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安徽海螺水泥股份有限公司

Anhui Conch Cement Company Limited

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

(Stock Code: 00914)

Interim results for the six months ended 30 June 2022

Revenue for the six months ended 30 June 2022 (“**Reporting Period**”), prepared in accordance with the International Financial Reporting Standards (“**IFRSs**”), amounted to approximately RMB56,275.75 million, representing a decrease of approximately 30.06% over the corresponding period of the previous year.

As at the end of the Reporting Period, profit attributable to equity shareholders of the Company, prepared in accordance with the IFRSs, was approximately RMB9,970.55 million, representing a decrease of approximately 33.46% over the corresponding period of the previous year.

As at the end of the Reporting Period, basic earnings per share, prepared in accordance with the IFRSs, was RMB1.88, representing a decrease of RMB0.95 per share over the corresponding period of the previous year.

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

I. Basic Information of the Company

1. Basic information

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

2. Contact persons and means of contact

Secretary to the Board (Joint Securities Affairs Representative Company Secretary)

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II. Accounting Data and Financial Indicators

1. Financial Summary prepared in accordance with the IFRSs

Items	Six months ended 30 June 2022 (RMB'000) (Unaudited)	Six months ended 30 June 2021 (RMB'000) (Unaudited)		Increase/ (decrease) over the corresponding period of the previous year (%)
		After adjustment	Before adjustment	
Operating revenue	56,275,749	80,464,039	80,432,865	-30.06
Net profit attributable to equity shareholders of the Company	9,970,554	14,983,974	14,968,080	-33.46
Items	As at 30 June 2022 (RMB'000) (Unaudited)	As at 31 December 2021 (RMB'000)		Change as at the end of the Reporting Period as compared to that at the end of the previous year (%)
		After adjustment	Before adjustment	
Total assets	228,953,932	230,555,682	230,514,664	-0.69
Total liabilities	41,214,969	38,816,796	38,806,828	6.18

Note: The Company is required to restate financial statements for the previous year according to the relevant requirements under the PRC Accounting Standards and IFRSs respectively since each of the acquisitions of Anhui Conch New Energy Co., Ltd. (“Conch New Energy”, together with its subsidiaries, “New Energy Group”) in 2021, Anhui Jinggong Testing and Inspection Center Co., Ltd. (“Jinggong Testing”) and Shanghai Zhizhi Technology Co., Ltd. (“Shanghai Zhizhi”) in 2022 was a business combination under common control (the same as below).

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

Items	As at 30 June 2022 (RMB'000) (Unaudited)	As at 31 December 2021 (RMB'000)		Change as at the end of the Reporting Period as compared to that at the end of the previous year (%)
		After adjustment	Before adjustment	
Total assets	228,953,932	230,555,682	230,514,664	-0.69
Total equity attributable to equity shareholders of the Company	179,102,544	183,709,396	183,685,269	-2.51

Items	Six months ended 30 June 2022 (RMB'000) (Unaudited)	Six months ended 30 June 2021 (RMB'000) (Unaudited)		Increase/(decrease) over the corresponding period of the previous year (%)
		After adjustment	Before adjustment	
Net cash flows generated from operating activities	4,468,348	12,341,036	12,296,863	-63.79
Operating revenue	56,275,749	80,464,039	80,432,865	-30.06
Net profit attributable to equity shareholders of the Company	9,839,772	14,967,085	14,951,193	-34.26
Net profit exclude extraordinary items attributable to equity shareholders of the Company	9,298,520	14,021,393	14,005,501	-33.68
Weighted average return on net assets (%)	5.30	8.92	8.93	Decreased by 3.62 percentage points
Basic earnings per share (RMB/share)	1.86	2.82	2.82	-34.26
Diluted earnings per share (RMB/share)	1.86	2.82	2.82	-34.26

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

As at the end of the Reporting Period, the Company had a total of 352,943 shareholders, 96 of which were holders of H Shares.

Name of shareholder	Nature of shareholder	Change in the Reporting Period (share)	Number of shares held at the end of the Reporting Period (share)	Percentage of shareholding (%)	Class of shares	Pledged or frozen	
						Status	Number of shares
1. Anhui Conch Holdings Co., Ltd. (“Conch Holdings”) (Note 1)	State-owned legal person	-	1,928,870,014	36.40	A Share	Nil	-
2. HKSCC Nominees Limited (Note 2)	Foreign legal person	-7,500	1,298,372,610	24.50	H Share	Unknown	Unknown
3. Hong Kong Securities Clearing Company Limited	Foreign legal person	-30,194,562	308,740,504	5.83	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. HHLR Management Co., Ltd. – HHLR China Fund	Others	-	37,322,610	0.70	A Share	Unknown	Unknown
7. Anhui Conch Venture Investment Co., Ltd. (“CV Investment”) (Note 3)	Domestic non-state-owned legal person	-4,526,100	35,139,900	0.66	A Share	Unknown	Unknown
8. Bank Negara Malaysia	Others	13,939,744	23,271,469	0.44	A Share	Unknown	Unknown
9. Guosen Securities Co., Ltd	Others	-86,624	20,991,601	0.40	A Share	Unknown	Unknown
10. Industrial & Commercial Bank of China – SSE 50 Trading Open-end Index Securities Investment Fund	Others	-4,096,000	15,955,403	0.30	A Share	Unknown	Unknown

Notes:

- (1) During the Reporting Period, there was no change in the number of the shares of the Company held by Conch Holdings. The shares held by Conch Holdings were not subject to any pledge, freezing order or trust.
- (2) HKSCC Nominees Limited held 1,298,372,610 H Shares, representing 24.50% of the total share capital of the Company, and 99.91% of the issued H Shares of the Company. These shares were held on behalf of its various clients.
- (3) As at the end of the Reporting Period, CV Investment held 35,139,900 A Shares, of which 34,915,303 shares were acquired through purchase in the secondary market with voting rights attached thereto in accordance with the law and 224,597 shares were acquired through the Company's issue of shares as consideration for purchase of assets from CV Investment and the capitalization of capital reserve fund. According to the relevant commitments made by CV Investment, such shares do not have voting rights.
- (4) All the above shares are floating shares not subject to trading restrictions.
- (5) The board ("**Board**") of directors ("**Directors**") of the Company is not aware of any connected relationship or acting in concert relationship among the above-mentioned shareholders.
- (6) During the Reporting Period, the Company did not carry out share repurchase, so there was no designated repurchase account among the top ten shareholders.

IV. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

V. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

1. Interests of directors, supervisors and chief executive

As at the end of the Reporting Period, Mr. Liu Tiantian, the staff representative supervisor of the Company, held 63,500 H Shares (ordinary shares) of the Company in the capacity of a beneficial owner. Saved for the aforesaid, during the Reporting Period, none of the other Directors, supervisors, chief executive of the Company nor any of their respective close associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange ("**HKSE Listing Rules**")) held any interest or short position in the shares, underlying shares and debentures of the Company or any of its associated corporations (as defined in Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "**SFO**")), nor had they been granted or exercised the above rights, which were recorded in the register of the Company required to be kept and maintained in accordance with section 352 of the SFO or otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the HKSE Listing Rules.

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

2. Corporate Governance Code

During the Reporting Period, the Company had complied with all the code provisions as set out

in Part 2 of the Corporate Governance Code in Appendix 14 to the HKSE Listing Rules.

VI. MANAGEMENT DISCUSSION AND ANALYSIS

ANALYSIS ON THE OPERATIONAL CONDITIONS FOR THE FIRST HALF OF 2022

(1) Overview of operation development

In the first half of 2022, facing the normalized COVID-19 pandemic prevention and control measures and the severe and complicated local and global economic environment, the Group strove to overcome unfavorable factors, including the increase in energy prices and the decline in 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, the Group increased its investment in research and development, extending the upstream and downstream industrial chains expansion as well as strengthened the operation management and control of performance indicator and strove to improve the operational quality.

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group's operating revenue amounted to RMB56,276 million, representing a decrease of 30.06% from that for the corresponding period of the previous year; net profit attributable to equity shareholders of the Company amounted to RMB9,840 million, representing a decrease of 34.26% from that for the corresponding period of the previous year; and earnings per share were RMB1.86, representing a decrease of RMB0.97 per share from that for the corresponding period of the previous year. In accordance with the IFRSs, operating revenue amounted to RMB56,276 million, representing a decrease of 30.06% from that for the corresponding period of the previous year; net profit attributable to equity shareholders of the Company amounted to RMB9,971 million, representing a decrease of 33.46% from that for the corresponding period of the previous year; and earnings per share were RMB1.88, representing a decrease of RMB0.95 per share from that for the corresponding period of the previous year.

During the Reporting Period, the Group seized development opportunities by proactively carrying out construction and merger and acquisition of projects domestically and internationally, thereby achieving fruitful results in its core cement business and upstream and downstream industrial chains expansion. The Group successfully acquired various cement projects, including Chongqing Duoji Renewable Resources Co., Ltd. ("**Chongqing Duoji**"), Naimanqi Hongji Cement Co., Ltd. ("**Hongji Cement**") and Chifeng Hahe Cement Co., Ltd. and completed the acquisition of the equity interest of various commodity concrete projects, including Changsha Yongyun Building Materials Co., Ltd. ("**Yongyun Building Materials**") and Changde Dingxing Concrete Products Co., Ltd. ("**Changde Dingxing**"). In terms of overseas operation, Qarshi cement project in Uzbekistan was successfully launched and put into production, while projects under construction and planned for construction were also making orderly progress. By stepping up its efforts in market expansion, the Group continued to improve the overall operational quality of projects in operation.

