, consult with the independent Directors, sufficiently consider the opinion and requests of the minority shareholders and make the dividend standard and ratio definite and clear. The Board shall implement the consideration and approval procedures of general meetings and execute the profit distribution proposal in accordance with the resolution of general meetings.

During the Reporting Period, the Company executed the profit distribution proposal for the year 2020 which was approved at the 2020 annual general meeting of the Company. Based on the total number of issued shares of 5,299,302,579 shares as at 31 December 2020, a final cash dividend of RMB2.12 (tax inclusive) per share was paid to all the shareholders of the Company, totaling RMB11,234,521,467.48 (tax inclusive). In June 2021, the above dividend was paid to all the shareholders whose names were recorded in the register of members on the relevant record date. The announcement regarding the implementation of the aforesaid dividend distribution was published on the SSE website, Shanghai Securities Journal and Securities Times on 9 June 2021, as well as the HKEXnews website of the Stock Exchange and the Company's website on 8 June 2021 respectively.

### 2. 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 period ended 31 December 2021 as follows:

- (1) Pursuant to the requirements of the Articles of the Company, the Company shall appropriate 10% of the 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 statutory surplus reserve exceeds 50% of the registered capital of the Company. As the amount of the Company's statutory surplus reserve has 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 (tax inclusive), representing 37.91% of net profit attributable to ordinary shareholders of the Company in the consolidated financial statements of 2021.

## 4. Report of the Directors

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

As far as the Company is aware, as at the date of this report, there was no arrangement under which any shareholder has waived or agreed to waive any dividend proposed to be distributed for the year 2021.

According to the Corporate Income Tax Law of the People's Republic of China (《中華人民共和國企業所得稅法》) and the relevant implementation rules, and the Notice on Issues relating to Withholding and Payment of Corporate Income Tax by Chinese Resident Enterprise over Dividends Distributable to their Holders of H-Shares Who are Overseas Non-resident Enterprises (Guoshuihan [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) promulgated by the State Administration of Taxation on 6 November 2008, the Company is required to withhold and pay corporate income tax at the rate of 10% upon distribution of the final dividend to non-resident enterprise shareholders whose names appear on the H Shares register of members of the Company (including HKSCC Nominees Limited, other nominees, trustees or other entities and organizations, who will be deemed as non-resident enterprise shareholders).

According to the relevant provisions under the Notice on Tax Policies for Shanghai-Hong Kong Stock Connect Pilot Programme (Cai Shui [2014] No. 81) (《關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知(財稅[2014]81號)》) (hereinafter referred to as the "Shanghai-Hong Kong Stock Connect Taxation Policy"), enterprise income tax will be levied according to law on dividend income (which shall be included in its total income) obtained by mainland corporate investors from investing in H shares through Shanghai-Hong Kong Stock Connect, among which, enterprise income tax will be exempted according to law for dividend income obtained by mainland resident enterprises that hold H shares for at least 12 consecutive months. The Company shall not withhold income tax on dividends payable by mainland enterprise investors, and such enterprises shall report and make tax payment by themselves.

According to the Shanghai-Hong Kong Stock Connect Taxation Policy, the Company shall withhold individual income tax at the rate of 20% with respect to dividends received by mainland individual investors for investing in H shares through Shanghai-Hong Kong Stock Connect. For dividends received by mainland securities investment funds investing in H shares through Shanghai-Hong Kong Stock Connect, individual income tax shall be levied on dividends derived therefrom.

## 4. Report of the Directors

Pursuant to the Notice on Issues relating to Collecting Individual Income Tax after Repealing the Document of Guoshuifa [1993] No. 045 (《關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》) promulgated by the State Administration of Taxation and the letter entitled “Tax Arrangements on Dividends Paid to Hong Kong Residents by Mainland Companies” issued by the Stock Exchange, overseas resident individual holders of the shares issued in Hong Kong by domestic non-foreign invested enterprises are entitled to the relevant preferential tax treatment pursuant to the provisions in the tax treaties entered into between the countries where they reside and China and the tax arrangements between the Mainland China and Hong Kong (Macau). The Company shall determine the identity of individual holders of H Shares whose names appear on the H Shares register of members of the Company on 13 June 2022 (Monday) based on their registered addresses. The Company assumes no responsibility and disclaims all liabilities whatsoever in relation to the tax status or tax treatment of the individual holders of H Shares and for any claims arising from any delay in or inaccurate determination of the tax status or tax treatment of the individual holders of H Shares or any disputes over the withholding mechanism or arrangements. The relevant arrangements are detailed as follows:

- (1) For individual holders of H Shares who are Hong Kong or Macau residents and whose country of domicile has entered into a tax treaty with China stipulating a dividend tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H Shares in the distribution of dividend.
- (2) For individual holders of H Shares whose country of domicile has entered into a tax treaty with China stipulating a dividend tax rate of less than 10%, shareholders shall determine by themselves whether they are eligible to the treaty benefits. Those who wish to enjoy treaty benefits shall submit to the Company the information required under the Announcement of the State Administration of Taxation published in relation to the Administrative Measures on Preferential Treatment Entitled by Non-residents under Tax Treaties (Guo Shui Zong [2019] No. 35) 《國家稅務總局關於發佈〈非居民納稅人享受協定待遇管理辦法〉的公告》(國稅總[2019]35號) before 21 June 2022. If the information is considered to be true and complete upon review, the Company will withhold and pay individual income tax at the treaty tax rate on behalf of the individual holders of H Shares. Otherwise, the Company will withhold and pay individual income tax at the rate of 10% on behalf of the individual holders of H Shares. Shareholders who are entitled to but have not enjoyed the treaty treatment and overpay taxes as a result thereof may, by themselves or through the Company, apply to competent tax authorities for the refund of overpaid taxes within the time limit stipulated in the tax levying related laws.



## 4. Report of the Directors

- (3) For individual holders of H Shares whose country of domicile has entered into a tax treaty with China stipulating a dividend tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the actual applicable tax rate stipulated in the relevant tax treaty on behalf of the individual holders of H Shares.

### (3) TAXATION

Details of taxation are set out in notes 8 and 38 to the financial statements prepared in accordance with the IFRSs, and in note 4 “Taxation” and items 19, 25, 38 and 49 under note 5 of “Notes to Consolidated Financial Statements” to the financial statements prepared in accordance with the PRC Accounting Standards.

### (4) MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2021, in the business operation of the Group, the aggregate sales amount of the Group to its five largest customers amounted to RMB8.823 billion, representing 5.25% of the total sales amount of the Group, and the largest customer accounted for 1.40% of the total sales amount of the Group; the aggregate purchase amount from the five largest suppliers amounted to RMB41.95 billion, representing 35.50% of the total purchase amount of the Group, and the largest supplier accounted for 15.02% of the total purchase amount of the Group. So far as is known to the Group, none of the five largest customers and suppliers have any connection with the Group. During the Reporting Period, the new top customers among the five largest customers were Shaanxi Kunyuan Supply Chain Group Co., Limited and Changxing Licheng Construction Development Co., Ltd. and sales amount attributable to them were RMB1,368 million and RMB1,319 million respectively, accounting for 0.81% and 0.79% of the Group’s total sales amount respectively; the new top supplier among the five largest suppliers was Jinneng Holding Shanxi Coal Industry Co., Ltd. with purchase amount of RMB6,901 million, accounting for 5.84% of total purchase amount of the Group.

None of the Directors, Supervisors or their respective close associates (as defined in the HKSE Listing Rules) nor, to the knowledge of the Board, shareholders holding more than 5% of the number of issued shares of the Company had interests in any of the five largest customers or five largest suppliers of the Group for the year ended 31 December 2021.

Cost of major raw materials and energy used by the Group are mainly denominated in RMB.



## 4. Report of the Directors

### (5) LEASEHOLD LAND, PROPERTY, PLANT AND EQUIPMENT

Changes in leasehold land, property, plant and equipment of the Company for the year ended 31 December 2021 were set out in note 14 to the financial statements prepared in accordance with the IFRSs.

### (6) TOTAL ASSETS

As at 31 December 2021, the Group's total assets as determined in accordance with the IFRSs amounting to approximately RMB230.515 billion, representing an increase of approximately RMB28.662 billion over that of the end of last year.

### (7) RESERVES

Changes in the reserves of the Company and the Group for the year ended 31 December 2021 were set out in the consolidated statement of changes in equity and note 39 to the financial statements prepared in accordance with the IFRSs.

### (8) DEPOSITS, LOANS AND CAPITALIZED INTEREST

Details of the Group's loans as at 31 December 2021 were set out in notes 32, 33 and 34 to the financial statements prepared in accordance with the IFRSs. The Group's deposits as at 31 December 2021 were placed with reputable commercial banks. The Group has no entrusted deposits and fixed-term deposits which cannot be withdrawn upon expiry. During the Reporting Period, interest capitalized in respect of construction-in-progress amounted to RMB200,500, details of which were set out in note 7 to the financial statements prepared in accordance with the IFRSs.

### (9) EXCHANGE RATE RISK AND RELATED HEDGING BY FINANCIAL INSTRUMENTS

During the Reporting Period, the Group proactively mitigated foreign exchange fluctuation risks. During the construction phase of overseas projects, the payment incurred was principally made in local currency, Renminbi and US dollars. Imported equipment, fire-resistant tiles and spare parts were mainly settled in US dollars and Euro, while cement, clinker and equipment for export were usually settled in RMB or US dollars. The purchase of raw materials and sales of commodities by overseas companies were mainly settled in local currencies. Any movement in the exchange rates of such foreign currencies against RMB will directly affect the project construction costs, material procurement costs and export sales revenues of the Group.



## 4. Report of the Directors

In order to effectively reduce foreign exchange risk to ensure that the risk level is overall under control, the Group made appropriate financing and foreign exchange receipt and payment arrangements based on the construction progress of overseas projects by adjusting its foreign exchange fund management plan on a timely basis. The Group proactively implemented centralized management, allocation and utilization over foreign funds in domestic and overseas markets by continuing to promote a management model of foreign fund pool, so as to lower costs of exchange settlement and sales, effectively reducing financial expenses. The Group implemented a regional fund pool management model in the same country where the Group invested, so as to complement each other's capital advantage, enhance capital economies of scale, reduce loss from currency exchange and reduce financing costs. Meanwhile, the Group made active response to the impact from unstable overseas political situation and fluctuation of financial economy and foreign exchange market and reasonably controlled the stock of overseas funds to prevent financial risks; made appropriate arrangement of loan funds in combination with the changes of exchange rate and interest rate and leveraged forward instruments as and when appropriate to hedge foreign exchange risks according to the trend of currency exchange rate.

### (10) BUSINESS REVIEW, OUTLOOK AND MAJOR RISK FACTORS

For details on the business review, outlook for 2022 and the major risk factors of the Group, please refer to the section headed chapter 3 “Management Discussion and Analysis” in this annual report.

### (11) COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2021, the Group has complied with the relevant laws and regulations which have a significant impact on the Company.





## 5. Corporate Governance and Corporate Governance Report

### (1) CORPORATE GOVERNANCE

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

The general meeting is the body with the highest authority in the Company and operates in accordance with the Rules of Procedures of General Meeting. During the Reporting Period, legal advisers were present in witness of the convention of general meetings of the Company and legal advice was obtained in connection therewith to ensure that decision-making procedures and contents of general meetings are legal and valid and that shareholders can fully exercise their own rights.

The Board is the decision-making body for business operation of the Company, which is accountable to the shareholders in general meeting. It operates in accordance with the Articles and the Rules of Procedures of Board Meeting. The Board of the Company performs its management duties in a diligent, prudent and responsible manner to facilitate the healthy and stable development of the Company, including organizing the implementation of various resolutions passed by the general meetings, determining the Company's operation plans and investment proposals, formulating the Company's annual financial budget and settlement proposal as well as profit appropriation proposal, formulating significant acquisition plans as well as appointment or dismissal of the general manager and other senior management of the Company. The Board has delegated day-to-day management responsibilities to the executive Directors and senior management of the Company. The management of the Company is the executive unit of daily operation, which is accountable to the Board, with its duties including managing the Company's production and operation, organizing the implementation of the resolutions of the Board, formulating annual production and operation plan and annual financial budget, formulating basic management system and basic rules and regulations of the Company.

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



## 5. Corporate Governance and Corporate Governance Report

Based on the above-mentioned levels of power structure, with regard to the corporate governance, the Company fully applies the principles set out in the Corporate Governance Code under Appendix 14 to the HKSE Listing Rules, and no material difference from the laws, administrative regulations and regulatory documents related to corporate governance of listed company issued by the CSRC was found.

### (2) THE COMPANY'S CONTROLLING SHAREHOLDERS AND ACTUAL CONTROLLERS IN GUARANTEEING THE INDEPENDENCE OF CORPORATE ASSETS, PERSONNEL, FINANCE, ORGANIZATION AND BUSINESS AND OTHER ASPECTS

The controlling shareholders and actual controllers of the Company strictly observe the relevant regulations under the Code of Corporate Governance for Listed Companies in China, and SSE Listing Rules, safeguard the integrity of the Company's assets, protect the Company's rights as a legal person to possess, utilize, obtain profits from and dispose of assets, protect the Company's financial independence, support the independent operation of the Company's Board, Supervisory Committee, business departments and their personnel, and ensure the Company's independent decision-making in various aspects including production and operation, internal management, external investment, and external guarantee, support and cooperate with the Company to fulfill the internal decision-making procedures of major issues in accordance with the law. The Company is entirely independent of its controlling shareholders and actual controllers in aspects including assets, personnel, finance, organizations and businesses, and possesses independent and complete business operation and independent operation capabilities.

### (3) PROCEEDINGS OF THE GENERAL MEETING AND SUPERVISORY COMMITTEE

On 3 February 2021, the first extraordinary general meeting of the Company in 2021 was held in the conference room of the Company. On 28 May 2021, the 2020 annual general meeting of the Company was held in the conference room of the Company. On 8 November 2021, the second extraordinary general meeting of the Company in 2021 was held in the conference room of the Company. Except for Mr. Leung Tat Kwong Simon, an independent non-executive Director, who was unable to attend due to the prevention and control measures of the COVID-19, all the other Directors attended the above three general meetings in person. For voting results of the resolutions passed at the above three general meetings, please refer to the announcements published by the Company on the websites of the Stock Exchange and the Company on 3 February 2021, 28 May 2021 and 8 November 2021 respectively and on the website of the SSE on 4 February 2021, 29 May 2021 and 9 November 2021 respectively.

## 5. Corporate Governance and Corporate Governance Report

The Supervisory Committee monitored the performance of duties of the Directors and senior management and the legal compliance regarding the Company's operation, it did not raise any objection in respect of the matters subject to its supervision during the Reporting Period.

### (4) BASIC INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### Existing Directors and Supervisors

Name	Position	Gender	Age	Tenure
Wang Cheng	Chairman and Executive Director	Male	57	28 May 2021 to 29 May 2022
Leung Tat Kwong Simon	Independent non-executive Director	Male	62	2 June 2016 to 29 May 2022
Zhang Yunyan	Independent non-executive Director	Female	47	30 May 2019 to 29 May 2022
Zhang Xiaorong	Independent non-executive Director	Male	54	3 February 2021 to 29 May 2022
Wang Jianchao	Deputy Chairman and Executive Director	Male	58	21 August 2015 to 29 May 2022
Wu Bin	Executive Director	Male	57	2 June 2016 to 29 May 2022
Li Qunfeng	Executive Director	Male	51	30 May 2019 to 29 May 2022
Zhou Xiaochuan	Executive Director	Male	52	8 November 2021 to 29 May 2022
Wu Xiaoming	Chairman of Supervisory Committee	Male	59	10 October 2017 to 29 May 2022
Wang Pengfei	Supervisor	Male	60	2 June 2015 to 29 May 2022
Liu Tiantian	Staff Representative Supervisor	Male	56	30 May 2019 to 29 May 2022

## 5. Corporate Governance and Corporate Governance Report

### Existing Senior Management

<b>Name</b>	<b>Position</b>	<b>Gender</b>	<b>Age</b>	<b>Date of Appointment</b>
Li Qunfeng	General manager	Male	51	22 September 2021
Li Xiaobo	Deputy general manager	Male	52	23 March 2015
Ke Qiubi	Deputy general manager	Male	59	28 June 2017
Li Leyi	Chief engineer of technical art	Male	60	26 March 2012
Zhou Xiaochuan	Secretary to the Board	Male	52	17 September 2021
Yu Shui	Assistant to general manager	Male	46	27 October 2017
Wu Tiejun	Assistant to general manager	Male	42	27 October 2017
Chiu Pak Yue, Leo	Company secretary (Hong Kong)	Male	59	29 August 2000

### Director and Senior Management resigned during the Reporting Period

<b>Name</b>	<b>Position</b>	<b>Gender</b>	<b>Age</b>	<b>Date of Resignation</b>
Gao Dengbang	Chairman and Executive Director	Male	61	22 April 2021
Yang Mianzhi	Independent non-executive Director	Male	53	3 February 2021
Ding Feng	Non-executive Director	Male	50	17 September 2021
Wu Bin	General manager	Male	57	22 September 2021
Yu Shui	Secretary to the Board	Male	46	17 September 2021

## 5. Corporate Governance and Corporate Governance Report

### Shares of the Company held or traded by Directors, Supervisors and senior management members

Name	Position	Number of shares	Number of	Number of shares
		held as at 31 December 2020 (share)	shares acquired/ sold during the Reporting Period (share)	held as at 31 December 2021 (share)
Li Xiaobo	Deputy General manager	193,000	-	193,000
Ke Qiubi	Deputy General manager	210,445	-	210,445
Liu Tiantian	Staff Representative Supervisor	-	63,500	63,500

According to the shareholding reduction plan submitted by Mr. Ke Qiubi, the deputy general manager, the Company disclosed his plan to reduce shareholdings in the Company on the SSE website on 8 April 2021. During the Reporting Period, Mr. Ke Qiubi has not reduced any shares of the Company. The Company has fulfilled its information disclosure obligations in accordance with the regulations.

On 3 November 2021, Mr. Liu Tiantian, the staff representative supervisor of the Company acquired 63,500 H Shares of the Company through centralized bidding. The Company declared the changes in equity on the websites of the SSE and the Stock Exchange on 4 November 2021.

Save as disclosed above, none of the Directors, Supervisors and senior management members of the Company held or traded any shares of the Company during the Reporting Period.

### Positions held by existing Directors, Supervisors and senior management members of the Company in Conch Holdings, the controlling shareholder of the Company:

Name	Positions held in Conch Holdings	Tenure
Wang Cheng	Chairman	From April 2021 to Present
Wang Jianchao	Director and deputy general manager	From May 2013 to Present
Wu Bin	Deputy general manager	From August 2021 to Present
Li Qunfeng	Deputy director of Technology Center	From May 2016 to Present
Wu Xiaoming	Secretary of the disciplinary committee	From February 2017 to Present
Wang Pengfei	Deputy general manager	From May 2013 to Present
Zhou Xiaochuan	Deputy chief economist	From June 2017 to Present

## 5. Corporate Governance and Corporate Governance Report

### Positions held by existing Directors, Supervisors and senior management members of the Company in other entities:

Name	Positions held in other entities
Wang Cheng	Chairman of Santan (Anhui) Institute of Science and Technology Co., Ltd.
Wu Bin	Supervisor of Anhui Port Logistics Co., Ltd.
Li Qunfeng	① Director of Wuhu Conch Trading Co., Ltd. ② Director of CNBM New Materials Fund
Wu Xiaoming	Chairman of supervisory committee of Conch Profiles and Science
Wang Pengfei	Director of Conch Profiles and Science
Li Xiaobo	① Director of Conch Investment Company ② Director of SPIC Anhui Conch Clean Energy Limited
Yu Shui	Chairman of Wuhu Conch Trading Co., Ltd.
Wu Tiejun	① Director of Conch Design Institute ② Director of Conch New Materials Company ③ Director of Conch Investment Company
Li Leyi	Director of Shanghai Zhizhi Technology Co., Ltd.

### BIOGRAPHY OF EXISTING DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

#### *Executive Directors*

**Mr. Wang Cheng**, Chairman and an executive Director of the Company. Mr. Wang graduated from the Central Party School with a major in economic management. Since 2003, he has held key senior positions in a number of provincial cities including deputy mayor and a member of the standing committee of the municipal committee of Huainan city, deputy secretary of the municipal committee and mayor of the municipal government of Bengbu city. Mr. Wang has a relatively deep understanding of work related to economics, high awareness of innovation and development as well as strong organisational leadership ability. Mr. Wang joined the Group in 2021 and is currently the Chairman of Conch Holdings and a representative of the 13th National People's Congress.



## 5. Corporate Governance and Corporate Governance Report

**Mr. Wang Jianchao**, deputy Chairman and an executive Director of the Company, senior economist. Mr. Wang graduated from Huangshan University and received an MBA degree from Jinan University. He joined the Group in 1982, and had served as deputy head of import and export department of Conch Holdings, head of international business department, head of supply department, head of foreign economic cooperation department, assistant to general manager, deputy general manager and general manager of the Company. He has extensive experience in corporate management.

**Mr. Wu Bin**, an executive Director of the Company and senior economist. Mr. Wu graduated from Anhui Construction Engineering School, and joined the Group in 1983. Mr. Wu held various positions such as deputy head of sales department of Baimashan Cement Plant, deputy director and director of sales department of the Company, officer-in-charge of the Regional Committee in Guangxi, officer-in-charge of the Regional Committee in northern Anhui, and assistant to general manager, deputy general manager and general manager of the Company. Mr. Wu has extensive management experience in corporate management and sales marketing. Mr. Wu was also a representative of the 13th People's Congress of Anhui Province.

**Mr. Li Qunfeng**, an executive Director, general manager, and senior engineer. Mr. Li graduated from Luoyang Technology College and joined the Group in 1994. Mr. Li held various positions such as plant director of the production sub-plant, director of production quality department, assistant to general manager, deputy general manager and general manager of Tongling Conch as well as officer-in-charge of the Regional Committee in the northern Anhui and an assistant to general manager and deputy general manager of the Company. Mr. Li has extensive experience in fields such as corporate management, investment development and cement manufacturing technology.

**Mr. Zhou Xiaochuan**, an executive Director of the Company, the secretary to the Board and senior economist. Mr. Zhou graduated from Anqing Normal University with a bachelor's degree in English Education and joined Ningguo Cement Factory of the Group in 1994 and has served as an assistant to the director of the second-line construction department of Tongling Conch. He has also been the securities affairs representative, secretary to the board, deputy general manager, director, and party deputy secretary of Conch Profiles and Science. He possesses extensive experience in corporate governance and capital markets. Mr. Zhou is currently a deputy chief economist of Conch Holdings.



## 5. Corporate Governance and Corporate Governance Report

### *Independent non-executive Directors*

**Mr. Leung Tat Kwong Simon**, an independent non-executive Director of the Company. Mr. Leung graduated from California State University, Long Beach, the US, with a bachelor of science degree in business computer method and a master's degree in business administration. He is currently the chairman of the board of i-Sprint Innovations Pte Ltd and a director or chairman of its certain subsidiaries. Mr. Leung has rich practical experience in formulating and executing corporate strategy and merger and acquisition of projects. Mr. Leung has served as the managing director of the Greater China region of Sun Microsystems Inc. (a company listed on the NASDAQ (stock code: JAVA)), a director of the fifth session of board of Beijing Teamsun Technology Co., Ltd. (a company listed on the SSE (stock code: 600410)), and an executive director and chief executive officer of Automated Systems Holdings Limited (a company listed on the Stock Exchange (stock code: 771)) and adjunct professor of Zhuhai College of Beijing Institute of Technology. He is currently a director of AsiaSoft Company Limited.

**Ms. Zhang Yunyan**, an independent non-executive Director of the Company. Ms. Zhang is a Sinovation Fellow at Yale University, she obtained an Executive Master of Business Administration degree from the University of Science and Technology of China. Ms. Zhang currently serves as a senior partner and managing partner of Jincheng Tongda & Neal Law Firm (Shanghai). Ms. Zhang has extensive experience in legal services in the areas of securities and capital market, merger, acquisition and restructuring. She was awarded "ALB China Top 15 Female Lawyers for 2020" by ALB, "2021 The A-List Lawyers" by China Business Law Journal, "The Legal 500 2021 Recommended Lawyer for Dispute Resolution in Asia Pacific", and 2021 Legal Award-Best Corporate Lawyer by APAC Insider. Ms. Zhang has served as an independent director of each of Anhui BBKA Biochemical Co., Ltd. and Anhui Sun Create Electronics Co., Ltd. (a company listed on the main board of the SSE, stock code: 600990), and currently is also an independent director of each of Anhui Wenergy Company Limited (a company listed on the main board of the SZSE, stock code: 000543) and Jiangxi Changyun Co., Ltd. (a company listed on the main board of the SSE, stock code: 600561).



## 5. Corporate Governance and Corporate Governance Report

**Mr. Zhang Xiaorong**, an independent non-executive Director of the Company. Mr. Zhang obtained a master's degree in business administration from the School of Management, Fudan University and is admitted as a certified public accountant. He previously worked in the commercial audit office of the Shanghai Municipal Audit Bureau, Shanghai Oriental Pearl (Group) Co., Ltd. and Shanghai Certified Public Accountants and is currently the head partner and chief accountant of Shanghai Certified Public Accountants (Special General Partnership). Mr. Zhang has been working in the certified public accountant industry for more than 25 years. He has participated in hundreds of government and social audits. Mr. Zhang is relatively familiar with PRC's industrial, accounting and taxation, and corporate and commercial policies. He has rich experience in company restructuring, listing, placing of shares, acquisitions and mergers. Mr. Zhang is currently an independent director of each of Wanhua Chemical Group Co., Ltd. (a company listed on the main board of the SSE stock code: 600309), Shanghai Action Education Technology Co., Ltd. (a company listed on the main board of the SSE stock code: 605098) and Shanghai Bairun Investment Holding Group Co., Ltd. (a company listed on the main board of the SZSE stock code: 002568).

### **Supervisors**

**Mr. Wu Xiaoming**, chairman of the Supervisory Committee of the Company. Mr. Wu graduated from Nanchang Army College, and assumed certain positions including the staff officer and deputy director of Operation Office II of Warfare Department of Nanjing Military Command, chief of staff of Anqing military division of Anhui Province, the standing committee member of Xuancheng Municipal Party Committee and the commander of the military division, as well as the standing committee member of Wuhu Municipal Party Committee and the commander of the military division. Mr. Wu joined Conch Holdings in 2017 and is currently a member of the party committee and secretary of the disciplinary committee of Conch Holdings and the chairman of the supervisory committee of Conch Profiles and Science.

**Mr. Wang Pengfei**, a Supervisor of the Company. Mr. Wang graduated from Sichuan Jiangyou Technical School and joined the Group in 1984. He held positions such as deputy plant director of Ningguo Cement Plant, chairman of Zongyang Conch, chairman of Huaining Conch, chairman of Digang Conch, chairman of Wuhu Conch and deputy general manager of the Company, and currently he also serves as the deputy general manager of Conch Holdings and a director of Conch Profiles and Science.

**Mr. Liu Tiantian**, a staff representative Supervisor of the Company and a senior economist. Mr. Liu graduated from Shanghai Institute of Building Materials Industry and joined the Group in 1987. He served as assistant to general manager of Tongling Conch, deputy officer-in-charge of the Regional Committee in northern Anhui, officer-in-charge of the general manager office of Conch Holdings, and officer-in-charge of the office of the board of Conch Holdings, and a member of the party committee of Wuhu Conch.



## 5. Corporate Governance and Corporate Governance Report

### **Senior Management**

**Mr. Li Xiaobo**, deputy general manager of the Company, a senior engineer. Mr. Li graduated from Tianjin Building Materials School and joined the Group in 1990. He held various positions such as assistant to the head, deputy head and executive deputy head of equipment department of the Company, executive deputy general manager of Prosperity Conch, chairman and general manager of Chongqing Conch, chairman and general manager of Dazhou Conch, officer-in-charge of the Regional Committee in Sichuan and Chongqing, officer-in-charge of the Regional Committee in northern Anhui and assistant to general manager of the Company. He has extensive experience in engineering technology of cement and equipment management. Mr. Li is now also the central regional president of the Company.

**Mr. Ke Qiubi**, deputy general manager of the Company, senior engineer. Mr. Ke graduated from Wuhan Industrial University and joined the Group in 1986. He held various positions including the deputy head of the mining sub-plant of Ningguo Cement Plant, executive deputy general manager of Chizhou Conch, deputy general manager of Zongyang Conch, officer-in-charge of the Regional Committee in Sichuan and Chongqing, head of the mineral resources department, assistant to general manager of the Company and the officer-in-charge of the Regional Committee in Indonesia. He has rich experience in artistic and technology innovation and corporate management. Mr. Ke is now also the southwest regional president and the director of the engineering and technology department of the Company.

**Mr. Li Leyi**, chief engineer of technical art of the Company, senior engineer. Mr. Li graduated from Wuhan Industrial University and joined the Group in 1983. He held various positions such as plant director of the production sub-plant of Ningguo Cement Plant, deputy chief engineer of Tongling Conch, general manager of Zongyang Conch, officer-in-charge of the production coordination centre of the Company and officer-in-charge of the Regional Committee in Guizhou. He took charge of a number of technological reform projects for cement production and has extensive experience in technical art design, technology innovation, production organization and corporate management. Mr. Li is now also the northwest regional president of the Company.

**Mr. Yu Shui**, assistant to general manager and assistant economist. Mr. Yu graduated from Anhui University, majoring in economics. Mr. Yu joined the Group in 1997 and has held various positions such as deputy director of the control room of the sales department, assistant to director, deputy director and executive deputy director of the sales department, executive deputy general manager of each of Bengbu Conch, Huainan Conch and Changfeng Conch, general manager of Indonesia South Conch, and deputy officer-in-charge of Regional Committee in northern Anhui. He has extensive management experience in marketing. Mr. Yu is now also the president of Yangtze River delta region and the head of the sales department of the Company.

## 5. Corporate Governance and Corporate Governance Report

**Mr. Wu Tiejun**, assistant to general manager of the Company, engineer. Mr. Wu graduated from Wuhan University of Technology and joined the Group in 2001. He has held various positions such as assistant to general manager, deputy general manager, executive deputy general manager and general manager of Chizhou Conch, general manager of Prosperity Conch, and officer-in-charge of Regional Committee in Guangdong. He is well experienced in production and operation management. Mr. Wu is also the president of Greater Bay Area and the head of the safety production and environmental protection department of the Company.

### ***Secretaries to the Board (Company Secretaries)***

**Mr. Zhou Xiaochuan**, please refer to the biography of “Executive Directors” above.

**Mr. Chiu Pak Yue, Leo**, the company secretary (Hong Kong) of the Company, is a Hong Kong practicing solicitor. He graduated from The University of Hong Kong. He is a partner of Chiu & Partners, Solicitors. Mr. Chiu has handled a variety of financial and commercial legal matters in Hong Kong and for multinational companies, including listing, merger and acquisition, private issuance and corporate restructuring.

### **(5) APPOINTMENT OR CESSATION IN OFFICE OF DIRECTORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD**

On 3 February 2021, upon approval at the first extraordinary general meeting of the Company in 2021, Mr. Zhang Xiaorong was appointed as an independent non-executive Director of the eighth session of the Board of the Company. His term of office became effective from 3 February 2021 till the date of expiry of the term of the eighth session of the Board. The resignation of Mr. Yang Mianzhi as an independent non-executive director became effective on 3 February 2021.

On 22 April 2021, due to personal pursuit of other work commitments, Mr. Gao Dengbang tendered a written resignation report to the Board of the Company and applied for resignation from his roles as Chairman and executive Director which took effect from the same date.

On 28 May 2021, upon approval at the 2020 annual general meeting of the Company, Mr. Wang Cheng was appointed as an executive Director of the eighth session of the Board of the Company. On the same date at the eighth meeting of the eighth session of the Board of the Company, Mr. Wang Cheng was unanimously elected as the Chairman of the eighth session of the Board of the Company. His term of office became effective from 28 May 2021 until the expiry of the term of the eighth session of the Board of the Company.

## 5. Corporate Governance and Corporate Governance Report

On 17 September 2021, due to personal job adjustment, Mr. Ding Feng tendered a written resignation report to the Board of the Company and applied for resignation from his role as non-executive Director which took effect from the same date. On the same date, in accordance with the Company's operation and management requirements and upon consideration and approval by the Board of the Company, Mr. Yu Shui ceased to act as the secretary to the Board of the Company and the Board has unanimously agreed to appoint Mr. Zhou Xiaochuan to serve as the secretary to the Board of the Company.

On 22 September 2021, due to personal pursuit of other work commitments, Mr. Wu Bin tendered a written resignation report to the Board of the Company and applied for resignation from his role as the general manager of the Company which took effect from the same date. On the same date, according to the recommendation of the Remuneration and Nomination Committee of the Board, the Board unanimously agreed to appoint Mr. Li Qunfeng as the general manager of the Company.

On 8 November 2021, upon approval at the second extraordinary general meeting of the Company in 2021, Mr. Zhou Xiaochuan was appointed as an executive Director of the eighth session of the Board of the Company. His term of office became effective from 8 November 2021 till the date of expiry of the term of the eighth session of the Board.

The Board would like to extend its sincere gratitude to above resigned Directors and senior management for their contribution to the Company's operation and development during their tenure.

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

### **(6) LETTER OF APPOINTMENT AND INTERESTS IN CONTRACTS OF DIRECTORS AND SUPERVISORS**

The Company has entered into a service contract with each of the Directors, Supervisors and senior management. For details of the term of the service contract, please refer to the above section headed "(4) BASIC INFORMATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT".

During the Reporting Period, none of the Directors, Supervisors or any entity connected with such Director or Supervisor is or was materially interested, either directly or indirectly, in any transaction, arrangement or contract entered into by the Company or any its subsidiaries subsisting during or at the end of the current year.



## 5. Corporate Governance and Corporate Governance Report

During the Reporting Period, none of the Directors or Supervisors of the Company entered into a service contract with any member of the Group which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

During the Reporting Period and up to the date of this annual report, no permitted indemnity provision which benefits the Directors (including former Directors) of the Company or any director (including former directors) of the associated companies of the Company was or is currently in force.

During the Reporting Period, the Company has bought and maintained director and senior management liability insurance for proper insurance cover to the Directors and senior management in respect of certain legal actions.

### (7) INTERESTS OF DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE IN SHARE CAPITAL

On 3 November 2021, Mr. 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 SFO, a disclosure of interests notice disclosing the relevant event was submitted to the Stock Exchange on 4 November 2021.

Save for the above, during the Reporting Period, none of the Directors, Supervisors and chief executive of the Company and 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), nor had they 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 otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

## 5. Corporate Governance and Corporate Governance Report

### (8) REMUNERATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT FOR THE YEAR

#### 1. Decision-making process and basis for determining remuneration

The Remuneration and Nomination Committee under the Board is responsible for formulating the remuneration policy and the remuneration proposals of Directors and senior management of the Company with reference to its written terms of reference. The remuneration of Directors and internal Supervisors of the Company was determined and paid in accordance with the accomplishment of annual targets and works assigned and the operating performance of the Company. For details of the remuneration of senior management of the Company, please refer to “(12) Establishment and Implementation of an Appraisal and Incentive Mechanism for Senior Management” under this chapter of this report.

#### 2. Remuneration received by Directors, Supervisors and senior management from the Company for the year

##### Annual remuneration of existing Directors, Supervisors and senior management

		(Unit: RMB)
Name	Position	Remuneration/allowance before-tax
Wang Cheng	Chairman and Executive Director	0
Wang Jianchao	Deputy Chairman and Executive Director	0
Wu Bin	Executive Director	1,826,162
Li Qunfeng	Executive Director, general manager	2,808,658
Zhou Xiaochuan	Executive Director, secretary to the Board	1,359,916
Leung Tat Kwong Simon	Independent non-executive Director	148,188
Zhang Yunyan	Independent non-executive Director	151,471
Zhang Xiaorong	Independent non-executive Director	151,471
Wu Xiaoming	Chairman of Supervisory Committee	0
Wang Pengfei	Supervisor	0
Liu Tiantian	Staff Representative Supervisor	2,317,177
Li Xiaobo	Deputy general manager	2,533,886
Ke Qiubi	Deputy general manager	2,256,797
Li Leyi	Chief engineer of technical art	2,264,558
Yu Shui	Assistant to general manager	2,110,987
Wu Tiejun	Assistant to general manager	2,002,263
<b>Total</b>		<b>19,931,534</b>

## 5. Corporate Governance and Corporate Governance Report

- Notes: 1. The above-mentioned annual remunerations included basic salary, bonus, housing provident fund, enterprise annuities, and various insurances paid by the individual and the Company.
2. During the Reporting Period, Mr. Leung Tat Kwong Simon, Ms. Zhang Yunyan and Mr. Zhang Xiaorong did not receive any remuneration from the Company and will not request the Company for payment of remuneration for the Reporting Period. The amounts listed in the above table are allowances paid by the Company to them.
3. Mr. Wang Cheng, Mr. Wang Jianchao, Mr. Wu Xiaoming and Mr. Wang Pengfei did not receive any remuneration from the Company.
4. The remuneration of Mr. Wu Bin listed in the above table is the amount received from the Company from January to August 2021 and his remuneration for September to December 2021 was paid by Conch Holdings. The remuneration of Mr. Zhou Xiaochuan listed in the above table is the amount received from the Company from October to December 2021 and his remuneration for January to September 2021 was paid by Conch Holdings.

### Annual remuneration of resigned Directors and senior management during the Reporting Period

During the Reporting Period, Mr. Gao Dengbang, resigned Chairman and executive Director, Mr. Ding Feng, resigned non-executive Director and Mr. Yang Mianzhi, resigned independent non-executive Director did not receive any remuneration from the Company. Annual remuneration of Mr. Wu Bin, resigned general manager (who remains as an executive Director) and Mr. Yu Shui, the resigned secretary to the Board (who remains as the assistant to general manager) was disclosed above.

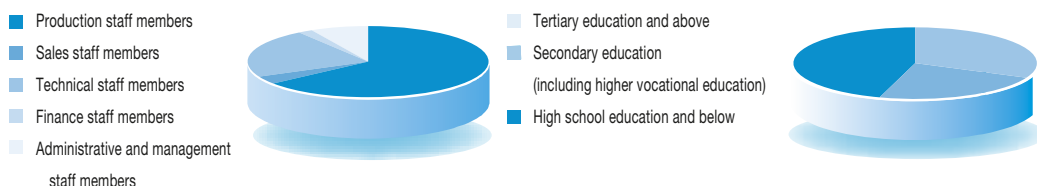
### (9) HIGHEST PAID INDIVIDUALS

During the Reporting Period, all of the five highest paid individuals of the Group are senior management members of the Company. For details of their remuneration, please refer to the above section headed “(8) Remuneration of Directors, Supervisors and Senior Management for the Year” and note 9 to the financial statements prepared in accordance with the IFRSs in this annual report.

## 5. Corporate Governance and Corporate Governance Report

### (10) EMPLOYEES

As at 31 December 2021, there were 46,714 staff members under the employment of the Group, of which 30,392 were production staff members, 1,446 were sales staff members, 10,355 were technical staff members, 777 were finance staff members, 3,744 were administrative and management staff members. 16,463 of them received tertiary education and above, 11,831 had secondary education (including higher vocational education), and 18,420 received high school education and below. The professional structure and education background of the employees are set out below:



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

During the Reporting Period, based on the training management systems at its head office, regional entities and subsidiaries, the Group continued to innovate the training methods, comprehensively organised and provided multi-level and diversified training programmes, with an aim to enhance the management capability of the cadres and strengthen the professional skills of the staff. Leveraging on the external training resources, the headquarters of the Group provided off-the-job training for the cadres, thus effectively improving the cadres' ability in production, operation and management and continuously improving the establishment of youth talent team. Efforts were made by each regional branch to strengthen trainings for middle management staff, so as to improve their professional management capability. Meanwhile, the Group explored the idea of construction of regional training center to centralize regional high-quality resources and conduct centralized training for different professional management personnel within the region, thereby establishing a more mature and complete training system of the cadre team. In light of the actual training needs, the Group's subsidiaries also provided daily training for staff from different functions and departments, so as to secure adequate reserve of human resources for stable production and effective management control. At the same time, The Group continued to innovate training methods, developed micro-courses, thereby enhancing the pertinency and effectiveness of the training and further improving the training system of the Company. With regard to the cultivation of the newly recruited talent, the



## 5. Corporate Governance and Corporate Governance Report

Group comprehensively promoted the pre-job training mechanism for graduates from universities and colleges, and the head office and subsidiaries in various regions respectively organized the “Conch Cement Talent Fostering Plan (海英計劃)” and “Conch Cement Star Plan (海星計劃)” as pre-job training classes for graduates from universities and colleges, which assist the trainees to adapt to their new roles quickly, enhance their sense of recognition and sense of belonging towards the Company.

The Company was not liable for the payment of fee of the resigned and retired employees.

### (11) STOCK OPTION INCENTIVE SCHEME

During the Reporting Period, the Group did not implement any share option scheme.

### (12) ESTABLISHMENT AND IMPLEMENTATION OF AN APPRAISAL AND INCENTIVE MECHANISM FOR SENIOR MANAGEMENT

In combination with the Company’s development planning, the Company assesses, provides incentive for and regulates its senior management by establishing an annual remuneration system for the senior management and entering into the Annual Targets Responsibility Letter. At the beginning of the year, by combining the responsibilities and division of labour of members of senior management and members of operating units at subsidiaries, the Company and such personnel enter into the Annual Targets Responsibility Letter in respect of key performance indicators such as annual production and sales volume, profit, costs, and management objectives and requirements of annual performance of duties. At the end of the year, such members of senior management and members of operating units at subsidiaries will be assessed by a professional comprehensive examination and performance appraisal team set up by the Company as to the review of annual business performance and the fulfillment of the key performance indicators, and the integrated appraisal of annual performance of duties of such members, who will then be awarded with annual remuneration according to the assessment results of the Annual Targets Responsibility Letter and comprehensive appraisal results.

### (13) PENSION INSURANCE

Details of the pension insurance are set out in Note 7(b) to the financial statements prepared in accordance with the IFRSs. Contributions to pension insurance recorded in the income statement of the Group for the year ended 31 December 2021 amounted to RMB733.86 million.

## 5. Corporate Governance and Corporate Governance Report

### (14) STAFF HOUSING

Under the relevant requirements of the PRC government, contributions based on a certain percentage of the employees' salaries shall be made by the Group to the housing provident fund. Save for the above, the Group has no other liabilities. For the year ended 31 December 2021, the total housing provident fund paid by the Group amounted to approximately RMB543.93 million.

### (15) CORPORATE GOVERNANCE

#### 1. Corporate Governance Code and Corporate Governance Report

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

#### 2. Securities Transactions by Directors

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

#### 3. The Board

As at 31 December 2021, composition of the Board of the Company is as follows:

<b>Name</b>	<b>Position</b>
Wang Cheng	Chairman and Executive Director
Wang Jianchao	Deputy Chairman and Executive Director
Wu Bin	Executive Director
Li Qunfeng	Executive Director
Zhou Xiaochuan	Executive Director
Leung Tat Kwong Simon	Independent non-executive Director
Zhang Yunyan	Independent non-executive Director
Zhang Xiaorong	Independent non-executive Director

There was no financial, business, family or other material relationship among members of the Board and between the Chairman and the chief executive officer (namely, the general manager).



## 5. Corporate Governance and Corporate Governance Report

During the Reporting Period, three physical meetings and four telephone meetings of the Board of the Company were held. In addition, voting on resolutions was conducted by means of written resolutions, with a total of 117 resolutions passed during the Reporting Period. The convening of each Board meeting is set out as follows:

- (1) On 7 January 2021, the fifth meeting of the eighth session of the Board was held by the Board of the Company by means of telecommunication and all Directors were present at the meeting. (1) The resolution regarding the nomination of Mr. Zhang Xiaorong as a candidate of an independent non-executive Director of the eighth session of the Board; and (2) the notice of the first extraordinary general meeting in 2021 were considered and passed at the meeting.
- (2) On 25 March 2021, the sixth meeting of the eighth session of the Board was held in the conference room of the Company and all Directors were present at the meeting (among them, Mr. Leung Tat Kwong Simon, an independent non-executive Director, attended the meeting by means of telecommunication). A total of 12 resolutions including the general manager's report of the Company for the year 2020 and the business plan and target for year 2021, the financial reports for year 2020 prepared in accordance with the IFRSs and the PRC Accounting Standards respectively, the annual report for year 2020 and its summary and results announcement, the internal control assessment report for year 2020 and social responsibility report for year 2020 were considered and approved at the meeting (for details, please refer to the announcements published on the websites of the Stock Exchange and the Company on 25 March 2021 and on the website of the SSE on 26 March 2021 respectively).
- (3) On 22 April 2021, the seventh meeting of the eighth session of the Board was held by the Board of the Company by the means of telecommunication and all Directors were present at the meeting. (1) The resolution regarding temporary fulfillment of duties of the chairman and legal representative of the Company by the vice chairman of the Company; and (2) the resolution regarding the nomination of Mr. Wang Cheng as the candidate of an executive Director of the eighth session of the Board of the Company were considered and approved at the meeting.



