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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)

Results for the year ended 31 December 2022

Revenue of the Company for the year 2022 amounted to approximately RMB132,021.55 million (in accordance with the IFRSs), representing a decrease of 21.40% comparing to that of the year 2021.

Net profit attributable to equity shareholders of the Company for the year 2022 amounted to approximately RMB15,860.55 million (in accordance with the IFRSs), representing a decrease of 52.37% comparing to that of the year 2021.

Earnings per share for the year 2022 was RMB2.99 (in accordance with the IFRSs), representing a decrease of RMB3.29 per share comparing to that of the year 2021.

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 ” or “ Conch Cement ”, together with its subsidiaries, the “ Group ”)
A shares (“ A Shares ”) stock short name	Conch Cement
A Shares stock code	600585
Exchange on which A Shares are listed	The Shanghai Stock Exchange (“ SSE ”)
H shares (“ H Shares ”) stock short name	Conch Cement
H Shares stock code	00914
Exchange on which H Shares are listed	The Stock Exchange of Hong Kong Limited (“ Stock Exchange ”)

2. Contact persons and means of contact

Title	Joint Company Secretary	Securities Affairs Representative
Name	Zhou Xiaochuan	Wang Manbo
Contact address	No. 39 Wenhua Road, Wuhu City, Anhui Province, the PRC	No. 39 Wenhua Road, Wuhu City, Anhui Province, the PRC
Telephone number	0086-553-8398976	0086-553-8398911
Fax number	0086-553-8398931	0086-553-8398931
E-mail address	dms@chinaconch.com	dms@chinaconch.com

II. Summary of Accounting Data and Operational Information

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

(Unit: RMB'000)

Item	2022	2021 (restated)	2020 (restated)	2019 (restated)	2018
Revenue	132,021,554	167,959,693	176,296,544	157,082,759	128,407,713
Net profit attributable to equity shareholders of the Company	15,860,553	33,301,181	35,193,521	33,640,459	29,856,712
Total assets	243,976,422	230,555,682	201,883,873	179,466,160	150,080,918
Total liabilities	48,067,537	38,816,795	33,392,893	36,991,282	33,692,113

Note: During the year 2022, the Company restated its financial statements for previous years in accordance with the relevant requirements under the PRC Accounting Standards and IFRSs respectively since acquisition of Anhui Jinggong Testing and Inspection Center Co., Ltd. (“**Jinggong Testing**”) and Shanghai Zhizhi Technology Co., Ltd. (“**Shanghai Zhizhi**”) was considered as a business combination of entities under common control (the same as below).

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

Table 1:

(Unit: RMB'000)

Item	2022	2021		Change in the current year over the previous year (%)	2020	
		After Adjustment	Before Adjustment		After Adjustment	Before Adjustment
Revenue	132,021,554	167,959,693	167,952,664	-21.40	176,296,544	176,294,715
Profit before taxation	20,014,665	44,113,682	44,116,197	-54.63	47,138,348	47,137,334
Net profit attributable to equity shareholders of the Company	15,660,750	33,267,557	33,267,069	-52.92	35,159,672	35,158,225

Net profit after extraordinary items attributable to equity shareholders of the Company	15,035,746	31,375,335	31,375,196	-52.08	33,171,894	33,170,447
Basic earnings per share (RMB/share)	2.96	6.28	6.28	-52.92	6.63	6.63
Diluted earnings per share (RMB/share)	2.96	6.28	6.28	-52.92	6.63	6.63
Basic earnings per share after extraordinary items (RMB/share)	2.84	5.92	5.92	-52.08	6.26	6.26
Diluted return on net assets (%)	8.53	18.11	18.11	Decreased by 9.58 percentage points	21.68	21.68
Weighted average return on net assets (%)	8.50	19.23	19.23	Decreased by 10.73 percentage points	23.59	23.59
Diluted return on net assets after extraordinary items (%)	8.19	17.08	17.08	Decreased by 8.89 percentage points	20.46	20.45
Weighted average return on net assets after extraordinary items (%)	8.16	18.13	18.14	Decreased by 9.97 percentage points	22.26	22.26
Net cash flow generated from operating activities	9,649,268	33,895,232	33,900,529	-71.53	34,823,858	34,822,098
Net cash flow per share generated from operating activities (RMB/share)	1.82	6.40	6.40	-71.53	6.57	6.57

Table 2:

(Unit: RMB'000)

Item	As at 31 December 2022	As at 31 December 2021		Increase or decrease at the end of this year over the end of the previous year (%)	As at 31 December 2020	
		After Adjustment	Before Adjustment		After Adjustment	Before Adjustment
Total assets	243,976,422	230,555,682	230,514,664	5.82	201,883,873	201,852,917
Net assets attributable to equity shareholders of the Company	183,638,725	183,709,396	183,685,269	-0.04	162,190,063	162,169,179
Net assets per share attributable to equity shareholders of the Company (RMB/share)	34.65	34.67	34.66	-0.04	30.61	30.60

III. Shareholders

1. Shareholders

(1) As at 31 December 2022, the total number of registered shareholders of the Company was 328,300, of which 106 were registered holders of H Shares. As at 28 February 2023, the total number of registered shareholders of the Company was 322,386, of which 106 were registered holders of H Shares.

(2) As at 31 December 2022, the shareholdings of the top 10 registered shareholders of the Company are set out as follows:

No.	Name of shareholder	Nature of shareholder	Changes in the Reporting Period (share)	Number of shares held as at 31 December 2022 (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	-72,500	1,298,307,610	24.50	H Share	Unknown	Unknown
3	Hong Kong Securities Clearing Company Limited	Foreign legal person	-94,311,926	244,623,140	4.62	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 Pte. Ltd. - HHLR China Fund	Others	-6,159,956	31,162,654	0.59	A Share	Unknown	Unknown
7	Industrial & Commercial Bank of China - SSE 50 Trading Open-end Index Securities Investment Fund	Others	506,600	20,558,003	0.39	A Share	Unknown	Unknown
8	Bank of Ningbo Co., Ltd. - Zhongtai Xingyuan Value Selected Flexible Allocation Mixed Securities Investment Fund	Others	17,062,617	18,576,742	0.35	A Share	Unknown	Unknown
9	Guosen Securities Co., Ltd.	Others	-2,765,624	18,312,601	0.35	A Share	Unknown	Unknown
10	China Minsheng Banking Corporation Limited - Essence Steady Value-added Flexible Allocation Hybrid Securities Investment Fund	Others	14,839,995	18,140,038	0.34	A Share	Unknown	Unknown

Notes:

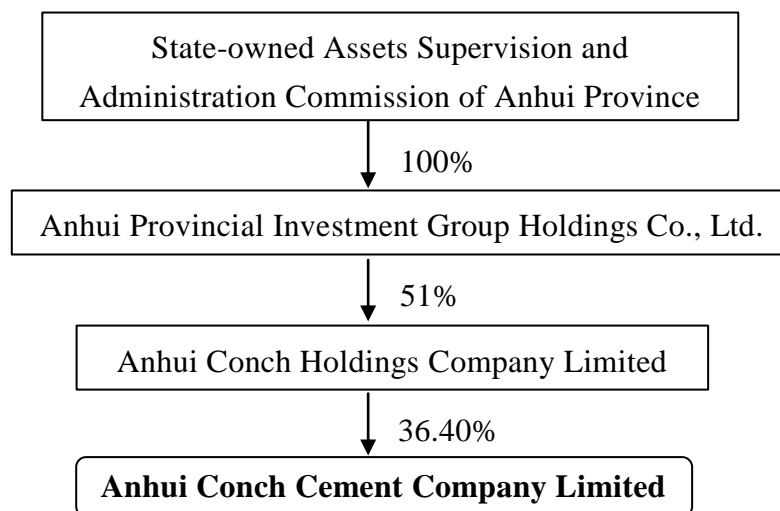
- (1) During the period from 1 January 2022 to 31 December 2022 (the “**Reporting Period**”), there was no change in the number of the shares of the Company held by Conch Holdings. The shares held by Conch Holdings were not subject to any pledge, freezing order or trust.
- (2) HKSCC Nominees Limited held 1,298,307,610 H Shares, representing 24.50% of the total share capital of the Company, and 99.90% of the issued H Shares of the Company. These shares were held on behalf of its various clients.

- (3) All the above shares are floating shares not subject to trading restrictions.
- (4) The board (“**Board**”) of directors (“**Directors**”) of the Company is not aware of any connected relationship or acting in concert relationship among the above-mentioned shareholders.
- (5) During the Reporting Period, the Company did not carry out share repurchase, so there was no designated repurchase account among the top ten shareholders.

2. Information on the controlling shareholder and de facto controller

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

As at 31 December 2022, Conch Holdings was the controlling shareholder of the Company and the State-owned Assets Supervision and Administration Commission of Anhui Province was the de facto controller of the Company. The shareholding relationship structure between the Company and its de facto controller is set out as follows:



3. Purchase, sale or redemption of listed securities

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

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

As at the end of the Reporting Period, the interests and short positions held by the Directors, supervisors, chief executive of the Company and their close associates (as defined in the Rules Governing the Listing of Securities on the Stock Exchange (“**HKSE Listing Rules**”)) in the shares and underlying shares of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“**SFO**”)), as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed

Issuers (“**Model Code**”) in Appendix 10 to the Listing Rules were as follows:

Name	Position	The Company/ name of associated corporations	Nature of interest	Number of share held (share)	Percentage of the relevant class of shares
Liu Tiantian	Staff representative supervisor	Conch Cement	Beneficial owner	63,500 (H Shares)	0.00%
		China Conch Environment Protection Holdings Limited (“ Conch Environment Protection ”)	Beneficial owner	3,642,939	0.20%
Li Qunfeng	Executive Director and general manager	Conch Environment Protection	Beneficial owner	2,050,000	0.11%
			Interest held jointly with other persons ^{note}	478,352,979	26.19%
Zhou Xiaochuan	Executive Director and secretary to the Board (Company Secretary)	Conch Environment Protection	Beneficial owner	783,000	0.04%
			Interest of spouse	573,142	0.03%
			Interest held jointly with other persons ^{note}	479,046,837	26.22%
Chen Yongbo	Supervisor	Conch Environment Protection	Beneficial owner	521,000	0.03%

Note: Mr. Li Qunfeng, Mr. Zhou Xiaochuan and other concert parties have given an undertaking to the Company that they will act in concert with the Company when exercising their voting rights at the general meetings of Conch Environment Protection. Pursuant to the SFO, Mr. Li Qunfeng, Mr. Zhou Xiaochuan, Conch Cement and other concert parties shall be deemed to be interested in shares of Conch Environment Protection held by each other.