During the Reporting Period, the Group increased the production capacity of clinker, cement, aggregates, and commodity concrete by 2.40 million tonnes, 3.25 million tonnes, 8.70 million tonnes and 3 million cubic meters, respectively, and the installed capacity of photovoltaic power generation by 37 MW. As at the end of the Reporting Period, the Group's production capacity of clinker, cement, aggregates and commodity concrete amounted to 272 million tonnes, 387 million tonnes, 74.50 million tonnes and 17.70 million cubic meters respectively, and the installed capacity of photovoltaic power generation amounted to 237 MW.

(2) Major operational information during the Reporting Period

1. Analysis of revenue and cost

Principal activities by industry, product, region and sales model

Principal activities by industry						
Industry	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Period-on-period change in operating revenue (%)	Period-on-period change in operating cost (%)	Period-on-period change in gross profit margin
Building material industry (sale of self-produced products)	46,156,109	30,581,280	33.74	-10.12	2.57	Decreased by 8.20 percentage points
Building material industry (trading business)	896,442	888,974	0.83	-95.04	-95.07	Increased by 0.63 percentage point
Principal activities by product						
Product	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Period-on-period change in operating revenue (%)	Period-on-period change in operating cost (%)	Period-on-period change in gross profit margin
Building material industry (sale of self-produced products) – 42.5-grade cement ^{Note 1}	32,306,498	21,305,822	34.05	-16.04	-4.72	Decreased by 7.83 percentage points
Building material industry (sale of self-produced products) – 32.5-grade cement	5,490,585	3,562,864	35.11	-12.01	5.73	Decreased by 10.89 percentage points
Building material industry (sale of self-produced products) – Clinker	6,778,464	4,745,389	29.99	15.93	26.75	Decreased by 5.97 percentage points
Building material industry (sale of self-produced products) – Aggregate and manufactured sand	778,273	344,240	55.77	19.80	49.76	Decreased by 8.85 percentage points
Building material industry (sale of self-produced products) – Commercial concrete	802,289	622,965	22.35	484.10	467.47	Increased by 2.28 percentage points
Building material industry (trading business)	896,442	888,974	0.83	-95.04	-95.07	Increased by 0.63 percentage point

Principal activities by region						
Region	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Period-on-period change in operating revenue(%)	Period-on-period change in operating cost(%)	Period-on-period change in gross profit margin
Building material industry (sale of self-produced products) – East China ^{Note 2}	12,859,243	8,539,802	33.59	-16.42	6.11	Decreased by 14.10 percentage points
Building material industry (sale of self-produced products) – Central China ^{Note 3}	14,966,721	9,654,393	35.49	-8.11	6.10	Decreased by 8.64 percentage points
Building material industry (sale of self-produced products) – South China ^{Note 4}	8,195,158	5,365,394	34.53	-9.15	5.42	Decreased by 9.05 percentage points
Building material industry (sale of self-produced products) – West China ^{Note 5}	8,178,169	5,627,550	31.19	-10.75	-14.20	Increased by 2.77 percentage points
Building material industry (sale of self-produced products) – Export	53,497	49,407	7.65	-66.10	-60.48	Decreased by 13.14 percentage points
Building material industry (sale of self-produced products) – Overseas	1,903,321	1,344,734	29.35	42.40	50.48	Decreased by 3.79 percentage points
Building material industry (trading business)	896,442	888,974	0.83	-95.04	-95.07	Increased by 0.63 percentage point
Principal activities by sales model						
Sales model	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Period-on-period change in operating revenue(%)	Period-on-period change in operating cost(%)	Period-on-period change in gross profit margin
Direct sale	26,584,691	17,151,288	35.48	-31.14	-33.63	Increased by 2.43 percentage points
Distribution	20,467,860	14,318,966	30.04	-33.61	-34.96	Increased by 1.45 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, Xinjiang and Inner Mongolia, etc;

6. During the Reporting Period, the Group implemented 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 2022 interim financial statements prepared by the Group have listed the transportation costs incurred for the performance of customer sales contracts in the item “Operating Costs”, and restated relevant items in the 2021 interim financial statements.

Sales by industry

During the Reporting Period, the Group realized an aggregate net sales volume of cement and clinker of 130 million tonnes, representing a period-on-period decrease of 37.46%. Revenue generated from principal activities reached RMB47,053 million, representing a period-on-period decrease of 32.23%. Operating cost decreased by 34.24% on a period-on-period basis to RMB31,470 million. The consolidated gross profit margin of products recorded a period-on-period increase of 2.05 percentage points to 33.12%.

The Group realized a sales volume of self-produced products of cement and clinker of 128 million tonnes, representing a period-on-period decrease of 16.77%. Sales revenue from self-produced products amounted to RMB46,156 million, representing a period-on-period decrease of 10.12%. Cost of sales of self-produced products increased by 2.57% period-on-period to RMB30,581 million. The consolidated gross profit margin of self-produced products recorded a period-on-period decrease of 8.20 percentage points to 33.74%.

During the Reporting Period, the Group realized a sales volume of 2.19 million tonnes for its cement and clinker trading business, representing a period-on-period decrease of 95.98%. Revenue from trading business amounted to RMB896 million, representing a period-on-period decrease of 95.04%. Cost of trading business decreased by 95.07% period-on-period to RMB889 million.

Sales by products

During the Reporting Period, the gross profit margin of the Group’s 42.5-grade cement increased by 2.03 percentage points period-on-period, the gross profit margin of the 32.5-grade cement decreased by 1.84 percentage points period-on-period and that of the clinker increased by 6.72 percentage points period-on-period, among which, the gross profit margins of the Group’s self-produced 42.5-grade cement, 32.5-grade cement and clinker decreased by 7.83 percentage points, 10.89 percentage points and 5.97 percentage points period-on-period respectively. The consolidated gross profit margin of aggregates and manufactured sand decreased by 8.85 percentage points period-on-period to 55.77%; the consolidated gross profit margin of commercial concrete was 22.35%, representing a period-on-period increase of 2.28 percentage points.

Sales by region

During the Reporting Period, affected by the period-on-period decrease in sales volume of products, the sales amount of self-produced product in various regions of China decreased by varying degrees.

In East China, affected by the pandemic, market demand declined significantly, sales volume and selling price dropped, and sales amount declined by 16.42% period-on-period. Affected by

the increase in production cost due to the increase in the price of raw coal, gross profit margin decreased by 14.10 percentage points period-on-period.

In Central China and South China, due to the decrease in sales volume of products, sales amount declined by 8.11% and 9.15% period-on-period respectively. Affected by the increase in production cost due to the increase in the price of raw coal, gross profit margin decreased by 8.64 percentage points and 9.05 percentage points period-on-period respectively.

In West China, due to the decrease in sales volume of products, sales amount declined by 10.75% period-on-period. Benefiting from period-on-period increase in selling price, gross profit margins increased by 2.77 percentage points period-on-period.

Affected by the pandemic, the Group's export sales volume decreased by 68.68% period-on-period and export sales amount dropped by 66.10% period-on-period. With continued improvement in sales network of overseas projects and the stable enhancement of operational quality, the sales volume and sales amount of overseas project companies increased by 23.00% and 42.40% period-on-period respectively.

Sales by sales model

During the Reporting Period, the Group's direct sales amount decreased by 31.14% period-on-period and distribution amount decreased by 33.61% period-on-period; direct sales cost decreased by 33.63% period-on-period and distribution cost decreased by 34.96% period-on-period; the consolidated gross profit margin of products through direct sales and products through distribution increased by 2.43 percentage points and 1.45 percentage points period-on-period, 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 corresponding period of the previous year (%)
	Six months ended 30 June 2022 (RMB'000) (Unaudited)	Six months ended 30 June 2021 (RMB'000) (Unaudited)	
Revenue from principal activities	47,052,551	69,432,128	-32.23
Profit from operations	12,650,910	19,300,130	-34.45
Profit before taxation	12,975,907	19,884,618	-34.74
Net profit attributable to equity shareholders of the Company	9,839,772	14,967,085	-34.26

During the Reporting Period, due to the period-on-period decrease in the sales volume of products and the period-on-period decrease in the price in certain regions, the Group's revenue from principal activities decreased by 32.23% period-on-period. Affected by the decrease in sales volume and an increase in costs, the Group's profit from operations, profit before taxation and net profit attributable to equity shareholders of the Company recorded period-on-period decreases of 34.45%, 34.74% and 34.26% respectively.

3. Analysis of costs and expenses

Consolidated costs of cement and clinker for the six months ended 30 June 2022 and their
period-on-period changes

Items	Six months ended 30 June 2022		Six months ended 30 June 2021		Change in unit costs (%)	Change in unit costs proportion (percentage points)
	Unit costs (RMB/tonne) (Unaudited)	Percentage (%)	Unit costs (RMB/tonne) (Unaudited)	Percentage (%)		
Raw materials	38.05	16.46	43.77	22.85	-13.06	-6.39
Fuel and power	148.31	64.14	106.38	55.53	39.42	8.60
Depreciation expense	14.50	6.27	12.33	6.44	17.58	-0.17
Labour cost	12.50	5.40	10.55	5.51	18.42	-0.10
Others	17.87	7.73	18.53	9.67	-3.54	-1.94
Total	231.23	100	191.56	100	20.71	-

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, unit cost of raw materials decreased by 13.06% period-on-period, which was due to the period-on-period decrease in clinker purchased. Affected by the increase in the prices of raw coal and electricity purchased, fuel and power cost increased by 39.42%. With the increase in the Company's total fixed assets and the period-on-period decline in the production and sales volume of cement and clinker, the unit depreciation expense increased by 17.58% period-on-period.