## 5. Corporate Governance and Corporate Governance Report

- (4) On 28 May 2021, the eighth meeting of the eighth session of the Board was held in the conference room of the Company. Mr. Leung Tat Kwong Simon, an independent non-executive Director, whose ordinary place of residence is Hong Kong, was unable to attend the meeting in person due to the epidemic prevention and control measures. He authorised Ms. Zhang Yunyan, an independent non-executive Director, to attend and vote on his behalf. Save as disclosed above, all the other Directors attended the meeting in person. The chairman of the eighth session of the Board of the Company was elected at the meeting.
- (5) On 27 August 2021, the ninth meeting of the eighth session of the Board was held in the conference room of the Company and all the Directors were present at the meeting (of which, Mr. Leung Tat Kwong Simon, Ms. Zhang Yunyan and Mr. Zhang Xiaorong, all being independent non-executive Directors, attended the meeting by means of telecommunication). (1) The unaudited financial reports of the Company and its subsidiaries for the six months ended 30 June 2021, prepared in accordance with the PRC Accounting Standards and the IFRSs respectively; (2) the 2021 interim report of the Company and its summary and interim results announcement; and (3) the Company's general manager's work report for the first half of 2021 were considered and approved at the meeting.
- (6) On 17 September 2021, the Board meeting of the Company was held by means of telecommunication and all Directors were present at the meeting. (1) The resolution regarding the nomination of Mr. Zhou Xiaochuan as a candidate of an executive Director of the eighth session of the Board; and (2) the resolution regarding change of Board secretary of the Company were considered and passed at the meeting.
- (7) On 22 September 2021, the Board meeting of the Company was held by means of telecommunication and all Directors were present at the meeting. The resolution regarding the appointment of Mr. Li Qunfeng as a general manager of the Company was considered and passed at the meeting.

## 5. Corporate Governance and Corporate Governance Report

The attendance of Board meetings held and voting rates of the Directors during their respective terms of office are set out as follows:

<b>Name</b>	<b>Attendance rate of meeting</b>	<b>Voting rate of resolutions</b>
Wang Cheng	100%	100%
Wang Jianchao	100%	100%
Leung Tat Kwong Simon <sup>note 1</sup>	100%	100%
Zhang Yunyan	100%	100%
Zhang Xiaorong	100%	100%
Wu Bin	100%	100%
Li Qunfeng	100%	100%
Zhou Xiaochuan	100%	100%
Gao Dengbang <sup>note 2</sup>	100%	100%
Yang Mianzhi <sup>note 3</sup>	100%	100%
Ding Feng <sup>note 4</sup>	100%	100%

Notes: 1. Mr. Leung Tat Kwong Simon, whose ordinary place of residence is Hong Kong, was unable to attend the eighth meeting of the eighth session of the Board held by the Company on 28 May 2021 in person due to the epidemic prevention and control measures. He authorised Ms. Zhang Yunyan to attend and exercise the right to vote on his behalf.

2. Mr. Gao Dengbang has ceased to be the chairman and an executive Director of the Company since 22 April 2021.

3. Mr. Yang Mianzhi has ceased to be an independent non-executive Director of the Company since 3 February 2021.

4. Mr. Ding Feng has ceased to be a non-executive Director of the Company since 17 September 2021.



## 5. Corporate Governance and Corporate Governance Report

During the Reporting Period, the Board performed its duties and exercised its powers pursuant to Chapters 11 and 11A of the Articles, and the management performed its duties and exercised its powers pursuant to Chapter 13 of the Articles. In addition, the Board performed the functions set out in the Code Provision A.2.1. The Board convened meetings to develop, review and monitor the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, policies and practices on compliance with legal and regulatory requirements as well as compliance of the Model Code and compliance manual by the employees and Directors. Please refer to Chapter 4 "Report of the Directors" of this annual report for details of the work performed by the Board, and Chapter 3 "Management Discussion and Analysis" of this annual report for details of the work performed by the management.

### 4. Directors' Continuous Training and Development

Directors shall participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Directors are committed to complying with Code Provision C.1.4 on Directors' training.

The Company arranged proper continuous professional development trainings for the Directors by various modes and channels such as holding seminars, providing study materials, arranging the Directors to participate in seminars held by securities regulatory authorities, domestic and overseas stock exchanges, listed company associations and professional agencies, collecting and compiling market regulatory development and information on a regular basis which were sent to the Directors for reference by way of e-mail or as a report, so as to ensure that they have an understanding of the business and operation of the Company, market environment, as well as their obligations and liabilities under the listing rules, common laws and relevant regulatory requirements to fulfill their duties.

For the year ended 31 December 2021, all Directors had participated in continuous professional development training.

## 5. Corporate Governance and Corporate Governance Report

### 5. Chairman and Chief Executive Officer

Mr. Wang Cheng and Mr. Li Qunfeng acted as the Chairman and the chief executive officer (i.e. the general manager) of the Company respectively.

The principal duties of the Chairman are: (a) to lead the Board and ensure that the Board operates effectively, duly performs its duties and has discussion on all significant matters in a timely and appropriate manner; (b) to ensure that all the Directors at the Board meetings are properly informed of the subject matters under discussion; (c) to ensure that the Directors receive sufficient information, which should be accurate, explicit, comprehensive and reliable, on a timely basis; and (d) to review the implementation of the Board resolutions.

The principal duties of the chief executive officer (general manager) are: (a) to oversee the management of the daily production and operations of the Group with the assistance of executive Directors and senior management; (b) to implement major strategies and development plans adopted by the Board, including coordination and implementation of the Board resolutions, annual business plans and investment proposals of the Company; (c) to prepare the proposal on the establishment of internal management structure, to organize and formulate the roles and responsibilities of various departments, requirements of various offices and professional management procedures, and to formulate the basic management system and the standards for performance appraisal of management officers of various levels; (d) to propose the appointment, dismissal or re-designation of deputy general managers or financial officers of the Company; (e) to convene and chair the meetings of the chief executive officer (general manager) and professional management seminars; and (f) to perform other duties and exercise other powers delegated by the Articles and the Board.

### 6. Tenure of Non-executive Directors and Independence Confirmation of Independent Non-Executive Directors

For the tenure of the existing non-executive Directors of the Company, please refer to the above section headed “(4) Basic Information of Directors, Supervisors and Senior Management” of this Chapter.

The Company has received confirmation letters for the year from independent non-executive Directors, namely, Mr. Leung Tat Kwong Simon, Ms. Zhang Yunyan and Mr. Zhang Xiaorong in respect of their independence pursuant to Rule 3.13 of the HKSE Listing Rules. The Company confirms their independence and is of the opinion that all independent non-executive Directors are independent.



## 5. Corporate Governance and Corporate Governance Report

During the Reporting Period, in accordance with the requirement of the Articles of Association, the Work System for Independent Directors, the Terms of Reference of the Remuneration and Nomination Committee and the Terms of Reference of the Audit Committee, and upholding the principle of honesty and diligence, the independent non-executive Directors performed their duties to the best of their ability, attended board meetings held by the Company, convened professional committee meetings, listened to the report of the Company's management on the Company's production and operation conditions and major events in a timely manner, and held a telephone conference with the Chairman of the Company without the presence of other Directors to discuss relevant matters. They participated in various major decisions of the Company, put forward reasonable opinions and suggestions from their respective professional perspectives for the Company's business development, and protected the interests of minority Shareholders in accordance with the law. The independent non-executive Directors reviewed the Company's external guarantees and related-party (connected) transactions for the year ended 31 December 2021, and issued independent opinions on relevant matters.

### 7. Remuneration and Nomination Committee of the Board

Pursuant to the HKSE Listing Rules, the Board of the Company has established the Remuneration and Nomination Committee under the Board, which is principally responsible for formulating the remuneration policy for the Directors and senior management of the Company, determining the remuneration package for each of the Directors and senior management, and developing the succession plan of the Directors, etc. The Remuneration and Nomination Committee also assesses the performance of executive Directors and approves the terms of executive Directors' service contracts. The Remuneration and Nomination Committee is a non-standing committee under the Board, and is accountable to the Board.

The Remuneration and Nomination Committee regularly reviews the structure, number of members and composition of the Board and makes recommendations to the Board on any proposed changes or on an "as needed" basis. The Remuneration and Nomination Committee has formulated the diversity policy of the Board, under which candidates of Directors of different ages and educational backgrounds shall be selected and recommended to facilitate the stable and healthy development of the Company. Selected and recommended candidates of Directors shall have extensive experiences in such fields such as corporate management, marketing and financial management. When nominating Directors, the Board would mainly consider the following factors: (i) professional skills, experience and expertise; (ii) culture; (iii) gender; and (iv) age. Such factors will be reviewed by the Board from time to time to ensure the progress made towards achieving those objectives. The Board shall review the effectiveness of the policy every year and actively identify suitable candidates for Directors.



## 5. Corporate Governance and Corporate Governance Report

When making recommendations regarding the appointment of any proposed candidate for Directors, the Remuneration and Nomination Committee shall consider a variety of factors including but not limited to the following in assessing the suitability of a proposed candidate:

- (a) the needs of the Board and the respective committees of the Board and the current size and composition of the Board;
- (b) the proposed candidate's character, experience and integrity;
- (c) accomplishment and reputation in the business and other relevant sectors relating to the Group's business or development;
- (d) commitment in respect of sufficient time and attention to the Company's business;
- (e) assess the candidates in accordance to the diversity policy of the Board;
- (f) the ability to assist and support management and make significant contributions to the Company's success;
- (g) the proposed candidate's understanding of the fiduciary duties that are required of a Director and the commitment of time and effort necessary to diligently carry out those responsibilities; and
- (h) any other factors as the Remuneration and Nomination Committee may deem fit to consider in the best interests of the Company and shareholders of the Company.

Once the Remuneration and Nomination Committee determines that an additional or replacement director is required, it may take such measures that it considers appropriate in connection with its evaluation of a candidate, including candidate interviews, inquiry of the person or persons making the recommendation or nomination, gather additional information externally, or reliance on the information supplied by the members of the Remuneration and Nomination Committee, the Board or management.

As of the end of the Reporting Period, the Board of the Company comprised eight Directors, of whom three are independent non-executive Directors. The Board is characterized by significant diversity in aspects such as professional skills, experience, age and culture, thereby promoting critical review and control of the management process of the Company.

## 5. Corporate Governance and Corporate Governance Report

During the Reporting Period, the Company made adjustment to the composition of the Remuneration and Nomination Committee. Since 25 March 2021, Mr. Wang Jianchao and Mr. Wu Bin have ceased to be the members of the Remuneration and Nomination Committee. After adjustment, the Remuneration and Nomination Committee comprised three members, namely Mr. Leung Tat Kwong Simon, Ms. Zhang Yunyan and Mr. Zhang Xiaorong, (Mr. Yang Mianzhi has ceased to assume the role since 3 February 2021 and Mr. Zhang Xiaorong has served as a member of the Remuneration and Nomination Committee since 3 February 2021) with Mr. Leung Tat Kwong Simon acting as the chairman.

During the Reporting Period, the Remuneration and Nomination Committee held five meetings, all of the committee members attended each meeting. The first meeting was held on 7 January 2021, at which the committee considered and approved the resolution regarding the nomination of Mr. Zhang Xiaorong as a candidate of an independent non-executive Director of the eighth session of the Board of the Company. The second meeting was held on 25 March 2021, at which the committee (i) considered and approved the remuneration of the senior management of the Company for year 2020 and the remuneration appraisal targets of the senior management of the Company for year 2021; and (ii) review and endorse the current structure, number and composition of the Board. In 2020, the Company did not appoint any new Directors. The third meeting was held on 22 April 2021, at which the committee considered and approved the resolution regarding the nomination of Mr. Wang Cheng as the candidate of an executive Director of the eighth session of the Board of the Company. The fourth meeting was held on 17 September 2021, at which the committee considered and approved: (i) resolution regarding the nomination of Mr. Zhou Xiaochuan as a candidate of an executive Director of the eighth session of the Board of the Company; and (ii) resolution regarding the nomination of Mr. Zhou Xiaochuan as the secretary to the Board of the Company. The fifth meeting was held on 22 September 2021, at which the committee considered and approved the resolution regarding the nomination of Mr. Li Qunfeng as the general manager of the Company.

The Remuneration and Nomination Committee reviewed the remunerations of the Directors, Supervisors and members of senior management of the Company as disclosed for year 2021 and considered that their respective remunerations were in line with the relevant requirements of the remuneration policy of the Company and were consistent with the annual performance appraisal results.

For details of the remuneration policy of the Directors, Supervisors and senior management, please refer to the paragraph headed “1. Decision-making process and basis for determining remuneration” of “(8) Remuneration of Directors, Supervisors and Senior Management for the year” in this chapter above.



## 5. Corporate Governance and Corporate Governance Report

### 8. Audit Committee of the Board

The Board has established the Audit Committee under the Board pursuant to the HKSE Listing Rules and the requirements of the CSRC to monitor the independence and work efficiency of external auditors, the financial reporting procedures and efficiency of the internal control system of the Company, in order to assist the work of the Board. The Audit Committee is a non-standing committee under the Board and is accountable to the Board.

In order to ensure the Audit Committee's effectiveness in execution of its duties, the Company has formulated the relevant regulations such as the Terms of Reference of the Audit Committee and the Regulation on the Work of the Audit Committee on Annual Report. The Terms of Reference of the Audit Committee stipulates the number and qualification criteria of committee members, defines the duties and powers of the committee and prescribes the convention of the committee meetings and reporting procedures to the Board. The Regulation on the Work of the Audit Committee on Annual Report defines the specific work required to be carried out by the Audit Committee in connection with the preparation and disclosure of the annual report of the Company, which mainly includes: studying and understanding the relevant requirements of the CSRC and other regulatory authorities in relation to the preparation of annual report, liaising and determining the audit work schedule with the auditors for the annual audit, supervising the submission of the audit report by the auditors for the annual audit within the agreed time frame, reviewing the financial statements of the Company before the commencement of audit work and after the issue of preliminary audit opinion by the auditors for annual audit, submitting to the Board the assessment report of the audit work of the Company for the year conducted by the auditors for annual audit and proposing the resolution on the re-appointment or replacement of the auditors for the following year.

During the Reporting Period, the Audit Committee under the Board of the Company comprised three members, namely Mr. Zhang Xiaorong, Mr. Leung Tat Kwong Simon, and Ms. Zhang Yunyan with Mr. Zhang Xiaorong acting as the chairman (Mr. Yang Mianzhi has ceased to assume the role since 3 February 2021 and Mr. Zhang Xiaorong has served as the chairman of the Audit Committee since 3 February 2021).

## 5. Corporate Governance and Corporate Governance Report

During the Reporting Period, the Audit Committee held four meetings, all of the committee members attended each meeting. Matters discussed at each meeting were as follows:

- (1) On 14 January 2021, the Audit Committee held telephone conference to review the financial statements prepared by the Company internally for the year 2020 and the Company's management reported on the operation of the Company for year 2020 and the arrangement on the preparation of financial report and the main issues required special attention. KPMG, auditors of the Company, reported the timetable and the main focus of their audit work for the year 2020. The Audit Committee agreed to allow the auditors to conduct field audit in the Company for the year 2020.
- (2) On 2 March 2021, the Audit Committee held telephone conference, during which KPMG reported to the Audit Committee on the progress of the auditing work, and the committee considered that the auditors would be able to complete the audit within the scheduled time frame.
- (3) On 25 March 2021, the Audit Committee held a meeting in which the following resolutions were considered and approved: (i) the annual financial report for the year ended 31 December 2020 prepared in accordance with the PRC Accounting Standards and IFRSs respectively, which were agreed to be submitted to the Board for approval; (ii) the annual report, its summary and result announcement for the year 2020, which were agreed to be submitted to the Board for approval; (iii) the assessment report on internal control for the year 2020, which was agreed to be submitted to the Board for approval; (iv) the report on the connected transactions which took place in 2020; (v) the resolution regarding the provision of guarantee by the Company to its subsidiaries and joint ventures, which was agreed to be submitted to the Board for approval; and (vi) the resolution regarding the recommendation to the Board to re-appoint KPMG Huazhen LLP and KPMG as the PRC auditors and the international auditors of the Company, respectively, which was agreed to be submitted to the Board for approval.

On 25 March 2021, the Audit Committee issued an assessment report in respect of the audit work for the Company for the year 2020 performed by KPMG and made objective assessment on the work conducted by KPMG: during the process of conducting the audit work for Conch Cement for the year 2020, KPMG was able to adhere strictly to the China Auditing Standards for Certified Public Accountants and Hong Kong Standards on Auditing and other relevant regulations in performing its audit and was able to perform its audit functions well. Accordingly, it recommended the Board to re-appoint KPMG Huazhen LLP and KPMG as the PRC auditors and the international auditors of the Company respectively, and recommended the Board to re-appoint KPMG Huazhen LLP as the internal control auditor of the Company.



## 5. Corporate Governance and Corporate Governance Report

- (4) On 27 August 2021, the Audit Committee held a meeting in which the following resolutions were considered and approved: (i) the unaudited interim (half-yearly) financial report for the year 2021 prepared in accordance with the IFRSs and PRC Accounting Standards respectively, which were submitted to the Board for approval; and (ii) the half-yearly report for the year 2021 and its summary and the half-yearly results announcement, which were submitted to the Board for approval.

Since the commencement of the audit work in relation to the preparation of the financial report of the Company for the year ended 31 December 2021, the Audit Committee has been participating in the following aspects:

- (1) Prior to the commencement of audit work by the auditors, the Audit Committee reviewed the 2021 financial statements prepared by the Company internally and agreed to allow the auditors to conduct field audit. In the course of conducting audit of annual report, the Audit Committee requested KPMG to diligently complete the audit work on the financial statements according to the work plans.
- (2) After issuance of preliminary audit opinion by the auditors, the Audit Committee reviewed the 2021 financial statements again and considered that the auditors have completed the audit work conscientiously within schedule.
- (3) On 25 March 2022, the Audit Committee issued an assessment report in respect of the audit work for the Company for the year 2021 performed by KPMG and made objective assessment on the work conducted by KPMG: during the process of conducting the audit work for Conch Cement for the year 2021, KPMG was able to adhere strictly to the China Auditing Standards for Certified Public Accountants and Hong Kong Standards on Auditing and other relevant regulations in performing its audit and was able to perform its audit functions well. Accordingly, it recommended the Board to re-appoint KPMG Huazhen LLP and KPMG as the PRC auditors and the international auditors of the Company respectively, and recommended the Board to re-appoint KPMG Huazhen LLP as the internal control auditor of the Company.



## 5. Corporate Governance and Corporate Governance Report

### 9. Auditors' Remuneration

Please refer to “ (5) Auditors and remuneration” in chapter 7 “Significant Events” in this report for the remuneration of auditors appointed by the Company in 2021.

### 10. Directors' Responsibility for the Financial Statements

The financial report and results announcement of the Company for year 2021 have been reviewed by the Audit Committee. All the Directors of the Company agree and confirm their individual and collective responsibility for preparing the accounts as contained in the financial report for the year. The Directors are responsible for the preparation of the financial statements of the Group 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. The Directors are not aware of any uncertain events or circumstances which may cast significant doubt on the Company's ability to continue as a going concern.

### 11. Internal Control and Risk Management

The Company has an internal audit function. The assessment report on internal control for 2021 of the Company has been considered and approved by the Board, and was published on the websites of the SSE, the Stock Exchange and the Company respectively on the same day as the annual report for the year.

The Company's internal control system comprises a system of controlled management with various authoritative limits and established process, which will constantly identify, assess and manage the significant risks to which the Company is exposed. The above process includes enhancement of the risk management and internal control systems from time to time in response to the changes to the business environment or regulatory guidelines.



## 5. Corporate Governance and Corporate Governance Report

The Audit Committee reviewed the risk management, internal control system, internal audit function and the effectiveness of these systems and function of the Company for 2020 and 2021 on 25 March 2021 and 25 March 2022 respectively in accordance with the relevant regulations under the Corporate Governance Code and the Corporate Governance Report in Appendix 14 to the HKSE Listing Rules as well as the Terms of Reference of the Audit Committee of the Company. The scope of review covered all material controls including financial, operational and compliance controls as well as the adequacy of resources, the qualifications and experience of the employees responsible for accounting, compliance, risk management, internal audit and financial reporting functions and their training programmes and budget. The Audit Committee also analysed and discussed with the management of the Company regarding the risk management and internal control systems, so as to keep the operation and development risk of the Company at a controllable level. The Board acknowledges its responsibility for risk management and internal control systems. The Board and the Audit Committee are of the opinion that the internal control and risk management systems of the Group are adequate and effective.

KPMG Huazhen LLP was engaged by the Company to review the effectiveness of the internal control on financial reporting of the Group as at 31 December 2021, and has issued a standard unqualified audit report on internal control. The audit report on internal control was published on the websites of the SSE, the Stock Exchange and the Company respectively on the same day as the annual report for the year. The Company has set up the audit inspecting department which takes up the daily responsibility of internal risk control.

The Company has formulated relevant systems on inside information management, which specifies the confidentiality management of inside information, as well as filing and accountability of personnel with access to inside information. The Company regularly reminds the Directors and employees about compliance with all policies adopted by the Company regarding inside information including the compliance with the Model Code set out in Appendix 10 to the HKSE Listing Rules in relation to dealings in securities of the Company.



## 5. Corporate Governance and Corporate Governance Report

### 12. Shareholders' Rights

Articles 63, 63A and 63B of the Articles provide that general meetings shall be convened by the Board; whereas holders of 10% or more of the issued shares of the Company carrying voting rights may in writing request the Board to convene an extraordinary general meeting. Independent Directors and Supervisors are also entitled to propose to the Board for convening an extraordinary general meeting of the Company.

Article 65 of the Articles provides that when the Company convenes any general meeting, a shareholder or shareholders (whether singly or jointly) holding in aggregate of over 3% of the shares of the Company is or are entitled to propose motions to the Company, and any such motion shall fall within the scope of authority of the shareholders in general meeting, have clear subject and specific matters to be resolved, and be in compliance with the provisions of laws, administrative regulations and the Articles of the Company, provided that such motion shall be proposed at least 12 clear business days before the convention of the general meeting and submitted to the convener in writing. The convener shall, within two business days after the receipt of such motion, issue a supplementary notice or circular to announce the contents of such ad hoc motion. Any motion which is not set out in a notice of general meeting or which does not meet the requirement of that Article shall not be voted on nor resolved by shareholders at the general meeting.

In respect of proposing a person for election as a Director, please refer to the "Procedures for shareholders to propose a person for election as a Director of the Company" available on the website of the Company.

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company's place of business in Wuhu City, Anhui Province (address: No.39, Wenhua Road, Wuhu City, Anhui Province, the PRC).





## 5. Corporate Governance and Corporate Governance Report

### 13. Company Secretaries

Mr. Zhou Xiaochuan and Mr. Chiu Pak Yue, Leo are the joint company secretaries of the Company. For further details, please refer to the above section headed “(4) Basic Information of Directors, Supervisors and Senior Management” of this chapter in this report. Mr. Chiu Pak Yue, Leo is the external secretary of the Company and his main contact person of the Company is Mr. Zhou Xiaochuan, the company secretary.

### 14. Investor Relations and Communication with Shareholders

During the Reporting Period, the Company put great effort in investor relationship management, and proactively communicate with the investors by various means such as convening general meetings, results presentation, site survey for investors and teleconference, so as to ensure that the shareholders and investors of the Company will enjoy equal access rights to information of the Company.

In addition, the Company’s website contains corporate information, annual reports, interim reports, quarterly reports and relevant ad hoc announcements and circulars issued by the Company, through which the Company’s shareholders and investors may obtain the latest information of the Company.

### 15. The Management of and Control over the Subsidiaries During the Reporting Period

During the Reporting Period, to further optimize the organizational structure and strengthen the top-level design, on the basis of the original three-level control architecture of “headquarters-regions-subsidiaries”, the Company has set up the Yangtze River Delta Greater Region, the Greater Bay Greater Region, the Central Greater Region, the Southwest Greater Region and the Northwest Greater Region, with each Greater Region consisting of the corresponding adjacent regions, thus forming the “Greater Regions plus Region” organizational and control mode, so as to better play regional functioning positioning, strengthen the management and control on the subsidiaries and enhance the high-quality development of the Company.



## 5. Corporate Governance and Corporate Governance Report

Further, in accordance with relevant laws, rules and regulations such as Company Law and the Articles, the Company manages and controls its subsidiaries. The Company has formulated internal management systems such as the System of Reporting on Important Matters and Measures for the Management of the Affairs of the Board of Directors of Subsidiaries. Professional sectors such as supply, sales, production, equipment, human resources, finance and quality have formulated and issued corresponding rules, regulations and management measures according to their own professional characteristics to standardize the production and business activities of the subsidiaries and guide, manage and supervise various aspects as the corporate governance, financial management, investment development, production & operation, major issues, internal control, administrative personnel and performance assessment. The Company would inspect the production, operation and management of the subsidiaries on a regular basis, reveal problems in time and urge the implementation of rectification measures. In accordance with the principles of combining delegation and control, the Company guides its subsidiaries to continuously improve the corporate governance structure, the modern enterprise management system and management efficiency and realize transformation and upgrading.

During the Reporting Period, the Group acquired Conch New Energy, Tengyue Cement, Guizhou New Shuanglong, Anhui Guanteng Group, Guangdong Hongfeng, Tongde Concrete, Shengde Concrete, etc. (For details, please refer to chapter 4 “Report of the Directors” (I) 1. Establishment, merger and acquisition of and increase and reduction of capital in subsidiaries during the Reporting Period of this report). During the Reporting Period, handover of relevant assets has been completed and merged into the Group. The employees of these companies have realized smooth transition and signed a service contract with the Group and were incorporated into the Group’s personnel management system. The financial management of these companies has been incorporated into the Group’s financial accounting system, thus realizing unified accounting system and consolidated financial statement. Various operations have steadily been imported into the business model and management system of Conch to realize smooth and orderly connection.

### **(16) RECTIFICATION OF PROBLEMS IDENTIFIED DURING SELF-CHECK IN SPECIAL CAMPAIGN OF GOVERNANCE OF LISTED COMPANIES**

In 2021, according to the Announcement on Launching a Special Campaign of Governance of Listed Companies (CSRC No. 69 [2020]), Notice on Effectively Carrying Out the Special Campaign of Governance of Listed Companies issued by the Anhui Securities Regulatory Bureau and other relevant requirements, the Company earnestly carried out self-check based on the self-check list for special campaign of governance of listed companies, and then actively rectified the problems found.



## 5. Corporate Governance and Corporate Governance Report

As at the end of the Reporting Period, there was one problem under rectification. Specifically, it is specified in Section 90 of the Securities Law of the People's Republic of China (2019 Revision) that: "The board of directors, independent directors, and any shareholder holding more than 1% of the voting shares of a listed company or an investor protection institution established in accordance with laws, administrative regulations or regulations of the securities regulatory authority under the State Council may, as proxy solicitors, on their own initiative or by entrusting securities companies or securities service institutions, publicly request the shareholders of the listed company to entrust them to attend the general meeting of shareholders and to exercise shareholders' rights such as making proposals and casting votes on behalf of those shareholders." While it is stipulated in Article 76 of the Articles of the Company that: "The board of directors, the independent directors and shareholders who meet the relevant conditions may solicit proxies from the Company's shareholders."; and Article 37 of the Rules of Procedures of General Meeting stipulates that: "The board of directors, independent directors and shareholders who meet the relevant conditions may solicit the voting rights in the general meeting from shareholders of the Company." Accordingly, provisions on the subject of soliciting voting rights in the Articles of the Company and the Rules of Procedures of General Meeting have not been amended or updated in accordance with the higher-level laws.

To address the above problem, the Company has revised the expression concerning the subject of soliciting voting rights in the Articles of the Company and the Rules of Procedures of General Meeting in accordance with the Securities Law of the People's Republic of China (2019 Revision). The proposal to amend the Articles of the Company and the Rules of Procedures of General Meeting was considered and approved by the Board on 25 March 2022, and shall be subject to consideration and approval at the 2021 annual general meeting of the Company.

Saved for the above, during the Reporting Period, other problems found in self-check have been rectified.

## 6. Environment and Social Responsibility

### (1) ENVIRONMENTAL PROTECTION AND WASTE DISCHARGE OF THE GROUP

#### 1. Discharge information of key pollutant discharge units

As at the end of the Reporting Period, 72 subsidiaries and branch companies of the Group were included in the List of Key Pollutant Discharging Units by the environmental protection departments. Details of the major pollutants discharged during the production process by such companies and the discharge status are set out in the below table:

Name of No. companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Average discharge concentration (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total Amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
1 Ningguo Cement Plant	Sulfur dioxide	Organised	3	Kiln tail	8.43	DB34/3576-2020	66.84	467.99	No
	Nitrogen oxides	Organised	3	Kiln tail	76.71	DB34/3576-2020	608.00	975.07	No
	Particulate matter	Organised	6	Kiln head and tail	4.58	DB34/3576-2020	63.31	291.00	No
	Particulate matter	Organised	228	General discharge outlet	6.43	DB34/3576-2020	64.80		No
2 Tongling Conch	Sulfur dioxide	Organised	5	Kiln tail	3.10	DB34/3576-2020	83.60	1,773.80	No
	Nitrogen oxides	Organised	5	Kiln tail	48.97	DB34/3576-2020	1,587.55	3,547.60	No
	Particulate matter	Organised	10	Kiln head and tail	4.52	DB34/3576-2020	202.85	871.60	No
	Particulate matter	Organised	383	General discharge outlet	5.58	DB34/3576-2020	20.99		No
3 Baimashan Cement Plant	Sulfur dioxide	Organised	2	Kiln tail	1.43	DB34/3576-2020	5.89	296.88	No
	Nitrogen oxides	Organised	2	Kiln tail	71.25	DB34/3576-2020	355.61	593.75	No
	Particulate matter	Organised	4	Kiln head and tail	4.76	DB34/3576-2020	40.52	100.78	No
	Particulate matter	Organised	112	General discharge outlet	7.26	DB34/3576-2020	29.06	80.07	No
	Sulfur dioxide	Organised	2	coal mill	6.18	DB34/3576-2020	8.18	52.90	No
	Nitrogen oxides	Organised	2	coal mill	48.47	DB34/3576-2020	34.15	105.80	No
4 Digang Conch	Sulfur dioxide	Organised	4	Kiln tail	13.29	DB34/3576-2020	253.54	768.75	No
	Nitrogen oxides	Organised	4	Kiln tail	44.55	DB34/3576-2020	798.94	1,537.50	No
	Particulate matter	Organised	8	Kiln head and tail	3.51	DB34/3576-2020	106.36	430.69	No
	Particulate matter	Organised	197	General discharge outlet	4.65	DB34/3576-2020	47.37		No
5 Zongyang Conch	Sulfur dioxide	Organised	5	Kiln tail	1.62	DB34/3576-2020	28.09	1,237.50	No
	Nitrogen oxides	Organised	5	Kiln tail	51.33	DB34/3576-2020	1,480.35	2,475.00	No
	Particulate matter	Organised	10	Kiln head and tail	2.82	DB34/3576-2020	105.79	554.29	No
	Particulate matter	Organised	216	General discharge outlet	3.12	DB34/3576-2020	14.82		No

## 6. Environment and Social Responsibility

Name of No. companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Average discharge concentration (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total Amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge	
6	Chizhou Conch	Sulfur dioxide	Organised	7	Kiln tail	2.89	DB34/3576-2020	117.61	1,567.50	No
		Nitrogen oxides	Organised	7	Kiln tail	47.03	DB34/3576-2020	1,872.91	3,135.00	No
		Particulate matter	Organised	14	Kiln head and tail	3.37	DB34/3576-2020	197.75	719.44	No
		Particulate matter	Organised	294	General discharge outlet	4.38	DB34/3576-2020	43.91		No
7	Huaining Conch	Sulfur dioxide	Organised	2	Kiln tail	10.93	DB34/3576-2020	70.56	412.50	No
		Nitrogen oxides	Organised	2	Kiln tail	79.92	DB34/3576-2020	601.23	825.00	No
		Particulate matter	Organised	4	Kiln head and tail	2.31	DB34/3576-2020	29.19	252.84	No
		Particulate matter	Organised	147	General discharge outlet	5.33	DB34/3576-2020	18.10		No
8	Anhui Xuancheng Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	8.81	DB34/3576-2020	71.39	516.25	No
		Nitrogen oxides	Organised	2	Kiln tail	37.42	DB34/3576-2020	304.01	1,032.50	No
		Particulate matter	Organised	4	Kiln head and tail	2.96	DB34/3576-2020	55.25	290.17	No
		Particulate matter	Organised	132	General discharge outlet	2.38	DB34/3576-2020	12.33		No
9	Wuhu Conch	Sulfur dioxide	Organised	6	Kiln tail	16.43	DB34/3576-2020	717.23	1,789.38	No
		Nitrogen oxides	Organised	6	Kiln tail	59.08	DB34/3576-2020	2,503.16	3,578.75	No
		Particulate matter	Organised	12	Kiln head and tail	2.71	DB34/3576-2020	164.84	854.75	No
		Particulate matter	Organised	363	General discharge outlet	6.88	DB34/3576-2020	71.38		No
10	Suzhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	2.52	DB34/3576-2020	22.55	240.00	No
		Nitrogen oxides	Organised	2	Kiln tail	40.36	DB34/3576-2020	388.15	825.00	No
		Particulate matter	Organised	4	Kiln head and tail	3.28	DB34/3576-2020	41.80	271.48	No
		Particulate matter	Organised	119	General discharge outlet	4.15	DB34/3576-2020	13.01		No
11	Quanjiao Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	4.11	DB34/3576-2020	44.67	300.00	No
		Nitrogen oxides	Organised	2	Kiln tail	45.52	DB34/3576-2020	437.56	825.00	No
		Particulate matter	Organised	4	Kiln head and tail	2.10	DB34/3576-2020	28.76	267.18	No
		Particulate matter	Organised	134	General discharge outlet	3.01	DB34/3576-2020	16.61		No
12	Chaohu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	17.81	DB34/3576-2020	269.65	618.75	No
		Nitrogen oxides	Organised	3	Kiln tail	59.32	DB34/3576-2020	879.53	1,237.50	No
		Particulate matter	Organised	6	Kiln head and tail	2.83	DB34/3576-2020	50.05	316.92	No
		Particulate matter	Organised	149	General discharge outlet	1.84	DB34/3576-2020	5.69		No

## 6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Average discharge concentration (mg/m <sup>3</sup> )	Implemented	Total	Total	Excessive discharge
							standards for discharge of pollutants	Amount of actual discharge (t)	amount of approved discharge (t/a)	
13	Zhongguo Cement Plant Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	6.08	DB32/3728-2020	18.68	52.38	No
		Nitrogen oxides	Organised	2	Kiln tail	42.98	DB32/3728-2020	154.89	487.74	No
		Particulate matter	Organised	4	Kiln head and tail	4.47	DB32/3728-2020	26.82	100.17	No
		Particulate matter	Organised	93	General discharge outlet	7.97	DB32/3728-2020	25.17		No
14	Jiande Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	9.73	GB4915-2013	69.74	300.00	No
		Nitrogen oxides	Organised	2	Kiln tail	183.64	GB4915-2013	1,476.75	1,840.00	No
		Particulate matter	Organised	4	Kiln head and tail	2.78	GB4915-2013	31.06	294.06	No
		Particulate matter	Organised	121	General discharge outlet	5.67	GB4915-2013	114.31		No
15	Fenyi Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	13.50	GB4915-2013	66.68	1,052.70	No
		Nitrogen oxides	Organised	2	Kiln tail	269.08	GB4915-2013	1,327.67	1,801.80	No
		Particulate matter	Organised	4	Kiln head and tail	6.08	GB4915-2013	46.45	362.92	No
		Particulate matter	Organised	129	General discharge outlet	3.80	GB4915-2013	13.55		No
16	Yiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	6.61	GB4915-2013	110.99	320.00	No
		Nitrogen oxides	Organised	3	Kiln tail	234.87	GB4915-2013	4,201.57	4,468.50	No
		Particulate matter	Organised	6	Kiln head and tail	6.74	GB4915-2013	165.42	853.41	No
		Particulate matter	Organised	179	General discharge outlet	7.54	GB4915-2013	45.07		No
17	Ganzhou Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	1.55	GB4915-2013	16.09	235.19	No
		Nitrogen oxides	Organised	3	Kiln tail	271.05	GB4915-2013	2,147.99	2,641.00	No
		Particulate matter	Organised	6	Kiln head and tail	5.90	GB4915-2013	103.25	519.87	No
		Particulate matter	Organised	148	General discharge outlet	5.23	GB4915-2013	34.23	293.17	No
18	Prosperity Conch	Sulfur dioxide	Organised	4	Kiln tail	19.00	GB4915-2013	210.28	640.00	No
		Nitrogen oxides	Organised	4	Kiln tail	188.50	GB4915-2013	2,089.38	5,168.00	No
		Particulate matter	Organised	8	Kiln head and tail	4.39	GB4915-2013	85.23	1,550.00	No
		Particulate matter	Organised	222	General discharge outlet	5.99	GB4915-2013	41.26		No
19	Guangdong Qingxin Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	6.20	GB4915-2013	57.61	320.00	No
		Nitrogen oxides	Organised	2	Kiln tail	274.57	GB4915-2013	2,551.32	3,146.40	No
		Particulate matter	Organised	4	Kiln head and tail	2.52	GB4915-2013	34.47	520.52	No
		Particulate matter	Organised	120	General discharge outlet	7.99	GB4915-2013	31.54		No

## 6. Environment and Social Responsibility

Name of No. companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total Amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
			discharge outlets	Distribution of discharge outlets					
20 Yangchun Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	17.20	GB4915-2013	235.27	530.00	No
	Nitrogen oxides	Organised	2	Kiln tail	221.40	GB4915-2013	2,781.36	3,548.00	No
	Particulate matter	Organised	4	Kiln head and tail	4.50	GB4915-2013	98.81		No
	Particulate matter	Organised	191	General discharge outlet	2.83	GB4915-2013	155.30	746.13	No
21 Guangdong Qingyuan Guangying Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	8.92	GB4915-2013	63.28	234.09	No
	Nitrogen oxides	Organised	3	Kiln tail	266.77	GB4915-2013	1,705.14	2,342.65	No
	Particulate matter	Organised	6	Kiln head and tail	4.27	GB4915-2013	70.94		No
	Particulate matter	Organised	107	General discharge outlet	3.77	GB4915-2013	6.80	286.54	No
22 Xingan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	7.54	GB4915-2013	57.27	300.00	No
	Nitrogen oxides	Organised	2	Kiln tail	273.38	GB4915-2013	2,026.26	2,476.00	No
	Particulate matter	Organised	4	Kiln head and tail	8.58	GB4915-2013	113.83		No
	Particulate matter	Organised	135	General discharge outlet	6.60	GB4915-2013	101.68	543.70	No
23 Xingye Kuiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	5.77	GB4915-2013	53.14	130.58	No
	Nitrogen oxides	Organised	2	Kiln tail	272.31	GB4915-2013	2,107.66	2,713.31	No
	Particulate matter	Organised	4	Kiln head and tail	9.79	GB4915-2013	116.43		No
	Particulate matter	Organised	151	General discharge outlet	8.28	GB4915-2013	57.90	1,041.97	No
24 Fusui Xinning Conch Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	2.32	GB4915-2013	31.94	181.00	No
	Nitrogen oxides	Organised	3	Kiln tail	199.19	GB4915-2013	3,176.38	3,713.00	No
	Particulate matter	Organised	6	Kiln head and tail	5.47	GB4915-2013	119.70		No
	Particulate matter	Organised	243	General discharge outlet	7.67	GB4915-2013	74.41	605.20	No
25 Beiliu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	16.71	GB4915-2013	151.41	265.80	No
	Nitrogen oxides	Organised	2	Kiln tail	247.88	GB4915-2013	2,354.47	2,525.00	No
	Particulate matter	Organised	4	Kiln head and tail	9.82	GB4915-2013	94.78		No
	Particulate matter	Organised	157	General discharge outlet	8.03	GB4915-2013	64.83	600.00	No
26 Longan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	37.05	GB4915-2013	138.51	178.49	No
	Nitrogen oxides	Organised	1	Kiln tail	246.60	GB4915-2013	1,078.97	1,364.00	No
	Particulate matter	Organised	2	Kiln head and tail	7.56	GB4915-2013	62.67		No
	Particulate matter	Organised	121	General discharge outlet	6.87	GB4915-2013	30.69	276.50	No

## 6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge		Average discharge concentration (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total Amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
				outlets	Distribution of discharge outlets					
27	Guangxi Lingyun Tonghong Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	8.65	GB4915-2013	20.59	426.25	No
		Nitrogen oxides	Organised	1	Kiln tail	295.46	GB4915-2013	693.59	852.50	No
		Particulate matter	Organised	2	Kiln head and tail	9.87	GB4915-2013	29.70		No
		Particulate matter	Organised	52	General discharge outlet	2.46	GB4915-2013	14.09	177.38	No
28	Shuangfeng Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	2.33	GB4915-2013	20.97	470.00	No
		Nitrogen oxides	Organised	2	Kiln tail	168.84	GB4915-2013	1,449.34	2,880.00	No
		Particulate matter	Organised	4	Kiln head and tail	7.18	GB4915-2013	90.26		No
		Particulate matter	Organised	167	General discharge outlet	7.38	GB4915-2013	14.23	675.02	No
29	Hunan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	10.01	GB4915-2013	72.90	404.36	No
		Nitrogen oxides	Organised	2	Kiln tail	242.67	GB4915-2013	1,937.37	2,880.00	No
		Particulate matter	Organised	4	Kiln head and tail	5.34	GB4915-2013	57.14		No
		Particulate matter	Organised	169	General discharge outlet	7.00	GB4915-2013	28.75	458.39	No
30	Shimen Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	1.14	GB4915-2013	10.83	450.10	No
		Nitrogen oxides	Organised	2	Kiln tail	63.19	GB4915-2013	598.28	2,536.50	No
		Particulate matter	Organised	2	Kiln head and tail	5.22	GB4915-2013	65.53		No
		Particulate matter	Organised	148	General discharge outlet	7.30	GB4915-2013	16.66	407.69	No
31	Qiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	27.65	GB4915-2013	166.32	462.10	No
		Nitrogen oxides	Organised	2	Kiln tail	253.92	GB4915-2013	1,842.50	2,817.90	No
		Particulate matter	Organised	4	Kiln head and tail	7.60	GB4915-2013	52.27		No
		Particulate matter	Organised	124	General discharge outlet	8.33	GB4915-2013	28.75	391.00	No
32	Jianghua Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	2.56	GB4915-2013	11.65	234.40	No
		Nitrogen oxides	Organised	1	Kiln tail	161.13	GB4915-2013	695.72	1,240.00	No
		Particulate matter	Organised	2	Kiln head and tail	4.59	GB4915-2013	24.93		No
		Particulate matter	Organised	127	General discharge outlet	7.03	GB4915-2013	23.69	202.01	No
33	Shaoyang Yeafing New Energy Technology Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	27.21	GB4915-2013	104.44	160.00	No
		Nitrogen oxides	Organised	1	Kiln tail	165.61	GB4915-2013	638.43	1,116.00	No
		Particulate matter	Organised	2	Kiln head and tail	6.21	GB4915-2013	28.93		No
		Particulate matter	Organised	80	General discharge outlet	8.45	GB4915-2013	17.94	184.50	No