Save for the above, during the Reporting Period, none of the Directors, supervisors and chief executive of the Company nor their respective close associates 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.

V. Corporate Governance

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

VI. Review of Annual Report and Annual Results

The financial report and this results announcement of the Company for the year 2022 have

been reviewed by the audit committee of the Board. All of the Directors agreed and confirmed 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 under applicable statutory and regulatory requirements which give a true and fair view of the financial position, the results of operations and cash flows of the Group for the relevant accounting periods. In preparing the financial statements for the year ended 31 December 2022, applicable accounting policies have been adopted and applied consistently.

VII. Management Discussion and Analysis on the Operations

ANALYSIS ON THE OPERATIONAL CONDITIONS FOR 2022

(1) Overview of operation development

In 2022, domestic and international economies were in complicated situation with weakening market demand and high energy costs, in face of the numerous unfavorable circumstances, the Group actively responded and proactively sought changes to overcome the impact of the unexpected factors, reasonably grasped the rhythm of production and sales, reviewed the situation and implemented precise measures, actively seized the market demand and strengthened the analysis of supply market trends. The Group also gave full play to the advantages of large-scale procurement, ensured economic supply of high-quality resources, strengthened the operation management and indicator control, strove to improve the quality of production and operation, and constantly enhanced the operation resilience.

During the Reporting Period, in accordance with the PRC Accounting Standards, the Group's revenue amounted to RMB132,022 million, representing a decrease of 21.40% from that of the previous year; net profit attributable to equity shareholders of the Company amounted to RMB15,661 million, representing a decrease of 52.92% from that of the previous year; and earnings per share were RMB2.96, representing a decrease of RMB3.32 per share from that of the previous year. In accordance with the IFRSs, revenue amounted to RMB132,022 million, representing a decrease of 21.40% from that of the previous year; net profit attributable to equity shareholders of the Company amounted to RMB15,861 million, representing a decrease of 52.37% from that of the previous year; and earnings per share were RMB2.99, representing a decrease of RMB3.29 per share from that of the previous year.

During the Reporting Period, the Group actively promoted project construction and mergers and acquisitions, continued to strengthen, optimize and expand its core cement business, actively extended the upstream and downstream industrial chains, and steadily explored into emerging industries such as new energy, energy conservation and environmental protection. The capacity replacement project of Anhui Chizhou Conch Cement Co., Ltd.

and the two clinker production lines of the Qarshi project in Uzbekistan were put into operation as planned. The Group completed its acquisition of the cement projects such as Chongqing Duoji Renewable Resources Co., Ltd. (“**Chongqing Duoji**”), Naimanqi Hongji Cement Co., Ltd. (“**Hongji Cement**”) and Chifeng Hahe Cement Co., Ltd. Aggregate projects such as Tongling Conch New Building Materials Co., Ltd. and Fenyi Conch Building Materials Co., Ltd. were completed and put into operation. Nantong Conch Concrete Co., Ltd., Huaian Conch Green Construction Technology Co., Ltd. and other commodity concrete projects were completed and put into operation. The Group completed the acquisitions of four commodity concrete projects, including Changsha Yongyun Building Materials Co., Ltd. (“**Changsha Yongyun Building Materials**”), Changde Dingxing Concrete Products Co., Ltd. (“**Changde Dingxing Company**”), Linxia Tianxiang Commercial Concrete Co., Ltd. (“**Linxia Tianxiang**”) and Guixi Yinggui Ready-mixed Mortar Co., Ltd. (“**Guixi Yinggui**”). Zongyang All-vanadium Flow Battery Energy Storage Project and Xuancheng Photovoltaic BIPV Project (Phase I) were successfully put into production. The Group acquired shareholding of Conch Environment Protection, a leading listed company in industrial solid hazardous waste disposal, creating a new industrial growth pole.

During the Reporting Period, the Group increased the production capacity of cement, aggregates, and commodity concrete by 3.85 million tonnes, 44.80 million tonnes and 10.80 million cubic meters, respectively, and the capacity of photovoltaic storage power generator by 275 MW. 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, 388 million tonnes, 108 million tonnes and 25.50 million cubic meters respectively, and the capacity of photovoltaic storage power generator in operation amounted to 475 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 (%)	Increase or decrease in operating revenue over the previous year (%)	Increase or decrease in operating cost over the previous year (%)	Increase or decrease in gross profit margin over the previous year
Building material industry (sale of self-produced products)	94,873,974	67,640,609	28.70	-15.03	7.96	Decreased by 15.18 percentage points
Building material industry (trading business)	8,813,425	8,785,585	0.32	-75.90	-75.93	Increased by 0.11 percentage point

Principal activities by product						
Product	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Increase or decrease in operating revenue over the previous year (%)	Increase or decrease in operating cost over the previous year (%)	Increase or decrease in gross profit margin over the previous year
Building material industry (sale of self-produced products) – 42.5-grade cement ^{Note 1}	69,385,918	49,659,963	28.43	-18.17	4.55	Decreased by 15.55 percentage points
Building material industry (sale of self-produced products) – 32.5-grade cement	11,577,255	8,201,994	29.15	-16.35	10.29	Decreased by 17.12 percentage points
Building material industry (sale of self-produced products) – Clinker	9,874,290	7,349,499	25.57	-10.06	6.38	Decreased by 11.50 percentage points
Building material industry (sale of self-produced products) – Aggregates and manufactured sand	2,229,540	885,290	60.29	22.49	41.78	Decreased by 5.40 percentage points
Building material industry (sale of self-produced products) – Commodity concrete	1,806,971	1,543,863	14.56	711.09	757.00	Decreased by 4.58 percentage points
Building material industry (trading business)	8,813,425	8,785,585	0.32	-75.90	-75.93	Increased by 0.11 percentage point
Principal activities by region						
Region	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Increase or decrease in operating revenue over the previous year(%)	Increase or decrease in operating cost over the previous year (%)	Increase or decrease in gross profit margin over the previous year
Building material industry (sale of self-produced products) – East China ^{Note 2}	26,077,355	18,524,244	28.96	-19.82	8.37	Decreased by 18.48 percentage points
Building material industry (sale of self-produced products) – Central China ^{Note 3}	31,096,374	21,787,247	29.94	-15.77	9.68	Decreased by 16.26 percentage points
Building material industry (sale of self-produced products) – South China ^{Note 4}	17,020,200	12,359,593	27.38	-14.12	16.40	Decreased by 19.04 percentage points
Building material industry (sale of self-produced products) – West China ^{Note 5}	16,595,088	11,971,307	27.86	-14.34	-7.35	Decreased by 5.44 percentage points
Building material industry (sale of self-produced products) – Export	118,274	96,499	18.41	-45.73	-45.78	Increased by 0.07 percentage point

Building material industry (sale of self-produced products) – Overseas	3,966,683	2,901,719	26.85	41.70	46.88	Decreased by 2.58 percentage points
Building material industry (trading business)	8,813,425	8,785,585	0.32	-75.90	-75.93	Increased by 0.11 percentage point
Principal activities by sales model						
Sales model	Operating revenue (RMB'000)	Operating cost (RMB'000)	Gross profit margin (%)	Increase or decrease in operating revenue over the previous year(%)	Increase or decrease in operating cost over the previous year (%)	Increase or decrease in gross profit margin over the previous year
Building material industry – Direct sale	58,583,380	41,652,276	28.90	-28.91	-22.20	Decreased by 6.22 percentage points
Building material industry – Distribution	45,104,019	34,773,918	22.90	-31.47	-23.75	Decreased by 6.75 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.

Sales by industry

During the Reporting Period, the Group's total net sales volume of cement and clinker amounted to 310 million tonnes, representing a year-on-year decrease of 24.12%. Revenue generated from principal activities reached RMB103,687 million, representing a year-on-year decrease of 30.05%. Operating cost decreased by 22.92% on a year-on-year basis to RMB76,426 million. The consolidated gross profit margin of products recorded a year-on-year decrease of 6.82 percentage points to 26.29%.

The Group's sales volume of self-produced cement and clinker products amounted to 283 million tonnes, representing a year-on-year decrease of 6.94%. Sales revenue from self-produced products amounted to RMB94,874 million, representing a year-on-year decrease of 15.03%. Cost of sales of self-produced products increased by 7.96% year-on-year to RMB67,641 million. The consolidated gross profit margin of self-produced products recorded a year-on-year decrease of 15.18 percentage points to 28.70%.

During the Reporting Period, the Group achieved a sales volume of 26.94 million tonnes for its cement and clinker trading business, representing a year-on-year decrease of 74.19%. Revenue from trading business amounted to RMB8,813 million, representing a

year-on-year decrease of 75.90%. Cost of trading business decreased by 75.93% year-on-year to RMB8,786 million.

Sales by type of products

During the Reporting Period, gross profit margin of the Group's 42.5-grade cement, 32.5-grade cement and clinker decreased by 7.86 percentage points, 9.94 percentage points and 0.38 percentage point year-on-year, respectively. Among which, the gross profit margin of the Group's self-produced 42.5-grade cement, 32.5-grade cement and clinker decreased by 15.55 percentage points, 17.12 percentage points and 11.50 percentage points year-on-year respectively. The consolidated gross profit margin of aggregates and manufactured sand decreased by 5.40 percentage points year-on-year to 60.29%; the consolidated gross profit margin of commodity concrete was 14.56%, representing a year-on-year decrease of 4.58 percentage points.

Sales by region

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

In East China, Central China and South China regions, due to the decrease in sales volume and selling price of products, sales amount decreased by 19.82%, 15.77% and 14.12% year-on-year respectively and gross profit margin decreased by 18.48 percentage points, 16.26 percentage points and 19.04 percentage points year-on-year respectively.

In West China region, due to the decreases in the market demand and sales volume, sales amount and gross profit margin decreased by 14.34% and 5.44 percentage points year-on-year respectively.