Changes in major expense items prepared in accordance with the PRC Accounting Standards

Expenses for the period	Amount for the six months ended 30 June 2022 (RMB'000) (Unaudited)	Amount for the six months ended 30 June 2021 (RMB'000) (Unaudited)	Change from that of the corresponding period 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 the same period last year (%)	Change in percentage of revenue from principal activities (percentage points)
Selling expenses	1,525,062	1,571,265	-2.94	3.24	2.26	0.98
Administrative expenses	2,708,066	2,322,070	16.62	5.76	3.34	2.41
Research and development expenses	815,475	275,835	195.64	1.73	0.40	1.34
Financial expenses (income is stated in negative)	-945,417	-538,686	-75.50	-2.01	-0.78	-1.23
Total	4,103,186	3,630,484	13.02	8.72	5.23	3.49

During the Reporting Period, the Group's research and development expenses increased by 195.64% on a period-on-period basis, mainly due to the period-on-period increase in expenditures of subsidiaries of the Company for development of technologies in ultra-low emission and energy saving and efficiency improvement. The Group's financial expenses

(income) increased by 75.50% period-on-period, which was mainly due to a period-on-period decrease in exchange losses of overseas subsidiaries during the Reporting Period.

During the Reporting Period, excluding the effect of trading business in revenue, the Group's selling, administrative, research and development and financial expenses in aggregate as a percentage of revenue generated from principal activities was 8.89%, representing an increase of 1.82 percentage points period-on-period, which was mainly due to a period-on-period increase in expenditures for technology research and development.

4. Financial position

Asset and liability overview

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

Items	As at 30 June 2022 (RMB'000) (Unaudited)	As a percentage of total assets as at the end of the Reporting Period(%)	As at 31 December 2021 (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	65,691,796	28.69	69,558,509	30.17	-5.56
Held-for-trading financial assets	9,362,828	4.09	24,278,570	10.53	-61.44
Inventories	11,077,945	4.84	9,896,172	4.29	11.94
Long-term equity investment	6,124,940	2.68	5,562,704	2.41	10.11
Fixed assets	71,957,218	31.43	66,521,773	28.85	8.17
Construction in progress	6,708,084	2.93	7,273,456	3.15	-7.77
Intangible assets	21,430,652	9.36	18,240,331	7.91	17.49
Total assets	228,953,932	100.00	230,555,682	100.00	-0.69
Short-term borrowings	9,241,369	4.04	3,289,754	1.43	180.91
Wages payables	596,570	0.26	1,557,773	0.68	-61.70
Taxes payables	2,432,146	1.06	5,485,284	2.38	-55.66
Contract liabilities	3,057,862	1.34	3,254,211	1.41	-6.03
Long-term borrowings	6,356,768	2.78	3,747,695	1.63	69.62
Total liabilities	41,113,494	17.96	38,698,558	16.78	6.24
Total liabilities and equity	228,953,932	-	230,555,682	-	-0.69

As at the end of the Reporting Period, the Group's balance of held-for-trading financial assets decreased by 61.44% as compared to those at the end of the previous year, which was mainly due to recovery upon maturity of structured deposits and wealth management products purchased in the previous year; balance of wages payables decreased by 61.70% as compared to those at the end of the previous year, which was mainly attributable to the payment of annual bonus for the previous year during the Reporting Period; the balance of taxes payables

decreased by 55.66% as compared to those at the end of the previous year, which was mainly attributable to the increase in taxes paid during the Reporting Period; the balance of short-term borrowings and long-term borrowings increased by 180.91% and 69.62% respectively as compared to those at the end of the previous year, which was mainly due to increase of bank borrowings of certain subsidiaries of the Company required for operation and development. The Group's total assets prepared in accordance with the PRC Accounting Standards amounted to 228.954 billion, representing a decrease of 0.69% as compared to that at the end of the previous year. Total liabilities amounted to RMB41.113 billion, representing an increase of 6.24% as compared to that at the end of the previous year. Among which, current liability amounted to RMB32.421 billion, representing a decrease of 0.78% as compared to that at the end of the previous year; non-current liability amounted to RMB8.693 billion, representing an increase of 44.35% as compared to that at the end of the previous year. As at 30 June 2022, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 17.96%, representing an increase of 1.17 percentage points as compared to that at the end of the previous year.

As at the end of the Reporting Period, equity attributable to equity shareholders of the Company amounted to RMB179.103 billion, representing a decrease of 2.51% as compared to that at the end of the previous year; equity attributable to minority shareholders amounted to RMB8.738 billion, representing an increase of 7.24% as compared to that at the end of the previous year; as at the end of the Reporting Period, net assets per share attributable to equity shareholders of the Company amounted to RMB33.80, representing a decrease of RMB0.87 per share as compared to that at the end of the previous year.

As at 30 June 2022, total current assets and total current liabilities of the Group prepared in accordance with the PRC Accounting Standards amounted to RMB105.426 billion and RMB32.421 billion respectively, with a current ratio of 3.25:1 (end of last year: 3.78:1). The decrease in current ratio as compared to that at the end of the previous year was mainly due to the decrease in balance of current assets including cash at bank and on hand and held-for-trading financial assets. Total current assets and total current liabilities of the Group prepared in accordance with the IFRSs amounted to RMB105.911 billion and RMB32.421 billion respectively, with a net gearing ratio of 0.045 (end of last year: -0.028). 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 RMB16.301 billion, representing 7.12% of its total assets.

During the Reporting Period, a subsidiary of the Company had pledged intangible assets with a book value of approximately RMB1.171 billion as security for borrowings from financial institutions. As at the end of the Reporting Period, the aforesaid pledged assets had not been discharged.

Save for the above-mentioned pledged assets, no other assets of the Company were distressed, seized, frozen, charged or pledged or could 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 right to occupy, use, gain from and dispose of assets were subject

to other restrictions.

Liquidity and source of funds

Maturity analysis of bank loans and other borrowings of the Group as at the end of the Reporting Period is as follows:

	As at 30 June 2022 (RMB'000) (Unaudited)	As at 31 December 2021 (RMB'000)
Due within 1 year	10,650,489	4,524,868
Due after 1 year but within 2 years	430,000	1,288,335
Due after 2 years but within 5 years	5,602,230	1,929,252
Due after 5 years	324,538	530,108
Total	17,007,257	8,272,563

As at the end of the Reporting Period, balance of the Group's bank borrowings was RMB17.007 billion, representing an increase of RMB8.735 billion as compared to that at the end of the previous year. The increase was mainly attributable to the increase of bank borrowings for operation and development during the Reporting Period.

Save for the aforesaid borrowings, the Group had corporate bonds in the 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 net cash flows generated from operating activities and cash flows generated from realization of investment.

Analysis of cash flow

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

	Six months ended 30 June 2022 (RMB'000) (Unaudited)	Six months ended 30 June 2021 (RMB'000) (Unaudited)	Changes (%)
Net cash flows generated from operating activities	4,468,348	12,341,036	-63.79
Net cash flows generated from investment activities	-6,008,821	-9,912,607	39.38
Net cash flows generated from financing activities	-2,961,613	-11,955,183	75.23
Effect of foreign exchange rate changes on cash and cash equivalents	94,687	-29,522	420.74
Net increase in cash and cash equivalents	-4,407,399	-9,556,276	53.88
Balance of cash and cash equivalents at the beginning of the period	17,397,537	16,811,261	3.49
Balance of cash and cash equivalents at the end of the period	12,990,138	7,254,985	79.05

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB4,468 million, representing a period-on-period decrease of RMB7,873 million. Such decrease was mainly due to decrease in sales revenue of the Group during the Reporting Period.

During the Reporting Period, the Group's net cash outflows from investment activities decreased by RMB3,904 million from that for the corresponding period of the previous year, mainly due to period-on-period 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 RMB8,994 million from that for the corresponding period of the previous year, primarily attributable to increase in borrowings of the Group.

(3) Capital expenditure

During the Reporting Period, the capital expenditure of the Group amounted to approximately RMB14.228 billion, which was primarily used in the acquisition of mining right, investment in construction of projects, as well as merger and acquisition of projects.

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

	As at 30 June 2022 (RMB'000) (Unaudited)	As at 31 December 2021 (RMB'000)
Authorized and contracted for	9,855,323	6,453,886
Authorized but not contracted for	5,260,001	4,941,882
Total	15,115,324	11,395,768

(4) 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, 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 Euros, while cement and clinker and equipment for export were usually settled in RMB or US dollars. The purchase of raw materials and sales of commodities by overseas companies were mainly settled in local currencies. Any movement in the exchange rates of such foreign currencies against RMB will directly affect the project construction costs, material procurement costs and export sales revenue of the Group.

In order to effectively reduce foreign exchange risk and to ensure that such risk was 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, thereby 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 foreign currency exchange and reduce financial expenses. Meanwhile, the Group monitored the changes in the foreign exchange policies of the countries where the Group invested, and proactively respond to interest rate hikes by the Federal Reserve of the United States and the fluctuations in exchange rates, by making appropriate allocation of foreign currency assets. Considering the changes in exchange rates and interest rates, the Group mitigated foreign exchange risks by making appropriate allocations of loan amounts in countries where the Group has businesses, and using hedging tools in accordance with the trends in exchange rates in various currencies.

OUTLOOK FOR THE SECOND HALF OF THE YEAR

In the second half of 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 formation of a new development pattern, comprehensively deepening reform and opening up, promoting high-quality development, persisting with the supply-side structural reform as its main focus, efficiently coordinating the prevention and control of the pandemic as well as economic and social development, further implementing a basket of policies to promote stable economy, focus on stabilizing the macro-economy and keep the economy running in a reasonable pace. In terms of infrastructure, the government will actively expand its investments in an effective manner, consolidate infrastructure construction in an all-round way, and accelerate the construction of major projects under the "14th Five-Year Plan". Infrastructure investment will, to certain extent, support the demand for cement. As for real estate, the government will adopt different policies for different cities to promote a virtuous circle and healthy development of the real estate industry. However, the downward trend in property investment will be hard to be reversed in the short term, which will have an adverse impact on the cement demand. At the same time, the PRC will continue to step up efforts in the composite treatment of the ecological environment, promote the peak carbon dioxide emissions and carbon neutrality in an orderly manner. The cement industry will continue with normalized implementation of off-peak season production, which will have positive effects on supply contraction and elimination of excess capacity.