## 6. Environment and Social Responsibility

Name of No. companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total Amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
			discharge outlets	Distribution of discharge outlets					
34 Hunan Yeafing Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	3.86	GB4915-2013	6.59	67.20	No
	Nitrogen oxides	Organised	1	Kiln tail	270.91	GB4915-2013	463.84	600.00	No
	Particulate matter	Organised	2	Kiln head and tail	4.54	GB4915-2013	11.61		No
	Particulate matter	Organised	61	General discharge outlet	8.75	GB4915-2013	8.36	66.65	No
35 Hunan Yiyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	5.21	GB4915-2013	17.30	234.97	No
	Nitrogen oxides	Organised	1	Kiln tail	237.55	GB4915-2013	787.36	1,386.58	No
	Particulate matter	Organised	2	Kiln head and tail	3.91	GB4915-2013	15.91		No
	Particulate matter	Organised	81	General discharge outlet	5.97	GB4915-2013	23.19	222.71	No
36 Lianyuan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	1.41	GB4915-2013	4.64	151.11	No
	Nitrogen oxides	Organised	1	Kiln tail	219.46	GB4915-2013	792.50	1,440.00	No
	Particulate matter	Organised	2	Kiln head and tail	7.06	GB4915-2013	41.75		No
	Particulate matter	Organised	106	General discharge outlet	6.55	GB4915-2013	19.91	340.31	No
37 Linxiang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	1.23	GB4915-2013	5.40	150.00	No
	Nitrogen oxides	Organised	1	Kiln tail	155.77	GB4915-2013	555.46	1,120.00	No
	Particulate matter	Organised	2	Kiln head and tail	7.60	GB4915-2013	36.73		No
	Particulate matter	Organised	84	General discharge outlet	7.10	GB4915-2013	16.00	186.28	No
38 Guangyuan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	11.73	GB4915-2013	102.87	342.58	No
	Nitrogen oxides	Organised	2	Kiln tail	85.71	GB4915-2013	779.48	3,285.00	No
	Particulate matter	Organised	4	Kiln head and tail	2.73	GB4915-2013	33.03		No
	Particulate matter	Organised	143	General discharge outlet	5.07	GB4915-2013	56.16	700.04	No
39 Dazhou Conch	Sulfur dioxide	Organised	2	Kiln tail	3.25	GB4915-2013	38.01	284.30	No
	Nitrogen oxides	Organised	2	Kiln tail	98.79	GB4915-2013	921.96	2,970.00	No
	Particulate matter	Organised	2	Kiln head and tail	4.09	GB4915-2013	50.78		No
	Particulate matter	Organised	109	General discharge outlet	3.07	GB4915-2013	34.22	590.32	No
40 Bazhong Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	4.43	GB4915-2013	15.51	142.13	No
	Nitrogen oxides	Organised	1	Kiln tail	179.88	GB4915-2013	641.71	1,008.26	No
	Particulate matter	Organised	2	Kiln head and tail	8.89	GB4915-2013	49.96		No
	Particulate matter	Organised	105	General discharge outlet	10.13	GB4915-2013	23.90	326.99	No

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Name of No. companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Average discharge concentration (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total Amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
41 Chongqing Conch	Sulfur dioxide	Organised	3	Kiln tail	3.57	DB50/656-2016	48.82	2,252.25	No
	Nitrogen oxides	Organised	3	Kiln tail	132.84	DB50/656-2016	1,740.15	3,474.00	No
	Particulate matter	Organised	6	Kiln head and tail	4.31	DB50/656-2016	85.33		No
	Particulate matter	Organised	210	General discharge outlet	8.87	DB50/656-2016	78.55	875.36	No
42 Liangping Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	10.20	DB50/656-2016	44.88	792.00	No
	Nitrogen oxides	Organised	1	Kiln tail	162.15	DB50/656-2016	717.04	1,152.00	No
	Particulate matter	Organised	2	Kiln head and tail	8.61	DB50/656-2016	53.99		No
	Particulate matter	Organised	81	General discharge outlet	8.58	DB50/656-2016	26.16	339.81	No
43 Basu Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	8.21	GB4915-2013	15.97	79.58	No
	Nitrogen oxides	Organised	1	Kiln tail	237.72	Approval documents in relation to project environmental impact evaluation	478.66	567.74	No
	Particulate matter	Organised	2	Kiln head and tail	7.62	GB4915-2013	21.74	151.20	No
	Particulate matter	Organised	81	General discharge outlet	1.89	GB4915-2013	2.59		No
44 Pingliang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	6.07	GB4915-2013	54.60	1,515.00	No
	Nitrogen oxides	Organised	2	Kiln tail	203.19	GB4915-2013	1,937.60	3,030.00	No
	Particulate matter	Organised	4	Kiln head and tail	4.10	GB4915-2013	44.30		No
	Particulate matter	Organised	133	General discharge outlet	11.84	GB4915-2013	56.37	382.51	No
45 Guiyang Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	31.00	GB4915-2013	294.54	706.37	No
	Nitrogen oxides	Organised	3	Kiln tail	283.15	GB4915-2013	2,788.46	3,901.51	No
	Particulate matter	Organised	6	Kiln head and tail	6.00	GB4915-2013	76.98		No
	Particulate matter	Organised	157	General discharge outlet	7.10	GB4915-2013	32.34	585.83	No
46 Zunyi Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	4	Kiln tail	36.67	GB4915-2013	295.18	646.80	No
	Nitrogen oxides	Organised	4	Kiln tail	211.87	GB4915-2013	1,716.00	3,267.00	No
	Particulate matter	Organised	4	Kiln head and tail	9.36	GB4915-2013	100.58		No
	Particulate matter	Organised	117	General discharge outlet	9.97	GB4915-2013	56.85	671.27	No
47 Tongren Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	17.27	GB4915-2013	113.64	1,485.00	No
	Nitrogen oxides	Organised	2	Kiln tail	290.37	GB4915-2013	2,093.71	2,970.00	No
	Particulate matter	Organised	4	Kiln head and tail	5.95	GB4915-2013	67.93		No
	Particulate matter	Organised	131	General discharge outlet	9.07	GB4915-2013	70.39	666.96	No

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Name of No. companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Average discharge concentration (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total Amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
48 Guiding Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	41.55	GB4915-2013	235.78	1,559.25	No
	Nitrogen oxides	Organised	2	Kiln tail	265.09	GB4915-2013	1,743.50	3,118.50	No
	Particulate matter	Organised	4	Kiln head and tail	8.81	GB4915-2013	89.30	660.09	No
	Particulate matter	Organised	132	General discharge outlet	9.25	GB4915-2013	42.38		No
49 Qianxinan Resource Development Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	3.98	GB4915-2013	7.37	241.00	No
	Nitrogen oxides	Organised	1	Kiln tail	221.91	GB4915-2013	556.00	620.00	No
	Particulate matter	Organised	2	Kiln head and tail	4.22	GB4915-2013	24.66	134.06	No
	Particulate matter	Organised	103	General discharge outlet	8.25	GB4915-2013	10.31		No
50 Shuicheng Conch Panjiang Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	6.33	GB4915-2013	16.80	446.99	No
	Nitrogen oxides	Organised	2	Kiln tail	304.75	GB4915-2013	770.42	1,733.62	No
	Particulate matter	Organised	4	Kiln head and tail	8.45	GB4915-2013	31.30	393.70	No
	Particulate matter	Organised	104	General discharge outlet	7.85	GB4915-2013	12.08		No
51 Liukuangruian	Sulfur dioxide	Organised	2	Kiln tail	48.60	GB4915-2013	197.97	529.23	No
	Nitrogen oxides	Organised	2	Kiln tail	270.62	GB4915-2013	1,236.43	2,260.00	No
	Particulate matter	Organised	4	Kiln head and tail	4.29	GB4915-2013	21.24	481.00	No
	Particulate matter	Organised	107	General discharge outlet	8.90	GB4915-2013	14.87		No
52 Liqun Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	6.53	DB61/941-2018	66.67	208.69	No
	Nitrogen oxides	Organised	2	Kiln tail	173.69	DB61/941-2018	1,884.50	1,908.00	No
	Particulate matter	Organised	4	Kiln head and tail	1.45	DB61/941-2018	20.01	335.96	No
	Particulate matter	Organised	160	General discharge outlet	8.79	DB61/941-2018	51.12		No
53 Qianyang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	16.30	DB61/941-2018	38.00	297.00	No
	Nitrogen oxides	Organised	1	Kiln tail	231.00	DB61/941-2018	712.11	1,188.00	No
	Particulate matter	Organised	2	Kiln head and tail	4.50	DB61/941-2018	10.42	197.58	No
	Particulate matter	Organised	114	General discharge outlet	6.40	DB61/941-2018	9.60		No
54 Baoji Zhongxi Jinlinghe Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	16.24	DB61/941-2018	48.80	249.00	No
	Nitrogen oxides	Organised	1	Kiln tail	254.00	DB61/941-2018	763.39	1,116.00	No
	Particulate matter	Organised	2	Kiln head and tail	3.64	DB61/941-2018	15.03	176.33	No
	Particulate matter	Organised	109	General discharge outlet	6.30	DB61/941-2018	24.11		No

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Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge outlets	Distribution of discharge outlets	Average discharge concentration (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total Amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
55 Qianxian Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	14.76	DB61/941-2018	48.39	191.81	No
	Nitrogen oxides	Organised	1	Kiln tail	242.35	DB61/941-2018	786.20	1,227.60	No
	Particulate matter	Organised	1	Kiln head and tail	2.73	DB61/941-2018	16.20		No
	Particulate matter	Organised	124	General discharge outlet	6.59	DB61/941-2018	19.69	186.91	No
56 Baoji Zhongxi Fenghuangshan Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	5.37	DB61/941-2018	17.91	279.00	No
	Nitrogen oxides	Organised	1	Kiln tail	122.61	DB61/941-2018	425.40	1,116.00	No
	Particulate matter	Organised	2	Kiln head and tail	3.12	DB61/941-2018	19.81		No
	Particulate matter	Organised	111	General discharge outlet	6.90	DB61/941-2018	22.40	176.33	No
57 Shaanxi Tongchuan Fenghuang Construction Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	13.18	DB61/941-2018	39.75	337.50	No
	Nitrogen oxides	Organised	1	Kiln tail	200.57	DB61/941-2018	587.87	1,080.00	No
	Particulate matter	Organised	2	Kiln head and tail	0.50	DB61/941-2018	2.07		No
	Particulate matter	Organised	80	General discharge outlet	6.80	DB61/941-2018	13.37	175.13	No
58 Jining Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	2.25	DB37/2373-2018	7.00	281.30	No
	Nitrogen oxides	Organised	1	Kiln tail	40.90	DB37/2373-2018	112.00	601.43	No
	Particulate matter	Organised	2	Kiln head and tail	2.12	DB37/2373-2018	8.68		No
	Particulate matter	Organised	134	General discharge outlet	3.25	GB4915-2013	12.63	164.96	No
59 Baoshan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	5.10	GB4915-2013	2.67	150.76	No
	Nitrogen oxides	Organised	1	Kiln tail	156.13	GB4915-2013	708.44	1,534.50	No
	Particulate matter	Organised	2	Kiln head and tail	9.94	GB4915-2013	18.13		No
	Particulate matter	Organised	77	General discharge outlet	8.01	GB4915-2013	13.54	312.41	No
60 Longling Conch Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	0.80	GB4915-2013	0.76	43.00	No
	Nitrogen oxides	Organised	1	Kiln tail	246.32	GB4915-2013	211.22	750.00	No
	Particulate matter	Organised	2	Kiln head and tail	6.82	GB4915-2013	9.57		No
	Particulate matter	Organised	106	General discharge outlet	7.58	GB4915-2013	7.79	163.40	No
61 Yingjiang Yunhan Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	5.84	GB4915-2013	20.99	60.15	No
	Nitrogen oxides	Organised	1	Kiln tail	238.82	GB4915-2013	927.07	1,304.05	No
	Particulate matter	Organised	2	Kiln head and tail	8.98	GB4915-2013	45.48		No
	Particulate matter	Organised	95	General discharge outlet	7.40	GB4915-2013	32.13	260.22	No

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No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of		Average discharge concentration (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total Amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
				discharge outlets	Distribution of discharge outlets					
62	Wenshan Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	7.78	GB4915-2013	74.46	241.10	No
		Nitrogen oxides	Organised	2	Kiln tail	218.29	GB4915-2013	1,531.21	2,790.00	No
		Particulate matter	Organised	4	Kiln head and tail	8.32	GB4915-2013	68.39		No
		Particulate matter	Organised	123	General discharge outlet	10.63	GB4915-2013	25.68	603.89	No
63	Hami Hongyi Construction Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	5.32	GB4915-2013	4.95	45.00	No
		Nitrogen oxides	Organised	1	Kiln tail	365.42	GB4915-2013	334.42	750.00	No
		Particulate matter	Organised	2	Kiln head and tail	9.65	GB4915-2013	17.26		No
		Particulate matter	Organised	59	General discharge outlet	7.62	GB4915-2013	5.83	152.68	No
64	Linxia Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	1.80	GB4915-2013	6.13	145.85	No
		Nitrogen oxides	Organised	2	Kiln tail	222.10	GB4915-2013	594.78	971.45	No
		Particulate matter	Organised	4	Kiln head and tail	4.75	GB4915-2013	29.21		No
		Particulate matter	Organised	114	General discharge outlet	5.63	GB4915-2013	14.85	164.30	No
65	Kunming Conch	Sulfur dioxide	Organised	1	Kiln tail	2.84	GB4915-2013	1.30	62.27	No
		Nitrogen oxides	Organised	1	Kiln tail	266.46	GB4915-2013	559.30	775.00	No
		Particulate matter	Organised	2	Kiln head and tail	4.37	GB4915-2013	13.97		No
		Particulate matter	Organised	47	General discharge outlet	9.03	GB4915-2013	5.28	94.90	No
66	Yunnan Zhuangxiang Cement Co., Ltd.	Sulfur dioxide	Organised	1	Kiln tail	4.98	GB4915-2013	5.39	172.00	No
		Nitrogen oxides	Organised	1	Kiln tail	246.21	GB4915-2013	315.26	576.00	No
		Particulate matter	Organised	2	Kiln head and tail	5.54	GB4915-2013	9.17		No
		Particulate matter	Organised	34	General discharge outlet	9.26	GB4915-2013	9.55	124.28	No
67	Hainan Changjiang Conch Cement Co., Ltd.	Sulfur dioxide	Organised	2	Kiln tail	69.21	GB4915-2013	321.80	387.50	No
		Nitrogen oxides	Organised	2	Kiln tail	197.53	GB4915-2013	926.74	1,240.00	No
		Particulate matter	Organised	4	Kiln head and tail	7.70	GB4915-2013	51.59		No
		Particulate matter	Organised	92	General discharge outlet	6.75	GB4915-2013	28.86	191.29	No
68	Wuhu South Cement Co., Ltd.	Sulfur dioxide	Organised	3	Kiln tail	20.48	DB34/3576-2020	189.74	513.13	No
		Nitrogen oxides	Organised	3	Kiln tail	75.41	DB34/3576-2020	688.19	1,031.25	No
		Particulate matter	Organised	6	Kiln head and tail	2.64	DB34/3576-2020	34.28		No
		Particulate matter	Organised	196	General discharge outlet	4.43	DB34/3576-2020	65.06	1,686.31	No



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Name of No. companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of discharge		Average discharge concentration (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total Amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
			outlets	Distribution of discharge outlets					
69 Guizhou New Shuanglong	Sulfur dioxide	Organised	1	Kiln tail	1.63	GB4915-2013	4.96	135.00	No
	Nitrogen oxides	Organised	1	Kiln tail	323.46	GB4915-2013	513.46	620.00	No
	Particulate matter	Organised	2	Kiln head and tail	11.38	GB4915-2013	22.04		No
	Particulate matter	Organised	65	General discharge outlet	15.43	GB4915-2013	6.85	142.00	No
70 Tengyue Cement	Sulfur dioxide	Organised	1	Kiln tail	2.73	GB4915-2013	3.16	86.43	No
	Nitrogen oxides	Organised	1	Kiln tail	259.56	GB4915-2013	297.24	775.00	No
	Particulate matter	Organised	1	Kiln head and tail	6.29	GB4915-2013	6.94		No
	Particulate matter	Organised	95	General discharge outlet	7.61	GB4915-2013	14.87	160.38	No
71 Conch Hongfeng	Sulfur dioxide	Organised	2	Kiln tail	29.98	GB4915-2013	197.75	399.40	No
	Nitrogen oxides	Organised	2	Kiln tail	224.76	GB4915-2013	1,764.72	2,790.00	No
	Particulate matter	Organised	4	Kiln head and tail	6.14	GB4915-2013	58.31		No
	Particulate matter	Organised	113	General discharge outlet	5.16	GB4915-2013	40.70	359.91	No
72 Anhui Conch Siam Refractory Material Co., Ltd.	Sulfur dioxide	Organised	1	Tunnel kiln tail	31.00	Approval documents in relation to project environmental impact evaluation	8.10	36.79	No
	Nitrogen oxides	Organised	1	Tunnel kiln tail	136.00	Approval documents in relation to project environmental impact evaluation	35.70	88.30	No
	Particulate matter	Organised	1	Tunnel kiln tail	8.00	Approval documents in relation to project environmental impact evaluation	2.20	11.04	No
	Particulate matter	Organised	24	General discharge outlet	7.80	GB16297-1996	2.13	/	No

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

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of Discharge outlets	Distribution of discharge outlets	Average discharge concentration (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
1	Changfeng Conch	Particulate matter	Organised	54	General discharge outlet	6.80	DB34/3576-2020	16.87	/	No
2	Huangshan Conch Cement Co., Ltd.	Particulate matter	Organised	63	General discharge outlet	4.28	DB34/3576-2020	5.35	/	No
3	Bengbu Conch	Particulate matter	Organised	89	General discharge outlet	3.24	DB34/3576-2020	8.84	/	No
4	Lu'an Conch Cement Co., Ltd.	Particulate matter	Organised	77	General discharge outlet	3.74	DB34/3576-2020	15.37	/	No
5	Huainan Conch	Particulate matter	Organised	104	General discharge outlet	8.00	DB34/3576-2020	37.30	/	No
6	Bozhou Conch Cement Co., Ltd.	Particulate matter	Organised	55	General discharge outlet	4.12	DB34/3576-2020	7.69	/	No
7	Ma'anshan Conch Cement Co., Ltd.	Particulate matter	Organised	89	General discharge outlet	4.50	DB34/3576-2020	28.90	/	No
8	Taicang Conch Cement Co., Ltd.	Particulate matter	Organised	51	General discharge outlet	1.98	GB4915-2013	7.07	/	No
9	Shanghai Mingzhu Conch Cement Co., Ltd.	Particulate matter	Organised	32	General discharge outlet	5.89	GB4915-2013	3.96	17.00	No
10	Zhangjiagang Conch Cement Co., Ltd.	Particulate matter	Organised	79	General discharge outlet	5.26	GB4915-2013	20.36	/	No
11	Nantong Conch Cement Co., Ltd.	Particulate matter	Organised	59	General discharge outlet	3.18	GB4915-2013	10.91	/	No
12	Haimen Conch Cement Co., Ltd.	Particulate matter	Organised	137	General discharge outlet	3.42	GB4915-2013	29.33	/	No

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No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of Discharge outlets	Distribution of discharge outlets	Average discharge concentration (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
13	Ningbo Conch Cement Co., Ltd.	Particulate matter	Organised	89	General discharge outlet	7.13	GB4915-2013	37.79	/	No
14	Shaoxing Shangyu Conch Cement Co., Ltd.	Particulate matter	Organised	42	General discharge outlet	7.60	GB4915-2013	9.13	21.50	No
15	Taizhou Conch Cement Co., Ltd.	Particulate matter	Organised	57	General discharge outlet	7.10	GB4915-2013	39.25	83.20	No
16	Ninghai Qiangjiao Conch Cement Co., Ltd.	Particulate matter	Organised	95	General discharge outlet	7.24	GB4915-2013	43.89	/	No
17	Xiangshan Conch Cement Co., Ltd.	Particulate matter	Organised	122	General discharge outlet	6.89	GB4915-2013	38.88	/	No
18	Zhenjiang Beigu Conch Cement Co., Ltd.	Particulate matter	Organised	13	General discharge outlet	8.10	GB4915-2013	6.14	/	No
19	Taizhou Yangwan Conch Cement Co., Ltd.	Particulate matter	Organised	148	General discharge outlet	8.30	GB4915-2013	31.90	/	No
20	Yangzhou Conch Cement Co., Ltd.	Particulate matter	Organised	142	General discharge outlet	8.50	GB4915-2013	51.50	/	No
21	Jiangsu Bailing Conch Cement Co., Ltd.	Particulate matter	Organised	98	General discharge outlet	8.25	GB4915-2013	41.18	/	No
22	Huai'an Conch Cement Co., Ltd.	Particulate matter	Organised	45	General discharge outlet	7.90	GB4915-2013	13.33	/	No
23	Huai'an Chuzhou Conch Cement Co., Ltd.	Particulate matter	Organised	166	General discharge outlet	7.99	GB4915-2013	36.31	/	No



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No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of Discharge outlets	Distribution of discharge outlets	Average discharge concentration (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
24	Yueqing Conch Cement Co., Ltd.	Particulate matter	Organised	113	General discharge outlet	8.40	GB4915-2013	39.14	/	No
25	Jiangxi Lushan Conch Cement Co., Ltd.	Particulate matter	Organised	84	General discharge outlet	8.60	GB4915-2013	23.14	/	No
26	Jiangxi Ganjiang Conch Cement Co., Ltd.	Particulate matter	Organised	105	General discharge outlet	9.14	GB4915-2013	52.51	/	No
27	Jinxiang Conch Cement Co., Ltd.	Particulate matter	Organised	59	General discharge outlet	7.40	GB4915-2013	49.97	/	No
28	Nanchang Conch Cement Co., Ltd.	Particulate matter	Organised	41	General discharge outlet	9.02	GB4915-2013	65.31	93.00	No
29	Zhanjiang Conch Cement Co., Ltd.	Particulate matter	Organised	96	General discharge outlet	3.73	GB4915-2013	18.65	/	No
30	Maoming Dadi Cement Co., Ltd.	Particulate matter	Organised	43	General discharge outlet	3.76	GB4915-2013	7.59	/	No
31	Jiangmen Conch Cement Co., Ltd.	Particulate matter	Organised	102	General discharge outlet	5.33	GB4915-2013	35.48	/	No
32	Foshan Conch Cement Co., Ltd.	Particulate matter	Organised	91	General discharge outlet	5.98	GB4915-2013	15.92	/	No
33	Fujian Jiayang Conch Cement Co., Ltd.	Particulate matter	Organised	29	General discharge outlet	5.57	GB4915-2013	5.05	/	No
34	Ningde Conch Cement Co., Ltd.	Particulate matter	Organised	34	General discharge outlet	4.25	DB35/1311-2013	12.84	/	No

## 6. Environment and Social Responsibility

No.	Name of companies	Name of major pollutants and special types of pollutants	Discharge mode	Number of Discharge outlets	Distribution of discharge outlets	Average discharge concentration (mg/m <sup>3</sup> )	Implemented standards for discharge of pollutants	Total amount of actual discharge (t)	Total amount of approved discharge (t/a)	Excessive discharge
35	Wuhu Conch Plastic Manufacturing Company Limited	Non-methane hydrocarbon	Organised	3	General discharge outlet	1.10	DB13/2322-2016	0.28	/	No
36	Guangyuan Conch Plastic Packaging Co., Ltd.	Particulate matter	Organised	3	General discharge outlet	24.60	GB/T16157-1996	3.49	/	No
		Non-methane hydrocarbon	Organised		General discharge outlet	4.92	HJ/T38-2017	0.77	/	No
		Odor concentration	Organised		General discharge outlet	1,202 (Non-dimensional)	GB T14675-1993	/	/	No
37	Yingde Conch Plastic Packaging Company Limited	Volatile organic compound	Organised	2	General discharge outlet	1.69	DB44/815-2010	0.20	/	No
		Particulate matter	Organised	2	General discharge outlet	12.50	DB44/27-2001	0.73	/	No
38	Jianghua Conch Plastic Packaging Company Limited	Non-methane hydrocarbon	Organised	2	General discharge outlet	1.86	DB34/1357-2017	0.18	/	No
39	Anhui Ningchang Plastic Packaging Co., Ltd.	Particulate matter	Organised	1	General discharge outlet	14.20	GB31572-2012	0.02	0.03	No
		Non-methane hydrocarbon	Organised	3	General discharge outlet	1.93	GB31572-2012	0.15	1.67	No
40	Baoji Conch Plastic Packaging Co., Ltd.	Non-methane hydrocarbon	Organised	2	General discharge outlet	2.12	DB61/T1061-2017	0.08	/	No
41	Guiding Conch Plastic Packaging Co., Ltd.	Non-methane hydrocarbon	Organised	1	General discharge outlet	5.80	GB16297-1996	0.10	/	No
		Particulate matter	Organised	1	General discharge outlet	4.40	GB16297-1996	0.07	/	No
42	Quanjiao Construction Technology	Particulate matter	Organised	8	General discharge outlet	4.20	DB34/3576-2020	0.25	0.90	No

## 6. Environment and Social Responsibility

### 3. Environmental protection investment and achievements of the Group

During the Reporting Period, the Group comprehensively implemented the national environmental protection policy, continuously strengthened environmental protection management, continued to increase effort for environmental protection and strictly complied with the requirements of various environmental protection laws, regulations and standards and strictly performed the “three simultaneities” of environmental policies. Each project has obtained all necessary approval and title documents for environmental protection and implemented environmental protection measures according to the requirements of environmental assessment approval. Moreover, the Group actively leveraged the resources co-ordination advantages between the Company’s headquarters and Regional Committees to guide the subordinate subsidiaries in strengthening the operation and maintenance of environmental protection equipment, carried out special inspection of environmental protection on an irregular basis to ensure that environmental protection equipment are under efficient and stable operation and emission concentration of various pollutants are lower than the national emission standard limits, and the total emissions are under overall control. Meanwhile, the environmental protection management has continued to be improved thanks to the advanced planning of environmental protection and overall promotion of technological modifications. In 2021, there were 6 new enterprises with Grade A environmental performance and 7 new leading enterprises in environmental protection in the Group, and the environmental performance grading work was completed in an effective and fruitful way.

During the Reporting Period, in terms of reducing nitrogen oxide emissions, the Group completed SCR denitration technological modification for 34 clinker production lines. As of the end of the Reporting Period, SCR denitration technological modification for a total of 42 clinker production lines has been completed, achieving an ultra-low emission rate for nitrogen oxides after the technological modification. On 17 April 2021, the Group’s project on the “R&D and application of the key technology of the SCR denitration system for high-temperature and high-dust flue gas of the cement burning systems” passed the scientific and technological achievement appraisal of China Building Materials Federation. The results of that project were recognized as having reached internationally advanced level. In addition, the Group carried out technological modification for low-nitrogen decomposition furnaces on some production lines, achieving remarkable results in nitrogen oxides emission reduction.



## 6. Environment and Social Responsibility

In terms of emission reduction of sulfur dioxide, the Group continued to promote and optimize the technological modification with wet desulfurization for production lines in order to further improve the modification effect. During the Reporting Period, the Group has steadily promoted the wet desulfurization for 4 new clinker production lines. As at the end of the Reporting Period, the wet desulfurization project for 40 clinker production lines has been carried out in total. In addition, based on previous experience in technological modification, the Group has continuously optimized with wet desulfurization modification technology, thereby further improving desulfurization efficiency.

In terms of particulate matter emission reduction, the Group continued to promote the technological modification for particulate matter control equipment and replaced the original electric dust collector at the main discharge outlet of clinker production lines with the bag dust collector of higher efficiency. During the Reporting Period, the Group has completed the replacement of electric dust collection with bag dust collection for 52 sets of devices, with a total of 234 sets completed accumulatively as at the end of 2021. After technological modification, the average emission concentration of particulate matter is less than  $10\text{mg}/\text{m}^3$ , which is lower than the national emission standard limits.

In terms of carbon emission reduction, the Group earnestly studied and thoroughly implemented the state's policy requirements in relation to "carbon peaking" and "carbon neutrality", studied and prepared the Company's carbon emission reduction technical plan, researched and formulated mid and long-term carbon emission reduction road map, actively participated in the compilation of the "Technical Guidelines for Carbon Trading in the Building Materials Industry", and promoted industry-university-institution cooperation with scientific research institutions. During the Reporting Period, the Group implemented technological modification for comprehensive energy efficiency improvement for 9 clinker production lines, extensively carried out upgrades to grate coolers, expansion of calciners, and usage of high-efficiency fans. Meanwhile, the Group actively explored natural gas and coal combined firing technology, endeavored to reduce the Company's coal power consumption by using advanced energy-saving and emission-reduction technology and equipment in the cement industry, so as to achieve carbon dioxide emissions reduction. In addition, in order to reduce the use of fossil fuels, the Group actively explored the use of renewable energy and continuously promoted the use of clean energy such as photovoltaic power generation and biomass as alternative fuels. On 17 April 2021, the Group's project on "technology research and development and comprehensive utilization of agricultural and forestry biomass as alternative fuels for cement kiln" passed the scientific and technological achievement appraisal of China Building Materials Federation. The results of that project were recognized as having reached the leading domestic standards. In addition, the Group established a joint laboratory of "Comprehensive Utilization of Carbon Dioxide Resources" and obtained approval for an intelligent agricultural greenhouse project to convert carbon dioxide into combustible gas and use it as agricultural gas fertilizer, thereby realizing the resource utilization of carbon dioxide.

## 6. Environment and Social Responsibility

The subsidiaries of the Group were equipped with online monitoring equipment in strict compliance with the requirements of national and local environmental protection policies, and have engaged third-party institutions for implementation of regulated operation maintenance, and formulated monitoring plans in strict compliance with the regulation requirements such as the Technical Specification for Application and Issuance of Pollutant Permit – Cement Industry and Self-monitoring Technology Guidelines for Pollution Sources – Cement Manufacturing Industry. The Group entrusted third-party institutions to conduct self-monitoring regularly strictly according to relevant plans with comparison monitoring being carried out on a quarterly basis to ensure scientific and effective data. The subsidiaries have formulated response plans for emergent environmental incidents in strict compliance with Contingency Management Approaches for Emergent Environmental Incidents and have completed the filing according to regulations. They also carried out drills regularly and reserved emergency supplies as required, enabling the Group to take actions in a quick, orderly and efficient manner to reduce damages upon occurrence of sudden environmental pollution incidents (accidents), thereby safeguarding the public and protecting the environment.

For more information about the implementation of environmental protection policies and regulations and fulfillment of environmental protection responsibilities by the Group, please refer to the 2021 Social Responsibility Report prepared by the Company, which was published on the respective websites of SSE, the Stock Exchange and the Company on the same day as this annual report.

### 4. Administrative penalties due to environmental issues during the Reporting Period

During the Reporting Period, Shanghai Conch Logistic Co., Ltd., a subsidiary of the Group, was issued an administrative penalty notice by the Maritime Administration of Anqing City, Anhui Province for violating relevant provisions of the Law of the People's Republic of China on Water Pollution Prevention and Control, and was charged with an administrative fine of RMB3,000.

Wuhu South Cement Company Limited, a subsidiary of the Group, violated the Atmospheric Pollution Prevention and Control Law of the People's Republic of China for storing up of raw materials outdoors in the plant area and failing to take effective measures to control dusts for the feed port of crushing production line and other problems, and was charged with an administrative fine of RMB40,000 by the Ecological Environment Bureau of Fanchang District, Wuhu City, Anhui Province.

Save as disclosed above, during the Reporting Period, no other subsidiaries of the Group were subject to administrative penalties due to environmental issues.



## 6. Environment and Social Responsibility

### 5. Other required disclosures related to the environment

During the Reporting Period, the Group had no other environmental information that should be disclosed but has not been so disclosed.

### (2) SOCIAL RESPONSIBILITY WORK

For the social responsibility work proactively carried out by the Group during the Reporting Period, please refer to the Company's 2021 Social Responsibility Report published on the websites of the SSE, the Stock Exchange and the Company on the same day as this annual report.

### (3) CONSOLIDATING AND EXPANDING ACHIEVEMENTS IN POVERTY ALLEVIATION AND RURAL REVITALIZATION

2021 marks the beginning for consolidating and expanding the results of poverty alleviation and effectively transitioning to rural revitalization. The Group has taken various measures to carry out poverty alleviation and rural revitalization in a coordinated manner and made efforts to combine and mutually promote the two concepts in an organic manner.

In terms of poverty alleviation, the Group earnestly implemented various decisions and plans of the state and the Anhui Provincial Party Committee and Provincial Government on poverty alleviation, and actively participated in poverty alleviation in designated areas in Anhui Province, such as Jianglaojia Village in Jiangji Town, Lixin County, Zhong Village in Bantouqiao Town, Jixi County, and Pingding Village in Yanqiao Town, Wuwei City. On the one hand, the Group strengthened organizational, systematic and personal safeguards to agglomerate a strong coordination for poverty alleviation. It set up an action group for poverty alleviation to provide guidance in propelling poverty alleviation works on-site; established a three-level accountability system for poverty alleviation through the coordination by the Party committee, promotion by the functional departments, and implementation by the poverty alleviation work team to ensure the normalization, institutionalization and standardization of poverty alleviation measures; and insisting to select and assign excellent cadres to the frontlines so as to provide comprehensive support for poverty alleviation work. On the other hand, on the basis of the foundational work carried out earlier, the Group further deepened, refined and solidified the poverty alleviation efforts. Taking the actual conditions of poverty alleviation areas into consideration, it tailored measures according to local conditions and implemented specific policies, and established a standardized assistance mechanism. By means of industrial assistance, employment assistance and consumption assistance, the Group continuously stimulated the productive forces of poverty alleviation areas, enhanced the ability for self-sufficiency of poor households, and identified fundamental ways to eradicate poverty and achieve prosperity. At the same time, the Group carried out "looking back" activities for poverty alleviation to strengthen dynamic monitoring of poverty alleviation areas, prevent from mass repoverty, and continuously consolidate and expand the achievements of poverty alleviation.



## 6. Environment and Social Responsibility

In terms of rural revitalization, the subsidiaries of the Group were mostly built near mountains and villages. While investing and building factories in rural areas, the Group played a positive role in increasing local financial tax revenue, promoting employment of rural population and boosting rural economic development. Moreover, the Group drove the flow of production factors such as technology, equipment, manpower and capital, thus injecting new momentum for rural revitalization. Adhering to the operation principle of “the highest quality and the sincerest service”, the Group strove to provide high-quality cement products for the construction of beautiful village, improved the conditions for infrastructure construction such as roads, drinking water and power supply and built a favorable living environment in rural areas. Meanwhile, the Group actively performed its social responsibility as a large enterprise by effectively combining poverty alleviation with rural revitalization, donating funds to build public service centers and medical and health rooms in part of the regions, improving the construction of fundamental facilities such as nursing homes, primary and secondary schools and actively carrying out activities such as donating to schools and paying visits to poor areas. The Group continuously enhanced the ability of rural areas to safeguard the basic public services such as medical care, nursing care and education and pushed forward the consistent improvement of the living condition of local people. In addition, during the Group’s daily production and operation process, the Group adhered to respecting nature, adapting nature and protecting nature, firmly established and practiced the concept of “lucid waters and lush mountains are invaluable assets”, strictly kept the ecological redlines, oriented at the ecological environment–friendly and effective use of resources, continuously carried out restoration treatment towards ecological environment, attached great importance to the preservation of biodiversity, continuously promote the construction of green plant, made great effort to build the digital and smart mines, pushed the changes of production and life style, so as to provide rural areas with a pleasant living environment featuring natural and beautiful landscape, a stable and sound ecosystem, and harmony between humankind and nature, thus creating a healthy cycle of ecological protection and economic growth, and promoting rural revitalization with the concept of green, low-carbon, and sustainable development.

Details of the Group’s efforts in caring for the underprivileged during the Reporting Period are set out in the 2021 Social Responsibility Report prepared by the Company, which was published on the respective websites of the SSE, the Stock Exchange and the Company on the same date as this annual report.



## 7. Significant Events

### (1) COMMITMENTS

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

### (2) APPROPRIATION OF FUNDS FOR NON-OPERATING PURPOSE

During the Reporting Period, there was no appropriation of the Company's funds for non-operating purpose by the controlling shareholder of the Company and its related parties. A detailed statement issued by KPMG Huazhen LLP has been published on the SSE website, the website of the Stock Exchange and the Company's website.

### (3) GUARANTEES IN VIOLATION OF THE PROVISIONS

During the Reporting Period, there was no external guarantee provided in violation of the established decision-making procedures by the Company.

### (4) ANALYSIS AND EXPLANATION ON THE REASONS AND IMPACT OF THE CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATION

In accordance with 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 on 2 November 2021, the transportation cost was required to reclassified from selling expenses to operating cost if the transportation cost was incurred before transferring the control rights of goods to customers and as a result of performance of the customer's sales contract. The transportation cost resulted from performance of the customer's sales contract was included in operating cost in the financial statements for 2021 prepared by the Company and retrospective adjustments have been made to the relevant items in the 2020 financial statements.

The above changes of accounting policies were reasonable changes made in accordance with the relevant requirements promulgated by the Accounting Department of the Ministry of Finance of the PRC, which did not make material impacts on financial position and operating results of the Company.





## 7. Significant Events

### (5) AUDITORS AND REMUNERATION

Pursuant to the resolution considered and approved at the 2020 annual general meeting of the Company, the Company engaged KPMG Huazhen LLP and KPMG (collectively “KPMG”) as the PRC auditors and the international auditors of the Company for the year ended 31 December 2021, respectively, and engaged KPMG Huazhen LLP as the internal control auditor of the Company for the year of 2021. The financial audit services fees and internal control audit services fees payable to KPMG by the Company for the year ended 31 December 2021 amounted to RMB4.85 million and RMB0.65 million, totaling RMB5.50 million.

KPMG was first appointed as the auditors of the Company in 2006 and has provided audit services for the Company for 16 consecutive years. In accordance with the Requirements on the Regular Rotation of the Endorsing Accountants for Securities and Futures Auditing Services (《關於證券期貨審計業務簽字註冊會計師定期輪換的規定》) promulgated by the CSRC and the Ministry of Finance of the PRC, KPMG has regularly rotated the endorsing accountant.

### (6) EVENTS REGARDING INSOLVENCY AND RESTRUCTURING

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

### (7) MATERIAL LITIGATION AND ARBITRATION

During the Reporting Period, the Group was not involved in any material litigation and arbitration.

### (8) PENALTIES AND/OR REMEDIES FOR LEGAL AND REGULATORY NON-COMPLIANCE BY THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

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

### (9) STATUS OF INTEGRITY OF THE COMPANY, ITS CONTROLLING SHAREHOLDER AND DE FACTO CONTROLLER

During the Reporting Period, none of the Company, its controlling shareholder and de facto controller failed to perform any obligations from effective legal instruments of the court or settle any due debt in large amount.



## 7. Significant Events

### (10) MATERIAL CONNECTED TRANSACTIONS

The following significant connected transactions of the Group were subsisting during the Reporting Period under the SSE Listing Rules and the HKSE Listing Rules:

#### 1. Connected transactions or continuing connected transactions related to daily operations

##### (1) *Transactions with Conch Holdings-Use of trademarks*

On 23 September 1997, the Company and Conch Holdings, being its controlling shareholder, entered into a trademark licensing agreement (“Trademark Licensing Agreement”), pursuant to which the Company has been granted a license to use certain permitted trademarks (including trademarks of “海螺” and “CONCH”) on permitted products in permitted regions for the period as set out in the Trademark Licensing Agreement. The validity period of the Trademark Licensing Agreement is provided to be the same as the validity period of the permitted trademarks, and where the validity period of the permitted trademarks is extended, the validity period of the Trademark Licensing Agreement in respect of the trademarks would be extended automatically. On 22 March 2018, the Company and Conch Holdings entered into a supplemental agreement to the Trademark Licensing Agreement, pursuant to which it was agreed that the annual fees paid by the Company to Conch Holdings in respect of the use of the trademarks consist of fixed license fee and variable license fee, of which the fixed license fee is RMB15 million per annum, and the variable license fee is a license fee for the use of the permitted trademarks by the companies (not being wholly-owned subsidiaries of the Company) in which the Company holds not less than 20% shares, equity interest or registered capital, at an amount to be determined according to the sales volume of cement and clinker.

During the Reporting Period, the fees payable by the Company to Conch Holdings in respect of the use of the trademarks amounted to RMB37.7538 million. Pursuant to the HKSE Listing Rules and the SSE Listing Rules, no announcements were required to be made in respect of such connected transaction, nor was such connected transaction subject to the independent shareholders’ approval requirement.



## 7. Significant Events

### **(2) Transactions with Conch New Materials Company – procurement of grinding aids**

On 15 January 2021, the Company and Conch New Materials Company entered into a renewed procurement of cement admixtures (grinding aids) contract (the “First Quarter Contract”), with a validity period from the date of the contract to 31 March 2021. Pursuant to the contract, the Group shall procure cement grinding aids from Conch New Materials Company with an aggregate contract price not exceeding RMB200 million.

On 14 January 2020, the Company and Conch New Materials Company entered into a procurement of cement admixtures (grinding aids) contract (the “2020 Contract”), with a validity period from the date of the contract to 31 December 2020. The First Quarter Contract was an extended agreement of the 2020 Contract. The unit purchase price under the First Quarter Contract was determined with reference to the price of the 2020 Contract and fully taking into account the market price fluctuations of key raw materials for the production of grinding aids. At the same time, the price was confirmed to be not higher than the price of similar products purchased by the Group from other independent third-party suppliers. In addition, the estimated aggregate transaction amount under the 2020 Contract was RMB800 million. The actual transaction amount (inclusive of tax) was approximately RMB796 million, which did not exceed the estimated aggregate transaction amount. When determining the contract price of the First Quarter Contract, the Company has made reference to the contract price under the 2020 Contract and the actual historical transaction amount.

On 1 April 2021, the Company and Conch New Materials Company entered into a procurement of cement admixtures (grinding aids) contract (the “2021-2022 Contract”), with a validity period from the date of the contract to 31 December 2022. Pursuant to the contract, the Group shall procure three types of cement grinding aids, namely the composite type, the production-increasing type and the enhanced type, from Conch New Materials Company with an aggregate contract price not exceeding RMB1.4 billion, of which the maximum transaction amount from 1 April 2021 to 31 December 2021 is RMB600 million, and the annual cap amount for 2022 is RMB800 million.



## 7. Significant Events

Taking into account the stability and adaptability of grinding aid products and the availability of secured supply, the Company conducted price inquiry and comparison of current top tier domestic suppliers of cement grinding aids through a comprehensive review of, among others, the corporate performance, credit status, credibility of contract performance, financial status, production craftsmanship and technology, project management capabilities, overall strengths and price quotations of 3 suppliers (one being Conch New Materials Company and the other 2 being independent third parties). Conch New Materials Company was finally selected as the Group's domestic supplier of cement grinding aid products in consideration of its optimal overall price-performance ratio and its reliability in terms of secured supply. The unit purchase price of composite type cement grinding aid products under the 2021-2022 Contract was determined based on the results of the price inquiry and comparison as described above, and upon further competitive negotiations between the Company and Conch New Materials Company (that price is lower than the unit purchase price under the First Quarter Contract). The prices of the production-increasing type and the enhanced type grinding aid products are settled on the basis of the price of the composite type grinding aids products, with upward and downward adjustment of 3%. In addition, in order to protect the rights and interests of both parties, during the validity period of the 2021-2022 Contract, both parties will adjust the purchase price quarterly according to the market price fluctuations (if there are major changes) of the key raw materials for the production of grinding aids.

The 2021-2022 Contract was not a renewed or extended agreement of the First Quarter Contract, it was a new agreement signed between both parties. Certain terms (including the basis for determination of the price) contained in the contract were different from those in the First Quarter Contract.

On 26 November 2021, the Company and Conch New Materials Company entered into a supplemental contract (the "Supplemental Contract") to increase the transaction amount for the procurement of cement grinding aids by RMB170 million from Conch New Materials Company, that is, the transaction amount between the Group and Conch New Materials Company was revised to RMB770 million from RMB600 million for the period from 1 April 2021 to 31 December 2021 and the transaction amount for 2022 remained unchanged, being RMB800 million. The aggregate transaction amount would not exceed RMB1,570 million. The Supplemental Contract is valid from the date of signing to 31 December 2022, Save for the revision of the maximum transaction amount for the period from 1 April 2021 to 31 December 2021 as agreed in the Supplemental Contract, all other terms and conditions of the 2021-2022 Contract remained the same and in full force and effect.

## 7. Significant Events

The transaction price under the Supplemental Contract will continue to be arrived at after arm's length negotiations as determined under the above pricing determination basis of the 2021-2022 Contract.

As at the end of the Reporting Period, the First Quarter Contract has been completed with the actual transaction amount (inclusive of tax) of RMB191 million. The actual transaction amount (inclusive of tax) under 2021-2022 Contract and the Supplemental Contract was RMB622 million.