During the Reporting Period, the Group's export sales volume dropped by 56.60% year-on-year and sales amount declined by 45.73% year-on-year. With the continuous improvement of sales market network for overseas projects, overseas project companies recorded year-on-year increases of 22.40% and 41.70% in sales volume and sales amount respectively.

Sales by sales model

During the Reporting Period, the Group's direct sales amount decreased by 28.91% year-on-year and the distribution amount decreased by 31.47% year-on-year; cost of direct sales decreased by 22.20% year-on-year and the distribution cost decreased by 23.75% year-on-year; the consolidated gross profit margin of products through direct sales and that of products through distribution decreased by 6.22 percentage points and 6.75 percentage points year-on-year respectively.

2. Profit analysis

Major profit or loss items prepared in accordance with the PRC Accounting Standards

Items	Amount		Increase or decrease for the Reporting Period over the same period of the previous year (%)
	2022 (RMB'000)	2021 (RMB'000)	
Revenue from principal activities	103,687,399	148,224,490	-30.05
Profit from operations	19,473,672	43,106,263	-54.82
Profit before taxation	20,014,665	44,113,682	-54.63
Net profit attributable to equity shareholders of the Company	15,660,750	33,267,557	-52.92

During the Reporting Period, due to the year-on-year decreases in sales volume and the selling price of products, the Group's revenue from principal activities decreased by 30.05% year-on-year. Affected by the decrease in sales volume, the decrease in selling price and the increase in costs, 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 54.82%, 54.63% and 52.92% respectively.

3. Analysis of costs and expenses

Consolidated costs of cement and clinker for 2022 and their year-on-year changes

Items	2022		2021		Change in unit costs (%)	Change in proportion of costs (percentage points)
	Unit costs (RMB/tonne)	Proportion (%)	Unit costs (RMB/tonne)	Proportion (%)		
Raw materials	40.52	17.59	46.10	22.67	-12.10	-5.08
Fuel and power	144.54	62.73	112.74	55.44	28.21	7.29
Depreciation expense	14.00	6.08	12.66	6.23	10.58	-0.15
Labor cost	13.08	5.68	12.14	5.97	7.74	-0.29
Others	18.26	7.92	19.70	9.69	-7.31	-1.77
Total	230.40	100	203.34	100	13.31	-

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

During the Reporting Period, the Company's consolidated costs of cement and clinker increased by 13.31% year-on-year, which was due to the increase in the prices of raw coal and electricity.

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

Expenses for the period	2022 amount (RMB'000)	2021 amount (RMB'000)	Increase or decrease for the Reporting Period over the same period of the previous year (%)	Proportion over the revenue from principal activities for the Reporting Period (%)	Proportion over the revenue from principal activities for the previous year (%)	Increase or decrease in the proportion over the revenue from principal activities (percentage points)
Selling expenses	3,327,494	3,408,475	-2.38	3.21	2.30	0.91
Administrative expenses	5,561,331	5,079,982	9.48	5.36	3.43	1.93
Research and development expenses	2,011,317	1,327,247	51.54	1.94	0.90	1.04
Financial expenses (income is stated in negative)	-1,651,198	-1,314,936	-25.57	-1.59	-0.89	-0.70
Total	9,248,944	8,500,768	8.80	8.92	5.74	3.18

During the Reporting Period, the Group's research and development expenses increased by 51.54% on a year-on-year basis, mainly due to the year-on-year increase in expenditures of the subsidiaries of the Company for research and development projects on ultra-low emission and energy saving and efficiency improvement technologies. The Group's financial expenses (income) increased by 25.57% year-on-year, which was mainly due to the year-on-year decrease of 93.98% in exchange losses during the Reporting Period.

During the Reporting Period, the Group's selling expenses, administrative expenses, research and development expenses and financial expenses together accounted for 8.92% of the revenue generated from principal activities, representing an increase of 3.18 percentage points year-on-year. Excluding the impact of revenue from trading business, the Group's selling expenses, administrative expenses, research and development expenses and financial expenses together accounted for 9.75% of the revenue generated from principal activities, representing an increase of 2.14 percentage points year-on-year.

4. Financial position

Asset and liability position

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

Items	As at 31 December 2022 (RMB'000)	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 (%)	Increase or decrease in amounts as at the end of the Reporting Period from that at the end of the previous year (%)
Cash at bank and on hand	57,865,704	23.72	69,558,509	30.17	-16.81
Financial assets held for trading	10,754,921	4.41	24,278,570	10.53	-55.70
Accounts receivable	5,637,338	2.31	2,377,083	1.03	137.15
Advance payment	3,003,021	1.23	1,187,369	0.52	152.91
Inventories	11,678,995	4.79	9,896,172	4.29	18.02
Long-term equity investments	6,792,655	2.78	5,562,704	2.41	22.11
Investments in other equity instruments	2,325,186	0.95	869,903	0.38	167.29
Other non-current financial assets	1,001,300	0.41	2,972,650	1.29	-66.32
Fixed assets	81,181,917	33.27	66,521,773	28.85	22.04
Construction in progress	8,387,067	3.44	7,273,456	3.15	15.31
Intangible assets	32,038,331	13.13	18,240,331	7.91	75.65
Total assets	243,976,422	100.00	230,555,682	100.00	5.82
Short-term borrowings	10,037,364	4.11	3,289,754	1.43	205.11
Notes payable	211,695	0.09	63,000	0.03	236.02
Wages payables	1,639,167	0.67	1,557,773	0.68	5.22
Taxes payables	2,135,264	0.88	5,485,284	2.38	-61.07
Contract liabilities	3,576,719	1.47	3,254,211	1.41	9.91
Other payables	8,836,616	3.62	7,444,304	3.23	18.70
Long-term borrowings	9,688,651	3.97	3,747,695	1.63	158.52
Total liabilities	47,982,828	19.67	38,698,558	16.78	23.99
Total liabilities and equity	243,976,422	100	230,555,682	100	5.82

As at the end of the Reporting Period, the Group's balance of financial assets held for trading decreased by 55.70% as compared to that 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 during the Reporting Period; balance of accounts receivable and advance payment increased by 137.15% and 152.91% as compared to that at the end of the previous year, respectively, which was mainly due to the business

combination during the Reporting Period and the increased size of revenue from other business; the balance of investments in other equity instruments increased by 167.29% as compared to that at the end of the previous year, which was mainly attributed to the increase in strategic investment in relevant listed companies during the Reported Period; the balance of other non-current financial assets decreased by 66.32% as compared to that at the end of the previous year, which was mainly due to reclassification of wealth management products with maturity period within one year; the balance of intangible assets increased by 75.65% as compared to that at the end of the previous year, which was mainly attributable to the new purchase of mining right during the Reporting Period; the balance of notes payable increased by 236.02% as compared to that at the end of the previous year, which was mainly attributed to the impact brought by the fact that additional companies were included in the consolidated statements during the Reporting Period; the balance of taxes payables decreased by 61.07% as compared to that at the end of the previous year, which was mainly attributable to the increase in taxes paid during the Reporting Period; the balances of short-term borrowings and long-term borrowings increased by 205.11% and 158.52% respectively as compared to those at the end of the previous year, which was mainly due to the change of scope of consolidation and the increase of bank borrowings of certain subsidiaries of the Company required for operation and development during the Reporting Period. The Group's total assets prepared in accordance with the PRC Accounting Standards amounted to RMB243,976 million, representing an increase of 5.82% as compared to that at the end of the previous year. Total liabilities amounted to RMB47,983 million, representing an increase of 23.99% as compared to that at the end of the previous year. As at 31 December 2022, the Group's gearing ratio calculated in accordance with the PRC Accounting Standards was 19.67%, representing an increase of 2.89 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 RMB183,639 million, representing a decrease of 0.04% as compared to that at the end of the previous year; equity attributable to minority shareholders amounted to RMB12,355 million, representing an increase of 51.64% 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 RMB34.65.

As at 31 December 2022, total current assets and total current liabilities of the Group prepared in accordance with the PRC Accounting Standards amounted to RMB106,018 million and RMB35,571 million respectively, with a current ratio of 2.98:1 (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 financial assets held for trading and the increase in the balance of short-term

borrowings. Total current assets and total current liabilities of the Group prepared in accordance with the IFRSs amounted to RMB106,408 million and RMB35,571 million respectively, with a net gearing ratio of 0.034 (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 amounted to RMB19,840 million, representing 8.13% of the total assets.

During the Reporting Period, certain subsidiaries of the Company had pledged intangible assets with a book value of approximately RMB1,282 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 for the above-mentioned pledged assets, no other assets of the Group 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 of the Group as at the end of the Reporting Period is as follows:

	As at 31 December 2022 (RMB'000)	As at 31 December 2021 (RMB'000)
Due within 1 year	12,300,541	4,524,868
Due after 1 year but within 2 years	2,158,813	1,288,335
Due after 2 years but within 5 years	6,400,622	1,929,252
Due after 5 years	1,129,216	530,108
Total	21,989,192	8,272,563

As at the end of the Reporting Period, balance of the Group's bank borrowings was RMB21,989 million, representing an increase of RMB13,717 million as compared to that at the beginning of this year. The increase was mainly attributable to the business combination and increase of bank borrowings of certain subsidiaries of the Company required for operation and development needs during the Reporting Period.

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

Analysis of cash flow

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

	2022 (RMB'000)	2021 (RMB'000)	Changes (%)
Net cash flow generated from operating activities	9,649,268	33,895,232	-71.53
Net cash flow generated from investing activities	-5,280,634	-21,664,492	75.63
Net cash flow generated from financing activities	-5,723,457	-11,602,468	50.67
Effect of exchange rate movement on cash and cash equivalents	115,709	-50,892	327.36
Net increase in cash and cash equivalents ("—" refers to loss)	-1,239,114	577,380	-314.61
Balance of cash and cash equivalents at the beginning of the year	17,397,537	16,820,157	3.43
Balance of cash and cash equivalents at the end of the year	16,158,423	17,397,537	-7.12

During the Reporting Period, the Group's net cash flows generated from operating activities amounted to RMB9,649 million, representing a year-on-year decrease of RMB24,246 million. Such decrease was mainly due to the decrease in the sales revenue and increase in the balance of trade receivables of the Group during the Reporting Period.

During the Reporting Period, the Group's net cash outflows from investing activities decreased by RMB16,384 million from that for the corresponding period of the previous year, mainly due to year-on-year decrease in newly subscribed wealth management products of the Group during the Reporting Period.