In terms of investment development, in the second half of the year, focusing on the "14th Five-Year Plan" and the annual investment plan, the Company will make solid progress in investment and development in accordance with the principle of effective investment so as to achieve the objective of high-quality development. Firstly, the Company will step up efforts to strengthen, optimize and expand its core cement business, accelerate investment and construction of upstream and downstream industrial chain projects such as aggregate and commercial concrete, promote the new energy projects in a steadily and orderly manner, and create new industrial growth poles. Secondly, the Company will seize opportunities to promote the development of domestic projects, speed up the construction progress of existing projects, increase efforts in study, research and demonstration, and proactively seek opportunities for

mergers, acquisitions and development to further improve the market layout. Thirdly, the Company will steadily advance its international development strategy, establish robust medium and long-term plans for overseas development, improve the operation and management mechanism of overseas projects, and proactively build a diversified cooperation model. Fourthly, the Company will promote energy conservation and carbon reduction as well as investment in digital and intelligent development of new industries in an orderly manner, accelerate the promotion and application of intelligent and information technology, and consolidate and enhance the Company's core competitiveness.

In terms of business management, the Group will pay close attention to the international and domestic macroeconomic situation, and coordinate and implement epidemic prevention and control measures, as well as production and operation management. Firstly, the Group will strengthen its studies and analysis on the market conditions, reasonably control the pace of production and sales, deepen strategic cooperation with key customers, increase control of the end-user market and maintain a reasonable market share. Secondly, the Group will continue to trace and control the source of raw materials and fuel, deepen strategic cooperation with large coal enterprises, actively explore sourcing channels, strive to increase the proportion of direct supply of raw materials and fuel and reduce the procurement cost. Thirdly, the Group will continue to implement the green development strategy, focus on the goal of peak carbon emission and carbon neutrality policies, and increase investment in energy conservation and environmental protection, carry out technological modification in relation to energy saving and consumption reduction, strengthen the research on carbon reduction technology, and accelerate industrial transformation and upgrade. Fourthly, the Group will further promote the strategy of strengthening the Group with talents, continuously optimize and improve the incentive mechanism, and stimulate talents innovativeness and creativity, so as to maintain the Company's high-quality development.

VII. AUDIT COMMITTEE

The audit committee (the “**Audit Committee**”) of the Board has been established by the Company. The terms of reference adopted by the Audit Committee complied with all the applicable code provisions of the Corporate Governance Code as set out in Part 2 of Appendix 14 to the HKSE Listing Rules. The Audit Committee is responsible for the review and supervision of the financial reporting procedures and the internal control system of the Group as well as giving advice and recommendations to the Board. The interim results for the six months ended 30 June 2022 as disclosed in this announcement have been reviewed by the Audit Committee.

VIII. INTERIM DIVIDEND

The Board did not recommend payment of interim dividend or the capitalization of surplus reserve for the first half of 2022.

IX. NO MATERIAL IMPACT EVENT

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

X. FINANCIAL INFORMATION

Financial information extracted from the unaudited consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income of the Group for the six months ended 30 June 2022 and unaudited consolidated statement of financial position of the Group at 30 June 2022 together with the comparative figures for the six months ended 30 June 2021, prepared in accordance with the IFRSs and presented on the basis as described in Note 4(1) below are as follows:

1. Consolidated statement of profit or loss (unaudited)

	Note	Six months ended 30 June	
		2022 RMB'000	2021 RMB'000 (restated) (Note 4(8)(b))
Revenue	4(3)	56,275,749	80,464,039
Cost of sales and services rendered		<u>(40,689,532)</u>	<u>(59,032,725)</u>
Gross profit		15,586,217	21,431,314
Other income	4(4)	2,301,133	2,467,314
Selling and marketing costs		(1,525,062)	(1,571,265)
Administrative expenses		(2,598,417)	(2,325,749)
Research and development costs		<u>(815,475)</u>	<u>(275,835)</u>
Profit from operations		12,948,396	19,725,779
Finance costs	4(5)(a)	(241,870)	(197,904)
Share of profits of associates		220,402	234,942
Share of profits of joint ventures		<u>187,611</u>	<u>139,639</u>
Profit before taxation	4(5)	13,114,539	19,902,456
Income tax	4(6)	<u>(2,814,075)</u>	<u>(4,500,669)</u>
Profit for the period		<u>10,300,464</u>	<u>15,401,787</u>
Attributable to:			
Equity shareholders of the Company		9,970,554	14,983,974
Non-controlling interests		<u>329,910</u>	<u>417,813</u>
Profit for the period		<u>10,300,464</u>	<u>15,401,787</u>
Earnings per share	4(7)		
Basic		<u>RMB1.88</u>	<u>RMB2.83</u>
Diluted		<u>RMB1.88</u>	<u>RMB2.83</u>

2. Consolidated statement of profit and loss and other comprehensive income (Unaudited)

	<i>Six months ended 30 June</i>	
	2022	2021
	RMB'000	RMB'000
		<i>(restated)</i>
		<i>(Note 4(8) (b))</i>
Profit for the period	10,300,464	15,401,787
Other comprehensive income for the period (after tax and reclassification adjustments):		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income ("FVOCI") - net movement in fair value reserve (non-recycling)	(1,805,159)	(56,156)
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(38,521)	(100,675)
Shares of other comprehensive income of investees	19,725	(42,570)
Other comprehensive income for the period	<u>(1,823,955)</u>	<u>(199,401)</u>
Total comprehensive income for the period	<u>8,476,509</u>	<u>15,202,386</u>
Attributable to:		
Equity shareholders of the Company	8,071,082	14,816,734
Non-controlling interests	405,427	385,652
Total comprehensive income for the period	<u>8,476,509</u>	<u>15,202,386</u>

3. Consolidated statement of financial position

	<i>Note</i>	<u>At 30 June</u> <u>2022</u> RMB'000 <i>(Unaudited)</i>	<u>At 31 December</u> <u>2021</u> RMB'000 <i>(Restated)</i> <i>(Note 4(8)(b))</i>
Non-current assets			
Property, plant and equipment			
- Investment properties		74,739	76,357
- Other property, plant and equipment		86,027,658	80,997,147
Intangible assets		14,581,448	11,736,339
Goodwill		925,397	876,038
Interests in associates		3,922,910	3,528,022
Interests in joint ventures		2,202,030	2,034,682
Loans and receivables		342,807	451,367
Long-term prepayments		9,317,443	2,203,340
Financial assets measured at FVOCI		3,654,521	869,903
Financial assets measured at fair value through profit or loss ("FVPL")		1,003,900	2,972,650
Deferred tax assets		990,487	758,062
		123,043,340	106,503,907
		123,043,340	106,503,907
Current assets			
Inventories		11,077,945	9,896,172
Trade and bills receivables		12,129,130	14,582,378
Financial assets measured at FVPL		9,362,828	24,278,570
Prepayments and other receivables		6,566,362	4,902,624
Amounts due from related parties		679,408	597,677
Tax recoverable		403,123	235,845
Restricted cash deposits		643,683	640,180
Bank deposits with maturity over three months		52,057,975	51,520,792
Cash and cash equivalents		12,990,138	17,397,537
		105,910,592	124,051,775
		105,910,592	124,051,775

3. Consolidated statement of financial position (continued)

	<i>Note</i>	<u>At 30 June</u> <u>2022</u> RMB'000 <i>(Unaudited)</i>	<u>At 31 December</u> <u>2021</u> RMB'000 <i>(Restated)</i> <i>(Note 4(8)(b))</i>
Current liabilities			
Trade and bills payables		4,692,212	6,598,773
Other payables and accruals		8,764,547	10,737,566
Current portion of long-term payables		62,088	62,585
Contract liabilities		3,042,655	3,246,461
Bank loans and other borrowings		14,149,371	8,023,576
Lease liabilities		22,992	21,130
Amounts due to related parties		629,207	420,853
Current taxation		1,057,800	3,565,616
		<u>32,420,872</u>	<u>32,676,560</u>
Net current assets		<u>73,489,720</u>	<u>91,375,215</u>
Total assets less current liabilities		<u>196,533,060</u>	<u>197,879,122</u>
Non-current liabilities			
Bank loans and other borrowings		6,356,768	3,747,695
Lease liabilities		52,950	49,647
Long-term payables		323,203	356,363
Deferred income		721,232	714,166
Deferred tax liabilities		1,339,944	1,272,365
		<u>8,794,097</u>	<u>6,140,236</u>
NET ASSETS		<u>187,738,963</u>	<u>191,738,886</u>
CAPITAL AND RESERVES			
Share capital		5,299,303	5,299,303
Reserves		173,711,288	178,302,281
Total equity attributable to equity shareholders of the Company		179,010,591	183,601,584
Non-controlling interests		<u>8,728,372</u>	<u>8,137,302</u>
TOTAL EQUITY		<u>187,738,963</u>	<u>191,738,886</u>

4. Notes

(1) Basis of preparation

This interim financial report of Anhui Conch Cement Company Limited and its subsidiaries has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, including compliance with International Accounting Standard (“IAS”) 34 “Interim Financial Reporting” adopted by the International Accounting Standards Board (“IASB”). It was authorised for issue on 25 August 2022.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2021 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2022 annual financial statements. Details of any changes in accounting policies are set out in note 4(2).

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

This interim financial report contains condensed consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2021 annual financial statements. The condensed consolidated interim financial statements and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with IFRSs.

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

The financial information relating to the financial year ended 31 December 2021 that is included in the interim financial report as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Statutory annual consolidated financial statements for the year ended 31 December 2021 are available from the Company’s registered office. The independent auditors have expressed an unqualified opinion on those financial statements in their report dated 25 March 2022.