Conch Holdings, the Company's controlling shareholder, holds 100% shares in Conch Investment Company. Conch Investment Company holds 50.72% shares in Conch New Materials Company. Therefore, Conch New Materials Company is an associate of Conch Holdings, and thereby a connected person of the Company and the transactions contemplated under the First Quarter Contract, the 2021-2022 Contract and the Supplemental Contract constituted connected transactions of the Company under the HKSE Listing Rules. Since the First Quarter Contract, the 2021-2022 Contract and the Supplemental Contract were entered into between the Company with the same party within 12 months, according to the HKSE Listing Rules, the transactions contemplated under these contracts shall be aggregated as if they were one transaction. According to the SSE Listing Rules, Conch New Materials Company is also a related party of the Company and the transactions contemplated under the above three contracts constituted connected transactions under its definition. For details, please refer to the announcements published by the Company on the website of the Stock Exchange and the website of the Company on 15 January 2021, 1 April 2021 and 26 November 2021 respectively, and on the website of SSE on 2 April 2021 and 27 November 2021.

### 2. Connected transactions in relation to engineering project design and technology services and SCR denitration technology modification service

#### (1) *Engineering project design and technology services*

On 1 March 2021, upon approval by the Board of the Company, the Company and Conch Design Institute entered into an engineering project design and technology service contract (the "Engineering Project Design and Technology Service Contract"), pursuant to which Conch Design Institute shall provide certain subsidiaries of the Company with services such as engineering design and technology transformation for the clinker production lines, cement grinding system, aggregate and commodity concrete projects with contract price amounted to RMB120.16 million.

## 7. Significant Events

The contract price of the Engineering Project Design and Technology Service Contract was determined with reference to Engineering Survey Design Fee Standard (2002 Revised Version) (《工程勘察設計收費標準》(2002年修訂本)) promulgated by National Development and Reform Commission of the PRC and the Ministry of Construction of the PRC; and Provisional Provisions on Preparation Works Consultation Charges for Construction Projects (Cost Estimate Paper [1999] No.1283) (《建設項目前期工作諮詢收費暫行規定》(計價格[1999]1283號)) promulgated by National Development and Reform Commission of the PRC, as well as the project scale, investment amount, scope of design, technology indicators and the prevailing market prices for provision of similar services, and agreed between both parties on the basis of equality and mutual benefit.

During the Reporting Period, the transaction amount (inclusive of tax) in relation to the execution of the Engineering Project Design and Technology Service Contract was RMB31.4715 million. If including the amount incurred in connection with the performance of relevant contracts entered into in previous years, the accumulated transaction amounts (inclusive of tax) of the Company with Conch Design Institute with respect to the engineering project design and technology services during the Reporting Period amounted to RMB114.1902 million.

### (2) SCR denitration technology modification service

On 1 March 2021, upon approval by the Board of the Company, the Company and Conch Design Institute entered into the engineering design and equipment procurement (EP) general contract (the “Engineering Design and Equipment Procurement (EP) General Contract”), pursuant to which Conch Design Institute shall provide the SCR denitration technology modification services for 3 clinker production lines of 3 subsidiaries of the Company. That contract price amounted to RMB37.50 million.

The contract price under the Engineering Design and Equipment Procurement (EP) General Contract was determined in accordance with the requirements of the Engineering Survey Design Fee Standard (2002 Revised Version) (《工程勘察設計收費標準》(2002年修訂本)) jointly promulgated by National Development and Reform Commission of the PRC and the Ministry of Construction of the PRC; and Provisional Provisions on Preparation Works Consultation Charges for Construction Projects (Cost Estimate Paper [1999] No.1283) (《建設項目前期工作諮詢收費暫行規定》(計價格[1999]1283號)) promulgated by National Development and Reform Commission of the PRC, as well as the project scale, scope of design, technology indicators, the prevailing market prices for provision of SCR denitration technology modification services, and agreed between both parties on the basis of equality and mutual benefits. The Company had made enquiries and comparisons of prices offered by independent third parties and the price offered to the Company by Conch Design Institute has significant price advantage.



## 7. Significant Events

On 26 July 2021, the Company and Conch Design Institute entered into an engineering design and equipment procurement (EP) general contract for SCR denitration project (the “July SCR Denitration Technology Modification Project Contract”), pursuant to which Conch Design Institute shall provide equipment research and development, engineering design and equipment supply services for the SCR denitration technology modification project of the clinker production lines of certain subsidiaries of the Company. The total contract price amounted to RMB102 million.

On 14 September 2021, the Company and Conch Design Institute entered into the engineering design and equipment procurement (EP) general contract for SCR denitration project (the “September SCR Denitration Technology Modification Project Contract”), pursuant to which Conch Design Institute shall provide equipment research and development, engineering design and equipment supply services for the SCR denitration technology modification project of the clinker production lines of certain subsidiaries of the Company. The total contract price amounted to RMB136 million.

The contract prices of the July SCR Denitration Technology Modification Project Contract and the September SCR Denitration Technology Modification Project Contract were determined in accordance with the requirements of Engineering Survey Design Fee Standard (2002 Revised Version) (《工程勘察設計收費標準》(2002年修訂本)) jointly promulgated by National Development and Reform Commission of the PRC and the Ministry of Construction of the PRC, as well as the project scale, scope of design, technology indicators, the prevailing market prices for provision of SCR denitration technology modification services, with reference to the pricing of the similar transactions between the Group and Conch Design Institute and agreed between both parties on the basis of equality and mutual benefits.

During the Reporting Period, the transaction amount (inclusive of tax) in relation to the execution of Engineering Design and Equipment Procurement (EP) General Contract was RMB33.99 million; the transaction amount (inclusive of tax) in relation to the execution of the July SCR Denitration Technology Modification Project Contract was RMB90.03 million; and the transaction amount (inclusive of tax) in relation to the execution of the September SCR Denitration Technology Modification Project Contract was RMB49.755 million. If including the amount incurred in connection with the performance of relevant contracts entered into in previous years, the transaction amounts (inclusive of tax) of the Company with Conch Design Institute with respect to the SCR denitration technology modification services during the Reporting Period amounted to RMB403.45 million.



## 7. Significant Events

Conch Design Institute is a wholly-owned subsidiary of Conch Holdings, the controlling shareholder of the Company. Pursuant to the HKSE Listing Rules, Conch Design Institute is an associate of Conch Holdings and therefore is a connected person of the Company. The transactions contemplated under Engineering Project Design and Technology Service Contract and the Engineering Design and Equipment Procurement (EP) General Contract constituted connected transactions of the Company. Since the above two contracts, together with an engineering design and equipment procurement (EP) general contract entered into between the Company and Conch Design Institute on 13 November 2020 were entered into between the Company with the same party within 12 months, according to the HKSE Listing Rules, the transactions contemplated under these contracts shall be aggregated as if they were one transaction. The transactions contemplated under the July SCR Denitration Technology Modification Project Contract and the September SCR Denitration Technology Modification Project Contract constituted connected transactions of the Company. Since the above two contracts were entered into between the Company with the same party within 12 months, according to the HKSE Listing Rules, the transactions contemplated under these contracts shall be aggregated as if they were one transaction.

Pursuant to the SSE Listing Rules, Conch Design Institute is also a related party of the Company and the transactions under the above four contracts also constituted connected transactions under its definition. As the aggregate contract amount of the above four contracts is less than 0.5% of the Company's latest audited net asset, and other than those contracts, the information for other contracts entered into between the Company and Conch Design Institute during the past 12 months has been disclosed, an ad hoc announcement was not required to be published for the said transactions under the SSE Listing Rules. Please refer to the announcements of the Company published on the websites of the Stock Exchange and the Company on 1 March 2021 and 14 September 2021 for further details.

### 3. Connected transactions in relation to the acquisition of equity interests

On 30 August 2021, the Company and Conch Investment Company entered into an equity transfer agreement in respect of Conch New Energy, pursuant to which the Company agreed to acquire 100% equity interests in Conch New Energy held by Conch Investment Company for a total consideration of RMB443,210,600. Upon the completion of the acquisition, Conch New Energy became a wholly-owned subsidiary of the Company.





## 7. Significant Events

The total consideration for the transaction was determined by the Company and Conch Investment Company through negotiation on the basis of equality and the principle of fairness with reference to the appraised total equity interest of Conch New Energy as at 30 June 2021 (the “Valuation Date”), as set out in a valuation report (the “Valuation Report”) prepared by Anhui Zhonglian Guoxin Assets Valuation Company Limited, an asset valuer.

According to the Valuation Report, the total equity interest of Conch New Energy, adopting the income approach, as at 30 June 2021 was RMB494,375,900. Taking into consideration the distribution of dividends in the amount of RMB51,165,300 by Conch New Energy to Conch Investment Company during the period between the Valuation Date and the completion date of the acquisition, it was agreed by the parties that the total consideration of the transaction would be the difference between the total equity interest of Conch New Energy and the amount of the dividends, being RMB443,210,600.

Conch Holdings, the Company’s controlling shareholder, holds 100% shares of Conch Investment Company. Therefore, pursuant to the HKSE Listing Rules, Conch Investment Company is an associate of Conch Holdings and hence a connected person of the Company. The acquisition constituted a connected transaction of the Company under Chapter 14A of the HKSE Listing Rules. According to the SSE Listing Rules, Conch Investment Company is also a connected party of the Company. Therefore, the above acquisition also constituted a connected transaction of the Company. For details, please refer to the announcements published by the Company on the websites of the Stock Exchange and the Company on 30 August 2021, respectively, and on the website of SSE on 1 September 2021.

### **Confirmation by independent non-executive Directors on connected transactions**

During the Reporting Period, the Group’s connected transactions arose in the ordinary and usual course of business, and were entered into on normal commercial terms or better and at arm’s length basis pursuant to the terms of the agreements (if any). As far as the Company is concerned, such transactions and terms are fair and reasonable and in the interests of the shareholders of the Company as a whole, and did not exceed the transaction caps (if any) disclosed in the previous announcements. All the continuing connected transactions as stated above were reviewed and so confirmed by the independent non-executive Directors.

## 7. Significant Events

In respect of the continuing connected transactions disclosed above (the “Transactions”), KPMG has taken the necessary procedures and issued a letter to the Board (who has confirmed the receipt of the letter), stating that: (1) they were not aware that the Transactions were not approved by the Board; (2) they were not aware of any matter which would make them believe that the Transactions were not in line with the pricing policies of the Group in any material aspect in connection with the Transactions relating to the provision of goods and services by the Group; (3) they were not aware of any matter which would make them believe that the Transactions were not entered into in accordance with the relevant terms of the agreements governing the Transactions in any material aspect; and (4) they were not aware of any matter which would make them believe that the annual accumulated amount of each of the Transactions, in aggregate, would exceed the annual cap of aggregate value of such Transactions that the Company had disclosed in the relevant announcements.

### (11) MATERIAL CONTRACTS

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

#### 2. Guarantees

During the Reporting Period, all the external guarantees of the Company were in compliance with the approval procedures of the Board and/or the general meeting, and the guarantees provided by the Company to its controlled subsidiaries and invested companies in aggregate amounted to RMB2,911.90 million, all being guarantees for collateral liabilities, the details of which are as follows:

No.	Guaranteed company	Shareholding proportion of the Company	Amount guaranteed by the Company (RMB'000)	Guaranteed period	Date of guarantee contract	Name of creditor
1	Indonesia Conch	75%	159,390 (US\$25 million)	1 year	2021.3.8	Citibank, Jakarta Branch
2	Indonesia Conch	75%	648,200 (US\$101.67 million)	3 years	2021.8.27	Hongkong and Shanghai Banking Corporation Limited, Jakarta Branch

## 7. Significant Events

No.	Guaranteed company	Shareholding proportion of the Company	Amount guaranteed by the Company (RMB'000)	Guaranteed period	Date of guarantee contract	Name of creditor
3	Indonesia Conch	75%	312,410 (US\$49 million)	1 year	2021.9.21	Citibank, Jakarta Branch
4	North Sulawesi Conch	100%	286,910 (US\$45 million)	2 years	2021.6.1	Sumitomo Mitsui Banking Corporation, Jakarta Branch
5	Kunming Conch	80%	180,000	1 year	2021.11.19	Hongkong and Shanghai Banking Corporation Limited, Hefei Branch
6	Liukuangruian	51%	50,000	1 year	2021.8.27	Citibank, Guangzhou Branch
7	Papua Cement	49%	362,390 (US\$56.84 million)	1 year	2021.9.1	Hongkong and Shanghai Banking Corporation Limited, Jakarta Branch
8	Quanjiao Construction Technology	90%	20,000	1 year	2021.9.28	Bank of China, Chuzhou Branch
9	Qarshi Conch Cement Limited Liability Company ("Qarshi Conch")	100%	892,600 (US\$140 million)	5 years	2021.12.8	Industrial and Commercial Bank of China
<b>Total</b>			<b>2,911,900</b>			

### Notes:

- The Company provided guarantees for Indonesia Conch, Kunming Conch and Liukuangruian on a 100% basis, and other minority shareholders pledged their equity interest or provided counter-guarantee to the Company based on their shareholdings; the Company provided guarantees for North Sulawesi Conch, Papua Cement, Quanjiao Construction Technology and Qarshi Conch based on its shareholding ratio.
- The RMB amount of the guarantee provided by the Company for US\$ loans is converted at the mid-point price of the US\$/RMB exchange rate published by the People's Bank of China on the last trading day of 2021.



## 7. Significant Events

During the Reporting Period, the guarantees provided by the Company for its subsidiaries in aggregate amounted to RMB2,549.51 million, and the guarantees provided by the Company for joint ventures amounted to RMB362.39 million in total. Except for the guarantees for the bank loans as set out in the table above, the Company provided guarantees of RMB1,832.37 million, RMB200 million and RMB1,912.71 million respectively for the trade finance facilities granted to Shanghai Conch Building Materials International Trade Company Limited, Wuhu Southeast Asia International Trading Co., Ltd. and Conch HK.

As at the end of the Reporting Period, the aggregate balance of external guarantees provided by the Company (including those provided for its subsidiaries and joint ventures) was RMB10,003.62 million (including RMB4,134.83 million and USD920.49 million), representing 5.45% of the net assets of the Group as at the end of the Reporting Period, which did not exceed the limit of 50%. Among which, the aggregate balance of the guarantees provided to its subsidiaries was RMB9,209.04 million and that for its joint ventures was RMB794.58 million.

During the Reporting Period, guarantees provided by the Company for companies with a gearing ratio of over 70% amounted to RMB2,891.90 million.

As at the end of the Reporting Period, save for the guarantees provided for two joint ventures, namely, Myanmar Conch Cement Company Limited and Papua Cement, the Company did not provide any other guarantee for its controlling shareholder, de facto controllers, other related parties and any non-legal person entities or individuals. Save for the guarantees disclosed above, the Group did not provide any other guarantees or pledges, nor did the Group have any other significant contingent liabilities.

## 7. Significant Events

### (12) FINANCIAL ENTRUSTMENT AND LOAN ENTRUSTMENT

#### 1. Financial entrustment

In light of the Company's daily fund arrangements and unutilized fund situation and in order to ensure efficient use of unutilized fund, the Company used part of its own funds for financial entrustment after comprehensive consideration of security and return rate. Particulars of the financial instruments conducted and subsisting during the Reporting Period are as follows:

No.	Trustee	Inception date	Expiry date	Product name	Amount (RMB in billion)	Expected annualized return rate	Status of Recovery	Actual income (RMB'000)
1	CCB Wealth Management Co., Ltd.	21 April 2020	21 April 2021	CCB Wealth "Pengxin" closed-end wealth management product 2020 Tranche 29	3.0	4.25%	Recovered	127,848.0
2	Agricultural Bank, Wuhu Jinjiao Sub-branch	29 May 2020	28 May 2021	"Anxindeli-Dayou" close-ended net worth RMB denominated wealth management product	0.4	3.70%	Recovered	14,759.5
3	Bank of China, Wuhu Sub-branches	29 May 2020	28 May 2021	Zhong Yin Stable Wealth Management Plan -- Zhi Hui Series Tranche 208564	0.4	3.70%	Recovered	14,759.5
4	CCB Wealth Management Co., Ltd.	2 June 2020	2 June 2021	CCB Wealth "Pengxin" closed-end wealth management product 2020 Tranche 35	1.2	4.26%	Recovered	51,260.4
5	CCB Wealth Management Co., Ltd.	17 June 2020	17 June 2021	CCB Wealth "Pengxin" closed-end wealth management product 2020 Tranche 34	2.0	4.56%	Recovered	91,450.0
6	CCB Wealth Management Co., Ltd.	28 July 2020	28 July 2021	CCB Wealth "Pengxin" fixed income closed-end wealth management product 2020 Tranche 120	6.0	4.15%	Recovered	249,684.0
7	CCB Wealth Management Co., Ltd.	29 September 2020	29 September 2021	CCB Wealth "Pengxin" fixed income closed-end wealth management product 2020 Tranche 124	3.0	4.21%	Recovered	126,645.0
8	HSBank Wealth Management Co., Ltd.	22 October 2020	22 October 2021	HSBank Wealth Management "Anying" fixed income net worth wealth management products	2.5	4.35%	Recovered	108,750.0

## 7. Significant Events

No.	Trustee	Inception date	Expiry date	Product name	Amount (RMB in billion)	Expected	Status of Recovery	Actual income (RMB'000)
						annualized return rate		
9	CCB Wealth Management Co., Ltd.	20 November 2020	18 November 2021	CCB Wealth "Jiixin" closed-end wealth management product 2020 Tranche 31	2.0	4.43%	Recovered	88,358.0
10	HSBank Wealth Management Co., Ltd.	19 November 2020	9 June 2021	HSBank Wealth Management "Anying" fixed income net worth wealth management products	2.0	4.16%	Recovered	46,044.0
11	Industrial Wealth Management Co., Ltd.	25 November 2020	24 May 2021	Industrial Wealth Management Golden Snowball Yuexiang net worth wealth management product 2020 Tranche 2	2.0	4.25%	Recovered	42,060.0
12	SPD Bank Wuhu Sub-branch	26 November 2020	24 November 2021	SPD Bank Qiming Series Wealth Management Plan Tranche 2017	1.0	4.70%	Recovered	46,872.0
13	China Merchants Bank, Wuhu Sub-branch	27 November 2020	25 November 2021	China Merchants Bank Dingding Series A No. 65143 Wealth Management Plan	0.5	4.50%	Recovered	23,089.2
14	Industrial Wealth Management Co., Ltd.	23 December 2020	2 December 2021	Industrial Wealth Management Golden Snowball Yuexiang net worth wealth management product 2020 Tranche 4	0.5	4.42%	Recovered	21,050.0
15	CCB Wealth Management Co., Ltd.	2 April 2021	30 March 2022	CCB Wealth Management Institutions Exclusive "Pengxin" fixed income close-ended Products 2021 Tranche 31	1.0	4.51%	Not expired	/
16	SPD Bank Wuhu Sub-branch	2 April 2021	30 March 2023	SPD Bank Qiming Series Wealth Management Plan Tranche 2105	0.5	5.27%	Not expired	/
17	HSBank Wealth Management Co., Ltd.	2 April 2021	7 April 2023	HSBank Wealth Management "Anying" fixed income net worth wealth management products 210080	0.5	5.40%	Not expired	/

## 7. Significant Events

No.	Trustee	Inception date	Expiry date	Product name	Amount (RMB in billion)	Expected	Status of Recovery	Actual income (RMB'000)
						annualized return rate		
18	CMB Wealth Management Company Limited	27 April 2021	15 June 2022	CMB Wealth Management Zhaorui Jinshi Series No. 86736 Close- ended Wealth Management Plan	0.5	4.55%	Not expired	/
19	HSBank Wealth Management Co., Ltd.	28 April 2021	16 June 2022	HSBank Wealth Management "Anying" fixed income net worth wealth management products 210081	1.0	4.60%	Not expired	/
20	BOC Wealth Management Co., Ltd	28 April 2021	1 July 2022	BOC Wealth Management "Wenfu" Fixed Income Enhanced (Close- ended) 2021 Tranche 64	1.5	4.35%	Not expired	/
21	HSBank Wealth Management Co., Ltd.	2 June 2021	9 June 2022	HSBank Wealth Management "Anying" fixed income net worth wealth management products 210098	0.5	4.39%	Not expired	/
22	HSBank Wealth Management Co., Ltd.	2 June 2021	9 June 2022	HSBank Wealth Management "Anying" fixed income net worth wealth management products 210103	0.5	4.39%	Not expired	/
23	BOC Wealth Management Co., Ltd	2 June 2021	6 June 2022	BOC Wealth Management "Wenfu" Fixed Income Enhanced (Close- ended) 2021 Tranche 91	0.4	4.20%	Not expired	/
24	CMB Wealth Management Company Limited	9 June 2021	14 June 2023	CMB Wealth Management Zhaorui Selected High Yield No. 12 Close-ended Fixed Income Wealth Management Plan	0.9	5.70%	Not expired	/
25	Industrial Wealth Management Co., Ltd.	9 June 2021	9 June 2022	Industrial Wealth Management Golden Snowball Gain Accumulating net worth wealth management product 2021 Tranche 2	0.6	4.60%	Not expired	/

## 7. Significant Events

No.	Trustee	Inception date	Expiry date	Product name	Amount (RMB in billion)	Expected	Status of	Actual
						annualized return rate	Recovery	income
								(RMB'000)
26	HSBank Wealth Management Co., Ltd.	2 September 2021	10 March 2022	HSBank Wealth Management "Anying" fixed income net worth wealth management products 210124	0.5	3.95%	Recovered	10,227.0
27	HSBank Wealth Management Co., Ltd.	2 September 2021	7 September 2022	HSBank Wealth Management "Anying" fixed income net worth wealth management products 210132	0.5	4.23%	Not expired	/
28	CCB Wealth Management Co., Ltd.	1 September 2021	28 February 2022	CCB Wealth Management Institutions Exclusive "Pengxin" Fixed Income Close-Ended Products 2021 Tranche 100	0.5	3.70%	Recovered	9,174.0
29	Industrial Wealth Management Co., Ltd.	11 October 2021	13 June 2022	Industrial Wealth Management Golden Snowball Wenliyouxiang net worth wealth management product 2021 Tranche 35	1.0	4.05%	Not expired	/
30	Industrial Wealth Management Co., Ltd.	11 October 2021	10 October 2022	Industrial Wealth Management Golden Snowball Wenliyouxiang net worth wealth management product 2021 Tranche 37	1.0	4.45%	Not expired	/
31	Industrial Wealth Management Co., Ltd.	27 October 2021	24 October 2022	Industrial Wealth Management Golden Snowball Wenliyouxiang net worth wealth management product 2021 Tranche 40	2.5	4.47%	Not expired	/
32	CCB Wealth Management Co., Ltd.	30 December 2021	26 December 2024	CCB Wealth Management Institutions Exclusive "Ruixin" Fixed Income Close-ended Products 2021 Tranche 34	1.0	5.66%	Not expired	/

During the Reporting Period, the Company had no overdue financial entrustment which was not recovered.





## 7. Significant Events

### 2. Loan entrustment

In 2017, Jiande Conch, a subsidiary of the Company, provided entrusted loan in the amount of RMB27.96 million to Jiande Chengli Building Material Co., Ltd. (being an entrusted management enterprise of the Company, hereinafter referred to as “Chengli Building Material”) through Shouchang Sub-branch of Jiande Rural Commercial Bank Corporation Limited, Zhejiang Province (hereinafter referred to as “Shouchang Sub-branch of Jiande Rural Commercial Bank”). Chengli Building Material pledged its assets as security and completed the registration of real estate mortgage. The loan has a term from 14 September 2017 to 21 October 2020 with an interest rate of 6% per annum settled on a quarterly basis. Chengli Building Material repaid the above entrusted loan of RMB27.96 million on 21 October 2020.

On 22 October 2020, Jiande Conch entered into an entrusted loan contract with Chengli Building Material, pursuant to which, Jiande Conch continued to provide entrusted loan in the amount of RMB27.96 million to Chengli Building Material through Shouchang Sub-branch of Jiande Rural Commercial Bank and Chengli Building Material completed the registration of real estate mortgage. The loan has a term from 22 October 2020 to 21 October 2023 with an interest rate of 4.75% per annum settled on a quarterly basis. On 17 October 2021, Chengli Building Material has repaid the loan principal of RMB8.16 million in advance. As at the end of the Reporting Period, the remaining loan principal amounted to RMB19.80 million.

Save as disclosed above, during the Reporting Period, the Group had no new loan entrustment arrangement.

## 8. Changes in Shareholdings and Shareholders

### (1) TOTAL NUMBER OF SHARES AND THE SHAREHOLDING STRUCTURE

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

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

### (2) SUMMARY OF TRADING OF THE COMPANY'S SHARES IN 2021

	A Share/RMB	H Share/HK\$
Opening price on the first trading day of the year	51.70	48.60
Closing price on the last trading day of the year	40.30	38.95
Highest trading price during the year	58.88	53.60
Lowest trading price during the year	34.62	35.10

## 8. Changes in Shareholdings and Shareholders

### (3) SHAREHOLDERS

- 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.
- As at 31 December 2021, the shareholdings of the top ten registered shareholders of the Company are set out as follows:

Name of shareholder	Nature of shareholder	Number of shares	Percentage of shareholding (%)	Class of shares	Pledged or frozen	
		held at the end of the Reporting Period (share)			Status	Number of shares (share)
1. Conch Holdings <sup>(Note 1)</sup>	State-owned legal person	1,928,870,014	36.40	A Share	Nil	-
2. HKSCC Nominees Limited <sup>(Note 2)</sup>	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. CV Investment <sup>(Note 3)</sup>	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



## 8. Changes in Shareholdings and Shareholders

### Notes:

- (1) During the Reporting Period, there was no change in the number of the shares of the Company held by Conch Holdings. The shares held by Conch Holdings were not subject to any pledge or 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 at 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 do not have voting rights. For details, please refer to "(1) Commitments" in chapter 7 "Significant Events" of this report.
- (4) All the above shares are floating shares not subject to trading restrictions.
- (5) The Board 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.

## 8. Changes in Shareholdings and Shareholders

3. As at 31 December 2021, the following persons (other than the Directors or chief executive of the Company) held interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under Section 336 of SFO (references to Directors or chief executive in this paragraph include Supervisors):

Name of shareholder	Number of ordinary shares held	Capacity	Percentage of shareholding of the relevant class of shares
Conch Holdings	1,928,870,014 A Shares (long position) <sup>(Note 1)</sup>	Beneficial owner	48.23% <sup>(Note 2)</sup>
Anhui Provincial Investment Group Holdings Co., Ltd.	1,928,870,014 A Shares (long position) <sup>(Note 1)</sup>	Interest of controlled corporation	48.23% <sup>(Note 2)</sup>
Conch Venture Property	1,928,870,014 A Shares (long position) <sup>(Note 1)</sup>	Interest of controlled corporation	48.23% <sup>(Note 2)</sup>
Conch Venture	1,928,870,014 A Shares (long position) <sup>(Note 1)</sup>	Interest of controlled corporation	48.23% <sup>(Note 2)</sup>
Taiwan Cement Corporation	116,568,000 H Shares (long position) <sup>(Note 4)</sup>	Interest of controlled corporation	8.97% <sup>(Note 3)</sup>
Citigroup Inc.	90,762,361 H Shares (long position) <sup>(Note 5)</sup>	Interest of controlled corporation/Approved Lending Agent	6.98% <sup>(Note 3)</sup>
Citigroup Inc.	3,924,973 H Shares (short position) <sup>(Note 5)</sup>	Interest of controlled corporation	0.30% <sup>(Note 3)</sup>
BlackRock, Inc.	74,451,157 H Shares (long position) <sup>(Note 6)</sup>	Interest of controlled corporation	5.73% <sup>(Note 3)</sup>
BlackRock, Inc.	2,867,000 H Shares (short position) <sup>(Note 6)</sup>	Interest of controlled corporation	0.22% <sup>(Note 3)</sup>

## 8. Changes in Shareholdings and Shareholders

Notes:

- (1) Anhui Provincial Investment Group Holdings Co., Ltd. (“Anhui Provincial Investment Group”) and Conch Venture Property held 51% and 49% of the equity interests in Conch Holdings, respectively. Conch Venture Property is wholly owned by Anhui Conch Venture New Energy-saving Building Material Co., Ltd. (“CV Green”), which is in turn wholly owned by China Conch Venture Holdings (HK) Limited (“CV HK”). CV HK is wholly owned by China Conch Venture Holdings International Limited (“CV International”). CV International is a wholly-owned subsidiary of Conch Venture. Pursuant to the SFO, Anhui Provincial Investment Group, Conch Venture Property, CV Green, CV HK, CV International and Conch Venture were deemed to have interests in the entire number of shares of the Company held by Conch Holdings.
- (2) The total number of domestic shares in issue was 3,999,702,579 shares, all of which were A Shares.
- (3) The total number of H Shares in issue was 1,299,600,000 shares.
- (4) Based on the disclosure of interests form submitted by Taiwan Cement Corporation on 12 December 2008 in respect of the relevant event that occurred on 11 December 2008, 38,856,000 H Shares were held by Taiwan Cement Corporation through certain of its subsidiaries. Assuming that the company has not disposed of any shares, upon implementation of the proposal of capitalization of capital reserve fund by the Company in 2010 and 2011, Taiwan Cement Corporation held 116,568,000 H Shares accordingly.
- (5) Based on the disclosure of interests form submitted by Citigroup Inc. on 17 December 2021 in respect of the relevant event that occurred on 14 December 2021, these shares were held through certain subsidiaries of Citigroup Inc.. Of the 90,762,361 H Shares (long position), 3,162,656 shares were held in the capacity of interest of a controlled corporation; 87,599,705 shares (securities in lending pool) were held in the capacity of approved lending agent. 3,924,973 H Shares (short position) were held in the capacity of interest of a controlled corporation.
- (6) Based on the disclosure of interests form submitted by BlackRock, Inc. on 30 November 2021 in respect of the relevant event that occurred on 25 November 2021, these shares were held through certain subsidiaries of BlackRock, Inc. in the capacity of interest of a controlled corporation.

Save for the aforesaid shareholders, as at 31 December 2021, the Company was not aware of any interests and short positions as recorded in the register required to be kept pursuant to Section 336 of the SFO.



## 8. Changes in Shareholdings and Shareholders

### 4. Information on the controlling shareholder of the Company

Name in English:	Anhui Conch Holdings Co., Ltd.
Legal representative:	Wang Cheng
Date of establishment:	7 November 1996
Registered capital:	RMB800 million
Principal business activities:	Asset operation, investment, financing, property transactions, production and sale of construction materials, chemical and industrial products (excluding hazardous products), electronic apparatus and instruments and ordinary machinery and equipment, electricity, transportation, warehousing, construction project, import and export trading, sale of mineral products (operated by subsidiaries), metal materials, craftwork and general merchandise, property management, development of technological products, technical support services, printing, contracting of overseas building materials project and domestic and international bidding projects, and dispatch of service personnel for implementing the above overseas projects.

As at the end of the Reporting Period, Conch Holdings was also the controlling shareholder of Conch Profiles and Science with a direct equity shareholding of 30.63%. During the Reporting Period, there was no change in the controlling shareholder of the Company.



## 8. Changes in Shareholdings and Shareholders

### 5. Information on the shareholding and controlling relationship between the Company and its controlling shareholder's controlling shareholders

Anhui Provincial Investment Group is a wholly state-owned company with limited liability under the State-owned Assets Supervision and Administration Commission of Anhui Province ("Anhui SASAC"), and accordingly, Anhui SASAC is the de facto controller of the Company. As at 31 December 2021, the shareholding relationship structure among Conch Holdings, Anhui Provincial Investment Group and Anhui SASAC is set out as follows:



### 6. Public float

Up to the date of this report, based on publicly available information and to the knowledge of the Directors, the Company has been complying with the prescribed public float requirement under the HKSE Listing Rules.





## 8. Changes in Shareholdings and Shareholders

### (4) PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the year ended 31 December 2021, neither the Company nor its subsidiaries purchased, sold or redeemed any listed shares of the Company.

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

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

### (6) TRANSACTIONS IN RESPECT OF ITS OWN SECURITIES

During the year ended 31 December 2021, the Group had neither issued nor granted any convertible securities, options, warrants or other similar rights. As at the end of the Reporting Period, the Group had no redeemable securities.

### (7) TAX RELIEF AND EXEMPTION OF HOLDERS OF LISTED SECURITIES

During the year ended 31 December 2021, holders of the Company's listed securities were not entitled to any tax relief and exemptions by virtue of their holdings of such securities under their legal status of the PRC.

## 9. Information on Bonds

### (1) GENERAL INFORMATION ON CORPORATE BONDS

Name of Bonds	Abbreviation	Code	Issuance Date	Value date	Maturity Date
2012 Corporate Bonds of Anhui Conch Cement Company Limited ("2012 Corporate Bonds")	12 Conch 02	122203	2012.11.7	2012.11.7	2022.11.6

Balance of Bonds (RMB billion)	Interest Rate (%)	Mode of Repayment of Principal and Interest	Stock Exchange	Trading mechanism	Whether the risk of termination of listing exists
3.499	5.10	Interest is payable annually, and the final interest shall be paid together with the principal amount	SSE	Bonds trading mechanism of SSE	No

As at the date of this report, no outstanding bonds of the Company were overdue.

### (2) INTERMEDIARIES PROVIDING SERVICE FOR THE ISSUANCE AND DURATION OF CORPORATE BONDS

Trustee of 2012 Corporate Bonds	Name	Zhong De Securities Company Limited
	Business address	22nd Floor, Tower 1, China Central Place, 81 Jianguo Road, Chaoyang District, Beijing
	Contact person	Li Xinwei
	Telephone	010-5902 6608
Credit Rating Agency of 2012 Corporate Bonds	Name	China Chengxin International Credit Rating Co., Ltd.
	Business address	60101, Building 1, No. 2 Nanzhugan Hutong, Dongcheng District, Beijing

### (3) USE OF PROCEEDS FROM ISSUANCE OF CORPORATE BONDS

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

## 9. Information on Bonds

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

According to the credit rating notice (Xinpingweihanzi [2021] tracking No.0385) and rating tracking report issued by China Chengxin International Credit Rating Co., Ltd. (“China Chengxin International”) on 24 May 2021, by tracking and analyzing the credit rating of the Company and the Company’s 2012 Corporate Bonds, and as considered and determined by the credit rating committee of China Chengxin International, China Chengxin International maintained the Company’s subject credit rating of AAA with stable rating outlook, and also maintained the credit rating of its 2012 Corporate Bonds of AAA. The rating tracking report was published on the respective websites of the Stock Exchange, the Company and the SSE on 25 May 2021.

### (5) CREDIT ENHANCEMENT MECHANISM AND DEBT REPAYMENT PLAN OF THE CORPORATE BONDS FOR THE REPORTING PERIOD

Conch Holdings, the controlling shareholder of the Company, provided unconditional and irrevocable guarantee by way of joint liability assurance for the 2012 Corporate Bonds issued by the Company. As of 31 December 2021, the accumulative outstanding balance of external guarantees provided by Conch Holdings amounted to RMB9 billion (including the guarantee provided for the corporate bonds issued by the Company in an amount of RMB3.499 billion), representing 12.44% of the unaudited net assets (excluding minority interests) of Conch Holdings as at 31 December 2021.

The debt repayment plan for the 2012 Corporate Bonds with a maturity of ten years issued by the Company is as follows:

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

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

## 9. Information on Bonds

The major financial indicators (unaudited) of Conch Holdings, the guarantor for the 2012 Corporate Bonds of the Company, for the year 2021 are as follows:

Items	31 December 2021
Net assets (RMB billion)	204.661
Gearing ratio (%)	25.19
Return on net assets (%)	18.15
Current ratio (%)	301.73
Quick ratio (%)	265.82

### (6) ACCOUNTING INFORMATION AND FINANCIAL INDICATORS OF THE COMPANY FOR THE LAST TWO YEARS UP TO THE END OF THE REPORTING PERIOD

Major indicators	31 December 2021	31 December 2020	Year-on-year change between 2021 and 2020 (%)	Reason for the change
Current ratio (%)	<b>378.29</b>	465.70	Decreased by 87.41 percentage points	Increase in the balance of current liabilities such as short-term borrowings and account payables
Quick ratio (%)	<b>348.00</b>	436.89	Decreased by 88.90 percentage points	Increase in the balance of current liabilities such as short-term borrowings and account payables
Gearing ratio (%)	<b>16.78</b>	16.47	Increased by 0.32 percentage point	Increase in the balance of liabilities such as short-term borrowings and account payables
EBITDA/total debts ratio	<b>1.30</b>	1.60	-18.40	Increase in the balance of liabilities such as short-term borrowings and account payables
Loan repayment rate (%)	<b>100</b>	100	-	-

## 9. Information on Bonds

Major indicators	2021	2020	Year-on-year change between 2021 and 2020 (%)	Reason for the change
Net profit after extraordinary items attributable to equity shareholders of the Company (RMB'000)	<b>31,375,196</b>	33,170,447	-5.41	Year-on-year increase in operation costs resulting from the increase in the price of raw coal
Interest coverage ratio	<b>133.13</b>	99.56	33.72	Year-on-year decrease in interest expenses for the year
Cash interest coverage ratio	<b>101.54</b>	72.81	39.45	Year-on-year decrease in interest expenses for the year
EBITDA interest coverage ratio	<b>150.98</b>	110.96	36.06	Year-on-year decrease in interest expenses for the year
Interest payment ratio (%)	<b>100</b>	100	-	-

### (7) OTHER INFORMATION ON CORPORATE BONDS

During the Reporting Period, the Company had no overdue interest-bearing debts other than the 2012 Corporate Bonds, nor did the Company violate laws, regulations, the Articles, regulations of information disclosure affairs management system or agreements or commitments set out in the prospectus of bonds issuance.

## 10. INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the shareholders of  
**Anhui Conch Cement Company Limited**  
(Incorporated in The People's Republic of China with limited liability)

### OPINION

We have audited the consolidated financial statements of Anhui Conch Cement Company Limited ("the Company") and its subsidiaries ("the Group") set out on pages 147 to 367, which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

### BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the *HKICPA's Code of Ethics for Professional Accountants* ("the Code"), together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## 10. INDEPENDENT AUDITOR'S REPORT

### KEY AUDIT MATTERS

Key audit matter is the matter that, in our professional judgement, was of most significance in our audit of the consolidated financial statements of the current period. This matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

#### Revenue recognition

Refer to note 5 to the consolidated financial statements and the accounting policies note 2(w).

The Key Audit Matter	How the matter was addressed in our audit
<p>The principal activities of the Group are the manufacture, sale and trading of clinker and cement products.</p> <p>The Group recognised revenue from the sales and trading of clinker and cement products of RMB148,224,490 thousand for the year ended 31 December 2021.</p> <p>Revenue from sales and trading of clinker and cement products is recognised when the control over the underlying products is transferred to customers which is generally at the point of time when the products leave the Group's own warehouses or designated warehouses in accordance with the terms of the sales contracts. In respect of the trading business, the Group acts as a principal, and presents revenue on a gross basis.</p>	<p>Our audit procedures to assess the recognition of revenue included the following:</p> <ul style="list-style-type: none"><li>• obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls in relation to revenue recognition;</li><li>• inspecting customer contracts, on a sample basis, to identify terms and conditions relating to the transfer of control over the products sold and assessing the Group's timing of revenue recognition with reference to the requirements of prevailing accounting standards;</li><li>• understanding the Group's business substance of trading business and inspecting supplier and customer contracts, on a sample basis, to identify terms and conditions relating to the Group's control over the products purchased before sales recognition and assess the Group's justification of presenting the related revenue on a gross basis with reference to the requirements of prevailing accounting standards;</li></ul>

## 10. INDEPENDENT AUDITOR'S REPORT

The Key Audit Matter	How the matter was addressed in our audit
<p>We identified the recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the timing and amount of recognition of revenue by management to meet specific targets or expectations.</p>	<ul style="list-style-type: none"> <li>• comparing revenue transactions recorded during the current year, on a sample basis, with invoices, sales contracts and goods delivery notes to assess whether the related revenue was recognised in accordance with the Group's revenue recognition accounting policies;</li> <li>• comparing, on a sample basis, revenue transactions recorded before and after the financial year end date with goods delivery notes and other relevant documentation to assess whether the revenue had been recognised in the appropriate financial period; and</li> <li>• inspecting underlying documentation for manual journal entries relating to revenue recognised during the year which were considered to be material or met other specific risk-based criteria.</li> </ul>

### INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## 10. INDEPENDENT AUDITOR'S REPORT

### RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

## 10. INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

## 10. INDEPENDENT AUDITOR'S REPORT

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Au Yat Fo.

*Certified Public Accountants*

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong  
25 March 2022

## 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

### Consolidated statement of profit or loss for the year ended 31 December 2021

(Expressed in Renminbi Yuan ("RMB"))

	Note	2021 RMB'000	2020 RMB'000 (restated) (Note 4(b))
<b>Revenue</b>	5	<b>167,952,664</b>	176,294,715
Cost of sales and services rendered		<b>(119,388,987)</b>	(126,095,615)
<b>Gross profit</b>		<b>48,563,677</b>	50,199,100
Other income	6	<b>5,100,015</b>	5,620,041
Selling and marketing costs		<b>(3,408,428)</b>	(4,123,435)
Administrative expenses		<b>(5,110,498)</b>	(4,215,025)
Research and development costs		<b>(1,317,332)</b>	(647,262)
<b>Profit from operations</b>		<b>43,827,434</b>	46,833,419
Finance costs	7(a)	<b>(333,671)</b>	(464,542)
Share of profit of associates		<b>385,331</b>	377,264
Share of profits of joint ventures		<b>272,780</b>	426,957
<b>Profit before taxation</b>	7	<b>44,151,874</b>	47,173,098
Income tax	8(b)	<b>(9,950,361)</b>	(10,737,012)
<b>Profit for the year</b>		<b>34,201,513</b>	36,436,086

The notes on pages 158 to 367 form part of these financial statements.

## 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

### Consolidated statement of profit or loss for the year ended 31 December 2021 (continued)

(Expressed in Renminbi Yuan ("RMB"))

	Note	2021 RMB'000	2020 RMB'000 (restated) (Note 4(b))
<b>Attributable to:</b>			
Equity shareholders of the Company		<b>33,300,694</b>	35,192,071
Non-controlling interests		<b>900,819</b>	1,244,015
<b>Profit for the year</b>		<b>34,201,513</b>	36,436,086
<b>Earnings per share</b>			
	12		
– Basic		<b>RMB6.28</b>	RMB6.64
– Diluted		<b>RMB6.28</b>	RMB6.64

The notes on pages 158 to 367 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 39(b).

## 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

### Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021

(Expressed in Renminbi Yuan ("RMB"))

	Note	2021 RMB'000	2020 RMB'000 (restated) (Note 4(b))
<b>Profit for the year</b>		<b>34,201,513</b>	36,436,086
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>	11		
<b>Item that will not be reclassified to profit or loss:</b>			
Equity investments at fair value through other comprehensive income ("FVOCI") – net movement in fair value reserve (non-recycling)		<b>57,316</b>	110,949
<b>Items that may be reclassified subsequently to profit or loss:</b>			
Exchange differences on translation of financial statements of overseas subsidiaries		<b>(95,918)</b>	(213,625)
Share of other comprehensive income of investees		<b>(71,577)</b>	7,283
<b>Other comprehensive income for the year</b>		<b>(110,179)</b>	(95,393)
<b>Total comprehensive income for the year</b>		<b>34,091,334</b>	36,340,693

The notes on pages 158 to 367 form part of these financial statements.

## 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

### Consolidated statement of profit or loss and other comprehensive income for the year ended 31 December 2021 (continued)

(Expressed in Renminbi Yuan ("RMB"))

Note	2021 RMB'000	2020 RMB'000 (restated) (Note 4(b))
<b>Attributable to:</b>		
Equity shareholders of the Company	<b>33,223,575</b>	35,125,087
Non-controlling interests	<b>867,759</b>	1,215,606
<b>Total comprehensive income for the year</b>	<b>34,091,334</b>	36,340,693

The notes on pages 158 to 367 form part of these financial statements.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Consolidated statement of financial position

(Expressed in Renminbi Yuan)

	Note	31 December 2021		31 December 2020	
		RMB'000	RMB'000	RMB'000 (restated) (Note 4(b))	RMB'000 (restated) (Note 4(b))
<b>Non-current assets</b>					
Property, plant and equipment					
– Investment properties	13		76,357		84,159
– Other property, plant and equipment	14		80,992,152		73,357,239
Intangible assets	15		11,735,570		8,496,930
Goodwill	16		876,038		576,042
Interest in associates	18		3,528,022		2,370,857
Interests in joint ventures	19		2,034,682		1,882,626
Loans and receivables	20		451,367		493,082
Long-term prepayments	21		2,203,340		31,366
Financial assets measured at fair value through profit and loss (FVPL)	25		2,972,650		–
Financial assets measured at FVOCI	22		869,903		391,241
Deferred tax assets	38(b)		756,200		851,777
			<b>106,496,281</b>		<b>88,535,319</b>
<b>Current assets</b>					
Inventories	23		9,895,531		7,001,615
Trade and bills receivables	24		14,582,378		10,920,459
Financial assets measured at fair value through profit and loss (FVPL)	25		24,271,570		26,882,714
Prepayments and other receivables	26		4,900,930		5,859,307
Amounts due from related parties	27		597,584		292,471
Tax recoverable	38(a)		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	28		17,377,514		16,799,307
			<b>124,018,383</b>		<b>113,317,598</b>

The notes on pages 158 to 367 form part of these financial statements.