During the Reporting Period, the Group's net cash outflows from financing activities decreased by RMB5,879 million as compared to that of last year, primarily attributable to a year-on-year increase in the Group's borrowings from banks.

5. Capital expenditure

During the Reporting Period, the capital expenditure of the Group amounted to approximately RMB23,933 million, 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 31 December 2022 (RMB'000)	As at 31 December 2021 (RMB'000)
Authorized and contracted for	11,301,286	6,453,886
Authorized but not contracted for	7,254,772	4,941,882
Total	18,556,058	11,395,768

OUTLOOK FOR 2023

The year 2023 is the first year to fully implement the spirit of the 20th National Congress of the Communist Party of China, and it is also a crucial year of forming a connecting link for implementation action of the “14th Five-Year Plan”. The central government will adhere to the main theme of “making progress while maintaining stability”; it will implement the new development concept completely, accurately and comprehensively by accelerating the formation of a new development pattern. The government will focus on promoting high-quality development, maintain the consistency and pertinence of the policy, strengthen the cooperation of various polices and to form a joint force to promote high-quality development. The government will also intensify efforts to increase the effectiveness of the proactive fiscal policy, and be precise and powerful in the prudent monetary policy, so as to push the economy running with an overall improvement and to achieve effective improvement in quality and reasonable growth in quantity. It is expected that the gross domestic product (GDP) for the year will increase around 5% year-on-year (source: the Report on the Work of the Government for 2023).

In 2023, in terms of infrastructure, the government will actively expand effective investments, focus on promoting the high-quality development of manufacturing industry and building a strong manufacturing country, and guiding various kinds of high-quality resources towards and concentrate in the manufacturing industry. Construction of major engineering projects stipulated in the “14th Five-Year Plan” will be accelerated, bringing the national comprehensive three-dimensional transportation network into full play with railways as a focus, highways as the basis and water transport and civil aviation with comparative advantages. The government will speed up the construction of water conservancy infrastructure, and intensify efforts in key areas to fill shortcomings and strengthen the weak. Infrastructure investment will have certain support for cement demand. In terms of real estate, China will adhere to the position that “houses are for inhabitation and not for speculation”, and will enhance guidance for market expectations on the real estate market, accelerate the establishment of a housing system of multiple suppliers, protections through multiple channels and combination of rental and purchase. The government will steadily implement the development of a stable and healthy long-term mechanism of the real estate market, in order to solidify the guaranteed delivery of buildings, protection of people’s livelihood and ensuring stability, and to stabilize land prices, housing prices and expectations, fulfill the reasonable financing needs of the industry, and promote the steady and smooth transition of the real estate industry to a new development model. In terms of the rural market, the State will fully implement the rural revitalization strategy to promote the rural development. At present, the urbanization of China is still in a relatively rapid development stage, which is expected to provide support for the market demand. At the same time, the State will further enhance environmental

pollution prevention, promote the work of “peak carbon dioxide emissions and carbon neutrality” in an orderly manner, and continue to make the staggered production in the cement industry a regular practice, which will have a positive effect on supply contraction and elimination of excess capacity. Therefore, it is expected that the relationship between supply and demand in the cement industry may maintain a tight balance.

In terms of investment development, sticking to the Company’s “14th Five-Year” strategic plan, the Group will comprehensively coordinate the development of its main business and the extension of upstream and downstream industrial chains, and make every effort to expand the volume of production and improve the production efficiency. The Group will seize the opportunity to promote domestic development, adhere to the principle of effective investments, accelerate the merger and acquisition of projects in potential market, and further enhance the Company’s market competitiveness. The Group will accelerate the promotion of aggregate industry layout, and make precise efforts to expand the commodity concrete industry. The Group will speed up promoting the development of new energy, in order to further enlarge and strengthen the environmental protection industry. The Group will coordinate the promotion of overseas development and operation management, insisting the dual direction of new constructions as well as mergers and acquisitions, and adopting a diversified development model, in order to steadily promote the implementation of incremental projects, and improve the operation quality of existing projects.

In 2023, it is planned that the Group’s capital expenditure will amount to RMB 19,318 million, mainly sourced from its own funds, which will be mainly used for project construction, technological improvements on energy conservation and environmental protection, and project mergers and acquisitions, etc. It is estimated that the Group will increase annual production capacity of clinker (overseas), cement, aggregates and commodity concrete by 1.80 million tonnes, 10.20 million tonnes, 40.20 million tonnes and 7.80 million cubic meters, respectively.

In terms of business management, the Group will pay close attention to the international and domestic macroeconomic situation and strengthen risk management and control as well as operation management. The Group will strengthen its studies and analysis of market supply and demand conditions, explore innovative sales models, optimize the trading business structure and consolidate its market position. The Group will strengthen the studies and analysis of coal market trend, coordinate the domestic and international markets, capitalize on its bulk purchase advantage, and build a material supply guarantee system of “direct supply-oriented, multiple and complementary, stability and efficiency”, the Group will accelerate the use of alternative fuel, and enhance the comprehensive guaranteed supply capability. With the goal of green, low-carbon and sustainable development, the Group will continue to increase investment in research and development to reduce pollution and carbon, save energy and reduce consumption, promote technological modification to

improve the comprehensive energy efficiency of production lines, catch up the development of carbon emission reduction technologies in the industry, and actively explore economic, efficient and technically stable carbon emission control paths. The Group will comprehensively consolidate the experience of intelligent factory construction and promote the popularization and application of digital intelligence achievements. The Group will coordinate organizational optimization and mechanism innovation, with a view to create a streamlined and efficient corporate governance system, further promote the strategy of strengthening enterprises through talents, continuously optimize and improve the incentive mechanism, and innovate the talent training model to empower the Company's development with high quality.

In 2023, the Group plans to achieve the annual net sales volume of cement and clinker (excluding trading volume) of 307 million tonnes, and it is estimated that the cost per tonne of products and the expense per tonne of products will be relatively stable.

In 2023, there are three main risk factors that the Group may face:

1. The cement industry in which the Company operates is relatively dependent on the construction industry, and has a relatively high correlation with the growth rates of fixed-asset investment and real estate investment. If the growth rates of fixed-asset investment and real estate investment slow down, it may adversely affect the cement market demand.

In view of the above risk, the Group will pay close attention to the changes in the national macroeconomic situation, strengthen its study on the relationship between supply and demand in the market, fully capitalize on the marketing advantages of the entire cement industrial chain, strengthen the construction of the end market, be proactive when facing market competition and consolidate its leading position in the market.

2. With the continuous promotion of China's peak carbon dioxide emissions and carbon neutrality policy, the cement industry is urged to continuously increase its investment in research and development of carbon reduction technologies. While promoting the sustainable development of green and low carbon, it is estimated that the production and operation costs of enterprises will increase.

In view of the above risk, the Group will carefully study and implement the national environmental protection policies, continuously increase investment in energy conservation and emission reduction, formulate medium and long-term carbon emission reduction routes, explore cost-effective carbon emission control ways, strengthen research on cutting-edge technologies of environmental protection, and vigorously develop emerging industries such as new energy and environmental protection to promote industrial transformation and upgrading.

3. Cement is an energy-dependent industry, and the costs of coal and electricity account for a relatively high proportion in the costs of clinker production. At present, the coal price remains at a high level. Where the coal price increases significantly due to factors such as policy change or market supply and demand, the production cost of the Group will be pushed up. If the cost increase caused thereby cannot be fully passed on to the product price, it will further reduce the profit margin of the Company.

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

Since the end of the Reporting Period and up to the date of this announcement, no important events affecting the Group have occurred.

VIII. Profit appropriation proposal

Based on the financial data prepared in accordance with the PRC Accounting Standards and IFRSs respectively, the Group's profit after tax and non-controlling interests for the year 2022 amounted to RMB15,660.75 million and RMB15,860.55 million respectively. The Board of the Company proposed the appropriation of the profit for the year ended 31 December 2022 as follows:

(1) Pursuant to the requirements of the Company Law of the PRC and the articles of association 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 2022.

(2) On the basis of the Company's total number of issued shares of 5,299,302,579 shares in its share capital as of 31 December 2022, the payment of a final dividend of RMB1.48 per share (tax inclusive) is proposed, totaling RMB7,842.97 million.

(3) The date of payment of final dividend to the holders of the Company's H Shares is expected to be on or around 30 June 2023, Friday. Details of the payment of final dividend will be set out in the circular of the Company in respect of profit appropriation and other

matters to be despatched to its shareholders in due course.

The above profit appropriation proposal is subject to consideration and approval by the shareholders of the Company at the annual general meeting for year 2022.

IX. Financial Information

Financial information extracted from the audited consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income of the Group for the year ended 31 December 2022 and audited consolidated statement of financial position of the Group at 31 December 2022 together with comparative figures for year 2021, prepared in accordance with IFRSs and presented on the basis described in Note 4(1) below are as follows:

1. Consolidated statement of profit or loss

For the year ended 31 December 2022

	<i>Note</i>	2022 RMB'000	2021 RMB'000 (restated) (Note 4(11)(b))
Revenue	4(3)	132,021,554	167,959,693
Cost of sales and services rendered		<u>(104,830,600)</u>	<u>(119,392,731)</u>
Gross profit		27,190,954	48,566,962
Other income	4(4)	3,625,618	5,100,956
Selling and marketing costs		(3,327,494)	(3,408,475)
Administrative expenses		(5,386,027)	(5,107,278)
Research and development costs		<u>(2,011,317)</u>	<u>(1,327,247)</u>
Profit from operations		20,091,734	43,824,918
Finance costs	4(5)(a)	(524,630)	(333,671)
Share of profits of associates		402,632	385,331
Share of profits of joint ventures		<u>262,376</u>	<u>272,780</u>
Profit before taxation	4(5)	20,232,112	44,149,358
Income tax	4(6)(b)	<u>(3,874,759)</u>	<u>(9,949,426)</u>
Profit for the year		<u>16,357,353</u>	<u>34,199,932</u>
Attributable to:			
Equity shareholders of the Company		15,860,553	33,301,181
Non-controlling interests		<u>496,800</u>	<u>898,751</u>
Profit for the year		<u>16,357,353</u>	<u>34,199,932</u>
Earnings per share	4(8)		
- Basic		<u>RMB2.99</u>	<u>RMB6.28</u>
- Diluted		<u>RMB2.99</u>	<u>RMB6.28</u>