(2) Changes in accounting policies

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

- Amendments to IAS 16, Property, plant and equipment: Proceeds before intended use.
- Amendments to IAS 37, Provisions, contingent liabilities and contingent assets: Onerous contracts — cost of fulfilling a contract.

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

(3) Revenue and segment reporting

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

(a) Disaggregation of revenue

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

	<i>Six months ended 30 June</i>	
	<u>2022</u>	<u>2021</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<i>(Restated)</i>
		<i>(Note 4(8)(b))</i>
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by major products of service lines		
- Sales and trading of clinker and cement products	47,052,551	69,432,128
- Sales and trading of other materials	7,919,513	10,566,692
- Service income	<u>1,303,685</u>	<u>465,219</u>
	<u>56,275,749</u>	<u>80,464,039</u>

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

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

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

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

(3) Revenue and segment reporting (continued)

For the six months ended 30 June 2022 (unaudited)

	<u>Eastern China</u> RMB'000	<u>Central China</u> RMB'000	<u>Southern China</u> RMB'000	<u>Western China</u> RMB'000	<u>Overseas</u> RMB'000	<u>Subtotal</u> RMB'000	<u>Elimination</u> RMB'000	<u>Total</u> RMB'000
Disaggregated by type of business								
Sales and trading of clinker and cement products	14,153,760	14,144,807	8,271,773	8,703,170	1,779,041	47,052,551	-	47,052,551
Sales and trading of other materials	730,116	3,845,004	593,528	2,506,630	244,235	7,919,513	-	7,919,513
Service income	367,169	908,772	10,284	8,398	9,062	1,303,685	-	1,303,685
Revenue from external customers	<u>15,251,045</u>	<u>18,898,583</u>	<u>8,875,585</u>	<u>11,218,198</u>	<u>2,032,338</u>	<u>56,275,749</u>	-	<u>56,275,749</u>
Disaggregated by timing of revenue recognition								
Point in time	15,250,759	18,859,520	8,875,449	11,217,678	2,023,276	56,226,682	-	56,226,682
Over time	286	39,063	136	520	9,062	49,067	-	49,067
Revenue from external customers	<u>15,251,045</u>	<u>18,898,583</u>	<u>8,875,585</u>	<u>11,218,198</u>	<u>2,032,338</u>	<u>56,275,749</u>	-	<u>56,275,749</u>
Inter-segment revenue	<u>2,363,752</u>	<u>16,210,870</u>	<u>120,902</u>	<u>661,127</u>	<u>99,184</u>	<u>19,455,835</u>	<u>(19,455,835)</u>	<u>-</u>
Reportable segment revenue	<u>17,614,797</u>	<u>35,109,453</u>	<u>8,996,487</u>	<u>11,879,325</u>	<u>2,131,522</u>	<u>75,731,584</u>	<u>(19,455,835)</u>	<u>56,275,749</u>
Reportable segment profit (profit before taxation)	<u>1,672,302</u>	<u>9,209,977*</u>	<u>1,485,036</u>	<u>1,354,164</u>	<u>402,442</u>	<u>14,123,921</u>	<u>(1,148,014)</u>	<u>12,975,907</u>

* Reportable segment profit of Central China includes dividend income from subsidiaries in Eastern China, Southern China, Western China and overseas regions of RMB1,269,680,000 for the six months ended 30 June 2022.

(3) Revenue and segment reporting (continued)

For the six months ended 30 June 2022 (unaudited)

	<u>Eastern China</u>	<u>Central China</u>	<u>Southern China</u>	<u>Western China</u>	<u>Overseas</u>	<u>Subtotal</u>	<u>Elimination</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	7,523	1,274,061	7,799	21,605	3,178	1,314,166	(145,329)	1,168,837
Interest expense	(12,090)	(163,893)	(64,216)	(35,956)	(99,983)	(376,138)	134,268	(241,870)
Depreciation and amortisation for the period	(251,358)	(1,283,217)	(559,533)	(883,808)	(233,251)	(3,211,167)	9,894	(3,201,273)
Reportable segment assets (including interests in associates and joint ventures)	11,605,732	185,811,536	31,280,744	25,789,584	16,300,798	270,788,394	(41,834,462)	228,953,932
Investments in associates and joint ventures	-	2,672,232	-	3,290,888	161,820	6,124,940	-	6,124,940
Additions to non-current segment assets during the period	490,906	7,073,115	7,344,151	2,900,743	539,236	18,348,151	-	18,348,151
Reportable segment liabilities	2,901,716	20,208,915	12,200,928	6,495,678	13,339,766	55,147,003	(14,033,509)	41,113,494

(3) Revenue and segment reporting (continued)**For the six months ended 30 June 2021 (unaudited) (restated)**

	<u>Eastern China</u> RMB'000	<u>Central China</u> RMB'000	<u>Southern China</u> RMB'000	<u>Western China</u> RMB'000	<u>Overseas</u> RMB'000	<u>Subtotal</u> RMB'000	<u>Elimination</u> RMB'000	<u>Total</u> RMB'000
Disaggregated by type of business								
Sales and trading of clinker and cement products	23,640,099	21,303,178	10,567,553	12,482,906	1,438,392	69,432,128	-	69,432,128
Sales and trading of other materials	5,306,494	1,876,408	903,008	2,451,720	29,062	10,566,692	-	10,566,692
Service Income	383,532	43,304	5,638	22,421	10,324	465,219	-	465,219
Revenue from external customers	29,330,125	23,222,890	11,476,199	14,957,047	1,477,778	80,464,039	-	80,464,039
Disaggregated by timing of revenue recognition								
Point in time	29,329,286	23,203,328	11,475,961	14,956,297	1,467,454	80,432,326	-	80,432,326
Over time	839	19,562	238	750	10,324	31,713	-	31,713
Revenue from external customers	29,330,125	23,222,890	11,476,199	14,957,047	1,477,778	80,464,039	-	80,464,039
Inter-segment revenue	2,200,966	14,865,685	381,654	232,979	93,009	17,774,293	(17,774,293)	-
Reportable segment revenue	<u>31,531,091</u>	<u>38,088,575</u>	<u>11,857,853</u>	<u>15,190,026</u>	<u>1,570,787</u>	<u>98,238,332</u>	<u>(17,774,293)</u>	<u>80,464,039</u>
Reportable segment profit (profit before taxation)	<u>2,664,584</u>	<u>17,402,548*</u>	<u>2,983,948</u>	<u>2,137,418</u>	<u>(83,836)</u>	<u>25,104,662</u>	<u>(5,220,043)</u>	<u>19,884,619</u>

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

(3) Revenue and segment reporting (continued)

For the six months ended 30 June 2021 (unaudited) (restated)

	<u>Eastern China</u>	<u>Central China</u>	<u>Southern China</u>	<u>Western China</u>	<u>Overseas</u>	<u>Subtotal</u>	<u>Elimination</u>	<u>Total</u>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Interest income	7,760	1,221,558	7,811	15,307	5,001	1,257,437	(119,902)	1,137,535
Interest expense	(39,085)	(117,222)	(22,256)	(47,832)	(96,656)	(323,051)	125,147	(197,904)
Depreciation and amortisation for the period	(244,758)	(1,165,500)	(460,767)	(782,149)	(222,230)	(2,875,404)	9,752	(2,865,652)
Reportable segment assets (including interests in associates and joint ventures)	16,238,021	187,522,714	23,182,900	28,414,636	12,925,484	268,283,755	(67,342,808)	200,940,947
Investments in associates and joint ventures	-	1,742,656	-	2,478,544	196,207	4,417,407	-	4,417,407
Additions to non-current segment assets during the period	203,300	3,717,923	705,426	814,710	193,332	5,634,691	-	5,634,691
Reportable segment liabilities	9,519,642	31,469,965	9,249,423	12,567,162	9,767,759	72,573,951	(43,331,628)	29,242,323

(3) Revenue and segment reporting (continued)

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

	<u>Six months ended 30 June</u>	
	<u>2022</u>	<u>2021</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Unaudited)</i>
		<i>(Restated)</i>
		<i>(Note 4(8)(b))</i>
Revenue		
Reportable segment revenue	75,731,584	98,238,332
Inter-segment revenue	(19,455,835)	(17,774,293)
Consolidated revenue	<u>56,275,749</u>	<u>80,464,039</u>
Profit		
Reportable segment profit (profit before taxation)	14,123,921	25,104,662
Inter-segment profit	(1,148,014)	(5,220,043)
Differences between CAS and IFRS	138,632	17,837
Consolidated profit before taxation	<u>13,114,539</u>	<u>19,902,456</u>
	<u>As at</u>	<u>As at</u>
	<u>30 June 2022</u>	<u>31 December 2021</u>
	<i>RMB'000</i>	<i>RMB'000</i>
	<i>(Unaudited)</i>	<i>(Restated)</i>
		<i>(Note 4(8)(b))</i>
Assets		
Reportable segment assets	270,788,394	268,283,755
Inter-segment assets	(41,834,462)	(67,342,808)
Consolidated total assets	<u>228,953,932</u>	<u>200,940,947</u>
Liabilities		
Reportable segment liabilities	55,147,003	72,573,951
Inter-segment liabilities	(14,033,509)	(43,331,628)
Difference between CAS and IFRS	101,475	136,073
Consolidated total liabilities	<u>41,214,969</u>	<u>29,378,396</u>

(4) Other income (unaudited)

	<u>Six months ended 30 June</u>	
	<u>2022</u> <i>RMB'000</i>	<u>2021</u> <i>RMB'000</i> <i>(Restated)</i> <i>(Note 4(8)(b))</i>
Interest income on financial assets measured at amortised cost	1,168,837	1,137,535
Subsidy income*	822,085	1,071,826
Investment income on wealth management products	225,819	388,181
Net (loss)/gain on disposal of property, plant and equipment	(38,336)	40,199
Net realised and unrealised gain on financial assets measured at FVPL	27,261	201,611
Dividend income from financial assets measured at FVOCI	146,372	624
Net exchange gain/(loss)	19,054	(398,097)
Gain arising from bargain purchase	8,723	-
Others	(78,682)	25,435
	<u>2,301,133</u>	<u>2,467,314</u>

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

(5) Profit before taxation

Profit before taxation is arrived at after charging:

(a) Finance costs (unaudited)

	<u>Six months ended 30 June</u>	
	<u>2022</u> <i>RMB'000</i>	<u>2021</u> <i>RMB'000</i> <i>(Restated)</i> <i>(Note 4(8)(b))</i>
Interest on bank loans and other borrowings	239,665	168,995
Interest on long-term payables	9,597	27,580
Interest on lease liabilities	1,966	1,329
Less: interest expense capitalised into construction-in-progress*	(9,358)	-
	<u>241,870</u>	<u>197,904</u>

* The borrowing costs have been capitalized at rate of 3.10%-3.64% for the six months ended 30 June 2022.