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Consolidated statement of financial position (continued)

(Expressed in Renminbi Yuan)

	Note	31 December 2021		31 December 2020	
		RMB'000	RMB'000	RMB'000	RMB'000
				(restated)	(restated)
				(Note 4(b))	(Note 4(b))
<b>Current liabilities</b>					
Trade payables	29	6,598,895		4,562,943	
Other payables and accruals	30	10,737,154		7,461,259	
Current portion of long-term payables	36	62,585		519,477	
Contract liabilities	31	3,246,413		4,237,557	
Bank loans and other borrowings	32	8,023,576		3,161,022	
Lease liabilities	35	20,081		17,107	
Amounts due to related parties	27	415,418		384,823	
Current taxation	38(a)	3,564,888		3,961,610	
		<b>32,669,010</b>		<b>24,305,798</b>	
<b>Net current assets</b>					
			<b>91,349,373</b>		89,011,800
<b>Total assets less current liabilities</b>					
			<b>197,845,654</b>		177,547,119
<b>Non-current liabilities</b>					
Bank loans and other borrowings	33(a)	3,747,695		7,193,420	
Lease liabilities	35	47,229		36,625	
Long-term payables	36	356,363		397,439	
Deferred income	37	714,166		686,349	
Deferred tax liabilities	38(b)	1,272,365		771,567	
			<b>6,137,818</b>		9,085,400
<b>NET ASSETS</b>					
			<b>191,707,836</b>		168,461,719

The notes on pages 158 to 367 form part of these financial statements.

## 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

### Consolidated statement of financial position (continued)

(Expressed in Renminbi Yuan)

	Note	31 December 2021		31 December 2020	
		RMB'000	RMB'000	RMB'000 (restated) (Note 4(b))	RMB'000 (restated) (Note 4(b))
<b>CAPITAL AND RESERVES</b>					
Share capital	39(c)	5,299,303		5,299,303	
Reserves		178,278,156		156,728,442	
<b>Total equity attributable to equity shareholders of the Company</b>		<b>183,577,459</b>		<b>162,027,745</b>	
<b>Non-controlling interests</b>		<b>8,130,377</b>		<b>6,433,974</b>	
<b>TOTAL EQUITY</b>		<b>191,707,836</b>		<b>168,461,719</b>	

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

**Wang Cheng**  
Director

**Li Qunfeng**  
Director

The notes on pages 158 to 367 form part of these financial statements.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Consolidated statement of changes in equity for the year ended 31 December 2021

(Expressed in Renminbi Yuan)

Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Share of other comprehensive income of investees RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2021, as restated	5,299,303	10,418,351	239,054	(215,980)	2,649,654	210,483	24,725	143,402,155	162,027,745	6,433,974	168,461,719
<b>Changes in equity for 2021:</b>											
Profit for the year	-	-	-	-	-	-	-	33,300,694	33,300,694	900,819	34,201,513
Other comprehensive income	11	-	-	(62,858)	-	57,316	(71,577)	-	(77,119)	(33,060)	(110,179)
Total comprehensive income	-	-	-	(62,858)	-	57,316	(71,577)	33,300,694	33,223,575	867,759	34,091,334
Acquisition of Anhui Conch New Energy Co., Ltd. and its subsidiaries ("New Energy Group") under common control	4(b)	(443,211)	-	-	-	-	-	-	(443,211)	-	(443,211)
Dividends declared by subsidiaries under common control		-	-	-	-	-	-	(51,166)	(51,166)	-	(51,166)
Dividends declared to non-controlling interests		-	-	-	-	-	-	-	-	(610,798)	(610,798)
Dividends approved in respect of the previous year	39(b)(ii)	-	-	-	-	-	-	(11,234,521)	(11,234,521)	-	(11,234,521)
Capital contribution received from non-controlling interests		-	-	-	-	-	-	-	-	1,063,880	1,063,880
Acquisition of subsidiary with non-controlling interests		-	-	-	-	-	-	-	-	457,414	457,414
Acquisition of non-controlling interests		(6,423)	-	-	-	-	-	-	(6,423)	(81,852)	(88,275)
Transfer of fair value reserve upon the disposal of financial assets at FVOCI		-	-	-	-	(17,726)	-	17,726	-	-	-
Share of change of capital reserve of investees		-	-	61,460	-	-	-	-	61,460	-	61,460
<b>Balance at 31 December 2021</b>	<b>5,299,303</b>	<b>9,968,717</b>	<b>300,514</b>	<b>(278,838)</b>	<b>2,649,654</b>	<b>250,073</b>	<b>(46,852)</b>	<b>165,434,888</b>	<b>183,577,459</b>	<b>8,130,377</b>	<b>191,707,836</b>

The notes on pages 158 to 367 form part of these financial statements.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Consolidated statement of changes in equity for the year ended 31 December 2021 (continued)

(Expressed in Renminbi Yuan)

Note	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Share of other comprehensive income of investees RMB'000	Retained Profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
<b>Balance at 31 December 2019, as previously reported</b>	5,299,303	10,135,850	227,195	(30,764)	2,649,654	156,833	17,442	118,730,889	137,186,402	4,944,371	142,130,773
Business combination under common control	-	265,000	-	-	-	-	-	20,501	285,501	50,251	335,752
<b>Balance at 1 January 2020, as restated</b>	5,299,303	10,400,850	227,195	(30,764)	2,649,654	156,833	17,442	118,751,390	137,471,903	4,994,622	142,466,525
<b>Changes in equity for 2020:</b>											
Profit for the year	-	-	-	-	-	-	-	35,192,071	35,192,071	1,244,015	36,436,086
Other comprehensive income	11	-	-	(185,216)	-	110,949	7,283	-	(66,984)	(28,409)	(95,393)
<b>Total comprehensive income</b>	-	-	-	(185,216)	-	110,949	7,283	35,192,071	35,125,087	1,215,606	36,340,693
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	-	-	(374,763)	(374,763)
Dividends approved in respect of the previous year	39(b)(ii)	-	-	-	-	-	-	(10,598,605)	(10,598,605)	-	(10,598,605)
New shares issued by New Energy Group	-	32,915	-	-	-	-	-	-	32,915	-	32,915
Capital contribution received from non-controlling interests	-	-	-	-	-	-	-	-	-	342,200	342,200
Acquisition of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	336,988	336,988
Acquisition of non-controlling interests	-	(15,414)	-	-	-	-	-	-	(15,414)	(19,915)	(35,329)
Liquidation of subsidiary with non-controlling interests	-	-	-	-	-	-	-	-	-	(60,764)	(60,764)
Transfer of fair value reserve upon the disposal of financial assets at FVOCI	-	-	-	-	-	(57,299)	-	57,299	-	-	-
Share of change of capital reserve of investees	-	-	11,859	-	-	-	-	-	11,859	-	11,859
<b>Balance at 31 December 2020, as restated</b>	5,299,303	10,418,351	239,054	(215,980)	2,649,654	210,483	24,725	143,402,155	162,027,745	6,433,974	168,461,719

The notes on pages 158 to 367 form part of these financial statements.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Consolidated cash flow statement for the year ended 31 December 2021

(Expressed in Renminbi Yuan)

	Note	2021		2020	
		RMB'000	RMB'000	RMB'000 (restated) (Note 4(b))	RMB'000 (restated) (Note 4(b))
<b>Operating activities</b>					
Cash generated from operations	28(b)	44,055,158		45,357,234	
Income tax paid		(10,154,630)		(10,519,140)	
Interest paid		(302,816)		(421,276)	
<b>Net cash generated from operating activities</b>			<b>33,597,712</b>		<b>34,416,818</b>
<b>Investing activities</b>					
Payment for the purchase of property, plant and equipment		(11,914,787)		(6,424,743)	
Proceeds from disposal of property, plant and equipment		614,881		959,038	
Proceeds from sale of financial assets measured at FVPL		28,025,314		21,271,009	
Payment for the purchase of intangible assets		(3,287,522)		(3,595,633)	
Payment for the purchase of financial assets measured at FVPL		(27,049,138)		(28,500,000)	
Payment for the purchase of financial assets measured at FVOCI		(436,305)		-	
New advances to government		(72,185)		(120,204)	
Receipts of advances to government		106,804		15,000	
Receipts of advances to related parties		8,160		-	
New bank deposits with maturity over three months		(18,135,189)		(36,457,306)	
Proceeds from maturity of bank deposits over three months		11,575,300		24,000,000	
Interest received		2,146,096		2,214,085	
Proceeds from capital reduction of a joint venture		51,596		79,798	
Payment for investment in joint ventures		-		(2,143)	
Payment for investment in associates		(856,291)		-	
Dividends received from joint ventures		3,539		261,761	
Dividends received from associates		136,913		72,297	
Dividends received from investment in listed equity securities		1,728		-	
Payment for acquisitions of subsidiaries		(2,613,021)		(590,370)	
Proceeds from the sale of financial assets measured at FVOCI		27,145		63,687	

The notes on pages 158 to 367 form part of these financial statements.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Consolidated cash flow statement for the year ended 31 December 2021 (continued)

(Expressed in Renminbi Yuan)

	Note	2021		2020	
		RMB'000	RMB'000	RMB'000 (restated) (Note 4(b))	RMB'000 (restated) (Note 4(b))
<b>Net cash used in investing activities</b>			<b>(21,666,962)</b>		<b>(26,753,724)</b>
<b>Financing activities</b>					
Capital and interest element of lease rentals paid	28(c)		(20,816)		(24,660)
Proceeds from new bank loans and other borrowings	28(c)		3,885,583		4,915,310
Repayment of bank loans and other borrowings	28(c)		(3,617,576)		(6,200,468)
Dividends paid to non-controlling interests shareholders of subsidiaries	28(c)		(606,419)		(374,763)
Dividends paid to equity shareholders of the Company	39(b)		(11,229,755)		(10,598,605)
Capital contribution from non-controlling interests of shareholders of subsidiaries			943,400		342,200
Payment for acquisition of New Energy Group under common control			(443,211)		-
Other payments related to financing activities	28(c)		(124,582)		(825,730)
Acquisition of non-controlling interests			(88,275)		(35,329)
<b>Net cash used in financing activities</b>			<b>(11,301,651)</b>		<b>(12,802,045)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>			<b>629,099</b>		<b>(5,138,951)</b>
<b>Effect of foreign exchange rate changes</b>			<b>(50,892)</b>		<b>(100,111)</b>
<b>Cash and cash equivalents at 1 January</b>	28(a)		<b>16,799,307</b>		<b>22,038,369</b>
<b>Cash and cash equivalents at 31 December</b>	28(a)		<b>17,377,514</b>		<b>16,799,307</b>

The notes on pages 158 to 367 form part of these financial statements.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements

(Expressed in Renminbi Yuan unless otherwise indicated)

### 1 GENERAL INFORMATION

Anhui Conch Cement Company Limited (the “Company”) was incorporated in the People’s Republic of China (the “PRC”) on 1 September 1997 as a joint stock limited company. The Company and its subsidiaries are collectively referred to as the Group. The principal activities of the Group are the manufacturing, sale and trading of clinker and cement products.

The registered office of the Company is No. 39 Wenhua Road, Wuhu City, Anhui Province, the PRC.

### 2 SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (“IFRSs”), which collective term includes all applicable individual IFRSs, International Accounting Standards (“IASs”) and Interpretations issued by the International Accounting Standards Board (“IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (b) 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 (see note 2(g)); and
- bank acceptance notes receivable measured at FVOCI (recycling) (see note 2(g)(i)).
- structured deposits and wealth management products measured at FVPL (see note 2(g)(i))

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.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (b) Basis of preparation of the financial statements (Continued)

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 Anhui Conch Holding Co., Ltd. 安徽海螺集團有限責任公司 (“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(b) to these financial statements.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (c) 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.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Business combination, subsidiaries and non-controlling interests

The Group accounts for business combinations not under common control using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see note 2(m)(iii)). Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

*(Expressed in Renminbi Yuan unless otherwise indicated)*

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Business combination, subsidiaries and non-controlling interests (Continued)

The Group accounts for business combinations under common control based on the principle of merger accounting. The consolidated financial statements incorporate the financial statements items of the combining businesses in which the common control combination occurs as if they had been consolidated from the date when the combining businesses first came under the control of the controlling party. The net assets of the combining businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or bargain purchase gain at the time of common control combination. The consolidated statements of profit or loss and other comprehensive income includes the results of each of the combining businesses from the earliest date presented or since the date when the combining businesses first came under the common control, where this is a shorter period. The comparative amounts in the consolidated financial statements are presented as if the businesses had been consolidated at the end of the previous reporting period or when they first came under common control, whichever is shorter.

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Business combination, subsidiaries and non-controlling interests (Continued)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligation towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 2(p) or 2(s) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (d) Business combination, subsidiaries and non-controlling interests (Continued)

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)) or, when appropriate, the cost on initial recognition of an investment in associates or joint venture (see note 2(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(m)), unless the investment is classified as held for sale.

#### (e) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 2(f) and 2(m)(iii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (e) Associates and joint ventures (Continued)

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the ECL model to such other long-term interests where applicable (see note 2(m)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)).

In the Company's statement of financial position, investments in associates and joint ventures are stated at cost less impairment losses (see note 2(m)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (f) Goodwill

Goodwill represents the excess of

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(m)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

#### (g) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below:

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 40(f). These investments are subsequently accounted for as follows, depending on their classification.



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (g) Other investments in debt and equity securities (Continued)

##### (i) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

- Amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(w)(v)).
- FVOCI – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.
- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (g) Other investments in debt and equity securities (Continued)

##### (ii) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(w)(iv).

#### (h) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(l)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (h) Investment properties (Continued)

Investment properties are stated at cost less accumulated depreciation and impairment losses. Any gain or loss arising from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(w)(iii). Depreciation is calculated to write off the cost of investment property, less their estimated residual value, using the straight-line method over their estimated useful lives as follows:

- Buildings 30 years

#### (i) Property, plant and equipment

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(l)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(l.)

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 2(m)):

- right-of-use assets arising from leases over leasehold properties and lease prepayments for land use rights where the Group is not the registered owner of the property interest; and
- items of plant and equipment, including right-of-use assets arising from leases of underlying plant and equipment (see note 2(l)).

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (i) Property, plant and equipment (Continued)

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(z)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Freehold land is not depreciated. Other than freehold land, depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives as follows:

- Buildings	30 years
- Plant and machinery	15 years
- Office and other equipment	5 years
- Vehicles	5 – 10 years
- Land use rights (including acquired or leased land use rights)	29 – 50 years
- Other properties leased for own use	1 – 4 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (j) Construction-in-progress

Construction-in-progress represents buildings and plant under construction and machinery and equipment under installation and testing, and is stated at cost less accumulated impairment loss, if any (see note 2(m)). The cost includes cost of construction, plant and equipment and other direct costs plus borrowing costs which include interest charges and exchange differences arising from foreign currency borrowings used to finance these projects during the construction period, to the extent these are regarded as an adjustment to borrowing costs (see note 2(z)).

Construction-in-progress is not depreciated until such time as the assets are completed and ready for operational use, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in note 2(i).

#### (k) Intangible assets (other than goodwill)

Intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 2(m)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

- |                                    |              |
|------------------------------------|--------------|
| - Limestone and clay mining rights | 5 – 30 years |
| - Others                           | 5 – 50 years |

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (k) Intangible assets (other than goodwill) (Continued)

Both the period and method of amortisation are reviewed annually.

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 2(z)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 2(m)). Other development expenditure is recognised as an expense in the period in which it is incurred.

#### (l) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

##### (i) As a lessee

Where the contract contains lease component(s) and non-lease component(s), the Group has elected not to separate non-lease components and accounts for each lease component and any associated non-lease components as a single lease component for all leases.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (l) Leased assets (Continued)

##### (i) As a lessee (Continued)

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets which, for the Group are land, office buildings, and cement transfer storages. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

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

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 2(i) and 2(m)(iii)).

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (I) Leased assets (Continued)

##### (i) As a lessee (Continued)

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

The lease liability is also remeasured when there is a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract ("lease modification") that is not accounted for as a separate lease. In this case the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The only exceptions are any rent concessions which arose as a direct consequence of the COVID-19 pandemic and which satisfied the conditions set out in paragraph 46B of IFRS 16 Leases. In such cases, the Group took advantage of the practical expedient not to assess whether the rent concessions are lease modifications, and recognised the change in consideration as negative variable lease payments in profit or loss in the period in which the event or condition that triggers the rent concessions occurred.

In the consolidated statement of financial position, the current portion of long-term lease liabilities is determined as the present value of contractual payments that are due to be settled within twelve months after the reporting period.

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



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (l) Leased assets (Continued)

##### (ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 2(w)(iii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the Group applies the exemption described in note 2(l)(i), then the Group classifies the sub-lease as an operating lease.

#### (m) Credit losses and Impairment of assets

##### (i) Credit losses from financial instruments and contract assets

The Group recognises a loss allowance for expected credit losses (ECLs) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, restricted cash deposits, bank deposits with maturity over three months, trade receivables, prepayments and other receivables, amounts due from related parties and loans and other receivables); and
- contract assets as defined in IFRS 15 (see note 2(o))

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) Credit losses and Impairment of assets (Continued)

##### (i) Credit losses from financial instruments and contract assets (Continued)

Financial assets measured at fair value, including equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade receivables, prepayments and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) Credit losses and Impairment of assets (Continued)

##### (i) Credit losses from financial instruments and contract assets (Continued)

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) Credit losses and Impairment of assets (Continued)

##### (i) Credit losses from financial instruments and contract assets (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) Credit losses and Impairment of assets (Continued)

##### (i) Credit losses from financial instruments and contract assets (Continued)

Significant increases in credit risk (Continued)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognised in accordance with note 2(w)(v) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) Credit losses and Impairment of assets (Continued)

##### (i) Credit losses from financial instruments and contract assets (Continued)

Basis of calculation of interest income (Continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) Credit losses and Impairment of assets (Continued)

##### (ii) Credit losses from financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised within “other payables and accruals” at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued (see note 2(w)(vii)).

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the amount carried in “other payables and accruals” in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) Credit losses and Impairment of assets (Continued)

##### (ii) Credit losses from financial guarantees issued (Continued)

To determine ECLs, the Group considers changes in the risk of default of the specified debtor since the issuance of the guarantee. A 12-month ECL is measured unless the risk that the specified debtor will default has increased significantly since the guarantee is issued, in which case a lifetime ECL is measured. The same definition of default and the same assessment of significant increase in credit risk as described in note 2(m)(i) apply.

As the Group is required to make payments only in the event of a default by the specified debtor in accordance with the terms of the instrument that is guaranteed, an ECL is estimated based on the expected payments to reimburse the holder for a credit loss that it incurs less any amount that the Group expects to receive from the holder of the guarantee, the specified debtor or any other party. The amount is then discounted using the current risk-free rate adjusted for risks specific to the cash flows.

##### (iii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- intangible assets
- goodwill; and
- investments in subsidiaries in the Company's statement of financial position, and investments in associates and joint ventures in the Group's statement of financial position.



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) Credit losses and Impairment of assets (Continued)

##### (iii) Impairment of other non-current assets (Continued)

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill and intangible assets that are not yet available for use, the recoverable amount is estimated annually whether or not there is any indication of impairment.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (m) Credit losses and Impairment of assets (Continued)

##### (iii) Impairment of other non-current assets (Continued)

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

##### (iv) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(m)(i) and 2(m)(ii)).

Impairment losses recognised in an interim period in respect of goodwill are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (n) Inventories and other contract costs

##### (i) Inventories

Inventories, other than spare parts and consumables, are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Spare parts and consumables are stated at cost less any provision for obsolescence.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (n) Inventories and other contract costs (continued)

##### (ii) Other contract costs

Other contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer which are not capitalised as inventory (see note 2(n)(i)), property, plant and equipment (see note 2(i)) or intangible assets (see note 2(k)).

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained e.g. an incremental sales commission. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. Other costs of obtaining a contract are expensed when incurred.

Costs to fulfil a contract are capitalised if the costs relate directly to an existing contract or to a specifically identifiable anticipated contract; generate or enhance resources that will be used to provide goods or services in the future; and are expected to be recovered. Costs that relate directly to an existing contract or to a specifically identifiable anticipated contract may include direct labour, direct materials, allocations of costs, costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract (for example, payments to sub-contractors). Other costs of fulfilling a contract, which are not capitalised as inventory, property, plant and equipment or intangible assets, are expensed as incurred.

Capitalised contract costs are stated at cost less accumulated amortisation and impairment losses. Impairment losses are recognised to the extent that the carrying amount of the contract cost asset exceeds the net of (i) remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates, less (ii) any costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (n) Inventories and other contract costs (continued)

##### (ii) Other contract costs (continued)

Amortisation of capitalised contract costs is charged to profit or loss when the revenue to which the asset relates is recognised. The accounting policy for revenue recognition is set out in note 2(w).

The Group applies the practical expedient in paragraph 94 of IFRS 15 and recognises the incremental costs of obtaining contracts as an expense when incurred if the amortisation period of the asset that the Group otherwise would have recognised is one year or less from the initial recognition of the asset.

#### (o) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(w)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(m)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(p)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 2(w)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 2(p)).

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(w)).

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (p) Trade and bills receivables and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(o)).

Trade receivables that do not contain a significant financing component are initially measured at their transaction price. Trade receivables that contain a significant financing component and other receivables are initially measured at fair value plus transaction costs. Except for certain bank acceptance notes receivable measured at FVOCI (see note 2(g)(i)), receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(m)(i)).

Insurance reimbursement is recognised and measured in accordance with note 2(v).

#### (q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2(m)(i).

#### (r) Trade payables, other payables and accruals

Trade payables, other payables and accruals are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(m)(ii), trade payables, other payables and accruals are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (s) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 2(z)).

#### (t) Employee benefits

##### (i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

##### (ii) Defined contribution retirement plan obligations

In accordance with the rules and regulations in the PRC, the Group has arranged for its local employees to join defined contribution retirement plans organised by the PRC government. The PRC government undertakes to assume the retirement benefit obligations of all existing and future retired employees payable under the plans. The assets of those plans are held separately from those of the Group in an independent fund managed by the PRC government. The Group is required to make monthly defined contributions to these plans at certain rates of their total salary subject to a certain ceiling. In addition, the Group joined the corporate annuity plan approved by relevant PRC authorities. Contribution to the annuity plan is charged to expense as incurred.

The Group has no other obligations for the payment of retirement and other post-retirement benefits of employees or retirees other than the payments disclosed above.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (t) Employee benefits (Continued)

##### (iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

#### (u) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (u) Income tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (u) Income tax (Continued)

The carrying amount of a deferred tax asset is reviewed at each end of reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group or the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group or the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
  - the same taxable entity; or
  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (v) Provisions and contingent liabilities

Provisions are recognised when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

#### (w) Revenue recognition

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (w) Revenue recognition (continued)

##### (i) Sale of goods

Revenue is recognised when the control over the underlying products is transferred to customers which is generally at the point of time when the products leave the Group's own warehouses or designated warehouses in accordance with the terms of the sales contracts. Revenue excludes value-added tax or other sales taxes and is after deduction of any trade discounts.

##### (ii) Rendering of services

Revenue for rendering of services mainly includes managed service, construction, waste incineration and logistic service. Managed service and construction service are recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation as the customer simultaneously receives the benefits provided by the Group's performance as the Group performs. Waste incineration and logistic service are recognised at the point of time when the service is provided and collection vouchers obtained.

##### (iii) Rental income

Rental income receivable is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (w) Revenue recognition (continued)

##### (iv) Dividends

- Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
- Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

##### (v) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(m)(i)).

##### (vi) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised initially as deferred income and amortised to profit or loss on a straight-line basis over the useful life of the asset by way of recognition in other income.

##### (vii) Income from financial guarantees issued

Income from financial guarantees issued is recognised over the term of the guarantees (see note 2(m)(ii)).

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (x) Repairs and maintenance

Expenditure on repairs and maintenance is charged to profit or loss as and when incurred.

#### (y) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. The transaction date is the date on which the Company initially recognises such non-monetary assets or liabilities. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Renminbi at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (z) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use are interrupted or complete.

#### (aa) Asset acquisition

Groups of assets acquired and liabilities assumed are assessed to determine if they are business or asset acquisitions. On an acquisition-by-acquisition basis, the group chooses to apply a simplified assessment of whether an acquired set of activities and assets is an asset rather than business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

When a group of assets acquired and liabilities assumed do not constitute a business, the overall acquisition cost is allocated to the individual identifiable assets and liabilities based on their relative fair values at the date of acquisition. An exception is when the sum of the individual fair values of the identifiable assets and liabilities differs from the overall acquisition cost. In such case, any identifiable assets and liabilities that are initially measured at an amount other than cost in accordance with the group's policies are measured accordingly, and the residual acquisition cost is allocated to the remaining identifiable assets and liabilities based on their relative fair values at the date of acquisition.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (bb) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
  - (i) has control or joint control over the Group;
  - (ii) has significant influence over the Group; or
  - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
  - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly controlled by a person identified in (a).
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

*(Expressed in Renminbi Yuan unless otherwise indicated)*

### 2 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### **(bb) Related parties (Continued)**

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

#### **(cc) Segment reporting**

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 3 ACCOUNTING JUDGEMENT AND ESTIMATES

#### Sources of estimation uncertainty

Notes 16 and 40(f) contain information about the assumptions and their risk factors relating to goodwill impairment and fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(i) *Impairment for non-current assets*

If circumstances indicate that the carrying amount of a non-current asset may not be recoverable, the asset may be considered “impaired”, and an impairment loss may be recognised in accordance with IAS 36, *Impairment of Assets*. The carrying amounts of non-current assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for the Group’s assets are not readily available. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sale volume appropriate to the local circumstances and environment, selling price and amount of operating costs and potential costs and technological obsolescence, assets useful life associated with the environmental goals. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, selling price and amount of operating costs.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 3 ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

#### Sources of estimation uncertainty (Continued)

##### (ii) Depreciation and amortisation

As described in note 2(i) and note 2(j), investment properties and property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. As described in note 2(k), intangible assets are amortised on a straight-line basis over the estimated useful lives. Management reviews annually the useful lives of the assets and residual values, if any, in order to determine the amount of depreciation and amortisation expenses to be recorded during any reporting period. The useful lives and residual values are based on the Group's historical experience with similar assets and taking into account anticipated technological and other changes, as well as the environmental goals. The depreciation and amortisation expenses for future periods are adjusted if there are significant changes from previous estimates.

##### (iii) Inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. In addition, these estimates could change significantly as a result of change in customer preference, environmental goals, and competitor actions in response to industry cycles. Management measures these estimates at each statement of financial position date.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 3 ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

#### Sources of estimation uncertainty (Continued)

(iv) *Loss allowance for expected credit losses*

The Group estimates impairment losses for bad and doubtful debts by using expected credit loss models. Expected credit loss on these trade receivables and prepayments and other receivables are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

(v) *Recognition of deferred tax assets*

Deferred tax assets in respect of unused tax losses and deductible temporary differences are recognised and measured based on the expected manner of realisation or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the directors.

Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognised and hence the profit or loss in future years.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 4 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
Tengchong Tengyue Cement Co., Ltd. ("Tengchong Tengyue") 騰沖市騰越水泥有限公司	100%/100%	1 November 2021	Manufacture and sale of clinker and cement products
Guizhou New Shuanglong Cement Co., Ltd. ("Guizhou New Shuanglong") 貴州新雙龍水泥有限公司	100%/100%	1 November 2021	Manufacture and sale of clinker and cement products
Guan Teng Companies 觀騰項目 (note (i))	65%/65% (note (ii))	29 October 2021	Manufacture and sale of commercial concrete
Guangdong Hongfeng Cement Co., Ltd. ("Hongfeng Cement") 廣東鴻豐水泥有限公司	51%/51% (note (ii))	24 November 2021	Manufacture and sale of clinker and cement products
Yingde Shengde Concrete Co., Ltd. ("Yingde Shengde") 英德市聖德混凝土有限公司	70%/70% (note (ii))	24 December 2021	Manufacture and sale of concrete
Yingde Tongde Concrete Co., Ltd. ("Yingde Tongde") 英德市通德混凝土有限公司	70%/70% (note (ii))	24 December 2021	Manufacture and sale of concrete
Tashkent Cement Conch Joint Venture Co., Ltd. ("Tashkent Conch") 塔什干海螺合資企業水泥有限公司	65%/65%	31 August 2021	Manufacture and sale of clinker and cement products

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

#### (a) Business combination not under common control (Continued)

- (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 Construction”), 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 Construction Engineering Co., Ltd. 亳州市中聯建設工程有限公司 (“Bozhou Zhonglian Construction”), Bozhou Xiangqiao Construction 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. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

#### (a) Business combination under non-common control (Continued)

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:

	Guizhou							Total
	Tengchong	New	Guan Teng	Hongfeng	Yingde	Yingde	Tashkent	
	Tengyue	Shuanglong	Companies	Cement	Shengde	Tongde	Conch	
	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. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

#### (a) Business combination under non-common control (Continued)

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

	Guizhou							Total RMB'000
	Tengchong Tengyue	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	
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 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.



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

#### (a) Business combination under non-common control (Continued)

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:

	Tengchong Tengyue RMB'000	Guizhou New Shuanglong RMB'000	Guan Teng Companies RMB'000	Hongfeng Cement RMB'000	Yingde Shengde RMB'000	Yingde Tongde RMB'000	Tashkent Conch 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

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.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

#### (b) Business combination under common control

As mentioned in note 2(b) 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)
<b>Revenue</b>	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)
<b>Gross profit</b>	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)
<b>Profit from operations</b>	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

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

#### (b) Business combination under common control (Continued)

	The Group RMB'000 (as previously reported)	New Energy Group RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
<b>Profit before taxation</b>	47,143,681	29,417	-	47,173,098
Income tax	(10,737,738)	726	-	(10,737,012)
<b>Profit for the year</b>	36,405,943	30,143	-	36,436,086
<b>Attributable to:</b>				
Equity shareholders of the Company	35,163,538	28,533	-	35,192,071
Non-controlling interests	1,242,405	1,610	-	1,244,015
<b>Profit for the year</b>	36,405,943	30,143	-	36,436,086
Earnings per share				
- Basic and diluted	RMB6.64			RMB6.64
<b>Profit for the year</b>	36,405,943	30,143	-	36,436,086

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

#### (b) Business combination under common control (Continued)

	The Group RMB'000 (as previously reported)	New Energy Group RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
<b>Other comprehensive income for the year (after tax and reclassification adjustments)</b>				
<b>Item that will not be reclassified to profit or loss:</b>				
Equity investments at FVOCI – net movement in fair value reserve (non-recycling)	110,949	–	–	110,949
<b>Items that may be reclassified subsequently to profit or loss:</b>				
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
<b>Other comprehensive income for the year</b>	(95,393)	–	–	(95,393)
<b>Total comprehensive income for the year</b>	36,310,550	30,143	–	36,340,693
<b>Attributable to:</b>				
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

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

#### (b) Business combination under common control (Continued)

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 RMB'000 (as previously reported)	New Energy Group RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
<b>Non-current assets</b>				
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

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

#### (b) Business combination under common control (Continued)

	The Group RMB'000 (as previously reported)	New Energy Group RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
<b>Current assets</b>				
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. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

#### (b) Business combination under common control (Continued)

	The Group RMB'000 (as previously reported)	New Energy Group RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
<b>Current liabilities</b>				
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
<b>Net current assets</b>	88,882,461	129,339	-	89,011,800

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

#### (b) Business combination under common control (Continued)

	The Group RMB'000 (as previously reported)	New Energy Group RMB'000	Inter-company elimination RMB'000	The Group RMB'000 (as restated)
<b>Total assets less current liabilities</b>	176,749,637	797,482	-	177,547,119
<b>Non-current liabilities</b>				
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
<b>NET ASSETS</b>	168,062,909	398,810	-	168,461,719
<b>CAPITAL AND RESERVES</b>				
Share capital	5,299,303	297,915	(297,915)	5,299,303
Reserves	156,381,492	49,035	297,915	156,728,442
<b>Total equity attributable to equity shareholders of the Company</b>	161,680,795	346,950	-	162,027,745
<b>Non-controlling interests</b>	6,382,114	51,860	-	6,433,974
<b>TOTAL EQUITY</b>	168,062,909	398,810	-	168,461,719



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

#### (b) Business combination under common control (Continued)

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 RMB'000 (as previously reported)	New Energy Group RMB'000	Inter-company elimination RMB'000	The Group 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

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

*(Expressed in Renminbi Yuan unless otherwise indicated)*

### 4 BUSINESS COMBINATION AND MATERIAL ASSETS ACQUISITION (CONTINUED)

#### (c) Material assets acquisition

On 28 October 2021, the Group acquired 62% equity interest of Zhaoqing Trading Green Quarry Co., Ltd. 肇慶交投綠色石場有限公司 (“Zhaoqing Quarry”) from a third party for a cash consideration of RMB845,000,000. 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 RMB1,245,294,000 and non-controlling interests of RMB400,294,000.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

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

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 5 REVENUE AND SEGMENT REPORTING (CONTINUED)

#### (a) Revenue (Continued)

##### (i) Disaggregation of revenue (Continued)

Disaggregation of revenue from contracts with customers by the timing of revenue recognition is disclosed in note 5(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.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 5 REVENUE AND SEGMENT REPORTING (CONTINUED)

#### (b) Segment reporting (Continued)

##### (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.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 5 REVENUE AND SEGMENT REPORTING (CONTINUED)

#### (b) Segment reporting (Continued)

##### (i) Segment results, assets and liabilities (Continued)

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 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
<b>Disaggregated by type of business</b>								
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
<b>Revenue from external customers</b>	<b>58,335,670</b>	<b>51,130,054</b>	<b>24,804,520</b>	<b>30,884,298</b>	<b>2,798,122</b>	<b>167,952,664</b>	<b>-</b>	<b>167,952,664</b>
<b>Disaggregated by timing of revenue recognition</b>								
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
<b>Revenue from external customers</b>	<b>58,335,670</b>	<b>51,130,054</b>	<b>24,804,520</b>	<b>30,884,298</b>	<b>2,798,122</b>	<b>167,952,664</b>	<b>-</b>	<b>167,952,664</b>
Inter-segment revenue	5,738,835	31,466,580	519,611	909,590	630,228	39,264,844	(39,264,844)	-
<b>Reportable segment revenue</b>	<b>64,074,505</b>	<b>82,596,634</b>	<b>25,324,131</b>	<b>31,793,888</b>	<b>3,428,350</b>	<b>207,217,508</b>	<b>(39,264,844)</b>	<b>167,952,664</b>
<b>Reportable segment profit (profit before taxation)</b>	<b>5,754,528</b>	<b>35,648,634</b>	<b>7,574,441</b>	<b>4,977,197</b>	<b>(90,756)</b>	<b>53,864,044</b>	<b>(9,747,845)</b>	<b>44,116,199</b>

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 5 REVENUE AND SEGMENT REPORTING (CONTINUED)

#### (b) Segment reporting (Continued)

##### (i) Segment results, assets and liabilities (Continued)

#### For the year ended 31 December 2021

	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	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)	5,973,323	16,578	5,956,755
<b>Reportable segment assets</b> (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
<b>Reportable segment liabilities</b>	8,802,962	27,206,312	12,694,344	13,204,193	10,602,608	72,510,419	(33,821,826)	38,688,593

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 5 REVENUE AND SEGMENT REPORTING (CONTINUED)

#### (b) Segment reporting (Continued)

##### (i) Segment results, assets and liabilities (Continued)

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
<b>Disaggregated by type of business</b>								
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
<b>Revenue from external customers</b>	<b>63,461,938</b>	<b>50,924,182</b>	<b>24,737,220</b>	<b>34,184,978</b>	<b>2,986,397</b>	<b>176,294,715</b>	<b>-</b>	<b>176,294,715</b>
<b>Disaggregated by timing of revenue recognition</b>								
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
<b>Revenue from external customers</b>	<b>63,461,938</b>	<b>50,924,182</b>	<b>24,737,220</b>	<b>34,184,978</b>	<b>2,986,397</b>	<b>176,294,715</b>	<b>-</b>	<b>176,294,715</b>
Inter-segment revenue	5,008,921	24,661,775	396,199	650,658	546,605	31,264,158	(31,264,158)	-
<b>Reportable segment revenue</b>	<b>68,470,859</b>	<b>75,585,957</b>	<b>25,133,419</b>	<b>34,835,636</b>	<b>3,533,002</b>	<b>207,558,873</b>	<b>(31,264,158)</b>	<b>176,294,715</b>
<b>Reportable segment profit (profit before taxation)</b>	<b>6,354,047</b>	<b>49,475,668</b>	<b>7,921,658</b>	<b>6,306,022</b>	<b>475,131</b>	<b>70,532,526</b>	<b>(23,395,192)</b>	<b>47,137,334</b>



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 5 REVENUE AND SEGMENT REPORTING (CONTINUED)

#### (b) Segment reporting (Continued)

##### (i) Segment results, assets and liabilities (Continued)

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)
<b>Reportable segment assets</b> (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
<b>Reportable segment liabilities</b>	11,570,512	23,136,443	8,937,461	12,686,518	9,390,044	65,720,978	(32,483,690)	33,237,288

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 5 REVENUE AND SEGMENT REPORTING (CONTINUED)

#### (b) Segment reporting (Continued)

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

	2021 RMB'000	2020 RMB'000 (restated) (Note 4(b))
<b>Revenue</b>		
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
<b>Profit</b>		
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
<b>Assets</b>		
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

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 5 REVENUE AND SEGMENT REPORTING (CONTINUED)

#### (b) Segment reporting (Continued)

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

	2021 RMB'000	2020 RMB'000 (restated) (Note 4(b))
<b>Liabilities</b>		
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	<b>38,806,828</b>	33,391,198

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

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 5 REVENUE AND SEGMENT REPORTING (CONTINUED)

#### (b) Segment reporting (Continued)

##### (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 RMB'000	2020 RMB'000 (restated) (Note 4(b))	2021 RMB'000	2020 RMB'000 (restated) (Note 4(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
	<b>167,952,664</b>	<b>176,294,715</b>	<b>102,333,262</b>	<b>87,418,063</b>

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 6 OTHER INCOME

	2021 RMB'000	2020 RMB'000 (restated) (Note 4(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
	<b>5,100,015</b>	<b>5,620,041</b>

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

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 7 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging:

#### (a) Finance costs

	2021 RMB'000	2020 RMB'000 (restated) (Note 4(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)
	<b>333,671</b>	<b>464,542</b>

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

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 7 PROFIT BEFORE TAXATION (CONTINUED)

#### (b) Staff costs\*

	2021 RMB'000	2020 RMB'000 (restated) (Note 4(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
	<b>8,584,159</b>	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.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 7 PROFIT BEFORE TAXATION (CONTINUED)

#### (c) Other items

	Notes	2021 RMB'000	2020 RMB'000 (restated) (Note 4(b))
Amortisation			
– intangible assets	15	453,589	303,860
Depreciation			
– investment properties	13	3,248	3,464
– property, plant and equipment	14	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*	23(b)	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 7(b) for each of these types of expenses.



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

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

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

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

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

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

Subsidiaries' Name	Tax rates
Tongren Conch Panjiang Cement Co., Ltd. ("Tongren Conch") 銅仁海螺盤江水泥有限責任公司 (note (i))	15%
Guizhou Liukuangruian Cement Co., Ltd. ("Liukuangruian") 貴州六礦瑞安水泥有限公司 (note (i))	15%
Qianxian Conch Cement Co., Ltd. ("Qianxian Conch") 乾縣海螺水泥有限責任公司 (note (i))	15%
Qianxinan Resource Development Co., Ltd. ("Qianxinan") 黔西南州發展資源開發有限公司 (note (i))	15%
Sichuan Nanwei Cement Co., Ltd. ("Nanwei Cement") 四川南威水泥有限公司 (note (i))	15%
Yunnan Zhuangxiang Cement Co., Ltd. ("Zhuangxiang Conch") 雲南壯鄉水泥股份有限公司 (note (i))	15%
Liangping Conch Cement Co., Ltd. ("Liangping Conch") 梁平海螺水泥有限責任公司 (note (i))	15%
Baoji Zhongxi Jinlinghe Cement Co., Ltd. ("Jinlinghe") 寶雞市眾喜金陵河水泥有限公司 (note (i))	15%
Baoji Zhongxi Fenghuangshan Cement Co., Ltd. ("Fenghuangshan") 寶雞眾喜鳳凰山水泥有限公司 (note (i))	15%
Guangxi Lingyun Tonghong Cement Co., Ltd. ("Lingyun Tonghong") 廣西凌雲通鴻水泥有限公司 (note (i))	15%
Baoshan Conch Cement Co., Ltd. ("Baoshan Conch") 保山海螺水泥有限責任公司 (note (i))	15%
Ganzhou Conch Cement Co., Ltd. ("Ganzhou Conch") 贛州海螺水泥有限責任公司 (note (i))	15%
Hami Hongyi Construction Co., Ltd. ("Hami Construction") 哈密弘毅建材有限責任公司 (note (i))	15%
Yingjiangyunhan Cement Co., Ltd. ("Yingjiangyunhan") 盈江縣允罕水泥有限責任公司 (note (i))	15%

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

Subsidiaries' Name	Tax rates
Kunming Conch Cement Co., Ltd. ("Kunming Conch") 昆明海螺水泥有限公司 (note (i))	15%
Shaanxi Tongchuan Fenghuang Construction Co., Ltd. ("Fenghuang Construction") 陝西銅川鳳凰建材有限公司 (note (i))	15%
Chongqing Material Trading Co., Ltd. ("Chongqing Trading") 重慶海螺物資貿易有限責任公司 (note (i))	15%
Tongchuan Conch New Material Co., Ltd. ("Tongchuan New Material") 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. ("Haihui New Material") 遵義海匯新材料有限責任公司 (note (i))	15%
Bazhong Conch Construction Co., Ltd. ("Bazhong Constructuion") 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 ("Quanjiao New Energy") 全椒海螺新能源有限公司 (note (iii))	20%
Huai'an Conch New Energy ("Huai'an New Energy") 淮安海螺新能源有限公司 (note (iii))	20%
Xing'an Conch New Energy ("Xing'an New Energy") 興安海螺新能源有限公司 (note (iii))	20%
Shuangfeng Conch New Energy ("Shuangfeng New Energy") 雙峰海螺新能源有限公司 (note (iii))	20%

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

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

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

Notes: (Continued)

- (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.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

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. ("Conch International"), a subsidiary in Hong Kong	16.5%
Luangprabang Conch Cement Co., Ltd. ("Luangprabang Conch") a subsidiary in Laos	35%
Vientian Conch Cement CO.,Ltd. ("Vientian Conch") a subsidiary in Laos	35%
Conch Cement Volga Limited Liability Company ("Volga Conch"), a subsidiary in Russia	20%
Conch KT Cement (Phnom Penh) Company Limited ("Phnom Penh Conch"), a subsidiary in Cambodia	20%
PT Conch Cement Indonesia ("Indonesia Conch") a subsidiary in Indonesia	22%
PT Conch South Kalimantan Cement ("Indonesia South Conch") a subsidiary in Indonesia	22%
PT Conch International Trade Indonesia ("Indonesia International Trade Conch") a subsidiary in Indonesia	22%
PT Conch Maros South Sulawesi Mine ("South Sulawesi Conch") a subsidiary in Indonesia	22%
PT Conch Maros Cement Indonesia ("Maros Conch") a subsidiary in Indonesia	22%

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

Subsidiaries' Name	Tax rates
PT Conch Barru Cement Indonesia ("Barru Conch") a subsidiary in Indonesia	22%
PT Conch North Sulawesi Cement ("North Sulawesi Conch") a subsidiary in Indonesia	22%
PT Conch West Kalimantan Trade Cement ("West Kalimantan Conch") a subsidiary in Indonesia	22%
Tonga Conch Mining Co., Ltd. ("Tonga Mining") a subsidiary in Indonesia	22%
Beisu Conch Mining Co., Ltd. ("Beisu Mining") 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 ("Qarshi Conch"), a subsidiary in Uzbekistan	15%
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.