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

For the year ended 31 December 2022

	2022 RMB'000	2021 RMB'000 (restated) (Note 4(11)(b))
Profit for the year	<u>16,357,353</u>	<u>34,199,932</u>
Other comprehensive income for the year (after tax and reclassification adjustments)		
Item that will not be reclassified to profit or loss:		
Equity investments at fair value through other comprehensive income (“FVOCI”) – net movement in fair value reserve (non-recycling)	(2,930,035)	57,316
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of overseas subsidiaries	(321,494)	(95,918)
Share of other comprehensive income of investees	<u>14,030</u>	<u>(71,577)</u>
Other comprehensive income for the year	<u>(3,237,499)</u>	<u>(110,179)</u>
Total comprehensive income for the year	<u>13,119,854</u>	<u>34,089,753</u>
Attributable to:		
Equity shareholders of the Company	12,575,713	33,224,062
Non-controlling interests	<u>544,141</u>	<u>865,691</u>
Total comprehensive income for the year	<u>13,119,854</u>	<u>34,089,753</u>

3. Consolidated statement of financial position

	Note	31 December 2022		31 December 2021	
		RMB'000	RMB'000	RMB'000 (restated) (Note 4(11)(b))	RMB'000 (restated) (Note 4(11)(b))
Non-current assets					
Property, plant and equipment					
- Investment properties			73,409		76,357
- Other property, plant and equipment			97,721,643		80,997,147
Intangible assets			24,638,108		11,736,339
Goodwill			1,145,964		876,038
Interest in an associate			4,745,760		3,528,022
Interests in joint ventures			2,046,895		2,034,682
Loans and receivables			292,657		451,367
Long-term prepayments			2,328,969		2,203,340
Financial assets measured at fair value through profit and loss ("FVPL")			1,001,300		2,972,650
Financial assets measured at FVOCI			2,325,186		869,903
Deferred tax assets			1,248,931		758,062
			<u>137,568,822</u>		<u>106,503,907</u>
Current assets					
Inventories			11,678,994		9,896,172
Trade and bills receivables	4(9)		16,957,929		14,582,378
Financial assets measured at FVPL			10,754,921		24,278,570
Prepayments and other receivables			7,874,486		4,902,624
Amounts due from related parties			663,626		597,677
Tax recoverable			611,940		235,845
Restricted cash deposits			807,730		640,180
Bank deposits with original maturity over three months			40,899,551		51,520,792
Cash and cash equivalents			<u>16,158,423</u>		<u>17,397,537</u>
			<u>106,407,600</u>		<u>124,051,775</u>

3. Consolidated statement of financial position (continued)

		<u>31 December 2022</u>		<u>31 December 2021</u>	
		RMB'000	RMB'000	RMB'000	RMB'000
				(restated)	(restated)
				(Note 4(11)(b))	(Note 4(11)(b))
Current liabilities					
Trade and bills payables	4(10)	6,659,874		6,598,773	
Other payables and accruals		11,283,855		10,737,565	
Current portion of long-term payables		65,013		62,585	
Contract liabilities		3,564,849		3,246,461	
Bank loans and other borrowings		12,300,541		8,023,576	
Lease liabilities		24,869		21,130	
Amounts due to related parties		901,609		420,853	
Current taxation		770,634		3,565,616	
		<u>35,571,244</u>		<u>32,676,559</u>	
Net current assets			<u>70,836,356</u>		<u>91,375,216</u>
Total assets less current liabilities			208,405,178		197,879,123
Non-current liabilities					
Bank loans and other borrowings		9,688,651		3,747,695	
Lease liabilities		56,049		49,647	
Long-term payables		311,033		356,363	
Deferred income		748,696		714,166	
Deferred tax liabilities		1,691,864		1,272,365	
			<u>12,496,293</u>		<u>6,140,236</u>
NET ASSETS			<u>195,908,885</u>		<u>191,738,887</u>

3. Consolidated statement of financial position (continued)

	<u>31 December 2022</u>		<u>31 December 2021</u>	
	RMB'000	RMB'000	RMB'000 (restated) (Note 4(11)(b))	RMB'000 (restated) (Note 4(11)(b))
CAPITAL AND RESERVES				
Share capital		5,299,303		5,299,303
Reserves		<u>178,263,329</u>		<u>178,302,282</u>
Total equity attributable to equity shareholders of the Company		183,562,632		183,601,585
Non-controlling interests		<u>12,346,253</u>		<u>8,137,302</u>
TOTAL EQUITY		<u>195,908,885</u>		<u>191,738,887</u>

Approved and authorised for issue by the board of directors on 27 March 2023.

4. Notes to the financial statements

(1) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2022 comprise the Company and its subsidiaries and the Group's interests in associates and joint ventures. The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to

accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In March 2022, the Company entered into an agreement with Conch Holdings and its subsidiaries to acquire 100% equity interest of Jinggong Testing at a cash consideration of RMB30,540,000, and entered into an agreement with subsidiaries of Conch Holdings to acquire 55% equity interest of Shanghai Zhizhi at a cash consideration of RMB22,843,000. The acquisitions were completed on 1 April 2022, and Jinggong Testing and Shanghai Zhizhi have become subsidiaries of the Company since then. As Jinggong Testing, 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 Group has consistently adopted the accounting policy for business combination under common control that merger accounting is applied to account for the acquisition of Jinggong Testing and Shanghai Zhizhi 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. Differences between the total consideration payable by the Group and the net assets of the entities acquired under common control are presented in “share premium” within equity. The details of the restated balances have been disclosed in note 4(11)(b) to these financial statements.

(2) Changes in accounting policies

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

- Amendments to IFRS 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 amendments have had a material effect on the preparation or presentation of the Group’s results and financial position for the current or prior periods. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(3) Revenue and segment reporting

(a) Revenue

The principal activities of the Group are the manufacturing, sale and trading of clinker, cement products and other materials. 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:

	2022 RMB'000	2021 RMB'000 (as restated) (Note 4(11)(b))
Revenue from contracts with customers within the scope of IFRS 15		
Disaggregated by service lines		
- Sales and trading of clinker and cement products	103,687,399	148,224,490
- Sales and trading of other materials	25,195,382	17,961,737
- Service income (Note)	<u>3,138,773</u>	<u>1,773,466</u>
	<u>132,021,554</u>	<u>167,959,693</u>

Note: As of 31 December 2022, solid and hazardous waste treatment service income of Conch Environment Protection, amounting to RMB352,965,000, are included in service income.

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

The Group's customer base is diversified and there is no single customer with whom transactions have exceeded 10% of the Group's revenue.

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

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

(3) Revenue and segment reporting (continued)

(b) Segment reporting

The Group manages its businesses by divisions, which are organised by a mix of two business lines, cement and cement related business and solid and hazardous waste treatment business, of which cement and cement related business is organized 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 cement and cement related business operates: Eastern China, Central China, Southern China, Western China and overseas. The solid and hazardous waste treatment business is one reportable segment as the performance assessment is based on the results of the solid and hazardous waste treatment business as a whole. No operating segments have been aggregated to form the following reportable segments.

(i) Segment results, assets and liabilities

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

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

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

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

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

(3) Revenue and segment reporting (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 2022 and 2021 is set out below.

For the year ended 31 December 2022

	<i>Cement and cement related</i>						<i>Solid and hazardous waste</i>		<i>Total</i>	
	<i>Eastern China</i>	<i>Central China</i>	<i>Southern China</i>	<i>Western China</i>	<i>Overseas</i>	<i>Elimination</i>	<i>Subtotal</i>	<i>treatment</i>		<i>Elimination</i>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Disaggregated by type of business										
Sales and trading of clinker and cement products	31,551,090	30,595,460	18,727,883	19,057,752	3,755,214	-	103,687,399	-	-	103,687,399
Sales and trading of other materials	5,022,751	9,994,792	2,015,810	7,735,155	426,874	-	25,195,382	-	-	25,195,382
Service income	553,882	2,154,902	22,122	34,231	20,671	-	2,785,808	352,965	-	3,138,773
Revenue from external customers	37,127,723	42,745,154	20,765,815	26,827,138	4,202,759	-	131,668,589	352,965	-	132,021,554
Disaggregated by timing of revenue recognition										
Point in time	37,120,821	42,624,018	20,759,023	26,805,759	4,182,088	-	131,491,709	-	-	131,491,709
Over time	6,902	121,136	6,792	21,379	20,671	-	176,880	352,965	-	529,845
Revenue from external customers	37,127,723	42,745,154	20,765,815	26,827,138	4,202,759	-	131,668,589	352,965	-	132,021,554
Inter-segment revenue	5,016,675	34,758,313	177,394	1,462,240	239,981	(41,635,518)	19,085	-	(19,085)	-
Reportable segment revenue	42,144,398	77,503,467	20,943,209	28,289,378	4,442,740	(41,635,518)	131,687,674	352,965	(19,085)	132,021,554
Reportable segment profit (profit before taxation)	2,947,486	14,431,557	1,920,353	2,193,905	456,274	(1,987,107)	19,962,468	52,197	-	20,014,665

(3) Revenue and segment reporting (continued)

For the year ended 31 December 2022

	<i>Cement and cement related</i>						<i>Subtotal</i>	<i>Solid and hazardous waste treatment</i>	<i>Elimination</i>	<i>Total</i>
	<i>Eastern China</i>	<i>Central China</i>	<i>Southern China</i>	<i>Western China</i>	<i>Overseas</i>	<i>Elimination</i>				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	16,918	2,550,291	16,229	30,497	12,721	(410,195)	2,216,461	1,234	-	2,217,695
Interest expense	(23,220)	(271,913)	(87,148)	(59,077)	(277,807)	211,458	(507,707)	(16,923)	-	(524,630)
Depreciation and amortisation for the year	(510,368)	(2,829,516)	(1,121,684)	(1,815,554)	(488,435)	20,234	(6,745,323)	(43,624)	-	(6,788,947)
Reportable segment assets (including interests in an associate and joint ventures)	17,000,471	176,617,402	32,647,881	33,139,254	19,839,558	(44,426,315)	234,818,251	9,158,982	(811)	243,976,422
Investments in an associate and joint ventures	-	2,999,366	-	3,566,989	160,381	-	6,726,736	65,919	-	6,792,655
Additions to non-current segment assets during the year	760,289	14,178,628	8,343,366	4,115,697	1,575,586	(31,080)	28,942,486	7,775,970	(811)	36,717,645
Reportable segment liabilities	6,796,665	42,051,796	14,354,735	8,958,884	14,601,552	(44,105,443)	42,658,189	5,325,450	(811)	47,982,828