(5) Profit before taxation (continued)**(b) Staff cost (unaudited)**

	<u>Six months ended 30 June</u>	
	<u>2022</u>	<u>2021</u>
	<i>RMB '000</i>	<i>RMB '000</i> <i>(Restated)</i> <i>(Note 4(8)(b))</i>
Salaries, wages and other benefits	3,651,052	3,083,848
Contributions to defined contribution retirement plans	377,199	349,115
Annuity	167,033	153,161
	<u>4,195,284</u>	<u>3,586,124</u>

(c) Other items (unaudited)

	<u>Six months ended 30 June</u>	
	<u>2022</u>	<u>2021</u>
	<i>RMB '000</i>	<i>RMB '000</i> <i>(Restated)</i> <i>(Note 4(8)(b))</i>
Depreciation of investment property and other property, plant and equipment	2,931,468	2,687,735
Amortisation of intangible assets	269,805	177,917
Cost of inventories*	38,890,746	57,517,970

* Cost of inventories includes RMB4,420,161,000 (six months ended 30 June 2021: RMB4,117,986,000) relating to staff costs and depreciation expenses which amount is also included in the respective total amounts disclosed separately above or in note 4(5)(b) for each of these types of expenses.

(6) Income tax**Taxation in the consolidated statement of profit or loss represents (unaudited):**

	<u>Six months ended 30 June</u>	
	<u>2022</u>	<u>2021</u>
	<i>RMB '000</i>	<i>RMB '000</i> <i>(Restated)</i> <i>(Note 4(8)(b))</i>
Current tax		
Provision for the period	2,802,693	4,475,829
Under-provision in respect of prior year	14,425	4,853
Deferred tax	2,817,118	4,480,682
Origination and reversal of temporary differences	(3,043)	19,987
	<u>2,814,075</u>	<u>4,500,669</u>

No provision for Hong Kong Profits Tax was made for the six months ended 30 June 2022 and 2021 as the Group did not earn any income which is subject to Hong Kong Profits Tax.

(6) Income tax (continued)

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

<i>Subsidiaries' Name</i>	<i>Tax rates</i>
Qianxinan Resource Development Co., Ltd. (Note (i))	15%
Pingliang Conch Cement Co., Ltd. (Note (i))	15%
Dazhou Conch Cement Co., Ltd. (Note (i))	15%
Guangyuan Conch Cement Co., Ltd. (Note (i))	15%
Chongqing Conch Cement Co., Ltd. (Note (i))	15%
Liquan Conch Cement Co., Ltd. (Note (i))	15%
Guiyang Conch Panjiang Cement Co., Ltd. (Note (i))	15%
Guiding Conch Panjiang Cement Co., Ltd. (Note (i))	15%
Zunyi Conch Panjiang Cement Co., Ltd. (Note (i))	15%
Qianyang Conch Cement Co., Ltd. (Note (i))	15%
Bazhong Conch Cement Co., Ltd. (Note (i))	15%
Wenshan Conch Cement Co., Ltd. (Note (i))	15%
Linxia Conch Cement Co., Ltd. (Note (i))	15%
Tongren Conch Panjiang Cement Co., Ltd. (Note (i))	15%
Guizhou Liukuangruian Cement Co., Ltd. (Note (i))	15%
Qianxian Conch Cement Co., Ltd. (Note (i))	15%
Yunnan Zhuangxiang Cement Co., Ltd. (Note (i))	15%
Liangping Conch Cement Co., Ltd. (Note (i))	15%
Baoji Zhongxi Fenghuangshan Cement Co., Ltd. (Note (i))	15%
Baoji Zhongxi Jinlinghe Cement Co., Ltd. (Note (i))	15%
Guangxi Lingyun Tonghong Cement Co., Ltd. (Note (i))	15%
Baoshan Conch Cement Co., Ltd. (Note (i))	15%
Ganzhou Conch Cement Co., Ltd. (Note (i))	15%
Hami Hongyi Construction Co., Ltd. (Note (i))	15%
Yingjiangyunhan Cement Co., Ltd. (Note (i))	15%

<i>Subsidiaries' Name</i>	<i>Tax rates</i>
Kunming Conch Cement Co., Ltd. (Note (i))	15%
Shanxi Tongchuan Fenghuang Construction Co., Ltd. (Note (i))	15%
Chongqing Conch Material Trading Co., Ltd. (Note (i))	15%
Zunyi Haihui New Materials Co., Ltd. (Note (i))	15%
Basu Conch Cement Co., Ltd. (Note (i))	15%
Hongji Cement (Note (i))	15%
Chongqing Duoji (Note(i))	15%
Tongchuan Conch New Material Co., Ltd. (Note (i))	15%
Bazhong Conch Construction Co., Ltd. (Note (i))	15%
Anhui Wuhu Conch Construction and Installation Co., Ltd. (“ Conch Construction ”) (Note (ii))	15%
Anhui Conch Siam Refractory Material Co., Ltd. (“ Refractory Material ”) (Note (ii))	15%
Jinggong Testing (Note(ii))	15%
Quanjiao Conch New Energy Co., Ltd. (Note (iii))	20%
Huai’an Conch New Energy Co., Ltd. (Note (iii))	20%
Xing’an Conch New Energy Co., Ltd. (Note (iii))	20%
Shuangfeng Conch New Energy Co., Ltd. (Note (iii))	20%
Qiyang Conch New Energy Co., Ltd. (Note (iii))	20%
Nantong Haimen Conch New Energy Co., Ltd. (Note (iii))	20%
Linxia Conch New Energy Co., Ltd. (Note (iii))	20%
Yingjiang Conch New Energy Co., Ltd. (Note (iii))	20%
Jiangmen Conch New Energy Co., Ltd. (Note (iii))	20%
Huai’an Conch Green Energy Co., Ltd. (Note (iii))	20%
Pingliang Conch New New Energy Co., Ltd. (Note (iii))	20%
Zhenjiang Beigu Conch New Energy Co., Ltd. (Note (iii))	20%
Wenshan Conch New Energy Co., Ltd. (Note (iii))	20%
Suzhou Huayang New Energy Co., Ltd. (Note (iv))	12.5%
Inner Mongolia Yuexing Environmental Protection Technology Co., Ltd (Note (iv))	0%

<i>Subsidiaries' Name</i>	<i>Tax rates</i>
Huaining Conch New Energy Co., Ltd (Note (iv))	0%
Fengyang Conch Photovoltaic Technology Co., Ltd (Note (iv))	0%
Huaibei Conch New Energy Co., Ltd (Note (iv))	0%
Liuan Conch New Energy Co., Ltd (Note (iv))	0%
Bengbu Conch New Energy Co., Ltd (Note (iv))	0%
Xiangshan Conch New Energy Technology Co., Ltd (Note (iv))	0%
Ninghai Conch New Energy Technology Co., Ltd (Note (iv))	0%
Leqing Conch New Energy Co., Ltd (Note (iv))	0%
Taizhou Conch New Energy Co., Ltd (Note (iv))	0%
Shaoxing Shangyu Conch New Energy Co., Ltd (Note (iv))	0%
Hainan Changjiang Conch New Energy Co., Ltd (Note (iv))	0%
Zhanjiang Conch New Energy Co., Ltd (Note (iv))	0%
Longan Conch New Energy Co., Ltd (Note (iv))	0%
Xingye Conch New Energy Co., Ltd (Note (iv))	0%
Beiliu Conch New Energy Co., Ltd (Note (iv))	0%
Shimen Conch New Energy Co., Ltd (Note (iv))	0%
Lianyuan Conch New Energy Co., Ltd (Note (iv))	0%
Yiyang Conch New Energy Co., Ltd (Note (iv))	0%
Shaoyang Conch New Energy Co., Ltd (Note (iv))	0%
Linxiang Conch New Energy Co., Ltd (Note (iv))	0%
Wugang Conch New Energy Co., Ltd (Note (iv))	0%
Taizhou Yangwan Conch New Energy Co., Ltd (Note (iv))	0%
Maanshan Conch New Energy Co., Ltd (Note(iv))	0%
Yangzhou Conch New Energy Co., Ltd (Note(iv))	0%
Nantong Conch New Energy Technology Co., Ltd (Note(iv))	0%
Taicang Conch New Energy Co., Ltd (Note(iv))	0%
Jinxian Conch New Energy Co., Ltd (Note(iv))	0%
Nanchang Conch New Energy Co., Ltd (Note(iv))	0%

<i>Subsidiaries' Name</i>	<i>Tax rates</i>
Qianxian Conch New Energy Co., Ltd (Note (iv))	0%
Liangping Conch New Energy Co., Ltd (Note (iv))	0%
Guiyang Conch New Energy Co., Ltd (Note (iv))	0%
Liupan Conch New Energy Co., Ltd (Note (iv))	0%

Notes:

- (i) Pursuant to Notice No.23 issued by the Ministry of Finance, State Administration of Taxation, National Development and Reform Commission of the PRC on 23 April 2020 and relevant local tax authorities' notices, these companies are entitled to a preferential income tax rate of 15% as qualifying companies located in western areas in the PRC.
- (ii) Pursuant to Chapter 28 of the Law of the PRC on Enterprise Income Tax, enterprises are entitled to a preferential income tax rate of 15% after the recognition of high and new technology enterprise. Conch Construction has obtained a renewed high and new technology enterprise certification in 2021. Accordingly, it is entitled to a preferential income tax rate of 15% from 2021 to 2023. Refractory Material has obtained a renewed high and new technology enterprise certification in September 2019. Accordingly, it is entitled to a preferential income tax rate of 15% from September 2019 to August 2022. Refractory Material is expected to renew its high and new technology enterprise certification in September 2022. Jinggong Testing has obtained a high and new technology enterprise certification in September 2021. Accordingly, it is entitled to a preferential income tax rate of 15% from 2021 to August 2024.
- (iii) According to Caishui [2022] No. 13, "The Announcement of Further 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 the PRC on 14 March 2022, 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 25% exemption of taxable income and application of income tax rate as 20%. According to Caishui [2021] No. 12, small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 is entitled to a preferential tax treatment of 50% exemption of income tax on the basis of the "Notice of the Ministry of Finance and the State Administration of Taxation on Implementing the Inclusive Tax Deduction and Exemption Policies for Micro and Small Enterprises" (Caishui [2019] No. 13).
- (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. As further explained by Article 87 of Regulations on the Implementation of Enterprise Income Tax, the public infrastructure projects supported by the state refers to the ports, airports, railways, highways, urban public transportation, electric power, water conservancy and other projects stipulated in the Catalogue of Enterprise Income Tax Preferential for Public Infrastructure Projects. The preferential policy allows full exemption from PRC income tax for the first three years starting from the first year of production and operation and 50% of the standard tax rates for the following three years.

(6) Income tax (continued)

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

<i>Subsidiaries' Name</i>	<i>Tax rates</i>
Conch International Holding (HK) Co., Ltd., a subsidiary in Hong Kong	16.5%
Luangprabang Conch Cement Co., Ltd., a subsidiary in Laos	35%
Vientian Conch Cement CO., Ltd., a subsidiary in Laos	35%
Conch Cement Volga Limited Liability Company, a subsidiary in Russia	20%
Conch KT Cement (Phnom Penh) Company Limited, a subsidiary in Cambodia	20%
PT Conch Cement Indonesia, a subsidiary in Indonesia	22%
PT Conch South Kalimantan Cement, a subsidiary in Indonesia	22%
PT Conch International Trade Indonesia, a subsidiary in Indonesia	22%
PT Conch Maros South Sulawesi Mine, a subsidiary in Indonesia	22%
PT Conch Maros Cement Indonesia, a subsidiary in Indonesia	22%
PT Conch Barru Cement Indonesia, a subsidiary in Indonesia	22%
PT Conch North Sulawesi Cement, a subsidiary in Indonesia	22%
PT Conch West Kalimantan Trade Cement, a subsidiary in Indonesia	22%
Tonga Conch Mining Co., Ltd., a subsidiary in Indonesia	22%
Beisu Conch Mining Co., Ltd., a subsidiary in Indonesia	22%
Battambang Conch Cement Company Limited (“ Battambang Conch ”), a subsidiary in Cambodia (Note (i))	0%
Qarshi Conch Cement Limited Liability Company, a subsidiary in Uzbekistan	15%
Tashkent Cement Conch Joint Venture Co., Ltd., 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. According to the policy, the income tax-free period for Battambang Conch is from 2018 to 2024.

(7) Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share for the six months ended 30 June 2022 is based on the profit attributable to ordinary equity shareholders of the Company of RMB9,970,554,000 (six months ended 30 June 2021: RMB14,983,974,000) and the weighted average number of shares in issue during the six months ended 30 June 2022 of 5,299,303,000 shares (six months ended 30 June 2021: 5,299,303,000 shares).

(b) Diluted earnings per share

The Company had no dilutive potential ordinary shares outstanding during the six months ended 30 June 2022 and 2021, therefore, diluted earnings per share is the same as the basic earnings per share.

(8) Business combination

(a) Business combination not under common control

During the six months ended 30 June 2022, 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:

<i>Name of the company</i>	<i>Voting rights/ effective equity interests</i>	<i>Date of acquisition</i>	<i>Principal activities</i>
Changsha Yongyun Building Materials Co., Ltd	100%/ 100%(i)	8 April 2022	Manufacture and sale of concrete
Changde Dingxing Concrete Products Co., Ltd	100%/ 100%	1 April 2022	Manufacture and sale of concrete
Chongqing Duoqi Renewable Resources Co., Ltd	51%/ 51%	21 April 2022	Manufacture and sale of clinker and cement products
Naiman Hongji Cement Co., Ltd	80%/ 80%	30 April 2022	Manufacture and sale of clinker and cement products

(i) This company is 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.

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:

(8) Business combination (continued)

	<i>Yongyun Building Materials</i>	<i>Changde Dingxing</i>	<i>Chongqing Duoji</i>	<i>Hongji Cement</i>	<i>Total</i>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	47,168	41,412	47,039	1,006,756	1,142,375
Intangible assets	10,425	12,629	13,102	109,782	145,938
Loans and receivables	1,698	76	-	5,448	7,222
Inventories	456	1,073	844	49,742	52,115
Tax recoverable	-	-	492	-	492
Trade receivables, prepayments and other receivables	-	-	60,661	23,965	84,626
Cash and cash equivalents	642	2,247	912	2,808	6,609
Deferred tax assets	-	-	281	-	281
Trade payables and other liabilities	(36,344)	(4,238)	(33,308)	(236,878)	(310,768)
Deferred tax liabilities	(3,658)	(2,425)	(2,196)	(101,189)	(109,468)
Net identifiable assets	20,387	50,774	87,827	860,434	1,019,422
Less: Non-controlling interests	-	-	(43,035)	(172,161)	(215,196)
Share of fair value of identifiable net assets	20,387	50,774	44,792	688,273	804,226

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

	<i>Yongyun Building Materials</i>	<i>Changde Dingxing</i>	<i>Chongqing Duoji</i>	<i>Hongji Cement</i>	<i>Total</i>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total cash consideration	23,754	47,083	39,760	734,265	844,862
Non-controlling interests, based on their proportionate interest in recognised amount of the assets and liabilities of the acquiree	-	-	43,035	172,161	215,196
Fair value of net identifiable assets	(20,387)	(50,774)	(87,827)	(860,434)	(1,019,422)
	3,367	(3,691)	(5,032)	45,992	40,636
Represented by Goodwill arising from the business combination	3,367	-	-	45,992	49,359
Gain arising from bargain purchase	-	(3,691)	(5,032)	-	(8,723)

(8) Business combination (continued)

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

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

	<i>Yongyun Building Materials</i>	<i>Changde Dingxing</i>	<i>Chongqing Duoji</i>	<i>Hongji Cement</i>	<i>Total</i>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contributed to Group after acquisition					
Revenue	8,729	4,213	10,953	84,654	108,549
Net profit/(loss)	67	(42)	1,049	1,093	2,167

Had the acquisitions occurred on 1 January 2022, management estimates that the consolidated revenue of the Group for the six months ended 30 June 2022 would have been RMB56,332,080,000 and the consolidated net profit for the six months would have been RMB10,263,406,000. 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 2022.

(b) Business combination under common control

During six months ended 30 June 2022, the Group acquired equity interest of below subsidiaries from related parties. Details of the acquired subsidiaries are as follows:

<i>Name of the company</i>	<i>Voting rights/ effective equity interests</i>	<i>Date of acquisition</i>	<i>Principal activities</i>	<i>Total cash consideration RMB'000</i>
Anhui Jinggong Testing and Inspection Co., Ltd	100%/ 100%	1 April 2022	Product and environmental testing and inspection, R&D and consulting services	30,540
Shanghai Zhizhi Technology Co., Ltd	55%/ 55%	1 April 2022	Intelligent control system, AI hardware sales and software development	22,843

As Jinggong Testing and Shanghai Zhizhi and the Group are under common control of Conch Holdings before and after the business combination and the control is not transitory, the acquisition of Jinggong Testing and Shanghai Zhizhi was considered as a business combination involving entities under common control.