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (CONTINUED)

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

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

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 9 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fee RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Retirement plan contributions RMB'000	2021 Total RMB'000
<b>Chairman</b>					
Gao Dengbang* (resigned on 22 April 2021)	-	-	-	-	-
Wang Cheng* (appointed on 28 May 2021)	-	-	-	-	-
<b>Vice chairman and Executive director</b>					
Wang Jianchao*	-	-	-	-	-
<b>Executive directors</b>					
Wu Bin	-	612	1,182	32	1,826
Li Qunfeng	-	827	1,929	52	2,808
Zhou Xiaochuan (appointed on 8 Nov 2021)	-	217	1,123	20	1,360
<b>Non-executive director</b>					
Ding Feng* (resigned on 17 Sep 2021)	-	-	-	-	-
<b>Independent non-executive directors</b>					
Yang Mianzhi (resigned on 3 Feb 2021)	-	-	-	-	-
Zhang Xiaorong (appointed on 3 Feb 2021)	151	-	-	-	151
Leung Tat Kwong Simon	148	-	-	-	148
Zhang Yunyan	151	-	-	-	151
<b>Supervisors</b>					
Wang Pengfei*	-	-	-	-	-
Wu Xiaoming*	-	-	-	-	-
Liu Tiantian	-	728	1,542	47	2,317
	450	2,384	5,776	151	8,761

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 9 DIRECTORS' EMOLUMENTS (CONTINUED)

	Directors' fee	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement plan contributions	2020 Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Chairman</b>					
Gao Dengbang*	-	-	-	-	-
<b>Vice chairman and Executive director</b>					
Wang Jianchao	-	358	-	22	380
<b>Executive directors</b>					
Wu Bin	-	965	1,391	17	2,373
Li Qunfeng	-	1,283	1,167	37	2,487
<b>Non-executive director</b>					
Ding Feng*	-	-	-	-	-
<b>Independent non-executive directors</b>					
Yang Mianzhi	151	-	-	-	151
Leung Tat Kwong Simon	148	-	-	-	148
Zhang Yunyan	151	-	-	-	151
<b>Supervisors</b>					
Wang Pengfei*	-	-	-	-	-
Wu Xiaoming*	-	-	-	-	-
Liu Tiantian	-	742	1,111	17	1,870
	450	3,348	3,669	93	7,560

\* No remuneration is paid or payable by the Group for the year ended 31 December 2021 and 2020 as their remunerations are paid by Conch Holdings. In addition, no remuneration is due to these directors and supervisors in respect of their services in connection with the management of the affairs of the Group.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 10 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2020: two) are directors whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the other three (2020: three) individuals are as follows:

	2021 RMB'000	2020 RMB'000
Salaries and other emoluments	2,370	2,508
Discretionary bonuses	4,539	3,612
Retirement plan contributions	146	51
	<b>7,055</b>	<b>6,171</b>

The emoluments of the three (2020: three) individuals with the highest emoluments are within the following bands:

	2021 Number of individuals	2020 Number of individuals
HKD2,000,001 – HKD2,500,000	3	3

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 11 OTHER COMPREHENSIVE INCOME

#### (a) Tax effects relating to each component of other comprehensive income

	2021			2020		
	Before-tax amount RMB'000 (Note 38(b))	Tax benefit RMB'000	Net-of-tax amount RMB'000	Before-tax amount RMB'000 (Note 38(b))	Tax benefit RMB'000	Net-of-tax amount RMB'000
Exchange differences on translation of financial statements of overseas subsidiaries	(95,918)	-	(95,918)	(213,625)	-	(213,625)
Equity investments measured at FVOCI:						
Movement in fair value reserve (non-recycling) (note (b))	68,543	(11,227)	57,316	128,832	(17,883)	110,949
Share of investees' other comprehensive income	(71,577)	-	(71,577)	7,283	-	7,283
Other comprehensive income	(98,952)	(11,227)	(110,179)	(77,510)	(17,883)	(95,393)

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 11 OTHER COMPREHENSIVE INCOME (CONTINUED)

#### (b) Components of other comprehensive income, including reclassification adjustments

	2021 RMB'000	2020 RMB'000
Equity investments measured at FVOCI:		
Changes in fair value recognised during the year	68,543	128,832
Tax effect of changes in fair value recognised during the year	(11,227)	(17,883)
Transfer of fair value reserve upon the disposal of financial assets at FVOCI	(17,726)	(57,299)
Net movement in the fair value reserve (non-recycling) during the year recognised in other comprehensive income	39,590	53,650

### 12 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) 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.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 13 INVESTMENT PROPERTIES

	<b>RMB'000</b>
<b>Cost:</b>	
At 1 January 2020	103,540
Transfer to property, plant and equipment	2,697
At 31 December 2020 and 1 January 2021	106,237
Transfer to property, plant and equipment	(5,196)
At 31 December 2021	101,041
<b>Accumulated depreciation:</b>	
At 1 January 2020	17,806
Transfer to property, plant and equipment	808
Charge for the year	3,464
At 31 December 2020 and 1 January 2021	22,078
Transfer to property, plant and equipment	(642)
Charge for the year	3,248
At 31 December 2021	24,684
<b>Net book value:</b>	
At 31 December 2021	76,357
At 31 December 2020	84,159

## 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

### Notes to the financial statements (continued)

*(Expressed in Renminbi Yuan unless otherwise indicated)*

#### 13 INVESTMENT PROPERTIES (CONTINUED)

During the year ended 31 December 2021, the Group terminated leased of two properties (2020: zero properties) with carrying value of RMB4,554,000 (2020: RMB Nil) under operating lease and classified the properties as property, plant and equipment accordingly. The investment properties are subsequently measured using the cost model.

The investment properties are valued by management to be RMB80,739,000 as at 31 December 2021 (2020: RMB95,163,000) using discounted cash flow techniques based on contracted and expected cash inflows and outflows arising from the investment properties.

The rental income earned by the Group during the year from its investment properties amounted to RMB8,989,000 (2020: RMB6,439,000). Direct operating expenses arising from the investment properties amounted to RMB3,176,000 (2020: RMB3,464,000).



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 14 OTHER PROPERTY, PLANT AND EQUIPMENT

#### (a) Reconciliation of carrying amount

	Freehold land, plant and buildings	Machinery	Office and other equipment	Vehicles	Construction- in-progress	Right-of- use assets- land use rights	Right-of- use assets- other properties	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Cost:</b>								
At 31 December 2019 as previously reported	44,501,469	56,785,680	926,582	2,056,702	6,146,827	6,287,604	61,881	116,766,745
Business combinations under common control	91,853	362,274	153	471	140,388	-	-	595,139
At 1 January 2020, as restated	44,593,322	57,147,954	926,735	2,057,173	6,287,215	6,287,604	61,881	117,361,884
Impact of exchange rate changes	(283,313)	(254,332)	(7,195)	(1,731)	-	-	-	(546,571)
Transfer from/(out) construction-in-progress	3,531,393	3,837,822	24,598	-	(7,393,813)	-	-	-
Increase through business combination not under common control	491,797	423,838	100	689	203,099	63,641	-	1,183,164
Additions	224,011	797,832	173,719	253,717	5,559,213	460,614	5,752	7,474,858
Transfer from/(out) intangible assets	-	-	-	-	(56,072)	5,502	-	(50,570)
Disposals	(528,153)	(1,060,235)	(34,217)	(94,523)	-	(74,834)	(12,924)	(1,804,886)
Transfer out to investment properties	(2,697)	-	-	-	-	-	-	(2,697)
Others	-	-	-	-	-	7,627	-	7,627
At 31 December 2020	48,026,360	60,892,879	1,083,740	2,215,325	4,599,642	6,750,154	54,709	123,622,809
At 1 January 2021	48,026,360	60,892,879	1,083,740	2,215,325	4,599,642	6,750,154	54,709	123,622,809
Impact of exchange rate changes	(308,180)	(446,176)	(4,642)	(14,549)	-	(3,576)	-	(777,123)
Transfer from/(out) construction-in-progress	1,896,263	2,850,682	30,786	-	(5,687,441)	144,720	-	(764,990)
Increase through business combination not under common control	1,492,942	677,766	11,487	71,748	100,579	735,842	31,116	3,121,480
Additions	173,503	1,392,566	138,357	224,180	8,369,373	1,021,878	11,664	11,331,521
Transfer out to intangible assets	-	-	-	-	(82,239)	-	-	(82,239)
Disposals	(191,590)	(715,623)	(17,214)	(107,454)	-	(80,918)	(20,427)	(1,133,226)
Transfer from investment properties	5,196	-	-	-	-	-	-	5,196
At 31 December 2021	51,094,494	64,652,094	1,242,514	2,389,250	7,299,914	8,568,100	77,062	135,323,428

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 14 OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### (a) Reconciliation of carrying amount (Continued)

	Freehold land, plant and buildings	Machinery	Office and other equipment	Vehicles	Construction- in-progress	Right-of- use assets- land use rights	Right-of- use assets- other properties	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>Accumulated depreciation and impairment:</b>								
At 31 December 2019 as previously reported	12,847,723	30,380,647	590,035	1,593,614	2,853	1,168,735	19,633	46,603,240
Business combinations under common control	7,225	28,347	36	99	-	-	-	35,707
At 1 January 2020, as restated	12,854,948	30,408,994	590,071	1,593,713	2,853	1,168,735	19,633	46,638,947
Impact of exchange rate changes	(25,142)	(36,513)	(2,338)	(3,515)	-	-	-	(67,508)
Charge for the year	1,474,854	3,303,111	96,278	121,904	-	142,713	18,564	5,157,424
Reversal of impairment loss due to disposal	(246,837)	(129,829)	(145)	(14)	-	-	-	(376,825)
Written off on disposals	(174,770)	(762,345)	(31,288)	(86,379)	-	(18,335)	(12,924)	(1,086,041)
Transfer out investment properties	(808)	-	-	-	-	-	-	(808)
Others	-	-	-	-	-	381	-	381
At 31 December 2020	13,882,245	32,783,418	652,578	1,625,709	2,853	1,293,494	25,273	50,265,570
At 1 January 2021	13,882,245	32,783,418	652,578	1,625,709	2,853	1,293,494	25,273	50,265,570
Impact of exchange rate changes	(20,065)	(31,707)	(347)	(245)	-	-	-	(52,364)
Charge for the year	1,479,281	3,580,783	121,561	151,455	-	154,814	12,024	5,499,918
Reversal of impairment loss due to disposal	(3,651)	(53,866)	(6)	-	-	-	-	(57,523)
Written off on disposals	(3,015)	(428,180)	(13,453)	(94,163)	-	(11,067)	(10,099)	(559,977)
Transfer out construction-in-progress	(124,423)	(640,567)	-	-	-	-	-	(764,990)
Transfer from investment properties	642	-	-	-	-	-	-	642
At 31 December 2021	15,211,014	35,209,881	760,333	1,682,756	2,853	1,437,241	27,198	54,331,276
<b>Net book value:</b>								
At 31 December 2021	35,883,480	29,442,213	482,181	706,494	7,297,061	7,130,859	49,864	80,992,152
At 31 December 2020	34,144,115	28,109,461	431,162	589,616	4,596,789	5,456,660	29,436	73,357,239

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 14 OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### (a) Reconciliation of carrying amount (Continued)

Certain property, plant and equipment of the Group have been pledged as security for bank loans. Details are set out below:

	2021 RMB'000	2020 RMB'000
Plant and buildings	172,388	–
Land use rights	8,188	–
	<b>180,576</b>	–

#### (b) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	Notes	31 December 2021 RMB'000	31 December 2010 RMB'000 (restated) (Note 4(b))
Land use rights carried at depreciated cost	(i)	7,130,859	5,456,660
Other properties leased for own use, carried at depreciated cost	(ii)	49,864	29,436
		<b>7,180,723</b>	5,486,096

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 14 OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### (b) Right-of-use assets (Continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2021 RMB'000	2020 RMB'000 (restated) (Note 4(b))
Depreciation charge of right-of-use assets by class of underlying asset:		
Land use rights	154,814	142,713
Other properties leased for own use	12,024	18,564
	<b>166,838</b>	161,277
	2021 RMB'000	2020 RMB'000 (restated) (Note 4(b))
Interest on lease liabilities	2,736	3,011
Expense relating to short-term leases	5,289	10,828
Variable lease payments not included in the measurement of lease liabilities	22,859	7,191

Notes:

(i) *Land use rights*

All lands in the PRC are state-owned or collectively owned and no individual ownership right exists. The Group acquired the rights to use certain lands. The consideration paid for such rights are treated as right-of-use assets and depreciated over the period of lease term using straight-line method.

Up to the issuance date of these financial statements, the Group has been in the process of applying for registration of the ownership certificates for certain land use rights. The aggregate carrying value of such land use rights of the Group as at 31 December 2021 was approximately RMB24,115,000 (2020: RMB43,300,000). The directors are of the opinion that the Group is entitled to legally use these land use rights.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 14 OTHER PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

#### (b) Right-of-use assets (Continued)

Notes: (Continued)

##### (ii) Other leases

The Group leases office buildings and cement transfer storages under leases expiring from 1 to 10 years.

### 15 INTANGIBLE ASSETS

	Limestone mining rights RMB'000	Clay mining rights RMB'000	Others (Note) RMB'000	Total RMB'000
Cost:				
At 31 December 2019 as previously reported	6,022,420	59,388	239,382	6,321,190
Business combinations under common control	-	-	-	-
At 1 January 2020, as restated	6,022,420	59,388	239,382	6,321,190
Additions	2,910,227	1,347	360,068	3,271,642
Increase through business combination not under common control	430,485	-	-	430,485
Transfer from construction-in- progress	45,387	5,183	-	50,570
Disposal	(24,469)	-	(20)	(24,489)
At 31 December 2020	9,384,050	65,918	599,430	10,049,398
At 1 January 2021	9,384,050	65,918	599,430	10,049,398
Additions	2,635,697	3,052	7,730	2,646,479
Increase through business combination not under common control	472,634	-	490,877	963,511
Transfer from construction-in- progress	65,000	-	17,239	82,239
At 31 December 2021	12,557,381	68,970	1,115,276	13,741,627

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 15 INTANGIBLE ASSETS (CONTINUED)

	Limestone mining rights RMB'000	Clay mining rights RMB'000	Others (Note) RMB'000	Total RMB'000
<b>Accumulated amortisation:</b>				
At 31 December 2019 as previously reported	1,212,772	22,901	37,424	1,273,097
Business combinations under common control	-	-	-	-
At 1 January 2020, as restated	1,212,772	22,901	37,424	1,273,097
Charge for the year	285,075	3,346	15,439	303,860
Written back on disposals	(24,469)	-	(20)	(24,489)
At 31 December 2020	1,473,378	26,247	52,843	1,552,468
At 1 January 2021	1,473,378	26,247	52,843	1,552,468
Charge for the year	409,360	3,805	40,424	453,589
At 31 December 2021	1,882,738	30,052	93,267	2,006,057
<b>Net book value:</b>				
At 31 December 2021	10,674,643	38,918	1,022,009	11,735,570
At 31 December 2020	7,910,672	39,671	546,587	8,496,930

Note: Others mainly represented the acquisition cost for software, the rights of using maritime space and emission rights.

Up to the issuance date of these financial statements, the Group has been in the process of applying for registration of the ownership certificates for certain limestone mining rights. The aggregate carrying value of such limestone and clay mining rights of the Group as at 31 December 2021 was approximately RMB203,488,000(2020: RMB1,031,491,000). The directors are of the opinion that the Group is entitled to legally use these limestone and clay mining rights.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 16 GOODWILL

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000
<b>Carrying amount:</b>		
At 1 January	<b>576,042</b>	514,398
Acquisitions through business combinations	<b>299,996</b>	61,644
At 31 December	<b>876,038</b>	576,042

#### Impairment tests for cash-generating units containing goodwill

For the purpose of impairment testing of goodwill, goodwill is allocated to groups of cash-generating units (being subsidiaries acquired in each acquisition). Such groups of cash-generating units represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The recoverable amount of the cash-generating units is determined based on value-in-use calculations. These calculations use discounted cash flow projections primarily based on the respective financial budgets of the cash-generating units covering a five-year period approved by management. Cash flows beyond the five-year period are extrapolated to be the same as that of the respective final forecast year on existing production capacity. The pre-tax discount rate of 14.33% (2020: 15.04%) reflects current market assessment of the time value of money and specific risks relating to the Group's business.

Based on the impairment tests, no impairment was recorded as at 31 December 2021 (2020: none).

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Ningbo Conch Cement Co., Ltd. ("Ningbo Conch") 寧波海螺水泥有限公司	RMB 171,000,000	75%	75%	–	Manufacture and sale of clinker and cement products
Shanghai Mingzhu Conch Cement Co., Ltd. ("Mingzhu Conch") 上海海螺明珠水泥有限責任公司	RMB 30,000,000	94.2%	94.2%	–	Manufacture and sale of clinker and cement products
Anhui Tongling Conch Cement Co., Ltd. ("Tongling Conch") 安徽銅陵海螺水泥有限公司	RMB 742,000,000	100%	100%	–	Manufacture and sale of clinker and cement products
Anhui Changfeng Conch Cement Co., Ltd. ("Changfeng Conch") 安徽長豐海螺水泥有限公司	RMB 10,000,000	100%	100%	–	Manufacture and sale of clinker and cement products
Zhangjiagang Conch Cement Co., Ltd. ("Zhangjiagang Conch") 張家港海螺水泥有限公司	RMB 35,000,000	98.71%	98.71%	–	Manufacture and sale of clinker and cement products
Nantong Conch Cement Co., Ltd. ("Nantong Conch") 南通海螺水泥有限責任公司	RMB 50,000,000	100%	100%	–	Manufacture and sale of clinker and cement products
Anhui Digang Conch Cement Co., Ltd. ("Digang Conch") 安徽荻港海螺水泥股份有限公司	RMB 590,000,000	100%	99.75%	0.25%	Manufacture and sale of clinker and cement products



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Jiayang Conch Cement Co., Ltd. ("Jiayang Conch") 福建省建陽海螺水泥有限責任公司	RMB 14,000,000	76%	76%	-	Manufacture and sale of clinker and cement products
Anhui Zongyang Conch Cement Co., Ltd. ("Zongyang Conch") 安徽縱陽海螺水泥股份有限公司	RMB 410,000,000	100%	99.27%	0.73%	Manufacture and sale of clinker and cement products
Anhui Chizhou Conch Cement Co., Ltd. ("Chizhou Conch") 安徽池州海螺水泥股份有限公司	RMB 950,000,000	100%	99.67%	0.33%	Manufacture and sale of clinker and cement products
Taizhou Conch Cement Co., Ltd. ("Taizhou Conch") 泰州海螺水泥有限責任公司	RMB 11,520,000	93.75%	93.75%	-	Manufacture and sale of clinker and cement products
Bengbu Conch Cement Co., Ltd. ("Bengbu Conch") 蚌埠海螺水泥有限責任公司	RMB 54,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Fenyi Conch Cement Co., Ltd. ("Fenyi Conch") 分宜海螺水泥有限責任公司	RMB 110,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Shangyu Conch Cement Co., Ltd. ("Shangyu Conch") 紹興上虞海螺水泥有限責任公司	RMB 16,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Jiande Conch Cement Co., Ltd. ("Jiande Conch") 建德海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiangxi Lushan Conch Cement Co., Ltd. ("Lushan Conch") 江西廬山海螺水泥有限公司	RMB 100,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Taizhou Yangwan Conch Cement Co., Ltd. ("Yangwan Conch") 泰州楊灣海螺水泥有限責任公司	RMB 170,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Nanchang Conch Cement Co., Ltd. ("Nanchang Conch") 南昌海螺水泥有限責任公司	RMB 20,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Anhui Huaining Conch Cement Co., Ltd. ("Huaining Conch") 安徽懷寧海螺水泥有限公司	RMB 273,250,000	100%	100%	-	Manufacture and sale of clinker and cement products
Zhongguo Cement Co., Ltd. ("Zhongguo Plant") 中國水泥廠有限公司	RMB 194,600,000	100%	100%	-	Manufacture and sale of clinker and cement products
Huai'an Conch Cement Co., Ltd. ("Huai'an Conch") 淮安海螺水泥有限責任公司	RMB 20,000,000	100%	-	100%	Manufacture and sale of clinker and cement products

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Taicang Conch Cement Co., Ltd. ("Taicang Conch") 太倉海螺水泥有限責任公司	RMB 20,000,000	100%	-	100%	Manufacture and sale of clinker and cement products
Taizhou Conch Cement Co., Ltd. ("Taizhou Conch") 台州海螺水泥有限公司	RMB 70,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Haimen Conch Cement Co., Ltd. ("Haimen Conch") 海門海螺水泥有限責任公司	RMB 50,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiangmen Conch Cement Co., Ltd. ("Jiangmen Conch") 江門海螺水泥有限公司	RMB 105,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Ma'anshan Conch Cement Co., Ltd. ("Ma'anshan Conch") 馬鞍山海螺水泥有限責任公司	RMB 80,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiangsu Baling Conch Cement Co., Ltd. ("Baling Conch") 江蘇八菱海螺水泥有限公司	RMB 32,960,000	75%	75%	-	Manufacture and sale of clinker and cement products
Shuangfeng Conch Cement Co., Ltd. ("Shuangfeng Conch") 雙峰海螺水泥有限公司	RMB 492,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Anhui Xuancheng Conch Cement Co., Ltd. ("Xuancheng Conch") 安徽宣城海螺水泥有限公司	RMB 406,500,000	100%	100%	-	Manufacture and sale of clinker and cement products
Wuhu Conch Cement Co., Ltd. ("Wuhu Conch") 蕪湖海螺水泥有限公司	RMB 660,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Hunan Conch Cement Co., Ltd. ("Hunan Conch") 湖南海螺水泥有限公司	RMB 400,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Prosperity Conch Cement Co., Ltd. ("Prosperity Conch") 英德海螺水泥有限責任公司	RMB 580,000,000	75%	70%	5%	Manufacture and sale of clinker and cement products
Xingye Kuiyang Conch Cement Co., Ltd. ("Kuiyang Conch") 興業葵陽海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Fusui Xinning Conch Cement Co., Ltd. ("Xinning Conch") 扶綏新寧海螺水泥有限責任公司	RMB 328,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Conch Construction 安徽蕪湖海螺建築安裝工程 有限責任公司	RMB 30,000,000	100%	100%	-	Provision of construction and installation services for industrial purposes

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Xing'an Conch Cement Co., Ltd. ("Xing'an Conch") 興安海螺水泥有限責任公司	RMB 350,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Ninghai Qiangjiao Conch Cement Co., Ltd. ("Ninghai Conch") 寧海強蛟海螺水泥有限公司	RMB 110,240,000	100%	100%	-	Manufacture and sale of clinker and cement products
Beiliu Conch Cement Co., Ltd. ("Beiliu Conch") 北流海螺水泥有限責任公司	RMB 450,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Zhanjiang Conch Cement Co., Ltd. ("Zhanjiang Conch") 湛江海螺水泥有限責任公司	RMB 100,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Xiangshan Conch Cement Co., Ltd. ("Xiangshan Conch") 象山海螺水泥有限責任公司	RMB 189,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Pingliang Conch 平涼海螺水泥有限責任公司	RMB 470,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Linxiang Conch Cement Co., Ltd. ("Linxiang Conch") 臨湘海螺水泥有限責任公司	RMB 290,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Yueqing Conch Cement Co., Ltd. ("Yueqing Conch") 樂清海螺水泥有限責任公司	RMB 238,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Quanjiao Conch Cement Co., Ltd. ("Quanjiao Conch") 全椒海螺水泥有限責任公司	RMB 350,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Ningde Conch Cement Co., Ltd. ("Ningde Conch") 寧德海螺水泥有限責任公司	RMB 150,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Guangyuan Conch 廣元海螺水泥有限責任公司	RMB 480,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Guangdong Qingxin Cement Co., Ltd. ("Qingxin Conch") 廣東清新水泥有限公司	RMB 320,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Chongqing Conch 重慶海螺水泥有限責任公司	RMB 550,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jiangxi Ganjiang Conch Cement Co., Ltd. ("Ganjiang Conch") 江西贛江海螺水泥有限責任公司	RMB 165,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Foshan Conch Cement Co., Ltd. ("Foshan Conch") 佛山海螺水泥有限責任公司	RMB 100,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Lu'an Conch Cement Co., Ltd. ("Lu'an Conch") 六安海螺水泥有限責任公司	RMB 89,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Dazhou Conch 達州海螺水泥有限責任公司	RMB 480,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Liquan Conch 禮泉海螺水泥有限責任公司	RMB 480,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Qianyang Conch 千陽海螺水泥有限責任公司	RMB 490,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Huainan Conch Cement Co., Ltd. ("Huainan Conch") 淮南海螺水泥有限責任公司	RMB 160,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Yangchun Conch Cement Co., Ltd. ("Yangchun Conch") 陽春海螺水泥有限責任公司	RMB 550,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jining Conch Cement Co., Ltd. ("Jining Conch") 濟寧海螺水泥有限責任公司	RMB 235,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Qiyang Conch Cement Co., Ltd. ("Qiyang Conch") 祁陽海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Hunan Yiyang Conch Cement Co., Ltd. ("Yiyang Conch") 湖南益陽海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Suzhou Conch Cement Co., Ltd. ("Suzhou Conch") 宿州海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Huangshan Conch Cement Co., Ltd. ("Huangshan Conch") 黃山海螺水泥有限責任公司	RMB 80,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Huazhou Conch Cement Co., Ltd. ("Huazhou Conch") 化州海螺水泥有限責任公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jianghua Conch Cement Co., Ltd. ("Jianghua Conch") 江華海螺水泥有限責任公司	RMB 266,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jianghua Conch Plastic Packaging Co., Ltd. ("Jianghua Plastic") 江華海螺塑膠包裝有限責任公司	RMB 20,000,000	100%	100%	-	Manufacture and sale of cement packaging



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Longling Conch Cement Co., Ltd. ("Longling Conch") 龍陵海螺水泥有限責任公司	RMB 225,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Guangyuan Conch Plastic Packaging Co., Ltd. ("Guangyuan Plastic") 廣元海螺塑膠包裝有限責任公司	RMB 20,000,000	100%	100%	-	Manufacture and sale of cement packaging
Guiyang Conch 貴陽海螺盤江水泥有限責任公司	RMB 706,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Guiding Conch 貴定海螺盤江水泥有限責任公司	RMB 460,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Zunyi Conch 遵義海螺盤江水泥有限責任公司	RMB 530,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Zhuangxiang Conch 雲南壯鄉水泥股份有限公司	RMB 50,000,000	100%	99%	1%	Manufacture and sale of clinker and cement products
Baoshan Conch 保山海螺水泥有限責任公司	RMB 300,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Longan Conch 隆安海螺水泥有限責任公司	RMB 120,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Refractory Material 安徽海螺暹羅耐火材料有限公司	RMB 168,000,000	70%	70%	-	Manufacture, development and sale of refractory material

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Tongren Conch 銅仁海螺盤江水泥有限責任公司	RMB 510,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jinlinghe 寶雞市眾喜金陵河水泥有限公司	RMB 372,376,000	100%	100%	-	Manufacture and sale of clinker and cement products
Fenghuangshan 寶雞眾喜鳳凰山水泥有限公司	RMB 928,800,000	100%	100%	-	Manufacture and sale of clinker and cement products
Qianxian Conch 乾縣海螺水泥有限責任公司	RMB 560,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Liukuanguan 貴州六礦瑞安水泥有限公司	RMB 477,450,000	51%	51%	-	Manufacture and sale of clinker and cement products
Liangping Conch 梁平海螺水泥有限責任公司	RMB 300,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Qianxinan 黔西南州發展資源開發有限公司	RMB 250,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Bazhong Conch 巴中海螺水泥有限責任公司	RMB 280,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Wenshan Conch 文山海螺水泥有限責任公司	RMB 280,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Bozhou Conch Cement Co., Ltd. ("Bozhou Conch") 亳州海螺水泥有限責任公司	RMB 30,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Nanwei Cement 四川南威水泥有限公司	RMB 168,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Zhenjiang Beigu Conch Cement Co., Ltd. ("Beigu Conch") 鎮江北固海螺水泥有限責任公司	RMB 50,000,000	80%	80%	-	Manufacture and sale of clinker and cement products
Hami Construction 哈密弘毅建材有限責任公司	RMB 100,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Hami Xingyi Mining Co., Ltd. ("Hami Mining") 哈密興義礦業有限責任公司	RMB 3,000,000	100%	-	100%	Mining and related service
Lingyun Tonghong 廣西凌雲通鴻水泥有限公司	RMB 80,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Maoming Dadi Cement Co., Ltd. ("Maoming Dadi") 茂名市大地水泥有限公司	RMB 60,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Jinxian Conch Cement Co., Ltd. ("Jinxian Conch") 進賢海螺水泥有限責任公司	RMB 42,000,000	70%	70%	-	Manufacture and sale of clinker and cement products

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Linxia Conch 臨夏海螺水泥有限責任公司	RMB 350,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Conch Material Trading Co., Ltd. ("Conch Material") 安徽海螺物資貿易有限責任公司	RMB 50,000,000	100%	100%	-	Sale of clinker and cement products
Wuxi Conch Sales Cement Co., Ltd. ("Wuxi Sales") 無錫海螺水泥銷售有限公司	RMB 100,000,000	100%	100%	-	Sale of clinker and cement products
Yingjiangyunhan 盈江縣允罕水泥有限公司	RMB 300,000,000	99%	99%	-	Manufacture and sale of clinker and cement products
Baoji Conch Plastic Packaging Co., Ltd. ("Baoji Plastic") 寶雞海螺塑膠包裝有限責任公司	RMB 10,000,000	100%	100%	-	Manufacture and sale of cement packaging
Shaoyang Yeafing New Energy Co., Ltd. ("Yeafing New Energy") 邵陽市雲峰新能源科技有限公司	RMB 120,000,000	65%	65%	-	Sale and development of profile and related products
Hunan Yeafing Cement Co., Ltd. ("Yeafing Cement") 湖南省雲峰水泥有限公司	RMB 93,000,000	65%	65%	-	Manufacture and sale of clinker and cement products
Shuicheng Conch Panjiang Cement Co., Ltd. ("Shuicheng Conch") (note (i)) 水城海螺盤江水泥有限責任公司	RMB 507,600,000	40%	40%	-	Manufacture and sale of clinker and cement products

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Kunming Conch 昆明海螺水泥有限公司	USD 30,506,700	80%	80%	-	Manufacture and sale of clinker and cement products
Lianyuan Conch Cement Co., Ltd. ("Lianyuan Cement") 澧源海螺水泥有限公司	USD 74,800,000	80%	80%	-	Manufacture and sale of clinker and cement products
Ganzhou Conch 贛州海螺水泥有限責任公司	RMB 400,000,000	55%	55%	-	Manufacture and sale of clinker and cement products
Chaohu Conch Cement Co., Ltd. ("Chaohu Conch") 巢湖海螺水泥有限責任公司	RMB 500,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Guiding Conch Plastic Packaging Co., Ltd. ("Guiding Plastic") 貴定海螺塑膠包裝有限責任公司	RMB 20,000,000	100%	100%	-	Manufacture and sale of cement packaging
Fenghuang Construction 陝西銅川鳳凰建材有限公司	RMB 584,612,000	65%	65%	-	Manufacture and sale of clinker and cement products
Haihui New Material 遵義海匯新材料有限責任公司	RMB 45,000,000	60%	60%	-	Manufacture and sale of concrete products
Chizhou Conch New Material Co., Ltd. ("Chizhou New Material") 池州海螺新材料有限責任公司	RMB 250,000,000	100%	100%	-	Manufacture and sale of concrete products

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Guangyuan Conch New Material Co., Ltd. ("Guangyuan New Material") 廣元海螺新材料有限責任公司	RMB 40,000,000	90%	90%	-	Manufacture and sale of concrete products
Bazhong Constructuion 巴中海螺建材有限責任公司	RMB 50,000,000	90%	90%	-	Manufacture and sale of clinker and cement products
Chongqing Trading 重慶海螺物資貿易有限責任公司	RMB 100,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Wuhu Conch Mining Co., Ltd. ("Wuhu Mining") 蕪湖海螺礦業有限責任公司	RMB 12,000,000	70%	70%	-	Mining and selling aggregates
Wuhu Southeast Asia International Trading Co., Ltd. ("Southeast Asia Trading") 蕪湖東南亞國際貿易有限公司	USD 40,000,000	55%	55%	-	Sale and trading of clinker and cement products and provision of related services
Guangdong Qingyuan Guangying Cement Co., Ltd. ("Guangying Cement") 廣東清遠廣英水泥有限責任公司	RMB 345,000,000	80%	80%	-	Manufacture and sale of clinker and cement products
Basu Conch 八宿海螺水泥有限責任公司	RMB 827,500,000	70%	70%	-	Manufacture and sale of clinker and cement products

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Chuzhou Conch Cement New Construction Materials Co., Ltd. ("Chuzhou New Material") 滁州海螺新型建材有限公司	RMB 11,000,000	70%	70%	-	Manufacture and sale of concrete products
Jiangxi Yiyang Conch New Material Co., Ltd. ("Yiyang New Material") 江西弋陽海螺新材料有限責任公司	RMB 30,000,000/ RMB12,000,000	70%	70%	-	Production and sales of concrete and related products
Nantong Haimen Conch New Material Co., Ltd. ("Haimen New Material") 南通市海門海螺新材料有限責任公司	RMB 300,000,000/ RMB 208,000,000	100%	100%	-	Production and sales of new materials
Yunnan Haizhong Trading Co., Ltd. ("Yunnan Haizhong") 雲南海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Yangzhou Conch Cement Co., Ltd. ("Yangzhou Conch") 揚州海螺水泥有限責任公司	RMB 210,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Yiyang Conch Cement Co., Ltd. ("Yiyang Conch") 弋陽海螺水泥有限責任公司	RMB 457,500,000	100%	100%	-	Manufacture and sale of clinker and cement products
Shimen Conch Cement Co., Ltd. ("Shimen Conch") 石門海螺水泥有限責任公司	RMB 421,000,000	100%	100%	-	Manufacture and sale of clinker and cement products

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Shanghai Conch Construction Material International Trading Co. Ltd. ("Conch International Trading") 上海海螺建材國際貿易有限公司	RMB 100,000,000	100%	100%	-	Sale, exporting and trading of clinker and cement products
Wuhu Conch Plastic Products Co., Ltd. ("Wuhu Plastic") 蕪湖海螺塑膠製品有限公司	RMB 30,000,000	100%	100%	-	Manufacture and sale of cement packaging
Anhui Ningchang Plastic Packaging Co., Ltd. ("Ningchang Plastic") 安徽寧昌塑膠包裝有限公司	RMB 53,554,100	100%	100%	-	Manufacture and sale of cement packaging
Shanghai Conch Logistic Co., Ltd. ("Conch Logistic") 上海海螺物流有限公司	RMB 10,000,000	100%	100%	-	Logistic services
Guangdong Yinglong Conch Logistic Co., Ltd. ("Yinglong Logistic") 廣東英龍海螺物流有限公司	RMB 10,000,000	100%	100%	-	Logistic services
Yingde Conch Plastic Packaging Co., Ltd. ("Yingde Plastic") 英德海螺塑膠包裝有限責任公司	RMB 6,000,000	100%	100%	-	Manufacture and sale of cement packaging
Huai'an Chuzhou Conch Cement Co., Ltd. ("Chuzhou Conch") 淮安楚州海螺水泥有限責任公司	RMB 113,000,000	100%	100%	-	Manufacture and sale of clinker and cement products



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Jiangxi Haizhong Trading Co., Ltd. ("Jiangxi Haizhong") 江西海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Guizhou Haizhong Trading Co., Ltd. ("Guizhou Haizhong") 貴州海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Bozhou Haizhong Trading Co., Ltd. ("Bozhou Haizhong") 亳州海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Zhengzhou Haizhong Trading Co., Ltd. ("Zhengzhou Haizhong") 鄭州海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Shandong Haizhong Trading Co., Ltd. ("Shandong Haizhong") 山東海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Nanjing Haizhong Trading Co., Ltd. ("Nanjing Haizhong") 南京海中貿易有限公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Shanxi Haizhong Trading Co., Ltd. ("Shanxi Haizhong") 陝西海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Zhejiang Ningbo Haizhong Trading Co., Ltd. ("Ningbo Haizhong") 浙江寧波海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Guangxi Chongzuo Haizhong Trading Co., Ltd. ("Chongzuo Haizhong") 廣西崇左海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Tongchuan New Material 銅川海螺新材料有限責任公司	RMB 40,000,000	65%	65%	-	Manufacture and sale of concrete products
Linquan Conch Cement Co., Ltd. ("Linquan Conch") 臨泉海螺水泥有限責任公司	RMB 50,000,000	100%	100%	-	Warehouse Logistics
Zhuhai Haizhong 珠海海中貿易有限責任公司	RMB 10,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Fenyi Conch Construction Materials Co., Ltd. ("Fenyi Material") 分宜海螺建築材料有限責任公司	RMB 300,000,000	90%	90%	-	Processing and sales of construction stones
Jiangxi Yiyang Conch New Construction Material Co., Ltd. ("Yiyang Construcion Material") 江西弋陽海螺新型建材有限責任公司	RMB 100,000,000	70%	70%	-	Production and sales of construction materials

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Quanjiao Conch Consturction Technology Co., Ltd. ("Quanjiao Construction") 全椒海螺建築科技有限責任公司	RMB 200,000,000	90%	90%	-	Provision of construction and installation services for industrial purposes
Anhui Haibo Intelligent Technology Co., Ltd. ("Haibo Intelligent") 安徽海博智能科技有限責任公司	RMB 80,000,000	60%	60%	-	Research and experimental development
Nantong Conch Concrete Co., Ltd. ("Nantong Concrete") 南通海螺混凝土有限責任公司	RMB 50,000,000	70%	70%	-	Production and sales of concrete and related products
Anhui Conch Zhongnan Intelligent Robot Co., Ltd. ("Zhongnan Intelligent") 安徽海螺中南智能機器人有限責任公司	RMB 50,000,000	51%	51%	-	Research development and manufacture of automation machinery
Guangxi Laibin Haizhong Cement Co., Ltd. ("Laibin Haizhong") 廣西來賓海中水泥有限責任公司.	RMB 1,000,000,000/ RMB 100,000,000	100%	-	100%	Manufacture and sale of clinker and cement products
Tongling Conch New Material Co., Ltd. ("Tongling New Material") 銅陵海螺新材料有限責任公司	RMB 25,000,000	70%	70%	-	Production and sales of concrete and related products

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Yancheng Conch Building Materials Co., Ltd. ("Yancheng Conch") 鹽城海螺建材有限公司	RMB 250,000,000/ RMB0	100%	100%	-	Manufacture and sale of clinker and cement products
Liquan Conch Construction Technology Co., Ltd. ("Liquan Construction Technology") 禮泉海螺建築科技有限責任公司	RMB 200,000,000/ RMB 40,000,000	100%	100%	-	Industrial and civil building construction
Xiaoxian Conch Cement Co., Ltd. ("Xiaoxian Conch") 蕭縣海螺水泥有限責任公司	RMB 600,000,000/ RMB 200,000,000	60%	60%	-	Manufacture and sale of clinker and cement products
Anhui Haihui Supply Chain Technology Co., Ltd. ("Haihui Supply Chain Technology") (note (iv)) 安徽海慧供應鏈科技有限公司	RMB 20,000,000	50%	50%	-	Logistics transportation agency service
Hainan Changjiang Conch Cement Co., Ltd. ("Changjiang Conch") 海南昌江海螺水泥有限公司	RMB 650,000,000	100%	-	100%	Manufacture and sale of clinker and cement products
Wuhu South Cement 蕪湖南方水泥有限公司	RMB 300,000,000	26.01%	-	51%	Manufacture and sale of clinker and cement products
Fenyi Canguling Construction Material Co., Ltd. ("Fenyi Canguling") 分宜蒼古嶺建築材料有限責任公司	RMB 100,000,000	100%	-	100%	Mining and selling aggregates

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Anhui Haizhong Investemnt ("Haizhong Investment") 安徽海中投資有限公司	RMB 1,000,000,000	51%	51%	-	Investment and trading
Xingan Conch New Material Co., Ltd. ("Xingan New Material") 興安海螺新材料有限責任公司	RMB 40,000,000/ RMB0	70%	70%	-	Manufacture and sale of concrete products
Nanjiang Conch Cement Co., Ltd. ("Nanjiang Conch") 南江海螺水泥有限責任公司	RMB 300,000,000	51%	51%	-	Manufacture and sale of clinker and cement products
Tongling Conch New Construction ("Tongling Construction") (note (iii)) 銅陵海螺新型建材有限公司	RMB 200,000,000	100%	100%	-	Manufacture and sale of clinker and cement products
Changjiang Conch Huangsheng Plastic Packaging ("Changjiang Plastic Packaging") (note (ii)) 昌江海螺華盛塑膠包裝有限公司	RMB 50,000,000	60%	60%	-	Manufacture and sale of cement packaging
Tianjin Haihui Supply Chain Technology ("Tianjin Haihui") (note (iv)) 天津海慧供應鏈科技有限公司	RMB 10,000,000	50%	-	100%	Logistic services
Nantong Conch Construction Material Co., Ltd ("Nantong Construction") (note (ii)) 南通海螺建築材料有限責任公司	RMB 30,000,000	100%	100%	-	Sales of construction materials

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Conch New Energy (note (iii)) 安徽海螺新能源有限公司	RMB 5,000,000,000/ RMB 1,000,000,000	100%	100%	–	Photovoltaic and wind power generation and energy storage system development
Ningbo Conch New Energy ("Ningbo New Energy") (note (iii)) 寧波海螺新能源有限公司	RMB 2,400,000	100%	–	100%	Photovoltaic and wind power generation and energy storage system development
Chaochu Conch New Energy ("Chaochu New Energy") (note (iii)) 巢湖市海螺新能源有限公司	RMB2,700,000/ RMB2,100,000	100%	–	100%	Photovoltaic and wind power generation and energy storage system development
Anlong Conch New Energy ("Anlong New Energy") (note (iii)) 安龍海螺新能源有限公司	RMB 55,000,000,000/ RMB2,600,000	100%	–	100%	Photovoltaic and wind power generation and energy storage system development
Baoji Conch New Energy ("Baoji New Energy") (note (iii)) 寶雞海螺新能源有限公司	RMB5,000,000/ RMB2,500,000	100%	–	100%	Photovoltaic and wind power generation and energy storage system development
Xuancheng Conch New Energy ("Xuancheng New Energy") (note (iii)) 宣城海螺新能源有限公司	RMB 16,000,000	100%	–	100%	Photovoltaic and wind power generation and energy storage system development
Dongying Conch New Energy ("Dongying New Energy") (note (iii)) 東營海螺新能源有限公司	RMB 3,000,000	100%	–	100%	Photovoltaic and wind power generation and energy storage system development

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Quanjiao New Energy (note (iii)) 全椒海螺新能源有限公司	RMB2,100,000/ RMBNil	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Jianghua Conch New Energy ("Jianghua New Energy") (note (iii)) 江華海螺新能源有限公司	RMB20,000,000/ RMB3,000,000	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Suzhou Conch New Energy ("Suzhou New Energy") (note (iii)) 宿州海螺新能源有限公司	RMB4,500,000	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Tangshan Conch New Energy ("Tangshan New Energy") (note (iii)) 唐山海螺新能源有限公司	RMB6,000,000/ RMB2,600,000	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Sishui Conch New Energy ("Sishui New Energy") (note (iii)) 泗水海螺新能源有限公司	RMB4,000,000	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Tongling Conch New Energy ("Tongling New Energy") (note (iii)) 銅陵海螺新能源有限公司	RMB16,000,000/ RMB3,400,000	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Guangyuan Conch New Energy ("Guangyuan New Energy") (note (iii)) 廣元海螺新能源有限公司	RMB1,000,000/ RMBNil	100%	-	100%	Photovoltaic and wind power generation and energy storage system development

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Fenyi Conch New Energy ("Fenyi New Energy") (note (iii)) 分宜海螺新能源有限公司	RMB7,000,000	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Xinhua Conch New Energy ("Xinhua New Energy") (note (iii)) 新化海螺新能源有限公司	RMB8,000,000/ RMBNil	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Jiande Conch New Energy ("Jiande New Energy") (note (iii)) 建德海螺新能源有限公司	RMB10,000,000/ RMB1,730,000	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Huai'an New Energy (note (iii)) 淮安海螺新能源有限公司	RMB5,000,000	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Zhangjiagang Conch New Energy ("Zhangjiagang New Energy") (note (iii)) 張家港海螺新能源有限公司	RMB12,000,000	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Yingde Conch New Energy ("Yingde New Energy") (note (ii)) 英德海螺新能源有限公司	RMB15,000,000/ RMBNil	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Fanchang Conch New Energy ("Fanchang New Energy") (note (ii)) 繁昌海螺新能源有限公司	RMB100,000,000/ RMBNil	100%	-	100%	Photovoltaic and wind power generation and energy storage system development