(3) Revenue and segment reporting (continued)

For the year ended 31 December 2021 (restated)

	<i>Eastern China</i> RMB'000	<i>Central China</i> RMB'000	<i>Southern China</i> RMB'000	<i>Western China</i> RMB'000	<i>Overseas</i> RMB'000	<i>Subtotal</i> RMB'000	<i>Elimination</i> RMB'000	<i>Total</i> RMB'000
Disaggregated by type of business								
Sales and trading of clinker and 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	7,398,626	3,746,995	1,317,558	5,355,669	142,889	17,961,737	-	17,961,737
Service income	721,660	980,763	17,391	34,505	19,147	1,773,466	-	1,773,466
Revenue from external customers	58,340,685	51,132,068	24,804,520	30,884,297	2,798,123	167,959,693	-	167,959,693
Disaggregated by timing of revenue recognition								
Point in time	58,339,428	51,036,232	24,804,233	30,881,126	2,778,976	167,839,995	-	167,839,995
Over time	1,257	95,836	287	3,171	19,147	119,698	-	119,698
Revenue from external customers	58,340,685	51,132,068	24,804,520	30,884,297	2,798,123	167,959,693	-	167,959,693
Inter-segment revenue	5,749,985	31,475,356	519,611	909,590	630,227	39,284,769	(39,284,769)	-
Reportable segment revenue	64,090,670	82,607,424	25,324,131	31,793,887	3,428,350	207,244,462	(39,284,769)	167,959,693
Reportable segment profit (profit before taxation)	5,748,400	35,652,246	7,574,441	4,977,197	(90,756)	53,861,528	(9,747,845)	44,113,683

(3) Revenue and segment reporting (continued)

For the year ended 31 December 2021 (restated)

	<i>Eastern China</i>	<i>Central China</i>	<i>Southern China</i>	<i>Western China</i>	<i>Overseas</i>	<i>Subtotal</i>	<i>Elimination</i>	<i>Total</i>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Interest income	17,260	2,386,122	40,440	19,272	8,175	2,471,269	(241,566)	2,229,703
Interest expense	(26,013)	(243,545)	(28,203)	(80,858)	(203,583)	(582,202)	248,531	(333,671)
Depreciation and amortisation for the year	(494,327)	(2,530,548)	(936,355)	(1,578,615)	(434,925)	(5,974,770)	16,578	(5,958,192)
Reportable segment assets (including interests in an associate and joint ventures)	16,690,073	198,707,071	31,007,707	30,544,256	14,152,699	291,101,806	(60,546,124)	230,555,682
Investments in an associate 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	638,811	10,438,040	5,504,068	3,237,451	292,417	20,110,787	-	20,110,787
Reportable segment liabilities	8,811,056	27,208,185	12,694,344	13,204,193	10,602,608	72,520,386	(33,821,826)	38,698,560

(3) Revenue and segment reporting (continued)

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

	2022 RMB'000	2021 RMB'000 (as restated) (Note 4(11)(b))
Revenue		
Reportable segment revenue	173,676,157	207,244,462
Inter-segment revenue	<u>(41,654,603)</u>	<u>(39,284,769)</u>
Consolidated revenue	<u><u>132,021,554</u></u>	<u><u>167,959,693</u></u>
	2022 RMB'000	2021 RMB'000 (as restated) (Note 4(11)(b))
Profit		
Reportable segment profit (profit before taxation)	22,001,722	53,861,528
Inter-segment profit	(1,987,107)	(9,747,845)
Difference between CAS and IFRS*	<u>217,447</u>	<u>35,675</u>
Consolidated profit before taxation	<u><u>20,232,112</u></u>	<u><u>44,149,358</u></u>
	31 December 2022 RMB'000	31 December 2021 RMB'000 (as restated) (Note 4(11)(b))
Assets		
Reportable segment assets	288,403,548	291,101,806
Inter-segment assets	<u>(44,427,126)</u>	<u>(60,546,124)</u>
Consolidated total assets	<u><u>243,976,422</u></u>	<u><u>230,555,682</u></u>
	31 December 2022 RMB'000	31 December 2021 RMB'000 (as restated) (Note 4(11)(b))
Liabilities		
Reportable segment liabilities	92,089,082	72,520,386
Inter-segment liabilities	(44,106,254)	(33,821,826)
Difference between CAS and IFRS*	<u>84,709</u>	<u>118,235</u>
Consolidated total liabilities	<u><u>48,067,537</u></u>	<u><u>38,816,795</u></u>

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

(3) Revenue and 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.

	<i>Revenue</i>		<i>Specified</i>	
	<i>from external customers</i>		<i>non-current assets</i>	
	<i>2022</i>	<i>2021</i>	<i>31 December</i>	<i>31 December</i>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>2022</i>	<i>2021</i>
		<i>(as restated)</i>	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(Note</i>		<i>(Note</i>
		<i>4(11)(b))</i>		<i>4(11)(b))</i>
The PRC	127,423,336	164,664,880	124,142,429	94,457,788
Others	4,598,218	3,294,813	9,240,317	7,881,239
	<u>132,021,554</u>	<u>167,959,693</u>	<u>133,382,746</u>	<u>102,339,027</u>

(4) Other income

	<i>2022</i>	<i>2021</i>
	<i>RMB'000</i>	<i>RMB'000</i>
		<i>(as restated)</i>
		<i>(Note 4(11)(b))</i>
Interest income on financial assets measured at amortised cost	2,217,695	2,229,703
Subsidy income*	1,359,414	1,903,532
Net (loss)/gain on disposal of property, plant and equipment	(111,124)	57,738
Net realised and unrealised (loss)/gain on financial assets measured at FVPL	(34,314)	1,333,401
Dividend income from financial assets measured at FVPL	32,283	1,104
Dividend income from financial assets measured at FVOCI	138,145	624
Net foreign exchange loss	(34,818)	(577,973)
Gain arising from bargain purchase	12,102	90,981
Net gain on disposal of an associate	91,838	-
Others	(45,603)	61,846
	<u>3,625,618</u>	<u>5,100,956</u>

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

(5) Profit before taxation

Profit before taxation is arrived at after charging:

(a) Finance costs

	2022 RMB'000	2021 RMB'000
Interest on bank loans and other borrowings	568,679	331,136
Interest on lease liabilities	<u>4,126</u>	<u>2,736</u>
Interest expense on financial liabilities not at FVPL	572,805	333,872
Less: Interest expense capitalised into construction-in-progress*	<u>(48,175)</u>	<u>(201)</u>
	<u>524,630</u>	<u>333,671</u>

* The borrowing costs have been capitalized at rates of 3.05%~4.9% for the year ended 31 December 2022 (2021: 1.57%).

(b) Staff costs*

	2022 RMB'000	2021 RMB'000
Salaries, wages and other benefits	7,441,577	7,537,647
Contributions to defined contribution retirement plans	746,094	733,863
Annuity	<u>329,388</u>	<u>312,649</u>
	<u>8,517,059</u>	<u>8,584,159</u>

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

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

(5) Profit before taxation (continued)**(c) Other items**

	2022 RMB'000	2021 RMB'000 (restated) (Note 4(11)(b))
Amortisation		
- intangible assets	648,458	453,624
Depreciation		
- investment properties	3,237	3,248
- property, plant and equipment	6,137,252	5,501,320
Impairment losses /(Reversal of impairment losses)		
- trade receivables	1,568	24,173
Auditors' remuneration		
- audit services	6,200	5,500
- other services	655	229
Research and development costs	2,011,317	1,327,247
Cost of inventories*	100,624,440	116,395,280

* Cost of inventories includes RMB9,424,490,000 (2021: RMB9,121,818,000) relating to staff costs, depreciation and amortisation expenses, which amount is also included in the respective total amounts disclosed separately above or in note 4(5)(b) for each of these types of expenses.

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

	2022 RMB'000	2021 RMB'000 (restated) (Note 4(11)(b))
Current tax		
Provision for the year	4,112,931	9,600,874
Over-provision in respect of prior years	(55,542)	(16,943)
	<u>4,057,389</u>	<u>9,583,931</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(182,630)</u>	<u>365,495</u>
	<u>3,874,759</u>	<u>9,949,426</u>

(6) Income tax in the consolidated statement of profit or loss (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 of China, 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%
Longan 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%
Sichuan Nanwei Cement Co., Ltd. (Note (i))	15%
Yunnan Zhuangxiang Cement Co., Ltd. (Note (i))	15%
Liangping Conch Cement Co., Ltd. (Note (i))	15%
Baoji Zhongxi Jinlinghe Cement Co., Ltd. (Note (i))	15%
Baoji Zhongxi Fenghuangshan Cement Co., Ltd. (Note (i))	15%
Guangxi Lingyun Tonghong Cement Co., Ltd. (Note (i))	15%

<i>Subsidiaries' Name</i>	<i>Tax rates</i>
Baoshan Conch Cement Co., Ltd. (Note (i))	15%
Ganzhou Conch Cement Co., Ltd. (Note (i))	15%
Hami Hongyi Building Material Co., Ltd. (Note (i))	15%
Yingjiangyunhan Cement Co., Ltd. (Note (i))	15%
Kunming Conch Cement Co., Ltd. (Note (i))	15%
Shaanxi Tongchuan Fenghuang Building Material Co., Ltd. (Note (i))	15%
Chongqing Conch Material Trading Co., Ltd. (Note (i))	15%
Basu Conch Cement Co., Ltd. (Note (i))	15%
Anhui Wuhu Conch Construction and Installation Engineering Co., Ltd. (“Conch Construction”)(Note (ii))	15%
Anhui Conch Siam Refractory Material Co., Ltd. (“Refractory Material”)(Note (ii))	15%
Zunyi Huaihui New Material Co., Ltd. (Note (i))	15%
Bazhong Conch Building Material Co., Ltd. (Note (i))	15%
Hongji Cement (Note (i))	15%
Chongqing Duoji (Note(i))	15%
Tongchuan Conch New Material Co., Ltd. (Note (i))	15%
Jinggong Testing (Note(ii))	15%
Subsidiaries of Conch Environment Protection (Note(i))	15%

Notes:

- (i) Pursuant to Notice No.23 issued by the Ministry of Finance of the PRC, 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 2022 (2021: 15%).
- (ii) Pursuant to Chapter 28 of the Law of the PRC on Enterprise Income Tax, enterprises recognized as high and new technology enterprise are entitled to a preferential income tax rate of 15%.