The financial performance previously reported by the Group for the six months ended 30 June 2021 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:

(8) Business combination (continued)

	<i>The Group</i> RMB'000 (as previously reported)	<i>New Energy Group (Note i)</i> RMB'000	<i>Jinggong Testing</i> RMB'000	<i>Shanghai Zhizhi</i> RMB'000	<i>Inter-company elimination</i> RMB'000	<i>The Group</i> RMB'000 (as restated)
Revenue	80,432,865	59,003	7,159	1	(34,989)	80,464,039
Cost of sales and services rendered	<u>(59,033,536)</u>	<u>(27,198)</u>	<u>(1,379)</u>	<u>-</u>	<u>29,388</u>	<u>(59,032,725)</u>
Gross profit	21,399,329	31,805	5,780	1	(5,601)	21,431,314
Other income	2,466,089	930	141	154	-	2,467,314
Selling and marketing costs	(1,571,252)	1	(7)	(7)	-	(1,571,265)
Administrative expenses	(2,320,013)	(8,552)	(1,833)	(952)	5,601	(2,325,749)
Research and development costs	<u>(272,516)</u>	<u>(379)</u>	<u>(1,363)</u>	<u>(1,577)</u>	<u>-</u>	<u>(275,835)</u>
Profit from operations	19,701,637	23,805	2,718	(2,381)	-	19,725,779
Finance costs	(190,029)	(7,874)	(1)	-	-	(197,904)
Share of profit of associates	234,942	-	-	-	-	234,942
Share of profits of joint ventures	<u>139,639</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>139,639</u>
Profit before taxation	<u>19,886,189</u>	<u>15,931</u>	<u>2,717</u>	<u>(2,381)</u>	<u>-</u>	<u>19,902,456</u>
Income tax	<u>(4,499,215)</u>	<u>(1,257)</u>	<u>(197)</u>	<u>-</u>	<u>-</u>	<u>(4,500,669)</u>
Profit for the period	<u>15,386,974</u>	<u>14,674</u>	<u>2,520</u>	<u>(2,381)</u>	<u>-</u>	<u>15,401,787</u>

(8) Business combination (continued)

	<i>The Group</i>	<i>New Energy Group (Note i)</i>	<i>Jinggong Testing</i>	<i>Shanghai Zhizhi</i>	<i>Inter-company elimination</i>	<i>The Group</i>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	(as previously reported)					(as restated)
Profit for the period	15,386,974	14,674	2,520	(2,381)	-	15,401,787
Other comprehensive income for the period (after tax and reclassification adjustments)						
Item that will not be reclassified to profit or loss:						
Equity investments at FVOCI– net movement in fair value reserve (non-recycling)	(56,156)	-	-	-	-	(56,156)
Items that may be reclassified subsequently to profit or loss:						
Exchange differences on translation of financial statements of overseas subsidiaries	(100,675)	-	-	-	-	(100,675)
Share of other comprehensive income of investees	(42,570)	-	-	-	-	(42,570)
Other comprehensive income for the period	(199,401)	-	-	-	-	(199,401)
Total comprehensive income for the period	<u>15,187,573</u>	<u>14,674</u>	<u>2,520</u>	<u>(2,381)</u>	<u>-</u>	<u>15,202,386</u>
Attributable to:						
Equity shareholders of the Company	14,800,840	14,683	2,520	(1,309)	-	14,816,734
Non-controlling interests	<u>386,733</u>	<u>(9)</u>	<u>-</u>	<u>(1,072)</u>	<u>-</u>	<u>385,652</u>
	<u>15,187,573</u>	<u>14,674</u>	<u>2,520</u>	<u>(2,381)</u>	<u>-</u>	<u>15,202,386</u>

(8) Business combination (continued)

The financial position previously reported by the Group as at 31 December 2021 has been restated to include the assets and liabilities of the combining entities recognized at the carrying value based on the controlling shareholder's (i.e. Conch Holdings) financial statements as set out below:

	<i>The Group</i> RMB'000 (as previously reported)	<i>Jinggong Testing</i> RMB'000	<i>Shanghai Zhizhi</i> RMB'000	<i>Inter-company elimination</i> RMB'000	<i>The Group</i> RMB'000 (as restated)
Non-current assets					
Property, plant and equipment					
- Investment properties	76,357	-	-	-	76,357
- Other property, plant and equipment	80,992,152	6,013	6,431	(7,449)	80,997,147
Intangible assets	11,735,570	769	-	-	11,736,339
Goodwill	876,038	-	-	-	876,038
Interests in associates	3,528,022	-	-	-	3,528,022
Interests in joint ventures	2,034,682	-	-	-	2,034,682
Loans and receivables	451,367	-	-	-	451,367
Long-term prepayments	2,203,340	-	-	-	2,203,340
Financial assets measured at FVOCI	869,903	-	-	-	869,903
Financial assets measured at FVPL	2,972,650	-	-	-	2,972,650
Deferred tax assets	756,200	-	-	1,862	758,062
	<u>106,496,281</u>	<u>6,782</u>	<u>6,431</u>	<u>(5,587)</u>	<u>106,503,907</u>
Current assets					
Inventories	9,895,531	-	641	-	9,896,172
Trade and bills receivables	14,582,378	107	128	(235)	14,582,378
FVPL	24,271,570	7,000	-	-	24,278,570
Prepayments and other receivables	4,900,930	188	1,636	(130)	4,902,624
Amounts due from related parties	597,584	-	-	93	597,677
Tax recoverable	235,845	-	-	-	235,845
Restricted cash deposits	636,239	-	3,941	-	640,180
Bank deposits with original maturity over three months	51,520,792	-	-	-	51,520,792
Cash and cash equivalents	17,377,514	3,602	16,421	-	17,397,537
	<u>124,018,383</u>	<u>10,897</u>	<u>22,767</u>	<u>(272)</u>	<u>124,051,775</u>

(8) Business combination (continued)

	<i>The Group</i> RMB'000 <i>(as previously reported)</i>	<i>Jinggong Testing</i> RMB'000	<i>Shanghai Zhizhi</i> RMB'000	<i>Inter-company elimination</i> RMB'000	<i>The Group</i> RMB'000 <i>(as restated)</i>
Current liabilities					
Trade payables	6,598,895	-	42	(164)	6,598,773
Other payables and accruals	10,737,154	1,573	250	(1,411)	10,737,566
Current portion of long-term payables	62,585	-	-	-	62,585
Contract liabilities	3,246,413	48	-	-	3,246,461
Bank loans and other borrowings	8,023,576	-	-	-	8,023,576
Lease liabilities	20,081	-	1,049	-	21,130
Amounts due to related parties	415,418	-	4,132	1,303	420,853
Current taxation	3,564,888	397	331	-	3,565,616
	<u>32,669,010</u>	<u>2,018</u>	<u>5,804</u>	<u>(272)</u>	<u>32,676,560</u>
Net current assets	<u>91,349,373</u>	<u>8,879</u>	<u>16,963</u>	<u>-</u>	<u>91,375,215</u>
Total assets less current liabilities	<u>197,845,654</u>	<u>15,661</u>	<u>23,394</u>	<u>(5,587)</u>	<u>197,879,122</u>
Non-current liabilities					
Bank loans and other borrowings	3,747,695	-	-	-	3,747,695
Lease liabilities	47,229	-	2,418	-	49,647
Long-term payables	356,363	-	-	-	356,363
Deferred income	714,166	-	-	-	714,166
Deferred tax liabilities	1,272,365	-	-	-	1,272,365
NET ASSETS	<u>6,137,818</u>	<u>-</u>	<u>2,418</u>	<u>-</u>	<u>6,140,236</u>
CAPITAL AND RESERVES	<u>191,707,836</u>	<u>15,661</u>	<u>20,976</u>	<u>(5,587)</u>	<u>191,738,886</u>
Share capital	5,299,303	8,000	20,000	(28,000)	5,299,303
Reserves	178,278,156	7,661	976	15,488	178,302,281
Total equity attributable to equity shareholders of the Company	<u>183,577,459</u>	<u>15,661</u>	<u>20,976</u>	<u>(12,512)</u>	<u>183,601,584</u>
Non-controlling interests	<u>8,130,377</u>	<u>-</u>	<u>-</u>	<u>6,925</u>	<u>8,137,302</u>
TOTAL EQUITY	<u>191,707,836</u>	<u>15,661</u>	<u>20,976</u>	<u>(5,587)</u>	<u>191,738,886</u>

(8) Business combination (continued)

The cash flows previously reported by the Group for the six months ended 30 June 2021 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:

	<i>The Group</i> RMB'000 <i>(as previously reported)</i>	<i>New Energy Group</i> Note(i) RMB'000	<i>Jinggong Testing</i> RMB'000	<i>Shanghai Zhizhi</i> RMB'000	<i>Inter-company elimination</i> RMB'000	<i>The Group</i> RMB'000 <i>(as restated)</i>
Net cash generated from operating activities	12,215,290	38,689	2,219	(5,433)	-	12,250,765
Net cash (used in)/ generated from investing activities	(9,884,537)	(27,019)	(460)	(591)	-	(9,912,607)
Net cash (used in)/ generated from financing activities	(11,807,397)	(57,515)	-	-	-	(11,864,912)
Net (decrease)/ increase in cash and cash equivalents	(9,476,644)	(45,845)	1,759	(6,024)	-	(9,526,754)
Cash and cash equivalents as at 1 January 2021	16,676,384	114,037	851	19,989	-	16,811,261
Effect of foreign exchange rate changes	(29,562)	40	-	-	-	(29,522)
Cash and cash equivalents as at 30 June 2021	7,170,178	68,232	2,610	13,965	-	7,254,985

Note (i): On 30 August 2021, the Group entered into the acquisition agreement with Anhui Conch Investment Co., Ltd. ("**Conch Investment**"), pursuant to which, the Group has agreed to purchase, and Conch Investment has agreed to sell, the entire equity interest in New Energy Group. As New Energy Group and the Group are under common control of Conch Holdings before and after the business combination and the control is not transitory, the acquisition of New Energy Group was considered as a business combination involving entities under common control.

(9) Contingent liabilities

As at 30 June 2022, outstanding letters of credit issued by the Group amounted to approximately RMB197,030,000 (as at 31 December 2021: RMB183,532,000).

As at 30 June 2022, the Group issued guarantees in relation to banking facilities to its related parties, PT SDIC Papua Cement Indonesia and Myanmar Conch Cement Company Limited, amounting to RMB834,361,000 in aggregate (as at 31 December 2021: RMB794,580,000). These facilities were utilised as to RMB834,361,000 as at 30 June 2022 (as at 31 December 2021: RMB794,580,000).

By Order of the Board
Anhui Conch Cement Company Limited
Chairman
Yang Jun

Wuhu City, Anhui Province, the PRC

25 August 2022

As at the date of this announcement, the Board comprises (i) Mr. Yang Jun, Mr. Wang Jianchao, Mr. Li Qunfeng, Mr. Zhou Xiaochuan and Mr. Wu Tiejun as executive Directors; (ii) Mr. Qu Wenzhou, Ms. Ho Shuk Yee, Samantha and Ms. Zhang Yunyan as independent non-executive Directors.