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Qingyuan Conch New Energy ("Qingyuan New Energy") (note (iii)) 清遠海螺新能源有限公司	RMB4,000,000/ RMBNil	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Liquan Conch New Energy ("Liquan New Energy") (note (iii)) 禮泉海螺新能源有限公司	RMB3,600,000	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Ganzhou Conch New Energy ("Ganzhou New Energy") (note (iii)) 贛州海螺新能源有限公司	RMB3,500,000/ RMBNil	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Xing'an New Energy (note (iii)) 興安海螺新能源有限公司	RMB8,000,000	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Fusui Conch New Energy ("Fusui New Energy") (note (iii)) 扶綏海螺新能源有限公司	RMB14,000,000/ RMBNil	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Hefei Taitong New Energy Investment ("Hefei New Energy") (note (iii)) 合肥泰通新能源投資有限公司	RMB115,856,400	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Huayang New Energy (note (iii)) 宿州市華陽新能源有限公司	RMB115,856,400	100%	-	100%	Photovoltaic and wind power generation and energy storage system development

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Suzhou Conch Golden Garden Farm ("Golden Garden") (note (iii)) 宿州海螺金色家園農業有限公司	RMB1,000,000/ RMB300,000	100%	–	100%	Processing and sales of agricultural product
Wangjiang Conch New Energy ("Wangjiang New Energy") (note (iii)) 望江海螺新能源有限公司	RMB75,000,000	90%	–	90%	Photovoltaic and wind power generation and energy storage system development
Anhui Haibeite New Energy ("Anhui Haibeite New Energy") (note (iii)) 安徽海貝特新能源有限公司	RMB100,000,000	70%	–	70%	Photovoltaic and wind power generation and energy storage system development
Wuhu Haite New Energy ("Wuhu Haite New Energy") (note (iii)) 蕪湖海特新能源有限公司	RMB40,000,000	100%	–	100%	Photovoltaic and wind power generation and energy storage system development
Wuwei Haibeite New Energy ("Wuwei Haibeite New Energy") (note (iii)) 無為海貝特新能源有限公司	RMB40,000,000	100%	–	100%	Photovoltaic and wind power generation and energy storage system development
Yiyang Conch New Energy ("Yiyang New Energy") (note (iii)) 弋陽海螺新能源有限公司	RMB40,000,000	100%	–	100%	Photovoltaic and wind power generation and energy storage system development
Shuangfeng New Energy (note (ii)) 雙峰海螺新能源有限公司	RMB10,000,000/ RMBNil	100%	–	100%	Photovoltaic and wind power generation and energy storage system development

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

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### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Qiyang New Energy (note(iii)) 祁陽海螺新能源有限公司	RMB10,000,000/ RMBNil	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Nantong New Energy (note (iii)) 南通海門海螺新能源有限公司	RMB4,000,000	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Linxia New Energy (note (ii)) 臨夏海螺新能源有限公司	RMB20,000,000 RMBNil	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Baoji Fenghuang Mountain Conch New Energy ("Baoji Mountain Conch") (note (ii)) 寶雞鳳凰山海螺新能源有限公司	RMB7,000,000/ RMBNil	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Baoshan Conch New Energy ("Baoshan New Energy") (note (ii)) 保山海螺新能源有限公司	RMB7,000,000/ RMBNil	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Yingjiang New Energy (note (ii)) 盈江海螺新能源有限公司	RMB5,000,000/ RMBNil	100%	-	100%	Photovoltaic and wind power generation and energy storage system development
Yangchun Conch New Energy ("Yangchun New Energy") (note (ii)) 陽春海螺新能源有限公司	RMB 8,000,000	100%	-	100%	Photovoltaic and wind power generation and energy storage system development

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Jiangmen New Energy (note (ii)) 江門海螺新能源有限公司	RMB9,000,000	100%	–	100%	Photovoltaic and wind power generation and energy storage system development
Huai'an Green Energy (note (ii)) 淮安海螺綠色能源科技有限公司	RMB6,000,000	100%	–	100%	Photovoltaic and wind power generation and energy storage system development
Beigu New Energy (note (ii)) 鎮江北固海螺新能源有限公司	RMB5,000,000	100%	–	100%	Photovoltaic and wind power generation and energy storage system development
Pingliang New Energy (note (ii)) 平涼海螺新能源有限公司	RMB7,000,000	100%	–	100%	Photovoltaic and wind power generation and energy storage system development
Wenshan New Energy (note (ii)) 文山海螺新能源有限公司	RMB4,000,000	100%	–	100%	Photovoltaic and wind power generation and energy storage system development
Guiding Conch New Energy ("Guiding New Energy") (note (ii)) 貴定海螺新能源有限公司	RMB8,300,000/ RMBNil	100%	–	100%	Photovoltaic and wind power generation and energy system development
Jiande Conch Green Construction ("Jiande Green Construction") (note (ii)) 建德海螺綠色建材有限公司	RMB40,000,000	100%	100%	–	Photovoltaic and wind power generation and energy storage system development

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Zhaoqing Trading Green Quarry ("Zhaoqing Quarry") (note (iii)) 肇慶交投綠色石場有限公司	RMB 417,052,600	62%	-	62%	Processing and sales of construction stones
Fengkai Conch Trading Green Construction ("Fengkai Green Construction") (note (ii)) 封開海螺交投綠色建材有限公司	RMB 10,000,000/ RMB 6,800,000	68%	68%	-	Processing and sales of construction stones
Tengchong Tengyue (note (iii)) 騰沖市騰越水泥有限公司	RMB56,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Guizhou New Shuanglong (note (iii)) 貴州新雙龍水泥有限公司	RMB 200,000,000	100%	100%	-	Sale and trading of clinker and cement products and provision of related services
Youxi Conch Cement Co., Ltd ("Youxi Conch") (note (ii)) 尤溪海螺水泥有限責任公司	RMB 800,000,000/ RMB200,000,000	33.81%	-	66.3%	Sale and trading of clinker and cement products and provision of related services
Anhui Green New Material (note (ii)) 安徽海螺綠色新型材料有限公司	RMB 1,500,000,000/ RMB 1,200,000,000	65%	65%	-	Manufacture and sales of new construction materials
Bozhou Huayi New Material (note (iii)) 亳州市華誼新型材料有限公司	RMB 50,300,000	65%	-	100%	Production and sales of concrete and related products

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Zhonglian New Material (note (iii)) 安徽省中聯新型材料有限公司	RMB 50,300,000	65%	–	100%	Production and sales of concrete and related products
Zhonglian Xiangqiao Construction (note (iii)) 中聯湘謙建材有限公司	RMB 100,000,000	65%	–	100%	Production and sales of concrete and related products
Motai New Materia (note (iii)) 安徽省墨泰新型材料有限公司	RMB 50,300,000	65%	–	100%	Production and sales of concrete and related products
Huasheng Road Engineering (note (iii)) 亳州市華盛道路工程有限公司	RMB 26,000,000	65%	–	100%	Production and sales of concrete and related products
Zhonglian Construction (note (iii)) 亳州市中聯建設工程有限公司	RMB 10,000,000	65%	–	100%	Construction of hiwhway engineering
Xiangqiao Construction (note (iii)) 亳州湘謙建築工業化有限公司	RMB 50,300,000	65%	–	100%	Provision of construction and installation services for industrial purposes
Zhonglian Guanteng (note (iii)) 安徽中聯觀騰新型材料有限公司	RMB 50,300,000	65%	–	100%	Design and technical service for industrial products
Zhonglian Motaik (note (iii)) 安徽中聯摩泰克新型材料有限公司	RMB 50,300,000	65%	–	100%	Processing and sales of manufactured sand
Wuhu Conch Green Constuction Technology Co., Ltd ("Wuhu Green Construction") (note (ii)) 蕪湖海螺綠色建築科技有限責任公司	RMB 200,000,000	100%	100%	–	Construction of building intelligent engineering

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Hongfeng Cement (note (ii)) 廣東海螺鴻豐水泥有限公司	RMB 1,000,000,000/ RMB 600,000,000	51%	51%	-	Production of cement products and exploitation of mineral resources
Yingde Shengde (note (iii)) 英德市聖德混凝土有限公司	RMB 5,000,000	70%	-	100%	Production and sales of concrete and related products
Yingde Tongde (note (iii)) 英德市通德混凝土有限公司	RMB 5,000,000	70%	-	100%	Road freight transport and sales of cement products
Wuhu Conch Green Construction Co., Ltd ("Wuhu Green Construction") (note (ii)) 蕪湖海螺綠色建材有限公司	RMB 50,000,000	67%	67%	-	Processing and sales of construction stones
Ningguo Conch Green Construction ("Ningguo Green Construction") (note (ii)) 甯國海螺綠色建材有限公司	RMB 500,000,000	60%	60%	-	Processing and sales of construction stones
Ma'an Mountain Conch Green Construction ("Ma'an Mountain Green Construction") (note (ii)) 馬鞍山海螺綠色建材有限公司	RMB 2,000,000,000/ RMB 500,000,000	100%	100%	-	Processing and sales of construction stones
Yingde Green New Material (note (ii)) 英德海螺綠色新型材料有限公司	RMB 100,000,000	70%	-	70%	Production and sales of nonmetallic mineral products and investment

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Huai'an Conch Green Construction Technology ("Huai'an Green Construction") (note (ii)) 淮安海螺綠色建築科技有限公司	RMB 70,000,000	100%	100%	-	Providing technical services and production and sales of cement products
Zongyang Conch New Material Technology ("Zongyang New Material") (note (ii)) 縱陽海螺新材料科技有限公司	RMB 1,000,000,000	51%	51%	-	Production and sales of nonmetallic mineral products and related products
Indonesia Conch 印尼海螺水泥有限公司	USD 51,000,000	75%	75%	-	Manufacture and sale of clinker and cement products investment and trading
Indonesia South Conch 南加里曼丹海螺水泥有限公司	USD 90,000,000	71.25%	-	71.25%	Manufacture and sale of clinker and cement products
Indonesia International Trade Conch 印尼海螺國際貿易有限公司	USD 30,000,000	100%	10%	90%	Investment and trading
South Sulawesi Conch 南蘇拉威西馬諾斯海螺礦山有限公司	USD 1,000,000	67.5%	-	67.5%	Mining and related service
Maros Conch 印尼馬諾斯水泥有限公司	USD 14,000,000	100%	-	100%	Sale of cement products and provision of related services
Baru Conch 印尼巴魯海螺水泥有限公司	USD 25,000,000	100%	-	100%	Sale of cement products and provision of related services
North Sulawesi Conch 北蘇海螺水泥有限公司	USD 80,000,000	100%	-	100%	Manufacture and sale of clinker and cement products



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
West Kalimantan Conch 西加裡曼丹海螺水泥貿易有限公司	USD 4,000,000	100%	-	100%	Sale of cement products and provision of related services
Battambang Conch 馬德望海螺水泥有限公司	USD 50,000,000	60%	-	60%	Sale of cement products and provision of related services
Volga Conch 伏爾加海螺水泥有限責任公司	RUB 132,477,680	75%	75%	-	Manufacture and sale of clinker and cement products
Luangprabang Conch 琅勃拉邦海螺水泥有限公司	USD 23,000,000	70%	-	70%	Manufacture and sale of clinker and cement products
Tashkent Conch (note (iii)) 塔什干海螺合資企業水泥有限公司	USD 25,719,500	65%	-	65%	Manufacture and sale of clinker and cement products
Vientiane Conch 萬象海螺水泥有限公司	USD 13,750,000	75%	-	75%	Manufacture and sale of clinker and cement products
Myanmar Conch Cement (Mandalay) Co., Ltd. ("Mandalay Conch") 緬甸海螺(曼德勒)水泥有限公司	USD 45,000,000	55%	55%	-	Manufacture and sale of clinker and cement products
Qarshi Conch 卡爾希海螺水泥外國企業有限責任公司	USD 58,000,000	100%	-	100%	Manufacture and sale of clinker and cement products
Phnom Penh Conch 海鵬KT水泥(金邊)有限公司	USD 10,000,000	55%	-	55%	Manufacture and sale of clinker and cement products

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

Name of company	Particulars of registered and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Conch International 海螺國際控股(香港)有限公司	USD 265,000,000 USD	100%	100%	-	Investment and Trading
Tonga Mining 東加海螺礦山有限公司	USD 1,000,000/ USDNil	100%	-	100%	Mining and related service
Beisu Mining 北蘇海螺礦山有限公司	USD 1,000,000/ USDNil	100%	-	100%	Mining and related service

- (i) Pursuant to the Articles of Association of the subsidiary, except for special resolutions relating to certain protective rights, the voting rights of the Group in the subsidiary are 100%.
- (ii) These subsidiaries were newly established by the Group in 2021.
- (iii) These subsidiaries were acquired by the Group in 2021.

All of the subsidiaries are limited liability companies except for Digang Conch, Chizhou Conch and Zhuangxiang Conch, which are joint stock limited companies.

- (iv) Pursuant to the Articles of Association of the subsidiary, except for special resolutions relating to certain protective rights, the voting rights of the Group in the subsidiary are 60%.

All of the subsidiaries are limited liability companies except for Digang Conch, Chizhou Conch and Zhuangxiang Conch, which are joint stock limited companies.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 17 INVESTMENTS IN SUBSIDIARIES (CONTINUED)

The following table lists out the information relating to Prosperity Conch Cement Co., Ltd, the subsidiary of the Group which has a material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

	2021 RMB'000	2020 RMB'000
NCI percentage	25%	25%
Current assets	6,029,094	5,759,396
Non-current assets	1,435,465	1,237,828
Current liabilities	644,207	489,930
Non-current liabilities	85,981	245,138
Net assets	6,734,371	6,262,156
Carrying amount of NCI	1,683,593	1,565,539
Revenue	3,527,547	3,279,103
Profit for the year	1,272,215	1,249,645
Total comprehensive income	1,272,215	1,249,645
Profit allocated to NCI	318,054	312,411
Dividend paid to NCI	200,000	-
Cash flows from operating activities	1,333,185	1,458,802
Cash flows from investing activities	(581,979)	(116,518)
Cash flows from financing activities	(772,325)	(1,375,434)

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 18 INTEREST IN ASSOCIATES

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000
Share of net assets	<b>3,519,197</b>	2,362,032
Goodwill	<b>8,825</b>	8,825
	<b>3,528,022</b>	2,370,857

The following list contains the associates of the Group, which are operating in the PRC:

Name of associate	Particulars of registered and paid up capital	Listed/ Unlisted Company	Proportion of ownership interest			Principal activities
			Group's Effective interest	Held by the Company	Held by a subsidiary	
West China Cement Limited ("West Cement") 中國西部水泥有限公司	GBP 20,000,000	Listed	27.43%	-	27.43%	Manufacture and sale of cement related products
China National Building Materials (Anhui) New Materials Industry Investment Fund partnership (Limited partnership) ("CNBM Investment Fund") 中建材(安徽)新材料產業投資基金合夥企業(有限合夥)	Not applicable	Unlisted	10.67%	10.67%	-	Equity investment
China National Building Materials (Anhui) New Materials Fund Management Co., Ltd. ("CNBM Management") 中建材(安徽)新材料基金管理有限公司	RMB50,000,000	Unlisted	7.62%	7.62%	-	Asset management

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

*(Expressed in Renminbi Yuan unless otherwise indicated)*

### 18 INTEREST IN ASSOCIATES (CONTINUED)

The Group's effective interest of West Cement increased from 21.11% as at 31 December 2020 to 27.43% as at 31 December 2021, as the Group further acquired West Cement's 1,491,873,970 shares in 2021.

In August 2021, the Group entered into an investment agreement with third parties to subscribe for 10.67% interest of CNBM Investment Fund with total consideration of RMB1.6 billion, as a limited partner. The total size of CNBM Investment Fund is RMB15 billion. CNBM Investment Fund is to invest in new material industry in Anhui and support the strategic emerging industrial chain. The Group has a right to appoint one director in the investment committee of CNBM Investment Fund, therefore the directors of the Company are of the view that the Group has significant influence on CNBM Investment Fund and consider it is an associate of the Group. As at 31 December 2021, the Group injected RMB480 million to CNBM Investment Fund.

In November 2021, the Group entered into an investment agreement with third parties to subscribe for 7.62% interest of CNBM Management with total consideration of RMB3.8 million. CNBM Management is a general partner of CNBM Investment Fund. The Group has a right to appoint one director to the board of CNBM Management, therefore the directors of the Company are in the view that the Group can cast significant influence on CNBM Management and consider it is an associate of the Group. As at 31 December 2021, the Group injected RMB3.8 million to CNBM Management.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 18 INTEREST IN ASSOCIATES (CONTINUED)

Summarised financial information of the material associate West Cement, adjusted for fair value and any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

	<b>1 October 2020 – 30 September 2021 RMB'000</b>	1 October 2019 – 30 September 2020 RMB'000
Revenue	<b>8,722,641</b>	7,269,364
Profit from continuing operations	<b>1,588,616</b>	1,927,514
Total comprehensive income	<b>1,588,616</b>	1,927,514
Dividend received from West Cement	<b>136,913</b>	72,297
Reconciled to the Group's interests in West Cement		
Gross amount of net assets of West Cement as at 30 September 2021/2020	<b>11,420,516</b>	10,800,227
Group's effective interest	<b>27.43%</b>	21.10%
Group's share of net assets of West Cement	<b>2,759,196</b>	2,278,771
Goodwill	<b>8,825</b>	8,825
Others	<b>276,191</b>	83,261
Carrying amount in the consolidated financial statements as at 31 December 2021/2020	<b>3,044,212</b>	2,370,857

\* Figures were quoted from the financial information disclosed by Yaobai Special Cement Group Co., Ltd., a domestic operating entity of West Cement, as at 30 September 2021, taking into account overseas consolidation adjustments and adjustments based on fair value at the time of investments.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 18 INTEREST IN ASSOCIATES (CONTINUED)

Aggregate information of associates that are not individually material:

	2021 RMB'000	2020 RMB'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	483,810	–

	2021 RMB'000	2020 RMB'000
Aggregate amounts of the Group's share of those associates that are not individually material		
Profit from continuing operations	–	–
Total comprehensive income	–	–

### 19 INTERESTS IN JOINT VENTURES

	31 December 2021 RMB'000	31 December 2020 RMB'000 (restated) (Note 4(b))
Share of net assets	2,003,010	1,850,954
Goodwill	31,672	31,672
	<b>2,034,682</b>	<b>1,882,626</b>

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 19 INTERESTS IN JOINT VENTURES (CONTINUED)

Details of the Group's interests in joint ventures, which are unlisted and operating in the PRC and overseas, at 31 December 2021 are as follows (Indonesian Rupiah referred to as "IDR"):

Name of joint venture	Particulars of registered capital and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
Anhui Conch Kawasaki Equipment Manufacturing Co., Ltd. ("Conch Kawasaki Equipment") 安徽海螺川崎裝備製造有限公司	RMB 348,000,000	50%	50%	-	Provision of installation and maintenance services of machinery
Sino-Myanmar International Trading Co., Ltd. ("Sino-Myanmar International") 中緬(蕪湖)國際貿易有限公司	USD 47,200,000	45%*	45%	-	Export and import business
PT SDIC Papua Cement Indonesia ("Papua Cement") 國投印尼巴布亞水泥有限公司	USD 80,000,000	49%*	49%	-	Manufacture and sale of clinker and cement product
Myanmar Conch Cement Company Limited ("Myanmar Conch") 緬甸海螺水泥有限公司	USD 42,000,000	45%*	45%	-	Manufacture and sale of clinker and cement product
Myanmar Conch Cement (Yangon) Company Limited ("Yangon Conch") 緬甸海螺(仰光)水泥有限公司	USD 10,000,000	50%	50%	-	Manufacture and sale of clinker and cement product
Huaibei Xiangshan Cement Company Limited ("Xiangshan Cement") 淮北相山水泥有限責任公司	RMB 408,628,000	40%*	40%	-	Manufacture and sale of clinker and cement product
PT Eternal Richway 印尼富恒利有限公司	USD 2,000,000	49%*	-	49%	Mining and related services



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 19 INTERESTS IN JOINT VENTURES (CONTINUED)

Name of joint venture	Particulars of registered capital and paid up capital	Proportion of ownership interest			Principal activities
		Group's effective interest	Held by the Company	Held by a subsidiary	
PT SULUT SOLOG TAMBANG 蘇魯特索隆礦山有限公司	IDR 10,100,000,000	49%*	-	49%	Mining and related services
Anhui Conch Clean Energy Co., Ltd ("Conch Clean Energy") 國家電投海螺清潔能源有限公司	RMB 50,000,000	49%*	-	49%	wind power, photovoltaic power generation services
Wuhu Conch Wind Power Energy Technology Co., Ltd ("Conch Wind Power Energy Technology") 蕪湖海螺風電能源科技有限公司	RMB 1,000,000	50%	-	50%	Wind power technology services and related engineering construction activities
Wuhu Fanchang Haixin Wind Power Energy Technology Co., Ltd ("Haixin Wind Power Energy Technology") 蕪湖市繁昌區海鑫風電能源科技有限公司	RMB 1,000,000	50%	-	50%	Wind power technology services and related engineering construction activities

\* According to the Articles of Association of these entities, the Group jointly controls these entities, together with other third parties.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 19 INTERESTS IN JOINT VENTURES (CONTINUED)

Summarised financial information of Xiangshan Cement, a material joint ventures, adjusted for fair value and any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

	2021 RMB'000	2020 RMB'000
<b>Gross amounts</b>		
Current assets	1,990,395	1,892,020
Non-current assets	2,158,129	1,566,543
Current liabilities	(452,748)	(614,300)
Non-current liabilities	(5,326)	(5,519)
Equity	3,690,450	2,838,744
Equity attributable to equity shareholders	3,635,902	2,783,464
Included in the above assets and liabilities:		
Cash and cash equivalents	37,884	82,949
Revenue	2,580,926	2,432,249
Profit from continuing operations	852,438	878,645
Other comprehensive income	-	-
Total comprehensive income	852,438	878,645
Dividend received from Xiangshan Cement	-	240,000
Included in the above profit from continuing operations:		
Depreciation and amortisation	(302,619)	(324,917)
Interest income	924	894
Interest expense	(50,017)	(60,964)
Income tax expense	(282,243)	(314,452)

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 19 INTERESTS IN JOINT VENTURES (CONTINUED)

	2021 RMB'000	2020 RMB'000
<b>Reconciled to the Group's interests in Xiangshan Cement</b>		
Gross amounts of net assets	3,635,902	2,783,464
Group's effective interest	40%	40%
Group's share of net assets of the Xiangshan Cement	1,396,857	1,049,308
Goodwill	26,048	26,048
Carrying amount in the consolidated financial statements	1,422,905	1,075,356
Information of the other joint venture that are not material:		
	31 December 2021 RMB'000	31 December 2020 RMB'000 (restated) (Note 4(b))
Carrying amount of the Group's interests in other joint ventures in the consolidated financial statements	611,778	807,269
Amount of the Group's share of the joint venture's (Loss)/profit from continuing operations	(74,702)	62,635
Other comprehensive (loss)/income	(65,655)	7,283
Total comprehensive (loss)/income	(140,357)	69,918

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 20 LOANS AND RECEIVABLES

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (restated) (Note 4(b))
Loans and receivables	<b>637,946</b>	688,602
Less: current portion of loans and receivables (note 26)	<b>(186,579)</b>	(195,520)
	<b>451,367</b>	493,082

As at 31 December 2021, loans and receivables of the Group mainly represent advances made to local government authorities.

### 21 LONG-TERM PREPAYMENTS

As at 31 December 2021, the long-term prepayments comprised of prepayments of RMB2,193,340,000 (2020: RMB21,366,000) for acquisition of limestone mining rights and machinery, and the deposits of RMB10,000,000 (2020: RMB10,000,000) for obtaining the mining resource rights. The deposits will not be refunded and are treated as part of the long-term assets when the acquisitions of such long-term assets are completed.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 22 FINANCIAL ASSETS MEASURED AT FVOCI

	Notes	31 December 2021 RMB'000	31 December 2020 RMB'000
Financial assets measured at FVOCI (non-recycling)			
– Listed equity securities (Non- trading purpose)	(i)	798,127	319,465
– Unlisted equity investment (Non- trading purpose)	(ii)	71,776	71,776
		<b>869,903</b>	<b>391,241</b>

Note (i): Financial assets measured at FVOCI – listed equity securities held by the Group are shares in Anhui Xinli Finance Co., Ltd. and China Conch Venture Holdings Limited which are listed on the Shanghai Stock Exchange (“SSE”) and Hong Kong Exchanges and Clearing Market (“HKEX”). The fair values of these investments are measured with reference to the respective quoted market prices as at 31 December 2021 and 2020.

Note (ii): As at 31 December 2021, the fair value of the unlisted equity investment is approximately the same as its cost.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 23 INVENTORIES

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

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (restated) (Note 4(b))
Raw materials	<b>4,200,131</b>	2,467,527
Work in progress	<b>351,245</b>	249,188
Finished goods	<b>4,578,068</b>	3,546,840
Spare parts	<b>766,087</b>	738,060
	<b>9,895,531</b>	7,001,615

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

	<b>2021 RMB'000</b>	2020 RMB'000 (restated) (Note 4(b))
Carrying amounts of inventories sold	<b>116,389,952</b>	124,250,745

All of the inventories are expected to be recovered within one year.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 24 TRADE AND BILLS RECEIVABLES

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (restated) (Note 4(b))
Trade debtors	<b>2,402,872</b>	1,246,768
Less: loss allowance for doubtful debts	<b>(37,077)</b>	(12,904)
	<b>2,365,795</b>	1,233,864
Bank acceptance notes receivable, carried at amortised cost	<b>7,968,386</b>	6,589,938
Commercial acceptance notes receivable, carried at amortised cost	<b>20,366</b>	11,341
Bank acceptance notes receivable, carried at FVOCI	<b>4,227,831</b>	3,085,316
	<b>14,582,378</b>	10,920,459

All of the trade and bills receivables are expected to be recovered within one year.

#### (a) Ageing analysis

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

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (restated) (Note 4(b))
Within 1 year	<b>2,345,025</b>	1,232,999
Over 1 year	<b>20,770</b>	865
	<b>2,365,795</b>	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.

Further details on the Group's credit policy are set out in note 40(a).

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 24 TRADE AND BILLS RECEIVABLES (CONTINUED)

#### (b) Endorsed/discounted bank acceptance notes

As at 31 December 2021, the Group endorsed the undue bank acceptance notes receivable of RMB8,864,148,000 (2020: RMB8,444,014,000) to its suppliers to settle trade payables of the same amounts and derecognised these bank acceptance notes receivable and the payables to suppliers in their entirety as the Group's management considered that the risks and rewards of ownership of these undue bank acceptance notes have been substantially transferred. The Group's continuous involvement in these derecognised undue bank acceptance notes receivable is limited to when the issuance banks of these undue bank acceptance notes are unable to settle the amounts due to the holders of these bank acceptance notes. As at 31 December 2021, the maximum exposure to loss from its continuous involvement represents the amounts of bank acceptance notes receivable of RMB8,864,148,000 (2020: RMB8,444,014,000), which the Group endorsed to its suppliers. The endorsed undue bank acceptance notes receivable are derecognised if management consider, based on its "risks and rewards" evaluation, that the Group has transferred substantially all of the risks and rewards of ownership of the bank acceptance notes receivable.

As at 31 December 2021, undue bank acceptance notes receivable of RMB1,893,635,000 (2020: RMB1,499,973,000) endorsed to its suppliers to settle the trade payables were not derecognised because management believed that the credit risks of ownership had not substantially transferred. All these undue bank acceptance notes receivable were due within 1 year.

As at 31 December 2021, undue bank acceptance notes receivable of RMB1,594,946,000 (2020: RMB Nil) discounted to banks were not derecognised because management believed that the credit risks of ownership had not substantially transferred. The short-term bank loan was recognised accordingly. All these undue bank acceptance notes receivable were due within 1 year.



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 24 TRADE AND BILLS RECEIVABLES (CONTINUED)

#### (c) Bank acceptance notes receivable, carried at FVOCI

Due to the requirement of cash management, the Group endorsed part of the bank acceptance notes receivable to the suppliers. The business model of bank acceptance notes management is for the purpose of collecting cash flow of contracts and sales. Therefore, the Group classified bank acceptance notes receivable of RMB4,227,831,000 (2020: RMB3,085,316,000) as bank acceptance notes receivable carried at fair value and whose changes are included in other comprehensive income.

### 25 FINANCIAL ASSETS MEASURED AT FVPL

	Notes	31 December 2021 RMB'000	31 December 2020 RMB'000
<b>Current Financial assets measured at FVPL</b>			
Structured deposits	(i)	11,178,239	–
Wealth management products	(i)	12,276,660	26,882,714
Listed equity securities at FVPL	(ii)	816,671	–
		<b>24,271,570</b>	26,882,714
<b>Non-current Financial assets measured at FVPL</b>			
Wealth management products	(i)	2,972,650	–
		<b>2,972,650</b>	–

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 25 FINANCIAL ASSETS MEASURED AT FVPL (CONTINUED)

Note (i): As at 31 December 2021, the balance represents investments in structured deposits, short-term wealth management products and long-term wealth management products. The principal amounts of these products are RMB25,900,000,000 (2020: RMB26,500,000,000) in total, and they bear interests at floating rates. They were classified as financial assets at FVPL at 31 December 2021 as their contractual cash flows are not solely payments of principal and interest.

Note (ii): Financial assets measured at FVPL – listed equity securities held by the Group are shares in Gansu Shangfeng Cement Co., Ltd and Jilin Yatai (Group) Co., Ltd. which are listed on the SSE. These listed equity securities are held for trading purpose. The fair values of these investments are measured with reference to the respective quoted market prices as at 31 December 2021.

### 26 PREPAYMENTS AND OTHER RECEIVABLES

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (restated) (Note 4(b))
Purchase prepayments	<b>1,154,011</b>	3,409,410
Current portion of loans and receivables (note 20)	<b>186,579</b>	195,520
Value-added tax recoverable and other tax prepayment	<b>571,071</b>	679,198
Other receivables	<b>2,989,269</b>	1,575,179
	<b>4,900,930</b>	5,859,307

All of the prepayments and other receivables are expected to be recovered within one year.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 27 AMOUNTS DUE FROM/TO RELATED PARTIES

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (restated) (Note 4(b))
<b>Amounts due from:</b>		
Papua Cement	<b>24,842</b>	25,094
Conch Kawasaki Equipment	<b>248,509</b>	43,080
Anhui Conch Construction Materials Design Centre ("Conch Design Institute") 安徽海螺建材設計研究院有限責任公司	<b>9,979</b>	2,706
Anhui Conch Kawasaki Energy Conservation Equipment Manufacturing Co., Ltd. ("CK Equipment") 安徽海螺川崎節能設備製造有限公司	<b>63,469</b>	56,753
Myanmar Conch	<b>34,760</b>	28,896
Anhui Conch Venture Green Energy Environmental Protection Group Co., Ltd ("Anhui Conch Venture Green Energy and its subsidiaries") 安徽海創綠能環保集團股份有限公司及其附屬公司	<b>7,846</b>	18,822
Anhui Conch Kawasak Engineering Co., Ltd. and its subsidiaries ("CK Engineering and its subsidiaries") 安徽海螺川崎工程有限公司及其附屬公司	<b>98,953</b>	24,163
Xiangshan Cement and its subsidiaries	<b>6,667</b>	22,465
Chengli Construction Material	<b>78</b>	2,182
PT Eternal Richway	<b>31,974</b>	29,658
Other related parties	<b>70,507</b>	38,652
	<b>597,584</b>	292,471

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 27 AMOUNTS DUE FROM/TO RELATED PARTIES (CONTINUED)

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (restated) (Note 4(b))
<b>Amounts due to:</b>		
Conch Kawasaki Equipment	<b>24,692</b>	26,659
CK Equipment	<b>20,350</b>	27,702
Papua Cement	<b>6,044</b>	18,731
Anhui Conch Information Technology Engineering Co., Ltd. and its subsidiaries ("Conch IT Engineering and its subsidiaries") 安徽海螺信息技術工程有限公司及其附屬公司	<b>40,571</b>	25,980
CK Engineering and its subsidiaries	<b>9,170</b>	8,023
Conch Design Institute	<b>115,341</b>	67,935
Other related parties	<b>199,250</b>	209,793
	<b>415,418</b>	384,823

The amounts due from/to related parties mainly arose from the related party transactions as disclosed in note 43. The amounts due from/to related parties are unsecured and repayable on demand.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 28 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) Cash and cash equivalents comprise:

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (restated) (Note 4(b))
Bank deposits with original maturity within three months	–	8,129,545
Cash at bank and on hand	<b>17,202,649</b>	8,655,596
Other cash and cash equivalents	<b>174,865</b>	14,166
Cash and cash equivalents in the statement of financial position and consolidated cash flow statement	<b>17,377,514</b>	16,799,307

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 28 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

#### (b) Reconciliation of profit before taxation to cash generated from operations

	Notes	2021 RMB'000	2020 RMB'000 (restated) (Note 4(b))
<b>Profit before taxation</b>		<b>44,151,874</b>	47,173,098
Adjustments for:			
Depreciation of investment properties and other property, plant and equipment	7(c)	<b>5,503,166</b>	5,160,888
Accrual/(reversal) of impairment loss on trade receivables, prepayments and other receivables	7(c)	<b>24,173</b>	(4,908)
Amortisation of intangible assets	7(c)	<b>453,589</b>	303,860
Finance costs	7(a)	<b>333,671</b>	464,542
Interest income	6	<b>(2,229,362)</b>	(2,226,166)
Share of profits of associates		<b>(385,331)</b>	(377,264)
Share of profits of joint ventures		<b>(245,949)</b>	(401,512)
Net loss/(gain) on disposal of property, plant and equipment	6	<b>(57,738)</b>	(810,517)
Net realised and unrealised gain on financial assets measured at FVPL	6	<b>(1,334,417)</b>	(800,743)
Dividend income from financial assets measured at FVOCI	6	<b>(624)</b>	–
Net gain on liquidation of a subsidiary	6	–	(45,764)
Gain arising from bargain purchase	6	<b>(90,981)</b>	(1,416)
<b>Before changes in working capital carried forward</b>		<b>46,122,071</b>	48,434,098

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 28 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

#### (b) Reconciliation of profit before taxation to cash generated from operations (Continued)

	2021 RMB'000	2020 RMB'000 (restated) (Note 4(b))
<b>Before changes in working capital brought forward</b>	<b>46,122,071</b>	48,434,098
Changes in working capital:		
Increase in inventories	<b>(2,690,748)</b>	(1,384,788)
(Increase)/decrease in trade and bills receivables	<b>(2,337,736)</b>	39,936
Decrease/(increase) in prepayments and other receivables	<b>2,663,230</b>	(753,285)
Decrease in amounts due from related parties	<b>4,860</b>	17,627
Increase/(decrease) in trade payables	<b>1,204,022</b>	(624,726)
(Decrease)/increase in contract liabilities	<b>(1,038,156)</b>	745,069
Increase/(decrease) in other payables and accruals	<b>95,210</b>	(1,231,948)
Increase in amounts due to related parties	<b>4,588</b>	68,036
Increase in deferred income	<b>27,817</b>	47,215
<b>Cash generated from operations</b>	<b>44,055,158</b>	45,357,234

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 28 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

#### (c) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

	Bank loans and other borrowings RMB'000 (Notes 32&33)	Unsecured debentures RMB'000 (Note 33)	Other payables and accruals RMB'000 (Note 30)	Lease liabilities RMB'000 (Note 35)	Total RMB'000
At 1 January 2021	6,856,072	3,498,370	7,461,259	53,732	17,869,433
<b>Changes from financing cash flows:</b>					
Proceeds from new bank loans and other borrowings	3,885,583	-	-	-	3,885,583
Repayment of bank loans and other borrowings	(3,617,576)	-	-	-	(3,617,576)
Dividends paid to non-controlling interests of non-wholly owned subsidiaries	-	-	(606,419)	-	(606,419)
Other payments related to financing activities	-	-	(124,582)	-	(124,582)
Capital and interest element of lease rentals paid	-	-	-	(20,816)	(20,816)
Total changes from financing cash flows	268,007	-	(731,001)	(20,816)	(483,810)
Exchange adjustments	(39,077)	-	-	-	(39,077)



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 28 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

#### (c) Reconciliation of liabilities arising from financing activities (Continued)

	Bank loans and other borrowings RMB'000 (Notes 32&33)	Unsecured debentures RMB'000 (Note 33)	Other payables and accruals RMB'000 (Note 30)	Lease liabilities RMB'000 (Note 35)	Total RMB'000
<b>Other changes:</b>					
Increase through business combination not under common control	1,187,561	-	1,466,210	12,037	2,665,808
Changes arising from operating and investing activities	-	338	1,929,888	-	1,930,226
Increase in lease liabilities from entering into new leases during the year	-	-	-	19,621	19,621
Interest expenses (note 7(a))	-	-	-	2,736	2,736
Dividends declared to non- controlling interests of non- wholly owned subsidiaries	-	-	610,798	-	610,798
<b>Total other changes</b>	<b>1,187,561</b>	<b>338</b>	<b>4,006,896</b>	<b>34,394</b>	<b>5,229,189</b>
<b>At 31 December 2021</b>	<b>8,272,563</b>	<b>3,498,708</b>	<b>10,737,154</b>	<b>67,310</b>	<b>22,575,735</b>

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 28 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

#### (c) Reconciliation of liabilities arising from financing activities (Continued)

	Bank loans and other borrowings RMB'000 (Notes 32&33)	Unsecured debentures RMB'000 (Note 33)	Other payables and accruals RMB'000 (Note 30)	Lease liabilities RMB'000 (Note 35)	Total RMB'000
<b>Balance at 31 December 2019, as previously reported</b>	7,789,107	3,498,054	8,248,581	55,108	19,590,850
Business combination under common control	357,640	-	42,927	4,347	404,914
<b>Balance at 1 January 2020</b>	8,146,747	3,498,054	8,291,508	59,455	19,995,764
<b>Changes from financing cash flows:</b>					
Proceeds from new bank loans and other borrowings	4,915,310	-	-	-	4,915,310
Repayment of bank loans and other borrowings	(6,200,468)	-	-	-	(6,200,468)
Dividends paid to non-controlling interests of non-wholly owned subsidiaries	-	-	(374,763)	-	(374,763)
Other payments related to financing activities	-	-	(825,730)	-	(825,730)
Capital and interest element of lease rentals paid	-	-	-	(24,660)	(24,660)
Total changes from financing cash flows	(1,285,158)	-	(1,200,493)	(24,660)	(2,510,311)
<b>Exchange adjustments</b>	(5,517)	-	-	-	(5,517)

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 28 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

#### (c) Reconciliation of liabilities arising from financing activities (Continued)

	Bank loans and other borrowings RMB'000 (Notes 32&33)	Unsecured debentures RMB'000 (Note 33)	Other payables and accruals RMB'000 (Note 30)	Lease liabilities RMB'000 (Note 35)	Total RMB'000
<b>Other changes:</b>					
Changes arising from operating and investing activities	-	316	(4,519)	-	(4,203)
Increase in lease liabilities from entering into new leases during the year	-	-	-	15,926	15,926
Interest expenses (note 7(a))	-	-	-	3,011	3,011
Dividends declared to non-controlling interests of non-wholly owned subsidiaries	-	-	374,763	-	374,763
<b>Total other changes</b>	-	316	370,244	18,937	389,497
<b>At 31 December 2020</b>	6,856,072	3,498,370	7,461,259	53,732	17,869,433

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 28 CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

#### (d) Total cash outflow for leases

Amounts included in the cash flow statement for leases comprise the following:

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (restated) (Note 4(b))
Within operating cash flow	<b>30,488</b>	17,671
Within investing cash flow	<b>1,042,178</b>	197,173
Within financing cash flow	<b>20,816</b>	24,660
	<b>1,093,482</b>	239,504

These amounts relate to the following:

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (restated) (Note 4(b))
Lease rentals paid	<b>51,304</b>	42,331
Purchase of leasehold land use rights	<b>1,042,178</b>	197,173
	<b>1,093,482</b>	239,504

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 29 TRADE PAYABLES

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (restated) (Note 4(b))
Trade payables	<b>6,598,895</b>	4,562,943

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

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

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 30 OTHER PAYABLES AND ACCRUALS

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (restated) (Note 4(b))
Construction cost payables	1,850,683	1,394,728
Deposits from suppliers	1,500,076	1,289,382
Retention deposits	643,997	486,076
Expense accruals	490,715	476,325
Value-added tax payables	1,150,345	1,393,596
Other taxes payables	769,248	623,617
Considerations payable for acquisition of subsidiaries	2,059,719	306,823
Payroll payables	1,557,652	1,360,262
Other payables	714,719	130,450
	<b>10,737,154</b>	7,461,259

### 31 CONTRACT LIABILITIES

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (restated) (Note 4(b))
<b>Contract liabilities</b>		
Receipts in advance from customers		
– For purchase of clinker and cement products	3,246,413	4,237,557
	<b>3,246,413</b>	4,237,557

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 31 CONTRACT LIABILITIES (CONTINUED)

#### Movements in contract liabilities

	2021 RMB'000	2020 RMB'000 (restated) (Note 4(b))
Balance at 1 January	4,237,557	3,492,486
Decrease in contract liabilities as a result of recognising revenue during the year that was included in the contract liabilities at the beginning of the period	(4,237,557)	(3,492,486)
Net increase in contract liabilities as a result of cash receipts in advance from customers for purchase of clinker and cement products (net off the contract liabilities as a result of recognising revenue during the year)	3,246,413	4,237,557
Balance at 31 December	3,246,413	4,237,557

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 32 CURRENT BANK LOANS AND OTHER BORROWINGS

The analysis of the carrying amount of current bank loans and other borrowings is as follows:

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (restated) (Note 4(b))
Bank loans (note 34)		
– unsecured	<b>2,848,822</b>	3,109,211
– secured	<b>81,100</b>	51,811
– bills discounted	<b>1,594,946</b>	–
Unsecured debentures (note 33 (b))	<b>3,498,708</b>	–
	<b>8,023,576</b>	3,161,022



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 33 NON-CURRENT BANK LOANS AND OTHER BORROWINGS

- (a) The analysis of the carrying amount of non-current interest-bearing borrowings is as follows:

	31 December 2021 RMB'000	31 December 2020 RMB'000 (restated) (Note 4(b))
Bank loans (note 34)		
– unsecured	3,677,588	3,309,680
– secured	70,107	385,370
Unsecured debentures (note 33(b))	–	3,498,370
	<b>3,747,695</b>	<b>7,193,420</b>

All of the non-current interest-bearing borrowings are carried at amortised cost. None of the non-current interest-bearing borrowings is expected to be settled within one year.

- (b) Significant terms and repayment schedule of debentures:

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

The Company repurchased a principal amount of RMB1,000,000 of 10-year bond on 7 November 2019. The remaining principal amount of the 10-year bond will be fully repayable on 7 November 2022.