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 2019 and obtained a renewed certification in 2022. Accordingly, it is entitled to a preferential income tax rate of 15% from 2022 to 2024.

Jinggong Testing has obtained a high and new technology enterprise certification in 2021. Accordingly, it is entitled to a preferential income tax rate of 15% from 2021 to 2023.

- (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 17 January, 2019, small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 (inclusive) is entitled to a preferential tax treatment of 75% exemption of taxable income and application of income tax rate as 20%; small-scaled minimal profit enterprise with an annual taxable income between RMB1,000,000 and RMB3,000,000 (inclusive) is entitled to a preferential tax treatment of 50% exemption of taxable income and application of income tax rate as 20%.

According to Caishui [2021] No. 12, “The Announcement of Implementation Status on Inclusive Tax Relief Policy of Small-scaled Minimal Profit Enterprise and Individual Business” issued by Ministry of Finance of the PRC and the State Administration of Taxation of PRC on 2 April, 2021, on the basis of the preferential policies stipulated in Caishui [2019] No. 13, the income tax of the small-scaled minimal profit enterprise with an annual taxable income below RMB1,000,000 (inclusive) will be levied by half. 19 subsidiaries of the Company enjoy the above preferential tax policies in the current period.

- (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 refer to 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. 95 subsidiaries of the Company enjoy the above preferential tax policies in the current period.

The corporate income tax rates of the subsidiaries of the Group 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%

<i>Subsidiaries' Name</i>	<i>Tax rates</i>
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))	-
Qarshi Conch Cement Limited Liability Company, a subsidiary in Uzbekistan	15%
Tashkent Cement Conch Joint Venture Co., Ltd., a subsidiary in Uzbekistan	15%
Shangfeng Bridge of Friendship Co., Ltd. (“Andijan Conch”), a subsidiary in Uzbekistan	15%
Conch Environment Protection, a subsidiary in Cayman Islands, and its subsidiaries in Cayman Islands and British Virgin Islands(Note (ii))	-
Subsidiaries of Conch Environment Protection in Hong Kong	16.5%

Notes:

- (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 realised profit in 2019. According to the policy, the income tax-free period for Battambang Conch is from 2018 to 2024.
- (ii) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, these subsidiaries are not subject to any income tax in the Cayman Islands and the British Virgin Islands.

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

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

	2022 RMB'000	2021 RMB'000 (restated) (Note 4(11)(b))
Profit before taxation	<u>20,232,112</u>	<u>44,149,358</u>
Notional tax on profit before taxation calculated at 25% (2021: 25%)	5,058,028	11,037,340
Tax effect of subsidiaries subject to tax rates other than 25%	(374,932)	(591,368)
Tax effect of non-deductible expenses	33,322	33,220
Tax effect of non-taxable income	(219,399)	(193,084)
Over-provision in respect of prior years	(55,542)	(16,943)
Tax effect of gain arising from bargain purchase	(3,026)	(22,745)
Tax effect of bonus deduction for research and development costs	(439,953)	(308,974)
Recognition of previously unrecognized tax losses	(79,983)	-
Others	<u>(43,756)</u>	<u>11,980</u>
Actual tax expense	<u>3,874,759</u>	<u>9,949,426</u>

(7) Dividends

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

	2022 RMB'000	2021 RMB'000
Final dividend proposed after the statement of financial position date of RMB1.48 (2021: RMB2.38) per ordinary share	<u>7,842,968</u>	<u>12,612,340</u>

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

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

	2022 RMB'000	2021 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB2.38 (2021: RMB2.12) per ordinary share	<u>12,612,340</u>	<u>11,234,521</u>

(8) Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company for the year ended 31 December 2022 of RMB15,860,553,000 (2021: RMB33,301,181,000 (restated)) and the weighted average number of shares in issue during the year ended 31 December 2022 of 5,299,303,000 shares (2021: 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 2022 and 2021, therefore diluted earnings per share is the same as the basic earnings per share.

(9) Trade and bills receivables

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

	31 December 2022 RMB'000	31 December 2021 RMB'000
Within 1 year	5,465,311	2,345,025
1 year or above	<u>138,507</u>	<u>20,770</u>
	<u>5,603,818</u>	<u>2,365,795</u>

Trade debtors are mainly due within 30 to 180 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 receivables are due within 1 year from the date of issuance.

(10) Trade and bills payables

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

	31 December 2022 RMB'000	31 December 2021 RMB'000 (restated) (Note 4(11)(b))
Within 1 year (inclusive)	6,659,874	6,598,773
Between 1 year and 2 years (inclusive)	-	-
Between 2 years and 3 years (inclusive)	-	-
Over 3 years	<u>-</u>	<u>-</u>
	<u>6,659,874</u>	<u>6,598,773</u>

(11) Business combination and material assets acquisition

(a) Business combination not under common control

During the year ended 31 December 2022, the Group acquired equity interests of the below subsidiaries. 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>
Changde Dingxing Company (note(i))	100%/ 100%	1 April 2022	Manufacture and sale of concrete and concrete products
Changsha Yongyun Building Materials (note(i)(ii))	100%/ 100%	8 April 2022	Manufacture and sale of concrete and concrete products
Chongqing Duoji (note(i))	51%/ 51%	21 April 2022	Manufacture and sale of clinker and cement products
Hongji Cement (note(i))	80%/ 80%	30 April 2022	Manufacture and sale of clinker and cement products
Linxia Tianxiang (note(i))	100%/ 100%	1 December 2022	Manufacture and sale of building materials
Guixi Yinggui (note(i))	100%/ 100%	8 November 2022	Mining of mineral resources and sale of cement products
Andijan Conch (note(i))	51%/ 51%	18 August 2022	Manufacture and sale of clinker and cement products
Conch Environment Protection (note(ii))	20%/ 20%	28 October 2022	Industrial solid and hazardous waste treatment

- (i) These companies were acquired from third parties with cash consideration.
- (ii) These companies were acquired by a non-wholly owned subsidiary of the Group. The interest represents the ownership interest directly acquired by such non-wholly owned subsidiary.
- (iii) During the year ended 31 December 2022, the Group purchased Conch Environment Protection's ordinary shares in open market by steps up to an aggregate equity interest of 20%, and recognized such shares as financial assets measured at FVOCI before 28 October 2022. On 28 October 2022 (the "acquisition date"), when the election of five new directors nominated by the Company to the board of Conch Environment Protection was passed by the shareholders of Conch Environment Protection at the extraordinary general meeting, as a majority of the members of board of directors of Conch Environment Protection are nominated by the Company, and taking into consideration the other relevant factors, the directors of the Company consider that the Company controls Conch Environment Protection. On the acquisition date, the investment in Conch Environment Protection held by the Group were treated as a deemed disposal, resulting in the amount accumulated in the fair value reserve (non- recycling) being transferred to retain earnings.

(11) Business combination and material assets acquisition (continued)

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

Identifiable assets acquired and liabilities assumed at the acquisition dates:

	<i>Changsha Yongyun Building Materials</i>	<i>Changde Dingxing Company</i>	Chongqing Duoji	Hongji Cement	Linxia Tianxiang	Guixi Yinggu	<i>Andijan Conch</i>	<i>Conch Environment Protection</i>	<i>Total</i>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Property, plant and equipment	57,514	54,041	59,969	831,966	53,502	37,494	67,680	6,853,368	8,015,534
Intangible assets	79	-	172	284,572	-	93	103	389,741	674,760
Interest in associates	-	-	-	-	-	-	-	68,337	68,337
Loans and receivables	1,698	76	-	5,448	-	-	-	371,483	378,705
Inventories	456	1,073	844	49,742	-	470	-	18,263	70,848
Tax recoverable	-	-	492	-	-	-	-	60,420	60,912
Trade receivables, prepayments and other receivables	-	-	60,661	23,965	17,819	-	21,480	901,792	1,025,717
Cash and cash equivalents	642	2,247	912	2,808	1	17	182,913	446,707	636,247
Deferred tax assets	-	-	281	-	-	-	-	47,226	47,507
Trade payables and other liabilities	(36,344)	(4,239)	(33,308)	(236,878)	(10,192)	(16,319)	(2,974)	(5,176,334)	(5,516,588)
Deferred tax liabilities	(3,658)	(2,425)	(2,196)	(101,189)	(5,122)	(4,218)	(8,543)	(203,372)	(330,723)
Net identifiable assets	20,387	50,773	87,827	860,434	56,008	17,537	260,659	3,777,631	5,131,256
Less: Non-controlling interests	-	-	(43,035)	(172,161)	-	-	(127,723)	(3,152,953)	(3,495,872)
Share of fair value of identifiable net assets	20,387	50,773	44,792	688,273	56,008	17,537	132,936	624,678	1,635,384

(11) Business combination and material assets acquisition (continued)

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

	<i>Changsha Yongyun Building Materials</i>	<i>Changde Dingxing Company</i>	<i>Chongqing Duoji</i>	<i>Hongji Cement</i>	<i>Linxia Tianxiang</i>	<i>Guixi Yinggui</i>	<i>Andijan Conch</i>	<i>Conch Environment Protection</i>	<i>Total</i>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Total cash consideration	23,754	47,083	39,760	734,265	52,628	23,171	138,235	-	1,058,896
Fair value of investment in Conch Environment Protection held by the Group at the acquisition date	-	-	-	-	-	-	-	834,312	834,312
Non-controlling interests, based on their proportionate interest in recognised amount of the assets and liabilities of the acquiree	-	-	43,035	172,161	-	-	127,723	3,152,953	3,495,872
Fair value of net identifiable assets	<u>(20,387)</u>	<u>(50,773)</u>	<u>(87,827)</u>	<u>(860,434)</u>	<u>(56,008)</u>	<u>(17,537)</u>	<u>(260,659)</u>	<u>(3,777,631)</u>	<u>(5,131,256)</u>
	<u>3,367</u>	<u>(3,690)</u>	<u>(5,032)</u>	<u>45,992</u>	<u>(3,380)</u>	<u>5,634</u>	<u>5,299</u>	<u>209,634</u>	<u>257,824</u>
Represented by Goodwill arising from the business combination	3,367	-	-	45,992	-	5,634	5,299	209,634	269,926
Gain arising from bargain purchase	-	(3,690)	(5,032)	-	(3,380)	-	-	-	(12,102)