Conch Holdings provides unconditional and irrevocable joint liability guarantee for the above corporate bonds over the respective maturity period.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 34 BANK LOANS

At 31 December 2021, the bank loans were repayable as follows:

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (restated) (Note 4(b))
Within 1 year (note 32)	<b>4,524,868</b>	3,161,022
After 1 year but within 2 years	<b>1,288,335</b>	1,245,180
After 2 years but within 5 years	<b>1,929,252</b>	1,563,500
After 5 years	<b>530,108</b>	886,370
<b>Total non-current bank loans (note 33 (a))</b>	<b>3,747,695</b>	3,695,050
	<b>8,272,563</b>	6,856,072

At 31 December 2021, the bank loans were secured as follows:

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (restated) (Note 4(b))
Bank loans		
– unsecured	<b>6,526,410</b>	6,418,891
– secured	<b>151,207</b>	437,181
– bills discounted (note 24(b))	<b>1,594,946</b>	–
	<b>8,272,563</b>	6,856,072

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 34 BANK LOANS (CONTINUED)

Notes:

- (i) In addition to the bills discounted, certain bank loans were secured by certain assets of the Group. An analysis of the carrying value of these assets is as follows:

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000
Other property, plant and equipment (note 14)	<b>180,576</b>	–
	<b>180,576</b>	–

- (ii) As at 31 December 2021, bank loans RMB70,107,000 (2020: RMB385,370,000) were guaranteed by Conch Investment, a subsidiary of a substantial shareholder of the Company.
- (iii) As at 31 December 2021, total available banking facilities of the Group amounted to RMB48,162,047,000 (2020: RMB46,305,785,000). These facilities were utilised as bank loans to the extent of RMB6,526,410,000 (2020: RMB6,418,891,000) as at 31 December 2021.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 35 LEASE LIABILITIES

At 31 December 2021, the lease liabilities were repayable as follows:

	At 31 December 2021		At 31 December 2020	
	Present value of the minimum lease payments RMB'000	Total minimum lease payments RMB'000	Present value of the minimum lease payments RMB'000 (restated) (Note 4(b))	Total minimum lease payments RMB'000 (restated) (Note 4(b))
Within 1 year	20,081	20,130	17,107	18,461
After 1 year but within 2 years	9,934	10,656	13,120	14,101
After 2 years but within 5 years	11,461	13,259	4,765	5,551
After 5 years	25,834	46,955	18,740	35,847
	47,229	70,870	36,625	55,499
	67,310	91,000	53,732	73,960
Less: total future interest expense		(23,690)		(20,228)
Present value of lease liabilities		67,310		53,732

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 36 LONG-TERM PAYABLES

The remaining contractual maturities of the Group's long-term payables at the end of the reporting period are as follows:

	At 31 December 2021		At 31 December 2020	
	Present value of the long-term payments RMB'000	Total long-term payments RMB'000	Present value of the long-term payments RMB'000	Total long-term payments RMB'000
Within 1 year	62,585	63,845	519,477	537,406
After 1 year but within 2 years	59,662	63,845	58,955	63,084
After 2 years but within 5 years	161,303	189,760	160,851	189,253
After 5 years	135,398	183,365	177,633	246,450
	<b>356,363</b>	<b>436,970</b>	397,439	498,787
	<b>418,948</b>	<b>500,815</b>	916,916	1,036,193
Less: total future interest expense		(81,867)		(119,277)
Present value of long-term payables		<b>418,948</b>		916,916

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 37 DEFERRED INCOME

	2021 RMB'000	2020 RMB'000
At 1 January	686,349	639,134
Government grants received (note)	107,940	117,926
Recognised in the consolidated statement of profit or loss	(80,123)	(70,711)
At 31 December	714,166	686,349

Note: Deferred income mainly represents the government grants received from relevant PRC authorities for property, plant and equipment improvement, such as energy-efficiency improvement. The grants are recognised in the consolidated statement of profit or loss over the estimated useful lives of the respective assets. There are no unfulfilled conditions and contingencies relating to the grants.

### 38 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

#### (a) Current taxation in the consolidated statement of financial position represents:

	2021 RMB'000	2020 RMB'000 (restated) (Note 4(b))
Balance at 1 January	3,900,669	3,863,553
Provision for the year (note 8(a))	9,583,004	10,556,256
Tax paid during the year	(10,154,630)	(10,519,140)
Balance at 31 December	3,329,043	3,900,669
Representing:		
Tax recoverable	(235,845)	(60,941)
Tax payable	3,564,888	3,961,610
	3,329,043	3,900,669

### 38 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

#### (b) Deferred tax assets and liabilities recognised:

##### (i) Movement of each component of deferred tax assets and liabilities

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

Deferred tax arising from:	Expected credit loss allowances and impairment	Unrealised profits (Note)	Arising from business combination	Tax losses	Deferred deductible expense	Property, plant and equipment	Deferred income	Fair value change of financial assets measured		Total
								at FVOCI	at FVPL	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2020	(313,612)	(399,756)	249,721	(127,590)	(161,960)	353,428	(98,490)	52,278	70,553	(375,618)
Charged/(credited) to income statement	69,296	(3,949)	(21,142)	27,731	16,800	183,525	(20,952)	-	(70,553)	180,736
Credited to reserves	-	-	-	-	-	-	-	17,883	-	17,883
Arising from acquisition	-	-	96,769	-	-	-	-	-	-	96,769
At 31 December 2020	(244,516)	(403,705)	325,348	(99,859)	(145,160)	536,953	(119,432)	70,161	-	(80,210)
At 1 January 2021	(244,516)	(403,705)	325,348	(99,859)	(145,160)	536,953	(119,432)	70,161	-	(80,210)
Charged/(credited) to income statement	50,951	54,074	(40,125)	(16,782)	16,800	304,928	(16,406)	-	15,917	367,357
Credited to reserves	-	-	-	-	-	-	-	11,227	-	11,227
Arising from acquisition	(4,495)	-	222,286	-	-	-	-	-	-	217,791
At 31 December 2021	(198,060)	(349,631)	507,509	(118,641)	(128,360)	841,881	(135,838)	81,388	15,917	516,165

Note: The unrealised profits arose from intra-group sales of inventories and property, plant and equipment, intra-group borrowings, and sale of inventories and property, plant and equipment to/from associates and joint ventures.

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 38 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

#### (b) Deferred tax assets and liabilities recognised: (Continued)

##### (ii) Reconciliation to the consolidated statement of financial position

	31 December 2021 RMB'000	31 December 2020 RMB'000
Net deferred tax assets recognised on the consolidated statement of financial position	756,200	851,777
Net deferred tax liabilities recognised on the consolidated statement of financial position	(1,272,365)	(771,567)
	<b>(516,165)</b>	80,210

#### (c) Deferred tax assets not recognised:

In accordance with the accounting policy set out in note 2(u), the Group has not recognised deferred tax assets in respect of cumulative tax losses of RMB352,236,000 (2020: RMB162,103,000) as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity. The Group has not recognised deferred tax assets in respect of certain impairment of property, plant and equipment of RMB47,888,000 (2020: RMB48,601,000) for the same reason mentioned above.



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 39 CAPITAL, RESERVES AND DIVIDENDS

#### (a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company	Notes	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000
<b>Balance at 1 January 2020</b>		5,299,303	16,579,355	217,270	2,649,654	156,833	85,004,891	109,907,306
<b>Changes in equity for 2020:</b>								
Profit for the year		-	-	-	-	-	48,932,443	48,932,443
Other comprehensive income		-	-	-	-	110,949	-	110,949
Total comprehensive income		-	-	-	-	110,949	48,932,443	49,043,392
Transfer of fair value reserve upon the disposal of financial assets at FVOCI		-	-	-	-	(57,299)	57,299	-
Dividends approved in respect of the previous year	39(b)	-	-	-	-	-	(10,598,605)	(10,598,605)
<b>Balance at 31 December 2020</b>		5,299,303	16,579,355	217,270	2,649,654	210,483	123,396,028	148,352,093

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

#### (a) Movements in components of equity (Continued)

The Company	Notes	Share capital RMB'000	Share premium RMB'000	Capital reserve RMB'000	Statutory surplus reserve RMB'000	Fair value reserve (non-recycling) RMB'000	Retained profits RMB'000	Total RMB'000
<b>Balance at 1 January 2021</b>		5,299,303	16,579,355	217,270	2,649,654	210,483	123,396,028	148,352,093
<b>Changes in equity for 2021:</b>								
Profit for the year		-	-	-	-	-	24,743,377	24,743,377
Other comprehensive income		-	-	-	-	57,316	-	57,316
Total comprehensive income		-	-	-	-	57,316	24,743,377	24,800,693
Business combination under common control		-	(110,252)	-	-	-	-	(110,252)
Transfer of fair value reserve upon the disposal of financial assets at FVOCI		-	-	-	-	(17,726)	17,726	-
Dividends approved in respect of the previous year	39(b)	-	-	-	-	-	(11,234,521)	(11,234,521)
<b>Balance at 31 December 2021</b>		5,299,303	16,469,103	217,270	2,649,654	250,073	136,922,610	161,808,013

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

#### (b) Dividends

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

	2021 RMB'000	2020 RMB'000
Final dividend proposed after the statement of financial position date of RMB2.38 (2020: RMB2.12) per ordinary share	<b>12,612,340</b>	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.

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

	2021 RMB'000	2020 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	<b>11,234,521</b>	10,598,605

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

#### (c) Share capital

##### (i) Registered and issued share capital

	31 December 2021		31 December 2020	
	No. of shares (‘000)	Amount RMB’000	No. of shares (‘000)	Amount RMB’000
<b>Registered:</b>				
H shares of RMB1 each	1,299,600	1,299,600	1,299,600	1,299,600
A shares of RMB1 each	3,999,703	3,999,703	3,999,703	3,999,703
	<b>5,299,303</b>	<b>5,299,303</b>	5,299,303	5,299,303
<b>Issued and fully paid:</b>				
H shares of RMB1 each	1,299,600	1,299,600	1,299,600	1,299,600
A shares of RMB1 each	3,999,703	3,999,703	3,999,703	3,999,703
	<b>5,299,303</b>	<b>5,299,303</b>	5,299,303	5,299,303

The Company issued 361,000,000 H shares with a par value of RMB1.00 each in October 1997 at an issue price of Hong Kong Dollars (the “HKD”) 2.28 per share. The H shares were listed on the Stock Exchange of Hong Kong Limited on 21 October 1997.

The Company issued 200,000,000 A shares with a par value of RMB1.00 each in January 2002 at an issue price of RMB4.10 per share. The A shares were listed on the SSE on 7 February 2002.

The Company issued 72,200,000 H shares with a par value of RMB1.00 each at an issue price of HKD8.20 per share in November 2003.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

#### (c) Share capital (Continued)

##### (i) Registered and issued share capital (Continued)

According to the resolution of the A-share shareholders' meeting held on 20 February 2006, the Proposal of Share Segregation Reform of Anhui Conch Cement Company Limited ("the Proposal") was approved whereby Conch Holdings agreed to pay cash consideration of RMB15 for every 10 floating A shares held by holders of floating A shares at the total amount of RMB300,000,000 with a view to obtaining a restricted listing right for the 622,480,000 non-floating state-owned shares of the Company then held by Conch Holdings. After the implementation of the Proposal, the proportion and number of shares in the Company held by holders of A shares and state-owned shares as well as the total issued share capital of the Company remained unchanged. The State-owned Assets Supervision and Administration Commission of the People's Government of Anhui Province ("SASAC") approved the Proposal on 15 February 2006.

On 1 March 2007, the board of directors of the Company applied to the SSE for the listing of the 62,784,000 shares with trading restrictions (representing approximately 5% of the total issued shares of the Company at 31 December 2006) in the Company held by Conch Holdings on the SSE. The SSE approved the listing of such 62,784,000 shares with trading restrictions on 7 March 2007.

On 24 April 2007, the Company obtained the approval of CSRC and (i) issued an aggregate of 22,755,147 A shares to Conch Holdings as consideration for the acquisition of 100% equity interest of Ningchang Plastic, 75% equity interest of Wuhu Plastic and 100% equity interest of Conch International Trading; and (ii) issued an aggregate of 287,999,046 A shares to Anhui Conch Venture Investment Co., Limited ("CV Investment") (安徽海螺創業投資有限責任公司) as consideration for the acquisition of 49% equity interest in Digang Conch, 49% equity interest in Zongyang Conch, 49% equity interest in Chizhou Conch and 31.86% equity interest in Tongling Conch. Pursuant to these transactions, the registered capital of the Company was increased to RMB1,566,434,193 by the issuance of an additional 310,754,193 restricted A shares of RMB1 each, ranking pari passu with the then existing shares of the Company in all respects, except for the trading restrictions as noted above.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

#### (c) Share capital (Continued)

##### (i) Registered and issued share capital (Continued)

On 25 February 2008, the board of directors of the Company applied to the SSE for the listing of the 62,784,000 A shares with trading restrictions (representing approximately 4% of the total issued shares of the Company at 31 December 2007) in the Company held by Conch Holdings on the SSE. The SSE approved the listing of such 62,784,000 shares with trading restrictions on 3 March 2008.

The Company issued 200,000,000 A shares with a par value of RMB1.00 each in May 2008 at an issue price of RMB57.38 per share, ranking pari passu with the then existing shares of the Company in all respects. The aforementioned A shares were listed on the SSE on 28 May 2008.

On 25 February 2009, the board of directors of the Company applied to the SSE for the listing of the 496,912,000 shares with trading restrictions (representing approximately 28% of the total issued shares of the Company at 31 December 2008) in the Company held by Conch Holdings on the SSE. The SSE approved the listing of such 496,912,000 shares with trading restrictions on 2 March 2009.

On 20 May 2010, the board of directors of the Company applied to the SSE for the listing of the 310,754,000 shares with trading restrictions (representing approximately 18% of the total issued shares of the Company at 31 December 2009) in the Company held by Conch Holdings, CV Investment and Ping An Trust and Investment Co., Ltd. on the SSE. The SSE approved the listing of such 310,754,000 shares with trading restrictions on 26 May 2010.

A shares and H shares rank pari passu in all respects, except that dividends on A shares are payable in RMB, while dividends on H shares are payable in HKD.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

#### (c) Share capital (Continued)

##### (ii) Capitalisation issue

The 2010 Annual General Meeting held on 31 May 2011 approved the bonus issue of 5 shares for every 10 shares held by the shareholders as at 15 June 2011. As a result, the issued share capital of the Company increased from RMB3,532,868,000 to RMB5,299,303,000 after capitalisation of share premium of RMB1,766,435,000.

#### (d) Nature and purpose of reserves

##### (i) Share premium

Share premium represents net assets acquired from Conch Holdings in excess of the par value of shares issued, proceeds from the issuance of H shares and A shares (or fair value of A shares) issued in excess of their par value, net of underwriting commissions, professional fees and other reorganisation costs for listing purpose, and the effect of combination under common control.

##### (ii) Capital reserve

The capital reserve comprises the following:

- the differences between the cost of acquisition of non-controlling interests in subsidiaries and the carrying amount of the net assets additionally acquired;
- cash contributed by Conch Holdings; and
- share of change of capital reserve of the investees.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

#### (d) Nature and purpose of reserves (Continued)

##### (iii) Statutory surplus reserve

In accordance with the Company Law of the PRC and the Company's articles of association, the Company and its subsidiaries shall appropriate 10% of their annual statutory net profit (after offsetting any prior years' losses) as determined in accordance with CAS to the statutory surplus reserve account. When the balance of such reserve fund reaches 50% of the registered capital of the Company or any of its subsidiaries, further appropriation to that company will become optional.

The statutory surplus reserve can be utilised to offset prior years' losses or to increase capital after proper approval. However, except for offsetting prior years' losses, the statutory surplus reserve of the Company and each subsidiary should be maintained at a minimum of 25% of the registered capital after utilisation.

For the year ended 31 December 2021, the subsidiaries of the Company appropriated the statutory surplus reserve in accordance with the articles of association. No statutory surplus reserve was appropriated for the Company in 2021, since the balance of the statutory surplus reserve reached 50% of the registered capital of the Company.

##### (iv) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see note 2(g)).



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

#### (d) Nature and purpose of reserves (Continued)

##### (v) Retained earnings

The distribution of dividends is made in accordance with the Company's articles of association at the recommendation of the Board of Directors and subject to approval by shareholders in general meetings. Pursuant to the Notice [1995] 31 issued by the Ministry of Finance of the PRC on 24 August 1995, the amount of profit available for distribution to equity shareholders will be determined based on the lower of unappropriated profits in the Company's financial statements determined in accordance with (i) CAS and regulations, and (ii) IFRSs.

#### (e) Capital management

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

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

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

During 2021, the Group's strategy, which was unchanged from 2020, was to maintain the adjusted net debt-to-capital ratio at a range considered reasonable by management. In order to maintain or adjust the ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 39 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

#### (e) Capital management (continued)

The Group's adjusted net debt-to-capital ratio at 31 December 2021 and 2020 was as follows:

	Notes	31 December 2021 RMB'000	31 December 2020 RMB'000 (restated) (Note 4(b))
Current liabilities:			
Bank loans and other borrowings	32	8,023,576	3,161,022
Lease liabilities	35	20,081	17,107
Current portion of long-term payables	36	62,585	519,477
Non-current liabilities:			
Bank loans and other Borrowings	33(a)	3,747,695	7,193,420
Lease liabilities	35	47,229	36,625
Long-term payables	36	356,363	397,439
Total debt		12,257,529	11,325,090
Add: Proposed dividends	39(b)	12,612,340	11,234,521
Less: Cash and cash Equivalents	28(a)	(17,377,514)	(16,799,307)
Adjusted net debt		7,492,355	5,760,304
Total equity attributable to equity shareholders of the Company		183,577,459	162,027,745
Less: Proposed dividends	39 (b)	(12,612,340)	(11,234,521)
Adjusted capital		170,965,119	150,793,224
Adjusted net debt-to-capital ratio		4.38%	3.82%

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group is also exposed to equity price risk arising from its equity investments in listed entities.

The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

#### (a) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade receivables. The Group's exposure to credit risk arising from cash and cash equivalents, bank acceptance notes receivable is limited because the counterparties are banks and financial institutions, for which the Group considers to have low credit risk.

Except for the financial guarantees given by the Group as set out in note 42, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 42.

#### *Trade and bills receivables*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At 31 December 2021: 19.86% (2020: 30.49%) of the total trade receivables was due from the Group's five largest customers.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (a) Credit risk (Continued)

##### *Trade and bills receivables (Continued)*

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are due within 30 to 60 days from the date of billing. Debtors with balances that are more than 2 months past due are requested to settle all outstanding balances before any further credit is granted. Normally, the Group does not obtain collateral from customers.

The Group measures loss allowances for trade receivables at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience does not indicate significantly different loss patterns for different customer segments, the loss allowance based on past due status is not further distinguished between the Group's different customer bases.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (a) Credit risk (Continued)

##### Trade and bills receivables (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade debtors as at 31 December 2021 and 2020:

	Expected loss rate %	2021 Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0%	1,688,915	–
1–3 months past due	0%	354,932	–
3–6 months past due	5%	146,752	7,338
6–12 months past due	10%	198,746	19,875
12–24 months past due	20%	4,578	915
More than 24 months past due	100%	8,949	8,949
		<b>2,402,872</b>	<b>37,077</b>
		2020 (restated)	
	Expected loss rate %	Gross carrying amount RMB'000	Loss allowance RMB'000
Current (not past due)	0%	1,145,702	–
1–3 months past due	0%	60,377	–
3–6 months past due	5%	14,379	719
6–12 months past due	10%	14,734	1,474
12–24 months past due	20%	1,081	216
More than 24 months past due	100%	10,495	10,495
		<b>1,246,768</b>	<b>12,904</b>

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (a) Credit risk (Continued)

##### *Trade and bills receivables (Continued)*

Expected loss rates are based on actual loss experience over the past 5 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Movement in the expected credit loss allowance account in respect of trade debtors during the year is as follows:

	<b>31 December 2021 RMB'000</b>	31 December 2020 RMB'000 (restated) (Note 4(b))
Balance at 1 January	<b>12,904</b>	17,331
Written off during the year	–	(479)
Reversal of impairment losses during the year	<b>(1,458)</b>	(6,636)
Impairment losses recognised during the year	<b>25,631</b>	2,688
Balance at 31 December	<b>37,077</b>	12,904

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

*(Expressed in Renminbi Yuan unless otherwise indicated)*

### 40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and readily realisable marketable securities and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

Other than endorsed bank acceptance notes with full recourse which were derecognised by the Group (see note 24), the following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (b) Liquidity risk (Continued)

	2021 Contractual undiscounted cash outflow					Carrying amount RMB'000
	Within	More than	More than	More than	Total	
	1 year or	1 year but	2 years but			
	on demand	less than	less than	5 years	RMB'000	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	6,598,895	-	-	-	6,598,895	6,598,895
Other payables and accruals	7,259,906	-	-	-	7,259,906	7,259,906
Bank loans and other borrowings	8,317,521	1,859,880	1,495,081	551,364	12,223,846	11,771,271
Lease liabilities	20,130	10,656	13,259	46,955	91,000	67,310
Long-term payables	63,845	63,845	189,760	183,365	500,815	418,948
Amounts due to related parties	411,802	-	-	-	411,802	411,802
	22,672,099	1,934,381	1,698,100	781,684	27,086,264	26,528,132

	2020 (restated) Contractual undiscounted cash outflow					Carrying amount RMB'000
	Within	More than	More than	More than	Total	
	1 year or	1 year but	2 years but			
	on demand	less than	less than	5 years	RMB'000	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	4,562,943	-	-	-	4,562,943	4,562,943
Other payables and accruals	4,080,269	-	-	-	4,080,269	4,080,269
Bank loans and other borrowings	3,487,569	4,947,759	1,723,090	1,254,557	11,412,975	10,354,442
Lease liabilities	18,461	14,101	5,551	35,847	73,960	53,732
Long-term payables	537,406	63,084	189,253	246,450	1,036,193	916,916
Amounts due to related parties	377,746	-	-	-	377,746	377,746
	13,064,394	5,024,944	1,917,894	1,536,854	21,544,086	20,346,048



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (c) Interest rate risk

The Group's interest rate risk arises primarily from borrowings. Borrowings issued at variable rates and fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group's interest rate profile as monitored by management is set out in (i) below.

#### (i) Interest rate profile

The following table details the interest rate profile of the Group's net borrowings at the end of the reporting period.

	2021		2020 (restated)	
	Interest rate %	RMB'000	Interest rate %	RMB'000
<b>Net fixed rate borrowings:</b>				
Bank loans	0.57% ~ 6.74%	4,572,885	2.40% ~ 3.00%	2,928,535
Unsecured debentures	5.10%	3,498,708	5.10%	3,498,370
Lease liabilities	4.35% ~ 6.18%	67,310	4.35% ~ 4.90%	53,732
Long-term payables	4.75% ~ 4.90%	418,948	4.75% ~ 4.90%	916,916
Less: Loans and receivables	4.75%	(69,800)	4.75%	(77,960)
Prepayments and other receivables	4.35% ~ 4.75%	(73,000)	4.35% ~ 4.75%	(65,000)
Restricted cash deposits	1.75% ~ 3.85%	(330,948)	1.55% ~ 3.99%	(285,260)
Bank deposits with maturity over three months	1.95% ~ 5.59%	(51,520,792)	0.80% ~ 4.18%	(44,960,903)
Bank deposits with maturity within three months	-	-	1.00% ~ 3.96%	(8,129,545)
		<b>(43,436,689)</b>		<b>(46,121,115)</b>
<b>Variable rate borrowings:</b>				
Bank loans	0.85% ~ 4.28%	3,699,678	0.86% ~ 4.28%	3,927,537
Less: Restricted cash deposits	0.30% ~ 1.65%	(305,291)	0.30% ~ 1.67%	(254,621)
Cash and cash equivalents	0.04% ~ 4.00%	(17,362,192)	0.04% ~ 5.00%	(8,664,488)
		<b>(13,967,805)</b>		<b>(4,991,572)</b>
<b>Total</b>		<b>(57,404,494)</b>		<b>(51,112,687)</b>

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (c) Interest rate risk (Continued)

##### (ii) Sensitivity analysis

At 31 December 2021, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after taxation and retained profits by approximately RMB106,266,000 (2020: increased/decreased RMB39,081,000) in response to the general increase/decrease in interest rates.

The sensitivity analysis above indicates the instantaneous change in the Group's profit after taxation (and retained profits) that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to fair value interest rate risk arising from fixed rate non-derivative instruments held by the Group at the end of the reporting period, the Group does not account for any fixed rate non-derivative instruments at FVPL. Therefore a change in interest rate at the end of the reporting period would not affect profit or loss. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit after tax (and retained profits) is estimated as an annualised impact on interest expense or income of such a change in interest rates. The analysis is performed on the same basis for 2020.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (d) Currency risk

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables, bank loans and other borrowings and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which the transactions relate. The currencies giving rise to this risk are United States Dollar, Thai Baht, Hong Kong Dollar and RMB. The Group manages this risk as follows:

##### (i) *Recognised assets and liabilities*

In respect of cash and cash equivalents, receivables, payables, bank loans and other borrowings denominated in foreign currencies, the Group ensures that the net exposure is kept to an acceptable level, by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

##### (ii) *Exposure to currency risk*

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in RMB, translated using the spot rate at the year end date (United States Dollar referred to as "USD", Thai Baht referred to as "THB", Hong Kong Dollar referred to as "HKD"):

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (d) Currency risk (Continued)

##### (ii) Exposure to currency risk (Continued)

	Exposure to foreign currencies (expressed in RMB'000)									
	2021					2020 (restated)				
	USD	THB	HKD	RMB	EUR	USD	THB	HKD	RMB	EUR
The functional currency is RMB:										
Trade and bills receivables	6,824	-	-	-	-	8,115	-	-	-	-
Trade payables	(17,741)	-	-	-	(1,427)	(24,627)	-	-	-	-
Cash and cash equivalents	435,257	-	4,278	-	-	844,641	-	86,423	-	-
Bank loans and other borrowings	-	-	-	-	(70,107)	-	-	-	-	(85,434)
The functional currency is Indonesia Rupiah:										
Cash and cash equivalents	34,616	-	-	9,128	-	137,106	-	-	17,493	-
Bank loans and other borrowings	(1,406,904)	-	-	-	-	(1,622,698)	-	-	(1,844,675)	-
Trade payables	-	-	-	(1,154,825)	-	-	-	-	-	-
The functional currency is Lao Kip:										
Cash and cash equivalents	1,303	1	-	24,866	-	4,752	1	-	23,914	-
Trade payables	-	-	-	(342)	-	(247)	-	-	(1,417)	-
The functional currency is Myanmar Kyat:										
Cash and cash equivalents	10,234	-	-	5	-	26,311	-	-	-	-
Bank loans and other borrowings	-	-	-	(830,000)	-	-	-	-	(630,000)	-
The function currency is Uzbekistani Som:										
Cash and cash equivalents	534,217	-	-	-	-	42,182	-	-	-	-
Gross exposure arising from recognised assets and liabilities	(402,194)	1	4,278	(1,951,168)	(71,534)	(584,465)	1	86,423	(2,434,685)	(85,434)
Net exposure arising from recognised assets and liabilities	(402,194)	1	4,278	(1,951,168)	(71,534)	(584,465)	1	86,423	(2,434,685)	(85,434)

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (d) Currency risk (Continued)

##### (iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit after tax (and retained profits) and other components of consolidated equity that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

	2021		2020 (restated)	
	Increase/ (decrease) in foreign exchange rates	(Decrease)/ increase in profit after tax and retained profits RMB'000	Increase/ (decrease) in foreign exchange rates	(Decrease)/ increase in profit after tax and retained profits RMB'000
USD	1%	(3,016)	1%	(4,383)
THB	1%	-	1%	-
HKD	1%	32	1%	648
RMB	1%	(14,634)	1%	(18,260)
EUR	1%	(537)	1%	(641)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit after tax and retained profits measured in the respective functional currencies, translated into RMB at the exchange rate ruling at the end of the reporting period for presentation purposes.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (d) Currency risk (Continued)

##### (iii) Sensitivity analysis (Continued)

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis is performed on the same basis for 2020.

#### (e) Equity price risk

The Group is exposed to equity price changes arising from listed equity investments held for trading and non-trading purpose (see notes 22 and 25). Other than unquoted securities held for strategic purposes, all of these investments are listed. The Group's listed investments are listed on SSE and HKEX. Decisions to buy or sell trading securities are based on daily monitoring of the performance of individual securities compared to that of the Index and other industry indicators, as well as the Group's liquidity needs. Listed investments that are not held for trading purposes have been chosen based on Group's longer-term strategic plans.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (e) Equity price risk (Continued)

At 31 December 2021, it is estimated that an increase/(decrease) of 1% (2020: 1%) in the relevant stock price (for listed investments), with all other variables held constant, would have increased/decreased the Group's profit after tax (and retained profits) and other components of consolidated equity as follows:

	2021			2020 (restated)		
		Effect on profit after tax and retained profits RMB'000	Effect on fair value reserve RMB'000		Effect on profit after tax and retained profits RMB'000	Effect on fair value reserve RMB'000
<b>Change in quoted share price</b>						
Increase	1%	6,125	5,987	1%	-	2,396
Decrease	(1%)	(6,125)	(5,987)	(1%)	-	(2,396)

The sensitivity analysis indicates the instantaneous change in the Group's profit after taxation (and retained profits) and other components of consolidated equity that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the Group which expose the Group to equity price risk at the end of the reporting period. It is also assumed that the fair values of the Group's equity investments would change in accordance with the historical correlation with the relevant stock market index or the relevant risk variables, and that all other variables remain constant. The analysis is performed on the same basis for 2020.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (f) Fair value measurement

##### (i) Financial instruments carried at fair value

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

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



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (f) Fair value measurement (Continued)

##### (i) Financial instruments carried at fair value (Continued)

	Fair value measurements as at 31 December 2021 using			
	Fair value at 31 December 2021 RMB'000	Quoted prices in active market for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
<b>Recurring fair value measurement</b>				
Financial assets:				
Financial assets measured at FVPL:				
- Structured deposits	11,178,239	-	11,178,239	-
- Wealth management product issued by bank	15,249,310	-	15,249,310	-
- Listed equity securities	816,671	816,671	-	-
Financial assets measured at FVOCI:				
- Listed equity securities	798,127	798,127	-	-
- Unlisted equity securities	71,776	-	-	71,776
- Bank acceptance notes	4,227,831	-	4,227,831	-
	<b>32,341,954</b>	<b>1,614,798</b>	<b>30,655,380</b>	<b>71,776</b>

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (f) Fair value measurement (Continued)

##### (i) Financial instruments carried at fair value (Continued)

	Fair value measurements as at 31 December 2020 using			
	Fair value at 31 December 2020 RMB'000	Quoted prices in active market for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
<b>Recurring fair value measurement</b>				
Financial assets:				
Financial assets measured at FVPL:				
- Wealth management product issued by bank	26,882,714	-	26,882,714	-
Financial assets measured at FVOCI:				
- Listed equity securities	319,465	319,465	-	-
- Unlisted equity securities	71,776	-	-	71,776
- Bank acceptance notes	3,085,316	-	3,085,316	-
	30,359,271	319,465	29,968,030	71,776

During the years ended 31 December 2020 and 2021, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 40 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

#### (f) Fair value measurement (Continued)

##### (i) Financial instruments carried at fair value (Continued)

###### *Valuation techniques and inputs used in Level 2 fair value measurements*

For wealth management products issued by banks that are measured at FVPL, the fair value is determined by net value of the products on the balance sheet date that published by commercial banks.

For structured deposits issued by banks that are measured at FVPL, the fair value is determined by calculating based on the discounted cash flow method.

For bank acceptance notes that are measured at FVOCI, the fair value is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

###### *Valuation techniques and inputs used in Level 3 fair value measurements*

The fair value of unlisted equity securities is determined based on medium market multiples (e.g. price-to-earnings ratio, price-to-sales ratio) of comparable companies or comparable transactions with a discount for lack of marketability as appropriate. Since the operating and financial status of the invested company has not undergone major changes, the fair value of unlisted equity securities is approximate to the cost of obtaining the equity securities.

##### (ii) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2021 and 2020.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 41 COMMITMENTS

Capital commitments outstanding at 31 December not provided for in the financial statements were as follows:

	2021 RMB'000	2020 RMB'000
Contracted for	6,453,886	3,798,327
Authorised but not contracted for	4,941,882	1,426,512
	<b>11,395,768</b>	<b>5,224,839</b>

### 42 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, Papua Cement and Myanmar Conch, 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.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 43 MATERIAL RELATED PARTY TRANSACTIONS

#### (a) Related parties information

In addition to the associates and joint ventures of the Group as disclosed in notes 18 and 19 of these financial statements, the directors are of the view that the following entities are related parties of the Group.

Name of related party	Nature of relationship
Conch Holdings 安徽海螺集團有限責任公司	Substantial shareholder of the Company
China Conch Venture Holdings Limited ("China Conch Venture") 中國海螺創業控股有限公司	Major shareholder of Conch Holdings
Conch Profiles and Science Co., Ltd. and its subsidiaries ("Conch Profiles and Science and its subsidiaries") 蕪湖海螺型材科技股份有限公司及其附屬公司	Subsidiary of Conch Holdings
Wuhu Conch International Hotel Co., Ltd. ("WH Conch Hotel") 蕪湖海螺國際大酒店有限公司	Subsidiary of Conch Holdings
Conch Design Institute 安徽海螺建材設計研究院有限責任公司	Subsidiary of Conch Holdings
Conch IT Engineering and its subsidiaries 安徽海螺信息技術工程有限責任公司及其附屬公司	Subsidiary of Conch Holdings

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 43 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (a) Related parties information (Continued)

Name of related party	Nature of relationship
Conch New Materials and its subsidiaries 安徽海螺新材料科技有限公司及其附屬公司	Subsidiary of Conch Holdings
Anhui Jinggong Testing and Inspection Center Co., Ltd. ("Jinggong Testing") 安徽精公檢測檢驗中心有限公司	Subsidiary of Conch Holdings
Wuhu Conch Trading Co., Ltd. ("WH Trading") 蕪湖海螺貿易有限公司	Subsidiary of Conch Holdings
Anhui Conch Investment Co., Ltd ("Conch Investment") 安徽海螺投資有限責任公司	Subsidiary of Conch Holdings
Anhui International Trade Group Holding Co., Ltd. ("Anhui International Trade and its subsidiaries") 安徽國貿集團控股有限公司及其附屬公司	Subsidiary of Conch Holdings
CK Engineering and its subsidiaries 安徽海螺川崎工程有限公司及其附屬公司	Subsidiary of China Conch Venture
CK Equipment 安徽海螺川崎節能設備製造有限公司	Subsidiary of China Conch Venture

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 43 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (a) Related parties information (Continued)

Name of related party	Nature of relationship
Yangzhou Haichang Port Industrial Co., Ltd. ("HC Port") 揚州海昌港務實業有限責任公司	Subsidiary of China Conch Venture
Anhui Haizhong Environmental Protection Co., Ltd. and its subsidiaries ("Haizhong Environmental and its subsidiaries") 安徽海中環保有限責任公司及其附屬公司	Subsidiary of China Conch Venture
Anhui Conch Environmental Protection Group Co., Ltd. and its subsidiaries ("Conch Environmental Protection and its subsidiaries") 安徽海螺環保集團有限公司及其附屬公司	Subsidiary of China Conch Venture
Anhui Conch Venture New Energy-saving Construction Material Co., Ltd. ("Conch Venture Green") 安徽海創新型節能建築材料有限責任公司	Subsidiary of China Conch Venture
Bozhou Conch Venture New Energy-saving Construction Material Co., Ltd. ("Bozhou Conch Venture Green") 亳州海創新型節能建築材料有限責任公司	Subsidiary of China Conch Venture

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 43 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (a) Related parties information (Continued)

Name of related party	Nature of relationship
Anhui Conch Venture Green Energy and its subsidiaries 安徽海創綠能環保集團股份有限公司及其附屬公司	Subsidiary of China Conch Venture
Conch Venture Wuhu 蕪湖海創實業有限責任公司	Subsidiary of China Conch Venture
WH Electric Conch Clean Energy ("Clean Energy") 蕪湖市國家電投海螺清潔能源有限公司	Joint venture of the Company
Conch Kawasaki Equipment 安徽海螺川崎裝備製造有限公司	Joint venture of the Company
Papua Cement 國投印尼巴布亞水泥有限公司	Joint venture of the Company
Sino-Myanmar International 中緬(蕪湖)國際貿易有限公司	Joint venture of the Company
Myanmar Conch 緬甸海螺水泥有限公司	Joint venture of the Company
Yangon Conch 緬甸海螺(仰光)水泥有限公司	Joint venture of the Company



# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 43 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

#### (a) Related parties information (Continued)

Name of related party	Nature of relationship
PT Eternal Richway 印尼富恒利有限公司	Joint venture of the Company
PT SULUT SOLOG TAMBANG 蘇魯特索隆礦山有限公司	Joint venture of the Company
Xiangshan Cement 淮北相山水泥有限責任公司	Joint venture of the Company
Wuhu Conch Wind Power Energy Technology 蕪湖海螺風電能源科技有限公司	Joint venture of the Company
Wuhu Fanchang Haixin Wind Power Energy Technology 蕪湖市繁昌區海鑫風電能源科技有限公司	Joint venture of the Company
West Cement 中國西部水泥有限公司	Associate of the Company
China building materials investment 中建材(安徽)新材料產業投資基金合夥企業(有限合夥)	Associate of the Company
China Building Materials Management 中建材(安徽)新材料基金管理有限公司	Associate of the Company
Chengli Construction Material 建德市成利建材有限公司	Under the trust of the Group

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 43 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

##### (i) Transactions with Conch Holdings

	2021 RMB'000	2020 RMB'000 (restated) (Note 4(b))
Provision of services and sales of goods	19,200	1,904
Receiving services and purchase of goods	37,849	36,591
Interest expense on lease liabilities	71	196

As at 31 December 2021, bank loans and other borrowings amounting to RMB3,500,000,000 (31 December 2020: RMB3,500,000,000) are guaranteed by Conch Holdings.

##### (ii) Transactions with other related parties

	2021 RMB'000	2020 RMB'000 (restated) (Note 4(b))
Sales of goods	399,674	435,752
Sales of assets	28,149	58,627
Provision of services	177,794	171,702
Purchase of property, plant and equipment	869,261	397,562
Purchase of materials	2,884,554	2,755,110
Purchase of right-of-use assets	-	28
Interest expense on lease liabilities	40	60
Receiving services	451,807	378,391
Loan lent	-	27,960
Repayment of loan lent	8,160	27,960
Interest on loans	1,302	1,540

As at 31 December 2021, bank loans amounting to RMB70,107,000 (2020: RMB385,370,000) are guaranteed by Conch Investment, the subsidiary of substantial shareholder of the Company.

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 43 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

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

(iii) Loan guarantees provided to other related parties

	2021 RMB'000	2020 RMB'000
Papua Cement	784,538	855,052
Myanmar Conch	10,042	44,043
	794,580	899,095

#### (c) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 9 and certain of the highest paid employees as disclosed in note 10, is as follows:

	2021 RMB'000	2020 RMB'000
Short-term employee benefits	19,526	17,431
Post-employment benefits	405	178
	19,931	17,609

Total remuneration is included in "staff costs" (see note 7(b)).

## 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

### Notes to the financial statements (continued)

*(Expressed in Renminbi Yuan unless otherwise indicated)*

#### 43 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

##### (d) Applicability of the Listing Rules relating to connected transactions

The related party transactions in respect of China Conch Venture and its subsidiaries, Conch Holdings, Conch Design Institute, Conch Profiles and Science and its subsidiaries, Conch IT Engineering, WH Conch Hotel, Conch New Materials and its subsidiaries, WH Trading, Anhui International Trade and its subsidiaries, Jiangsu Material (the Group's subsidiary) and Jinggong Testing above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules. The continuing connected transactions with Conch New Materials and its subsidiaries are provided in section 7(10) of the Director's Report in accordance with Chapter 14A of the Listing Rules. The other transactions are exempt from the disclosure requirements in Chapter 14A of the Listing Rules as they are below the de minimis threshold under Rule 14A.76(1).

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 44 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	31 December 2021		31 December 2020	
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Non-current assets</b>					
Property, plant and equipment					
– Investment property			36,545		38,244
– Other property, plant and equipment			1,546,844		1,415,218
Intangible assets			157,725		181,743
Investments in subsidiaries	17		48,354,878		44,125,097
Interest in associates			506,915		–
Interest in joint ventures			1,038,081		1,089,676
Loans and receivables			6,279,193		5,650,857
Financial assets measured at FVPL			2,972,650		–
Financial assets measured at FVOCI			868,657		391,241
			<b>61,761,488</b>		<b>52,892,076</b>
<b>Current assets</b>					
Inventories			490,021		358,823
Trade and bills receivables			2,239,522		539,688
Prepayments and other receivables			5,879,717		4,747,631
Financial assets measured at FVPL			24,271,570		26,882,714
Amounts due from subsidiaries			22,470,648		22,059,368
Amounts due from related parties			86,766		84,323
Restricted cash deposits			109,235		–
Bank deposits with original maturity over three months			51,178,000		44,505,000
Cash and cash equivalents			9,647,832		11,598,412
			<b>116,373,311</b>		<b>110,775,959</b>

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 44 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION (CONTINUED)

	Note	31 December 2021		31 December 2020	
		RMB'000	RMB'000	RMB'000	RMB'000
<b>Current liabilities</b>					
Trade payables		195,065		114,238	
Other payables and accruals		774,184		720,744	
Contract liabilities		69,797		75,921	
Bank loans and other borrowings		5,191,161		1,000	
Amounts due to subsidiaries		9,875,988		10,654,792	
Amounts due to related parties		29,083		39,460	
Current taxation		30,488		-	
		16,165,766		11,606,155	
<b>Net current assets</b>					
			100,207,545		99,169,804
<b>Total assets less current liabilities</b>					
			161,969,033		152,061,880
<b>Non-current liabilities</b>					
Bank loans and other borrowings		-		3,595,870	
Deferred income		8,885		11,412	
Deferred tax liabilities		152,135		102,505	
			161,020		3,709,787
<b>NET ASSETS</b>					
			161,808,013		148,352,093
<b>CAPITAL AND RESERVES</b>					
	39(a)				
Share capital		5,299,303		5,299,303	
Reserves		156,508,710		143,052,790	
<b>TOTAL EQUITY</b>					
			161,808,013		148,352,093

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

*(Expressed in Renminbi Yuan unless otherwise indicated)*

### 45 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

Subsequent to the end of reporting period, the directors proposed a final dividend. Further details are disclosed in note 39(b).

### 46 IMMEDIATE AND ULTIMATE CONTROLLING COMPANY

At 31 December 2021, the directors consider the immediate parent and ultimate controlling company of the Group to be Conch Holdings and Anhui Provincial Investment Group Limited respectively, which are both state-owned enterprises established in the PRC. These entities do not produce financial statements available for public use.

### 47 COMPARATIVE FIGURES

As a result of business combination under common control, the financial statements of the Group period prior to the combination have been restated to include the financial statements items of New Energy Group as if New Energy Group had been consolidated at the earliest balance sheet date presented or when the combining entities or businesses in New Energy Group first came under common control, whichever is later. Further details are disclosed in notes 2(b) and 4(b).

# 11. FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

## Notes to the financial statements (continued)

(Expressed in Renminbi Yuan unless otherwise indicated)

### 48 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2021

Up to the date of issue of these financial statements, the IASB has issued a number of amendments, and a new standard, IFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2021 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IFRS 3, <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to IAS 16, <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to IAS 37, <i>Onerous Contracts – Cost of Fulfilling a Contract</i>	1 January 2022
<i>Annual Improvements to IFRS Standards 2018-2020</i>	1 January 2022
Amendments to IFRS 3, IAS 16 and IAS 37, <i>Narrow-scope amendments</i>	1 April 2022
Amendments to IAS 1, <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023
IFRS 17, <i>Insurance Contracts</i> and amendments to IFRS 17 <i>Insurance Contracts</i>	1 January 2023
Amendments to IFRS 4, <i>Extension of the temporary exemption from applying IFRS9</i>	1 January 2023
Amendments to IAS 8, <i>Definition of Accounting Estimates</i>	1 January 2023
Amendments to IAS 12, <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	1 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2, <i>Disclosure of Accounting Policies</i>	1 January 2023
Amendments to IFRS 10 and IAS 28, <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Available for optional adoption/effective date deferred indefinitely

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.



## 12. Written Confirmation of the Directors, Supervisors and Senior Management on the Annual Report of 2021

Pursuant to the requirements and provisions of Securities Law (as revised in 2019) and No. 2: “Content and Format of Annual Reports” of “Standards of Contents and Format for Information Disclosure of Companies which are Securities Issuers” (as revised in 2021), as the Directors, Supervisors and members of the senior management of Anhui Conch Cement Company Limited, upon full understanding and review of the annual report of 2021 and summary of the annual report, we are of the view that:

1. the Company has strictly complied with the financial regulations for a joint stock company in its operation, the annual report for year 2021 and its summary have fairly reflected the financial position and operating results of the Company for the year;
2. the audit report of Anhui Conch Cement Company Limited for year 2021 as audited by KPMG Huazhen LLP and KPMG are objective, true and fair.

We warrant that the information disclosed in the annual report for year 2021 and its summary is true, accurate and complete, and we undertake that they do not contain misrepresentation, misleading statement or material omissions, and we are severally and jointly responsible for the truthfulness, accuracy and completeness of its contents.

Name	Position	Name	Position
Wang Cheng	Chairman and Executive Director	Leung Tat Kwong Simon	Independent non-executive Director
Zhang Yunyan	Independent non-executive Director	Zhang Xiaorong	Independent non-executive Director
Wang Jianchao	Deputy Chairman and Executive Director	Wu Bin	Executive Director
Li Qunfeng	Executive Director and general manager	Zhou Xiaochuan	Executive Director and secretary to the Board
Wu Xiaoming	Chairman of the Supervisory Committee	Wang Pengfei	Supervisor
Liu Tiantian	Staff Representative Supervisor	Li Xiaobo	Deputy general manager
Ke Qiubi	Deputy general manager	Li Leyi	Chief engineer of technical art
Yu Shui	Assistant to general manager	Wu Tiejun	Assistant to general manager

25 March 2022