(11) Business combination and material assets acquisition (continued)

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

Revenue and profit or loss of the acquirees since the respective acquisition dates included in the consolidated statement of profit or loss for the year are disclosed as below:

	<i>Changsha</i>					<i>Guixi</i>	<i>Conch</i>		
	<i>Yongyun</i>	<i>Changde</i>				<i>Yinggui</i>	<i>Andijan</i>	<i>Environment</i>	
	<i>Building</i>	<i>Dingxing</i>	<i>Chongqing</i>	<i>Hongji</i>	<i>Linxia</i>		<i>Conch</i>	<i>Protection</i>	<i>Total</i>
	<i>Materials</i>	<i>Company</i>	<i>Duoji</i>	<i>Cement</i>	<i>Tianxiang</i>				
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Contributed to Group									
Revenue	45,924	28,103	53,101	338,249	-	2,470	-	352,965	820,812
Net (loss)/profit	538	(76)	1,640	(10,072)	(150)	(234)	(1,416)	52,198	42,428

(11) Business combination and material assets acquisition (continued)

Had the acquisitions occurred on 1 January 2022, management estimates that the consolidated revenue of the Group for the year ended 31 December 2022 would have been RMB133,556,275,000 and the consolidated net profit for the year would have been RMB 16,552,614,000. In determining these amounts, management has assumed that the fair value adjustments that arose on the acquisition dates would remain the same as if the acquisitions had occurred on 1 January 2022.

(b) Business combination under common control

As mentioned in note 4(1) to these consolidated financial statements, the acquisition of Jinggong Testing and Shanghai Zhizhi has been accounted for in accordance with the principles of merger accounting.

<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>
Jinggong Testing	100%/100%	1 April 2022	Product and environmental inspection, R&D and consulting services	30,540
Shanghai Zhizhi	55%/55%	1 April 2022	Intelligent control system, AI hardware sales and software development	22,843

The financial performance previously reported by the Group for the year ended 31 December 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:

(11) Business combination and material assets acquisition (continued)

	<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)
Revenue	167,952,664	10,790	16,165	(19,926)	167,959,693
Cost of sales and services rendered	<u>(119,388,987)</u>	<u>(2,047)</u>	<u>(5,398)</u>	<u>3,701</u>	<u>(119,392,731)</u>
Gross profit	48,563,677	8,743	10,767	(16,225)	48,566,962
Other income	5,100,015	671	270	-	5,100,956
Selling and marketing costs	(3,408,428)	-	(47)	-	(3,408,475)
Administrative expenses	(5,110,498)	(2,951)	(2,605)	8,776	(5,107,278)
Research and development costs	<u>(1,317,332)</u>	<u>(2,861)</u>	<u>(7,054)</u>	<u>-</u>	<u>(1,327,247)</u>
Profit from operations	43,827,434	3,602	1,331	(7,449)	43,824,918
Finance costs	(333,671)	-	-	-	(333,671)
Share of profit of an associate	385,331	-	-	-	385,331
Share of profits of joint ventures	<u>272,780</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>272,780</u>
Profit before taxation	44,151,874	3,602	1,331	(7,449)	44,149,358
Income tax	<u>(9,950,361)</u>	<u>(596)</u>	<u>(331)</u>	<u>1,862</u>	<u>(9,949,426)</u>
Profit for the year	<u>34,201,513</u>	<u>3,006</u>	<u>1,000</u>	<u>(5,587)</u>	<u>34,199,932</u>

(11) Business combination and material assets acquisition (continued)

	<i>The Group</i> RMB'000 (as previously reported)	<i>Jinggong</i> <i>Testing</i> RMB'000	<i>Shanghai</i> <i>Zhizhi</i> RMB'000	<i>Inter-company</i> <i>elimination</i> RMB'000	<i>The Group</i> RMB'000 (as restated)
Attributable to:					
Equity shareholders of the Company	33,300,694	3,006	3,068	(5,587)	33,301,181
Non-controlling interests	<u>900,819</u>	<u>-</u>	<u>(2,068)</u>	<u>-</u>	<u>898,751</u>
Profit for the year	<u>34,201,513</u>	<u>3,006</u>	<u>1,000</u>	<u>(5,587)</u>	<u>34,199,932</u>
Earnings per share					
- Basic and Diluted	<u>RMB6.28</u>				<u>RMB6.28</u>
Profit for the year	<u>34,201,513</u>	<u>3,006</u>	<u>1,000</u>	<u>(5,587)</u>	<u>34,199,932</u>
Other comprehensive income for the year (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)	57,316	-	-	-	57,316
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of financial statements of overseas subsidiaries	(95,918)	-	-	-	(95,918)
Share of other comprehensive income of investees	<u>(71,577)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(71,577)</u>
Other comprehensive income for the year	<u>(110,179)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(110,179)</u>
Total comprehensive income for the year	<u>34,091,334</u>	<u>3,006</u>	<u>1,000</u>	<u>(5,587)</u>	<u>34,089,753</u>

(11) Business combination and material assets acquisition (continued)

-----	<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)
Attributable to:					
Equity shareholders of the Company	33,223,575	3,006	3,068	(5,587)	33,224,062
Non-controlling interests	867,759	-	(2,068)	-	865,691
Total comprehensive income for the year	<u>34,091,334</u>	<u>3,006</u>	<u>1,000</u>	<u>(5,587)</u>	<u>34,089,753</u>

The financial position previously reported by the Group as 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 financial statements (i.e. Conch Holdings) 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-compan y 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
Interest in an associate	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 FVPL	2,972,650	-	-	-	2,972,650
Financial assets measured at FVOCI	869,903	-	-	-	869,903
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>

(11) Business combination and material assets acquisition (continued)

	<i>The Group</i>	<i>Jinggong</i>	<i>Shanghai</i>	<i>Inter-company</i>	<i>The Group</i>
	RMB'000	Testing	Zhizhi	elimination	RMB'000
	(as previously reported)	RMB'000	RMB'000	RMB'000	(as restated)
Current assets					
Inventories	9,895,531	-	641	-	9,896,172
Trade and bills receivables	14,582,378	107	128	(235)	14,582,378
Financial assets measured at FVPL	24,271,570	7,000	-	-	24,278,570
Prepayments and other receivables	4,900,930	58	1,636	-	4,902,624
Amounts due from related parties	597,584	130	-	(37)	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>

(11) Business combination and material assets acquisition (continued)

	<i>The Group</i> RMB'000 (as previously reported)	<i>Jinggong</i> <i>Testing</i> RMB'000	<i>Shanghai</i> <i>Zhizhi</i> RMB'000	<i>Inter-company</i> <i>elimination</i> RMB'000	<i>The Group</i> RMB'000 (as restated)
Current liabilities					
Trade and bills payables	6,598,895	-	42	(164)	6,598,773
Other payables and accruals	10,737,154	173	250	(12)	10,737,565
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	1,399	4,132	(96)	420,853
Current taxation	3,564,888	397	331	-	3,565,616
	<u>32,669,010</u>	<u>2,017</u>	<u>5,804</u>	<u>(272)</u>	<u>32,676,559</u>
Net current assets	<u>91,349,373</u>	<u>8,880</u>	<u>16,963</u>	<u>-</u>	<u>91,375,216</u>
Total assets less current liabilities	<u>197,845,654</u>	<u>15,662</u>	<u>23,394</u>	<u>(5,587)</u>	<u>197,879,123</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
	<u>6,137,818</u>	<u>-</u>	<u>2,418</u>	<u>-</u>	<u>6,140,236</u>
NET ASSETS	<u>191,707,836</u>	<u>15,662</u>	<u>20,976</u>	<u>(5,587)</u>	<u>191,738,887</u>
CAPITAL AND RESERVES					
Share capital	5,299,303	8,000	20,000	(28,000)	5,299,303
Reserves	178,278,156	7,661	977	15,488	178,302,282
Total equity attributable to equity shareholders of the Company	<u>183,577,459</u>	<u>15,661</u>	<u>20,977</u>	<u>(12,512)</u>	<u>183,601,585</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>20,977</u>	<u>(5,587)</u>	<u>191,738,887</u>

(11) Business combination and material assets acquisition (continued)

The cash flows previously reported by the Group for the year ended 31 December 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>	<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
	(as previously reported)				(as restated)
Net cash generated from operating activities	33,597,712	4,070	(1,918)	(7,449)	33,592,415
Net cash (used in)/ generated from investing activities	(21,666,962)	(3,318)	(1,661)	7,449	(21,664,492)
Net cash (used in)/ generated from financing activities	(11,301,651)	2,000	-	-	(11,299,651)
Net (decrease)/ increase in cash and cash equivalents	629,099	2,752	(3,579)	-	628,272
Cash and cash equivalents as at 1 January 2021	16,799,307	851	19,999	-	16,820,157
Effect of foreign exchange rate changes	(50,892)	-	-	-	(50,892)
Cash and cash equivalents as at 31 December 2021	17,377,514	3,603	16,420	-	17,397,537

(12) Contingent liabilities

At 31 December 2022, outstanding letters of credit issued by the Group amounted to RMB162,421,000 (2021: RMB183,532,000). The directors of the Company do not consider it probable that the outstanding letters of credit issued would cause additional financial risk.

At 31 December 2022, the Group has provided guarantees for banking facilities of its related party, PT SDIC Papua Cement Indonesia (“**Papua Cement**”) amounting to USD122,438,750 in aggregate, which is equivalent to RMB852,737,000 (2021: issued guarantees for banking facilities of its related party, Papua Cement and Myanmar Conch Cement Company Limited, amounting to USD124,626,250, which is equivalent to RMB794,580,000). These facilities were utilised to the extent of RMB852,737,000 (2021: RMB794,580,000) as at 31 December 2022. The directors of the Company do not consider it probable that a claim will be made against the Group under any of these guarantees.

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

Wuhu City, Anhui Province, the PRC
27 March 2023

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.